FLAVIUS MAREKA TVET COLLEGE

Annual Financial Statements
for the year ended 31 December 2021

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Tertiary Education To provide continuing education and training to registered students for all learning and training programs leading to qualifications or part qualifications at levels 1 to 4 of the National Qualifications Framework.
Council members	Dr SJ Mohapi - Chairperson of Council Dr CM Mabaso - Deputy Chairperson of Council Mr PM Hlahane - Council Member Mr TS Letho - Principal and Chairperson: Academic Board (Retired - 31 March 2021) Mr R Lethule - Academic board Member Ms S Magubane - Ministerial appointee and Chairperson: Planning and Resources Committee Ms NC Rens - SRC member Mr PD Manoko - Council Member and Chairperson of the Audit/Risk Committee Dr GJ Maseko - Ministerial appointee Ms LJ Mbambo - Academic Staff Representative Mr MP Moremi - Ministerial appointee and Chairperson: Finance Committee Mr MD Ntaje - Representative of Non-teaching staff Ms NP Makasane - SRC member Mr TC Sithole - Council Member Adv LMG Mfazi - Council member and Chairperson of the Conditions of Employment Committee Mr L Ruka - Independent advisory of Council on Audit and Risk committee
Acting Principal	FM Chechile (Effective - 1 April 2021)
Deputy Principal: Finance	Ms A le Roux
Registered office	Corner Fichardt and Bell Street Sasolburg 1947
Business address	Corner Fichardt and Bell Street Sasolburg 1947
Postal address	Private Bag X 2009 Sasolburg 1947
Controlling entity	Department of Higher Education and Training
Bankers	ABSA Bank Limited
Auditors	Auditor-General of South Africa

General Information

Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Continuing Education and Training Act 16 of 2006, as amended.
Preparer	The annual financial statements were independently compiled by: Rakoma & Associates Inc CA(SA)

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The reports and statements set out below comprise the annual financial statements presented for audit:

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AGSA	Auditor General of South Africa
ASB	Accounting Standards Board
CET Act	Continuing Education and Training Act No. 16 of 2006, as amended
CLC	Community Learning Centres
COID	Compensation for Occupational Injuries and Diseases
COS	Centres of Specialisation
DHET	Department of Higher Education and Training
GEHS	Government Employee Housing Scheme
GRAP	Generally Recognised Accounting Practice
HRBP	DHET SAICA HR Support Project Human Resources Business Partner
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
NSF	National Skills Fund
NSFAS	National Student Financial Aid Scheme
SARS	South African Revenue Services
SRC	Student Representative Council
SSS	Student Support Services
VAT	Value Added Tax

Council's Responsibilities and Approval

The Council is required by the Continuing Education and Training Act No. 16 of 2006, as amended, to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of Council to ensure that the financial statements fairly present the state of affairs of the College as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with GRAP. The Auditor-General was engaged to express an independent opinion on the financial statements and was given unrestricted access to all financial records, related data and relevant parties.

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 Council acknowledge that they are ultimately responsible for the system of internal financial control established by the college and place considerable importance on maintaining a strong control environment. To enable the Council to meet these responsibilities, the Council sets standards for internal control aimed at reducing the risk of error 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 college and all employees are required to maintain the highest ethical standards in ensuring the college’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the college is on identifying, assessing, managing and monitoring all known forms of risk across the college. While operating risk cannot be fully eliminated, the college endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Council accepts its responsibility to ensure that the College is managed in a responsible manner, considering the interest of all stakeholders, including the DHET, unions, employees, students, local communities and creditors. Responsible management entails, inter alia, compliance with applicable statutory and regulatory requirements, including risk management.

The Council 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.

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

The College is dependent on the DHET for continued funding of operations in line with the annual DHET programme funding allocation. The financial statements are prepared on the basis that the College is a going concern and that the DHET has neither the intention nor the need to liquidate or curtail materially the scale of the College's operations.

The Auditor-General is responsible for independently auditing and reporting on the College's financial statements and his report is presented with these financial statements.

The annual financial statements set out on pages 14 to 63, which have been prepared on the going concern basis, were approved by Council on 31 March 2022 and were signed on its behalf by:

Dr SJ Mohapi - Chairperson of Council
31 March 2022

Audit Committee Report

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

Audit committee members and attendance

The audit committee consists of the members listed hereunder and met four times during the year.

Name of member	Number of Quarterly meetings attended
PD Manoko (Chairperson)	4
TS Letho (Principal) - Retired 31 March 2021	1
A le Roux (DP: Finance)	4
FM Chechile (Acting Principal) - Effective 1 April 2021	2
MD Mokhampanyane (ASD M & E)	3
MP Moremi	3
R Singh - Appointed by Minister from 1 April 2021	1
TC Sithole - Appointed by Council (1 April - End of May 2021). In the interim awaiting the Minister's final appointment	3
L Ruka (External Council Member)	2
R Nekhunguni (Independent Member of ARCO)	4

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from the principles of section 38(10)(1) of the PFMA and Treasury Regulation 3.1. The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of internal controls applied by the College over financial and risk management is effective, efficient and transparent. Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

The audit committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Council of the College during the year under review.

Evaluation of annual financial statements

The audit committee has not:

- reviewed and discussed the unaudited annual financial statements, with the external auditor;
- reviewed the auditor's management report and management’s response thereto;
- reviewed changes in accounting policies and practices;
- reviewed the entities compliance with legal and regulatory provisions and
- reviewed significant adjustments resulting from the audit.

External auditor

The audit committee has not met with the auditor to ensure that there are no unresolved issues.

PManoko

Chairperson of the Audit Committee

Report of the auditor-general to the minister of Higher Education, Science and Innovation and the council on the Flavius Mareka Technical and Vocational Education and Training (TVET) College

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Flavius Mareka TVET College, set out on pages xx to xx, which comprise the statement of financial position as at 31 December 2021, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Flavius Mareka TVET College as at 31 December 2021, and its financial performance and cash flows for the year then ended, in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Continuing Education and Training Act 16 of 2006 (CETA).

Basis for qualified opinion

Property plant and equipment

3. I was unable to obtain sufficient appropriate audit evidence for property, plant and equipment as the college did not maintain an adequate asset register that contained unique identifying codes for the college infrastructure and building, and fixed structures sub-line items as stated in note 10 to the financial statements. In addition, I was unable to obtain sufficient appropriate audit evidence to confirm transfers from work-in-progress to college infrastructure, due to the status of the accounting records. I was unable to confirm property, plant and equipment by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to buildings and fixed structures stated at R223 465 395, and college infrastructure stated at R22 501 652 in the financial statements.

4. The college did not account for property plant and equipment in accordance with GRAP 17, *Property, plant and equipment*, as it did not record impairment losses identified on property plant and equipment. Consequently, property, plant and equipment was overstated and impairment losses was understated by R1 709 441 (2020: R9 067 061). The college also did not recognise all items of property plant and equipment that met the definition of assets in the asset register. Consequently, property, plant and equipment was understated by R5 221 333 (2020: R4 497 866). Additionally, there was an impact on the deficit for the period and on the accumulated surplus.

Payables from exchange transactions

5. The college did not account for all amounts that met the definition of a liability in accordance with GRAP 1, *Presentation of financial statements,* as it did not recognise any retentions withheld from contractors for infrastructure projects in the financial statements. I was unable to determine the full extent of the understatement to retentions as it was impracticable to do so.

Repairs and maintenance

6. The college did not account for repairs and maintenance in accordance with GRAP 1, *Presentation of financial statements* as it incorrectly classified capital expenditure for the upgrading of buildings and fixed structures as repairs and maintenance. Consequently, repairs and maintenance was overstated by R14 475 540 and buildings and fixed structures was understated by R14 475 540 in note 10 to the financial statements. Additionally, there was an impact on the deficit for the period and on the accumulated surplus.

Administration expenses

7. I was unable to obtain sufficient appropriate evidence for administrative expenses due to the status of the accounting records. I was unable to confirm the administration expenses by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to administration expenses, stated at R16 946 473 in the financial statements.

Education services

8. I was unable to obtain sufficient appropriate evidence for education services due to the status of the accounting records. I was unable to confirm the education services by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to education services, stated at R12 407 343 in the financial statements. In addition, the college did not account for education services in accordance with GRAP 1, *Presentation of financial statements*, as it incorrectly classified learning materials as skills and learnership expenses. Consequently, skills and learnership expenses was overstated and learning materials was understated by R1 591 956 in note 26 to the financial statements.

Context for the opinion

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

10. I am independent of the college 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.

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

Emphasis of matters

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

Restatement of corresponding figures

13. As disclosed in notes 35 and 36 to the financial statements, the corresponding figures for 31 December 2020 were restated as a result of errors in the financial statements of the college at, and for the year ended, 31 December 2021.

Material impairments

14. As disclosed in note 4 to the financial statements, receivables from exchange transactions was impaired by R14 775 330 (2020: R13 865 815).

Responsibilities of the council for the financial statements

15. The council is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the CETA, and for such internal control as the council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

16. In preparing the financial statements, the council is responsible for assessing the college'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 college or to cease operations or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

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

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

Performance information reporting

19. The college is not required to prepare a report on its performance against predetermined objectives, as it does not fall within the ambit of the Public Finance Management 1 of 1999 and such reporting is not required in terms of the entity's specific legislation.

Report on the audit of compliance with legislation

Introduction and scope

20. In accordance with the Public Audit Act 25 of 2004 and the general notice issued in terms thereof, I have a responsibility to report material findings on the college's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

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

Annual financial statements

22. The financial statements submitted for auditing were not prepared in accordance with generally recognised accounting practice, as required by section 25(1)(b) of the CETA. Material misstatements of non-current assets, current assets, revenue, and disclosures identified by the auditors in the submitted financial statements were corrected, and/or the supporting records were provided subsequently, but the uncorrected material misstatements and/or supporting records that could not be provided resulted in the financial statements receiving a qualified opinion.

Other information

23. The council is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements and the auditor's report.

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

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

26. 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

27. 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. The matters reported below are limited to the significant internal control deficiencies that

resulted in the basis for the qualified opinion and the findings on compliance with legislation included in this report.

28. Management's slow response to the prior year's audit findings resulted in an audit action plan not being adequately implemented and monitored, and led to repeat findings being raised in the current year. As a result, the underlying internal control deficiencies were not addressed, leading to a qualified audit opinion.

29. The college did not adequately implement daily and monthly monitoring controls such as proper filing/records management, monthly reconciliations, and identification of all assets.

30. Management's lack of detailed review of the financial statements and the underlying records resulted in material misstatements not being detected by the college's internal processes.

Other reports

31. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the college's financial statements, compliance with applicable legislation, and other related matters. These reports did not form part of my opinion on the financial statements or my findings on compliance with legislation.

32. The Special Investigations Unit is investigating allegations of possible fraudulent payments made to fictitious suppliers' bank accounts. This investigation was still in progress at the reporting date.

Auditor - General

Bloemfontein
31 May 2022

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and on the college's compliance with respect to the selected subject matters.

Financial statements

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

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

3. I communicate with the accounting officer 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.

4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and communicate 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.

Council's Report

The council submit their report for the year ended 31 December 2021.

1. Domicile, legal form and jurisdiction

The College is a Public Technical and Vocational Education and Training College, constituted in terms of the Continuing Education and Training Act No. 16 of 2006, as amended, and operates within the Republic of South Africa.

2. Review of activities

Main business and operations

The operating results and state of affairs of the College are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net deficit of the College was R 14 710 748 (2020: surplus R 7 880 154).

3. Going concern

We draw attention to the fact that at 31 December 2021, the college had an accumulated surplus of R 332 680 765 (2020: R 345,000,401).

The College incurred a net deficit of R 14 710 748 (2020: surplus R 7 880 154). Management still believes that the College will be able to successfully continue its operations as funding is received from the Department of Higher Education and Training. Management is of the opinion that the TVET sector is a priority focus area for the Department to attain its strategic objectives to provide quality technical and vocational education and training services and increase academic achievement and success of students and therefore believes that the Department of Higher Education and Training will continue to fund the College.

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.

4. Subsequent events

The Council is not aware of any significant events that occurred subsequent to year end.

5. Accounting policies

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and in the manner prescribed by the Minister of Higher Education and Training in terms of the Continuing Education and Training Act No. 16 of 2006, as amended.

Council's Report

6. Council

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

Name	Nationality	
Dr SJ Mohapi - Chairperson of Council	South African	Independent Council member (Chairperson)
Dr CM Mabaso - Deputy Chairperson of Council	South African	Independent Council member
Mr PM Hlahane - Council Member	South African	Independent Council member
Ms N Jantjies - Council Member: Donor	South African	Independent Council member
Ms N Kumalo - Council Member and Chairperson of the Conditions of Employment Committee	South African	Independent Council member
Mr TS Letho - Principal and Chairperson: Academic Board (Retired - March 2021)	South African	Non-independent Council member
Mr R Lethule - Academic board Member	South African	Non-independent Council member
Ms S Magubane - Ministerial appointee and Chairperson: Planning Committee	South African	Independent Council member
Ms NC Rens - SRC member	South African	SRC Member
Mr PD Manoko - Council Member and Chairperson of the Audit/Risk Committee	South African	Independent Council member
Dr GJ Maseko - Ministerial appointee	South African	Independent Council member
Ms LJ Mbambo - Academic Staff Representative	South African	Non-independent Council member
Mr MP Moremi - Ministerial appointee and Chairperson: Finance Committee	South African	Independent Council member
Mr MD Ntaje - Representative of Non-teaching staff	South African	Non-independent Council member
Ms NP Makasane - SRC member	South African	SRC Member
Mr TC Sithole - Council Member	South African	Independent Council member
Adv LMG Mfazi - Council member and Chairperson of the Conditions of Employment Committee	South African	Independent Council member
Ms T Mogopoli - Council member: Donor	South African	Independent Council member
Mr L Ruka - Independent advisory of Council on Audit and Risk committee	South African	Independent Council member

7. Auditors

Auditor-General of South Africa will continue to be auditors of the College.

Statement of Financial Position as at 31 December 2021

	Note(s)	2021 R	2020 Restated* R
Assets			
Current Assets			
Inventories	3	2 536 297	2 824 817
Receivables from exchange transactions	4	6 684 838	7 494 098
Receivables from non-exchange transactions	5	129 874	507 552
Statutory receivables	6	23 472 879	13 675 650
Prepayments	7	7 960	17 135
Investments	8	911 107	877 013
Cash and cash equivalents	9	23 456 064	53 704 793
		57 199 019	**79 101 058**
Non-Current Assets			
Property, plant and equipment	10	293 166 111	291 523 287
Intangible assets	11	357 743	411 074
		293 523 854	**291 934 361**
Total Assets		**350 722 873**	**371 035 419**
Liabilities			
Current Liabilities			
Finance lease obligation	12	646 246	584 990
Payables from exchange transactions	13	6 845 878	11 303 242
Payables from non-exchange transactions	14	6 618 608	5 846 789
Unspent conditional grants and receipts	15	3 931 376	5 262 639
		18 042 108	**22 997 660**
Non-Current Liabilities			
Finance lease obligation	12	-	646 246
Total Liabilities		**18 042 108**	**23 643 906**
Net Assets		**332 680 765**	**347 391 513**
Accumulated surplus		332 680 765	347 391 513
Total Net Assets		**332 680 765**	**347 391 513**

Statement of Financial Performance

	Note(s)	2021 R	2020 Restated* R
Revenue			
Revenue from exchange transactions			
Tuition and related fees	16	29 648 918	28 565 994
Student fees earned		1 123 615	888 520
Recoveries		1 012 260	291 640
Insurance income		8 138	4 524
Sundry income	17	2 523 103	1 792 148
Interest received	18	622 710	808 133
Total revenue from exchange transactions		**34 938 744**	**32 350 959**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants and subsidies	19	37 383 286	68 216 690
Service received in kind	20	68 378 000	57 689 147
Other revenue			
Other income	21	7 751 789	251 789
Total revenue from non-exchange transactions		**113 513 075**	**126 157 626**
Total revenue	20	**148 451 819**	**158 508 585**
Expenditure			
Personnel expenses and DHET management fee	22	(91 264 939)	(92 631 948)
Administration expenses	23	(16 946 473)	(15 413 983)
External auditors remuneration		(3 086 595)	(4 209 937)
Depreciation and amortisation		(11 721 456)	(11 283 327)
Finance costs	24	(85 846)	(144 115)
Debt impairment provision		(4 343 414)	(3 129 965)
Consulting and internal audit fees		(811 137)	(308 595)
Repairs and maintenance	25	(18 403 329)	(5 785 813)
Education services	26	(12 407 344)	(15 552 422)
General expenses	27	(2 962 627)	(1 903 206)
Total expenditure		**(162 033 160)**	**(150 363 311)**
Operating (deficit) surplus		**(13 581 341)**	**8 145 274**
Loss on disposal of assets		(1 105 478)	(270 058)
Gains / (losses) on inventory revaluation		(23 929)	4 938
		(1 129 407)	**(265 120)**
(Deficit) surplus for the year		**(14 710 748)**	**7 880 154**

Statement of Changes in Net Assets

	Accumulated surplus R	Total net assets R
Opening balance as previously reported	339 073 249	339 073 249
Prior year adjustments:		
Prior period errors relating to 2019 (Note 34)	438 110	438 110
Balance at 01 January 2020 as restated	**339 511 359**	**339 511 359**
Surplus for the year as previously reported	6 249 676	6 249 676
Prior year adjustments:		
Prior period errors (Note 34)	1 630 478	1 630 478
Total changes	7 880 154	7 880 154
Restated balance at 01 January 2021	**347 391 513**	**347 391 513**
Surplus for the year	(14 710 748)	(14 710 748)
Total changes	(14 710 748)	(14 710 748)
Balance at 31 December 2021	**332 680 765**	**332 680 765**

Cash Flow Statement

	Note(s)	2021 R	2020 Restated* R
Cash flows from operating activities			
Receipts			
Student and tuition fees earned		26 201 530	25 961 722
Grants		33 248 633	78 553 027
Interest income		682 447	889 018
Other receipts		11 305 372	-
		71 437 982	105 403 767
Payments			
Employee costs		(31 323 365)	(35 844 329)
Suppliers		(55 241 987)	(47 055 629)
		(86 565 352)	(82 899 958)
Net cash flows from operating activities	28	**(15 127 370)**	**22 503 809**
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(14 426 429)	(13 837 023)
Proceeds from sale of property, plant and equipment	10	10 000	58 616
Acquisition of investments		(34 094)	(52 423)
Net cash flows used in investing activities		**(14 450 523)**	**(13 830 830)**
Cash flows from financing activities			
Finance lease payments		(670 836)	(673 655)
Net increase in cash and cash equivalents		**(30 248 729)**	**7 999 324**
Cash and cash equivalents at the beginning of the year		53 704 793	45 705 469
Cash and cash equivalents at the end of the year	9	**23 456 064**	**53 704 793**

Unaudited Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Difference between final budget and actual	Reference
	R	R	R	R	R	%	
Statement of Financial Performance							
Revenue							
Revenue from exchange transactions							
Sale of goods	-	-	-	-	-	-	
Rendering of services	31 072 455	-	**31 072 455**	29 648 918	**(1 423 537)**	**-5%**	
Student fees earned	1 230 000	-	**1 230 000**	1 123 615	**(106 385)**	**-9%**	
Recoveries	-	-	-	1 012 260	**1 012 260**	**100%**	37.1
Insurance income	-	-	-	8 138	**8 138**	**100%**	37.2
Sundry income	10 957 207	-	**10 957 207**	2 523 103	**(8 434 104)**	**-7%**	
Interest received - investment	1 000 000	-	**1 000 000**	622 710	**(377 290)**	**-61%**	37.3
Total revenue from exchange transactions	**44 259 662**	-	**44 259 662**	**34 938 744**			
Revenue from non-exchange transactions							
Taxation revenue							
Other income	-	-	-	7 751 789	**7 751 789**	-	
Transfer revenue							
Government grants & subsidies	30 215 000	-	**30 215 000**	37 383 286	**7 168 286**	**11%**	37.4
Service received in kind	69 792 000	-	**69 792 000**	68 378 000	**(1 414 000)**	**-15%**	37.5
Total revenue from non-exchange transactions	**100 007 000**	-	**100 007 000**	**113 513 075**			
Total revenue	**144 266 662**	-	**144 266 662**	**148 451 819**			
Expenditure							
Personnel expenses and DHET management fee	(94 276 485)	-	**(94 276 485)**	(91 264 939)	**3 011 546**	**3%**	
Administration expenses	(18 079 380)	-	**(18 079 380)**	(16 946 473)	**1 132 907**	**7%**	
External auditors remuneration	(4 000 000)	-	**(4 000 000)**	(3 086 595)	**913 405**	**30%**	37.6
Depreciation and amortisation	-	-	-	(11 721 456)	**(11 721 456)**	**-100%**	37.7
Finance costs	-	-	-	(85 846)	**(85 846)**	**-100%**	37.8
Debt Impairment	(3 417 271)	-	**(3 417 271)**	(4 343 414)	**(926 143)**	**-21%**	37.9
Consulting and internal audit fees	(550 000)	-	**(550 000)**	(811 137)	**(261 137)**	**-32%**	37.10
Repairs and maintenance	(33 732 630)	-	**(33 732 630)**	(18 403 329)	**15 329 301**	**83%**	37.11
Education services	(9 304 270)	-	**(9 304 270)**	(12 407 344)	**(3 103 074)**	**-25%**	37.12
Loss on disposal of assets	-	-	-	(1 105 478)	**(1 105 478)**	**-100%**	37.13
General Expenses	(2 354 000)	-	**(2 354 000)**	(2 962 627)	**(608 627)**	**-21%**	37.14
Total expenditure	**(165 714 036)**	-	**(165 714 036)**	**(163 138 638)**			
Operating deficit	**(21 447 374)**	-	**(21 447 374)**	**(14 686 819)**	**6 760 555**		
Gains on inventory revaluation	-	-	-	(23 929)	**(23 929)**	**-100%**	37.15

Unaudited Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**(21 447 374)**	**-**	**(21 447 374)**	**(14 710 748)**		

The College deems a difference of 10% to be a material difference. Please refer to note 37 for reasons for material differences.

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), and in the manner prescribed by the Minister of Higher Education and Training in terms of the Further Education and Training Act 16 of 2006 as amended.

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. In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Comparison of budget and actual amounts

The College does not fall within the scope of GRAP 24 Presentation of Budget Information in Financial Statements, as its budgets are not made publicly available as per GRAP 24. The College has decided to comply with GRAP 24 on a voluntary basis to add value to the users of the Financial Statements.

The approved budget is the budget that is approved by the Council of the College, before the commencement of the financial year. The final budget is the approved budget, updated with all the budget amendments approved by the Council of the College during the financial year.

The financial statements and the budget are prepared on a comparable basis and the budget consists of a Statement of Financial Performance budget. Therefore, the approved budget is presented on the same accounting basis, with the same classification structure, for the same period and for the same entities and activities as is reported on in the annual financial statements.

The comparison of budget and actual amounts are done through the inclusion of a separate additional statement of comparison of budget and actual amounts in the annual financial statements.

The approved budget is for the period 01 January 2021 to 31 December 2021.

1.4 Significant judgements and sources of estimation uncertainty

The use of judgement, estimates and assumptions is inherent to the process of preparing annual financial statements. These judgements, estimates and assumptions affect the amounts presented in the annual financial statements. Uncertainties about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the relevant asset or liability in future periods.

Judgements:

In the process of applying these accounting policies, management has made the following judgements that may have a significant effect on the amount recognized in the financial statements:

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Campuses used and controlled, but not owned by the College

Certain campuses are used by the College and are not registered in the name of the College. The lack of legal ownership could affect whether or not the College has control over the campus. Where, inter alia, beneficial control can be illustrated, the campus in question is recognized, measured and included in the financial statements as property, plant and equipment in terms the definition of an asset as per the Framework for the Preparation and Presentation of Financial Statements and the definition of Property, Plant and Equipment in GRAP 17 or Investment Property in GRAP 16.

Programme funding

In terms of the CET Act and the Funding Norms for TVET Colleges, the Colleges are funded (Programme Funding) based on their Full Time Equivalent (FTE) student numbers. Therefore, in terms of the CET Act and the Funding Norms, a College receives Programme Funding to enrol and train a certain number of students for the year and that Programme Funding accrues to the College in terms of the CET Act and the Funding Norms and the accrual is separate and independent from how the funds are distributed to the College. The full amount of allocated Programme Funding therefore has to be paid to the College by DHET, irrespective of how it is paid. DHET settles its liability for Programme Funding towards the College in part by paying the employment cost of the College employees employed by DHET, via Persal. The remaining liability towards the College is settled in cash.

The Funding norms that is currently applicable to TVET Colleges was Gazetted on 15 May 2015 and paragraph 117 contains provisions which may cause conditions as defined in GRAP 23 to exist under certain circumstances. These conditions would be applicable to the portion of the Programme Funding which is withheld to pay for employee cost of Persal employees deployed at the College. However, DHET has indicated that the intention of the Funding Norms is not to impose conditions which may be introduced by paragraph 117 and that the intention is that a College’s Programme Funding accrues to it in total. Therefore, any difference between the amount withheld for paying Persal salaries and the amount that is eventually used to pay for Persal salaries, is automatically payable to Colleges. DHET has aligned its systems to facilitate the payment of these amounts to Colleges.

The substance over form nature of the Programme Funding for a College is therefore that it accrues to the College, in full and without any conditions, in the financial year of the College during which the enrolment and training of students occur. The date on which it accrues is 1 January of the relevant year, or the date on which the final grant amount is communicated to the College, whichever is later. The full Programme Funding allocation to the College is therefore recognised as revenue in the College's financial year.

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

DHET management fee

The College's staff consists of two groups:
i) Employees and management staff appointed on Persal
ii) Employees appointed on the College payroll

The management and other staff who are stationed at a College (College's staff) and are paid through Persal are employed by DHET on DHET's Persal payroll. Therefore in terms of labour legislation they are DHET employees and not College employees. However, these employees are stationed permanently and exclusively at the College and are also subject to the governance and management oversight of the Council of the College and the intention is for the College to operate with relative autonomy. The employees are therefore substantively under the operational control of the College, with DHET performing and supporting certain HR related functions, e.g. administering the payroll and appointment, performance management, termination and disciplinary processes.

In terms of the CET Act and the Funding Norms for TVET Colleges, the Colleges are funded (Programme Funding) based on their Full Time Equivalent (FTE) student numbers. Therefore, in terms of the CET Act and the Funding Norms, a College receives Programme Funding to enrol and train a certain number of students for the year and that Programme Funding accrues to the College in terms of the CET Act and the Funding Norms and the accrual is separate and independent from how the funds are distributed to the College. The full amount of allocated Programme Funding therefore has to be paid to the College by DHET, irrespective of how it is paid. DHET settles its liability for Programme Funding towards the College in part by paying the employment cost of the College employees employed by DHET, via Persal. The remaining liability towards the College is settled in cash.

DHET employs the College's management and other staff for it, performs certain HR related functions for the College and uses the College's funds to pay the salaries of the College staff in DHET's employment.

There is therefore a College expense (outflow of College economic resources) which has to be accounted for by a College and the questions that remain are how that expense should be classified and measured.

With respect to the classification, the nature of the expense is clearly related to employee cost, but is not classified as employee cost, because the College is not the employer in terms of labour and related legislation. The expense is therefore classified as a DHET management fee expense in the hands of a College. On the face of the Statement of Financial Performance, it is aggregated with the College's Employee cost expense and it is disclosed separately in the notes.

With respect to the measurement of the expense, DHET settles the liability for Programme Funding towards the College, by assuming an employee cost liability towards the College's employees employed by DHET and paid via Persal. The cost or value of the expense for the College is therefore the same as the amount by which the liability that DHET owes to the College decreases as a result of DHET assuming the employee cost liability towards the College employees. This is inclusive of all short and long term employee benefits, e.g. leave and bonus accruals, capped leave and long service awards.

Estimates

Estimates are informed by historical experience, information currently available to management, assumptions, and other factors that are believed to be reasonable under the circumstances. These estimates are reviewed on a regular basis. Changes in estimates that are not due to errors are processed in the period of the review and applied prospectively.

In the process of applying the College's accounting policies the following estimates, were made:

Trade and other receivables

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

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Non-financial asset impairment

In testing for, and determining the value-in-use of non-financial assets, management is required to rely on the use of estimates about the asset's ability to continue to generate cash flows (in the case of cash-generating assets). For non-cash-generating assets, estimates are made regarding the depreciated replacement cost, restoration cost, or service units of the asset, depending on the nature of the impairment and the availability of information.

Allowance of doubtful debts

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

Useful lives of assets, depreciation and amortisation

The College's management determines the estimated useful lives and related depreciation charges for these assets. These estimates are based on industry norms and then adjusted to be College specific. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives and vice versa.

Depreciation and amortization recognised on property, plant and equipment are determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management estimation of the asset's condition, expected condition at the end of the period of use, its current use, expected future use and the College's expectations about the availability of finance to replace the asset at the end of its useful life. In evaluating how the condition and use of the assets informs the useful life and residual value management considers the impact of technology and minimum service requirements of the assets.

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 college; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. These 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.

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.

Deemed cost was determined using depreciated replacement cost for items of property, plant and equipment.

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 College 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.

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

Accounting Policies

1.5 Property, plant and equipment (continued)

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

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

Item	Depreciation method	Average useful life
Land	Not applicable	Indefinite
Buildings and fixed structures	Straight line	10 - 50 years
Plant and machinery	Straight line	5 - 15 years
Furniture and fixtures	Straight line	5 - 20 years
Motor vehicles	Straight line	5 - 15 years
IT equipment	Straight line	3 - 12 years
College Infrastructure	Straight line	5 - 50 years
Sporting facilities	Straight line	15 - 25 years
Emergency Equipment	Straight line	7 - 15 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the College to amend the previous estimate unless expectations differ from the previous estimate.

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 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.

When the College initially recognises an asset using the Standards of GRAP, it measures such assets using the cost at the date of acquisition (acquisition cost). When the acquisition cost of an asset is not available on the adoption of the Standards of GRAP, acquisition cost is measured using a surrogate value (deemed cost) at the date a College adopts the Standards of GRAP (measurement date). Deemed cost is determined as the fair value of an asset at the measurement date.

1.6 Intangible assets

An asset is identifiable if it either:
- is separable, i.e. is capable of being separated or divided from the College and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the College intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the College 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 College; and
- the cost or fair value of the asset can be measured reliably.

Accounting Policies

1.6 Intangible assets (continued)

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

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

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

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.

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

Computer software	10 years

1.7 Financial instruments

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

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

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

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

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.

Accounting Policies

1.7 Financial instruments (continued)

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

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 a College 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 the College’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 the College.

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 College had not acquired, issued or disposed of the financial instrument.

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

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

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

Classification

The College has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost

The College has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Unspent conditional grants and receipts	Financial liability measured at amortised cost
Payables from non-exchange transactions	Financial liability measured at amortised cost

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Accounting Policies

1.7 Financial instruments (continued)

Initial measurement of financial assets and financial liabilities

The College 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 College measures a financial asset and financial liability initially at its fair value (if subsequently measured at fair value).

Payables from exchange and non-exchange transactions

Payables from non-exchange transactions arise when the College has an obligation to return the grant funds and/or receipts transferred to it by any third parties, through a non-exchange transaction, if conditions of the grant have not been met (conditional grants). A non-exchange transaction is a transaction where an the College either receives value from another entity without directly giving approximately equal value in exchange, or gives value to an entity without directly receiving approximately equal value in exchange.

When funds are received as per stipulations of the grant contract, they give rise to a present obligation. A present obligation arising from a non-exchange transaction, that meets the definition of a liability shall be recognised as a liability when, and only when: it is probable that an outflow of resources embodying future economic benefits or service potential will be required to settle the obligation; and reliable estimate can be made of the amount of the obligation.

Payables from exchange transactions are initially measured at fair value and are subsequently measured at cost. Where fair value is the best estimate of the amount required to settle the present obligation at the reporting date and cost is the cash outflow payable to the third upon unsuccessful discharge of grant conditions.

As the College satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset and/or expenditure, it shall reduce the carrying amount of the liability recognised and recognise an amount of revenue equal to that reduction.

1.8 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 College assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Depreciation is provided on the leased assets as follows:

Item	Depreciation method	Useful life
Leased office equipment	Straight line	3 years

Accounting Policies

1.9 Tax

Income tax

The College is exempt from Income tax in terms of Section 10(1)(cN) of the Income Tax Act No. 58 of 1962.

1.10 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The college recognises statutory receivables as follows:
- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The college initially measures statutory receivables at their transaction amount.

Subsequent measurement

The college measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:
- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Impairment losses

The college assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

Accounting Policies

1.10 Statutory receivables (continued)

Derecognition

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

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.11 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset’s future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm’s length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset’s fair value less costs to sell and its value in use.

Useful life is either:
- the period of time over which an asset is expected to be used by the college; or
- the number of production or similar units expected to be obtained from the asset by the college.

Identification

The college assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the college estimates the recoverable service amount of the asset.

1.11 Impairment of non-cash-generating assets (continued)

Value in use

Value in use of a non-cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the College estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the College applies the appropriate discount rate to those future cash flows.

1.12 Employee benefits

The College contributes to the Government Employees Pension Fund. The Government Employees Pension Fund define an amount of pension benefits that employees will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. However, the College has no legal or constructive obligation to pay those future benefits as its only obligation is to pay the contributions as they fall due. If the College ceases to employ members of the state plan, it will have no obligation to pay the benefits earned by its own employees in previous years.

For this reason, the Government Employees Pension Fund is a defined contribution plan. For defined contribution plans, the College pays contributions to a publicly administered pension insurance plan on a mandatory and contractual basis. The College has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a deduction in the future payment is available.

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.

When an employee has rendered service to the College during a reporting period, the College recognises 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 recognises 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 College recognises 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 College has no realistic alternative but to make the payments.

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.

DHET/PDE management fee

In terms of the CET Act and DHET Circulars, non-management personnel (lecturing and support staff) of the College who elected to be appointed and remunerated through the Department of Higher Education and Training (DHET) have migrated to DHET and are DHET employees. Non-management personnel who did not elect to be transferred to DHET payroll remain employees of the College.

Management personnel was previously (and continue to be) remunerated through PERSAL and not from College funds, and this constitutes services in kind which are recognised at the cash value of the services to the State. The income is recognised as "Services in Kind" as part of revenue from non-exchange transactions, and the expense is recognised as "DHET management fees".

For the period 1 April to 31 December 2015 Management and non-management personnel who elected to be transferred are remunerated by DHET via Persal. The remuneration of these personnel cannot be classified as an employee expense of the College and is therefore, classified as "DHET management fee". The income is recognised as "services in kind" as part of revenue from non-exchange transactions.

Accounting Policies

1.13 Provisions and contingencies

Provisions are recognised when:
- the college 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.

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.

Provisions are not recognised for future operating losses.

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

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the College.

A contingent liability is:

- A possible obligation that arises from past event, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the College; or

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

Contingent assets and contingent liabilities are not recognised, but are disclosed in the notes to the financial statements.

1.14 Commitments

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

Generally, a commitment arises when a decision is made to incur a liability e.g. a purchase contract. Such a decision is evidenced by, but not limited to, actions taken to determine the amount of the eventual resource outflow or a reliable estimate e.g. a quote, and conditions to be satisfied to establish an obligation e.g. delivery schedules. These preconditions ensure that the information relating to commitments is relevant and capable of reliable measurement.

The notes to the financial statements must disclose the nature and amount of each material individual expenditure commitment and each material class of capital expenditure commitment as well as non-cancellable operating leases contracted for at the reporting date. Commitments for the supply of inventories, where a liability under a contract has not yet been recognised, do not require disclosure as a commitment.

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 College – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

Accounting Policies

1.14 Commitments (continued)

The College discloses future lease payments under non-cancellable operating leases for each of the following periods:

- No later than one year;
- Later than one year and not later than five years, and
- Later than five years.

1.15 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 government.

An exchange transaction is one in which the College 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.

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 college;
- 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.

Tuition, residence and related fees

Tuition, residence and related fees are recognised as income at the fair value of the consideration received or receivable in the period to which they relate (academic year).

Interest and dividends

Revenue arising from the use by others of the College's assets yielding interest 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 college, and
- The amount of the revenue can be measured reliably.

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

1.16 Revenue from non-exchange transactions

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

Accounting Policies

1.16 Revenue from non-exchange transactions (continued)

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 college.

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

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

Government grants

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the College with no future related costs is recognised as income of the period in which it becomes receivable.

Grants related to income are presented as a credit in the surplus or deficit (separately).

Grants, gifts and donations (other than services in-kind) are recognised when the definition of an asset is met and the recognition criteria of an asset are satisfied.
For grants, gifts and donations received without conditions attached, revenue is recognised when the asset is recognised.
For grants, gifts and donations received that have conditions attached to it, a liability will be recognised to the extent that the conditions have not been met, and will be reduced as the conditions are satisfied with a corresponding increase in revenue.

Private grants

Private grants, gifts and donations are recognised as income at the fair value of the consideration received or receivable in the period to which they relate. Any such income is recognised as income in the financial period when the College is entitled to use those funds. Therefore, funds that will not be used until some specified future period occurrence are deferred to deferred income and released to the income statement as the College becomes entitled to the funds.

Grants received to compensate for expenses to be incurred are often prescriptive in nature and therefore is recognised over a certain period under the terms of the grant. Prescriptive grant income is recognised with reference to the stage of completion at the reporting date. If the stage of completion cannot be measured reliably, the recognition of this income is limited to the expenses incurred. The balance is recognised as deferred income in the statement of financial position.

Services in-kind

In terms of the CET Act and DHET Circular 1 of 2015, with effect from 1 April 2015, all non-management personnel (lecturing and support staff) of the College whom elected to be appointed and remunerated through the Department of Higher Education and Training (DHET) have migrated to DHET and are DHET employees. Non-management personnel whom did not elect to be transferred to DHET payroll remain employees of the College. For the period 1 January to 31 March 2015, all these employees still remained employees of the College.

Management personnel was previously (and continue to be) remunerated through PERSAL and not from College funds, and this constitutes services in kind which are recognised at the cash value of the services to the State. The income is recognised as "Services in Kind" as part of revenue from non-exchange transactions, and the expense is recognised as "DHET management fees".

For the period 1 April to 31 December 2015 Management and non-management personnel whom elected to be transferred are remunerated by DHET via Persal. The remuneration of these personnel cannot be classified as an employee expense of the College and is therefore, classified as "DHET management fee". The income is recognised as "services in kind" as part of revenue from non-exchange transactions.

No other services in-kind are recognised.

1.17 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the college is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a college is a principal or an agent requires the college to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Recognition

The college, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The college, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The college recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.18 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. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Significant influence may be exercised in several ways, usually by representation on the governing body but also, for example, by participation in the policy-making process, material transactions between entities within an economic entity, interchange of managerial personnel or dependence on technical information.

Significant influence may be gained by an ownership interest, statute or agreement or otherwise. With regard to an ownership interest, significant influence is presumed in accordance with the definition contained in the Standard of GRAP on Investments in Associates.

Management are those persons responsible for planning, directing and controlling the activities of the college, including those charged with the governance of the college 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 college.

Only transactions with related parties:

- not at arm’s length; or
- not in the ordinary course of business

are disclosed.

Accounting Policies

1.19 Events after the reporting date

Events after the 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 reporting date); and
- Those that are indicative of conditions that arose after the reporting date (non-adjusting events after reporting date).

Reporting date means the date of the last day of the reporting period to which the financial statements relate. The reporting date of the College is 31 December 2021.

The College adjusts the amounts recognised in its financial statements to reflect adjusting events after the reporting date. The College does not adjust the amounts recognised in its financial statements to reflect non-adjusting events after the reporting date.

1.20 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 current replacement cost.

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.

Current replacement cost is the cost the College would incur to acquire the asset on the reporting date.

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

Recognition as an expense

When inventories are distributed, 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 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 the current replacement cost, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Notes to the Financial Statements

	2021 R	2020 R

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The college has not applied the following standards and interpretations, which have been published and are mandatory for the college's accounting periods beginning on or after 01 January 2022 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 104 (amended): Financial Instruments	Not yet set	Expected impact not significant
• GRAP 110 (as amended 2016): Living and Non-living Resources	01 April 2021	Expected impact not significant
• GRAP 109: Accounting by Principals and Agents	01 April 2021	Expected impact not significant
• GRAP 32: Service Concession Arrangements: Grantor	01 April 2021	Expected impact not significant
• IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2021	Expected impact not significant
• GRAP 108: Statutory Receivables	01 April 2021	Expected impact not significant
• GRAP 20: Related parties	01 April 2021	Expected impact not significant
• Directive 7 (revised): The Application of Deemed Cost	01 April 2021	Expected impact not significant

3. Inventories

	2021 R	2020 R
Inventory text books	2 512 847	2 789 010
Inventories cartridges	23 450	35 807
	2 536 297	**2 824 817**
Inventories recognised as an expense during the year		
Textbooks	3 637 870	3 010 527
Cartridges	457 995	477 267
	4 095 865	**3 487 794**

Inventory recognised as an expense is included in note 23 - Administration expenses and note 26 - Education services.

The gains or losses on inventory revaluation relates to the losses that arise from inventory count and comparing the count results to the inventory ledger. Furthermore, the loss includes any losses resulting from the remeasurement of inventory to the lower of cost and net realisable value.

Inventory pledged as security

No inventories held by the College are pledged as security.

Notes to the Financial Statements

	2021 R	2020 Restated* R

4. Receivables from exchange transactions

Student receivables	3 692 665	4 088 370
Other receivables	2 992 173	3 405 728
	6 684 838	**7 494 098**

No receivables from exchange transactions were pledged as security for any financial liability of the College.

The carrying value of receivables from exchange transactions approximates their fair value, due to their short term nature.

Credit quality of trade and other receivables

The credit quality of trade and other receivables from exchange transactions are determined and monitored with reference to historical payment trends. Accordingly the credit quality of the customers included in the balance of trade and other receivables from exchange transactions is determined internally through application of the College's own credit policy.

Other receivables

The ageing of Other receivables are as follows:

Current (0 - 30 days)	223 300	680 438
30 - 90 days	538 163	910 184
90-120 days	-	-
120+ days	2 355 249	1 943 019
Impairment	(124 539)	(127 913)
	2 992 173	**3 405 728**

Reconciliation of provision for impairment of Other receivables

Opening balance	(127 913)	(162 235)
Provision for impairment	(43 091)	(27 658)
Utilisation	46 465	61 980
	(124 539)	**(127 913)**

Student receivables impaired

The detail of the Student receivables are as follows:

3 to 6 months	17 512 792	16 995 608
Over 6 months	(14 650 791)	(13 737 902)
	2 862 001	**3 257 706**

The ageing of Student receivables is as follows:

0 - 120 days	9 232 479	5 538 630
121+ days	9 110 977	12 287 642
Impairment	(14 650 791)	(13 737 902)
	3 692 665	**4 088 370**

Notes to the Financial Statements

	2021 R	2020 Restated* R

4. Receivables from exchange transactions (continued)

Reconciliation of provision for impairment of Student receivables

Opening balance	(13 737 902)	(13 517 922)
Provision for impairment	(4 300 322)	(3 102 307)
Utilisation	3 387 433	2 882 327
	(14 650 791)	**(13 737 902)**

5. Receivables from non-exchange transactions

Maintenance grant debtor	-	1 860
Unauthorised debit orders	65 481	64 942
NSF grant debtor	-	271 321
Payables with debit balances	-	45 299
Accrued income	64 393	124 130
	129 874	**507 552**

No receivables from non-exchange transactions were pledged as security for any financial liability of the College.

The carrying value of receivables from non-exchange transactions approximates their fair value, due to their short term nature.

6. Statutory receivables

DHET debtor - subsidy	23 472 879	13 675 650

The following statutory receivables have been identified by the College:

-DHET debtor subsidy.

The College is entitled to the subsidy allocation in terms of the Division of Revenue Act (DORA).

Statutory receivables (DHET Debtor) arise from the DHET allocation that is not yet received as at the end of the year.
The statutory receivables carrying amount is determined by calculating the amount allocated less receipts for the year.

No interest is charged on statutory receivables.

Statutory receivables reconciliation

Opening balance	13 675 650	18 894 527
Raised during the year	99 724 000	104 553 358
Receipts	(89 926 771)	(109 772 235)
	23 472 879	**13 675 650**

Statutory receivables past due but not impaired

The College does not have any statutory receivables which are past due but not impaired

Statutory receivables pledged as security

No statutory receivables were pledged as security for any financial liability of the College.

Notes to the Financial Statements

	2021 R	2020 Restated* R

7. Prepayments

NSF grant expenses paid in advance	7 960	17 135

8. Investments

Fixed deposit	911 107	877 013

The College has a fixed deposit held with ABSA Bank Limited. The investment bears interest at a rate of 4.08% (2020: 3.63%) per annum. The investment has a maturity period of 6 months.

Pledged as security

No investments of the College were pledged as security.

9. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	8 905	9 058
Bank balances	18 093 309	43 988 904
Short-term deposits	5 353 850	9 706 831
	23 456 064	**53 704 793**

The College had the following bank accounts

Account description	Account number	Bank statement balances			Cash book balances		
		31 December 2021	31 December 2020	31 December 2019	31 December 2021	31 December 2020	31 December 2019
Bank - Flavius Mareka	520 153 306	1 981 845	948 646	273 892	1 981 845	948 646	273 892
Bank - Call Account	920 475 6351	1 037 690	6 494 868	6 054 537	1 037 690	6 494 868	6 054 537
Sasolburg - Student Dep	405 668 6636	214 008	40 520	87 423	214 008	40 520	87 423
Kroonstad - Student Dep	404 952 0229	113 434	47 142	21 806	113 434	47 142	21 806
Bank - NSF	713 546 240	3 596 165	3 938 219	230 106	3 596 165	3 938 219	230 106
Bank - Kroonstad Cheque Account	970 830 367	406	478	950	406	478	950
Bank - SLA 2012-2013	406 074 9199	293	253	212	293	253	212
Bank - Lotto Account	407 653 6651	72 066	71 409	70 399	72 066	71 409	70 399
Bank - Capex	407 427 1338	306	265	219	306	265	219
Petty Cash - Sasolburg	-	-	-	-	5 769	6 000	6 000
Petty Cash - Kroonstad	-	-	-	-	3 137	3 058	3 074
Bank - Sasolburg Petty Cash	916 550 2457	377	654	249	377	654	249
Intermediate Credit Card	4550 1900 3024 1033	5 000	12 253	5 000	5 000	12 253	5 000
Intermediate Credit Card	4550 1900 3024 0019	(669)	2 395	9 040	(669)	2 395	9 040
Flavius Money Market	914 906 8221	3 451 862	8 103 082	1 768 627	3 451 862	8 103 082	1 768 627
Money Market	916 666 7987	602 097	577 250	543 766	602 097	577 250	543 766
GEHS Account	207 619 9069	-	-	864 188	1 299 892	1 026 499	864 188
Maintenance account	409 489 9209	11 069 145	31 593 630	35 108 054	11 069 145	31 593 630	35 108 054
NSF- COS account	409 490 1133	3 242	838 171	657 924	3 242	838 171	657 924
Other		-	-	-	(1)	1	3
Total		**22 147 267**	**52 669 235**	**45 696 392**	**23 456 064**	**53 704 793**	**45 705 469**

Notes to the Financial Statements

10. Property, plant and equipment

	2021			2020		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land	15 904 951	-	15 904 951	15 904 951	-	15 904 951
Buildings and fixed structures	270 809 939	(47 344 544)	223 465 395	271 058 737	(41 891 981)	229 166 756
Plant and machinery	12 370 179	(5 262 517)	7 107 662	12 045 646	(4 105 894)	7 939 752
Furniture and fixtures	11 420 774	(7 099 676)	4 321 098	11 532 355	(6 622 228)	4 910 127
Motor vehicles	2 863 020	(920 092)	1 942 928	2 675 307	(816 435)	1 858 872
IT equipment	20 109 588	(12 426 802)	7 682 786	18 546 589	(11 353 469)	7 193 120
College infrastructure	25 927 475	(3 425 823)	22 501 652	14 070 977	(3 048 163)	11 022 814
Buildings and fixed structures being constructed	6 300 773	-	6 300 773	8 289 781	-	8 289 781
Sporting facilities	7 336 309	(4 052 789)	3 283 520	7 336 309	(3 341 103)	3 995 206
Leased office equipment	1 760 775	(1 173 850)	586 925	1 760 775	(586 925)	1 173 850
Emergency equipment	266 178	(197 757)	68 421	245 695	(177 637)	68 058
Total	**375 069 961**	**(81 903 850)**	**293 166 111**	**363 467 122**	**(71 943 835)**	**291 523 287**

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	15 904 951	-	-	-	-	15 904 951
Buildings and fixed structures	229 166 756	-	(181 589)	-	(5 519 772)	223 465 395
Plant and machinery	7 939 752	855 526	(268 202)	-	(1 419 414)	7 107 662
Furniture and fixtures	4 910 127	229 855	(104 732)	-	(714 152)	4 321 098
Motor vehicles	1 858 872	339 294	(95 201)	-	(160 037)	1 942 928
IT equipment	7 193 120	2 797 063	(250 169)	-	(2 057 228)	7 682 786
College infrastructure	11 022 814	3 878 006	(214 951)	8 289 780	(473 997)	22 501 652
Work in progress	8 289 781	6 300 772	-	(8 289 780)	-	6 300 773
Sporting facilities	3 995 206	-	-	-	(711 686)	3 283 520
Leased office equipment	1 173 850	-	-	-	(586 925)	586 925
Emergency equipment	68 058	25 913	(634)	-	(24 916)	68 421
	291 523 287	**14 426 429**	**(1 115 478)**	**-**	**(11 668 127)**	**293 166 111**

Notes to the Financial Statements

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Prior period errors	Depreciation	Total
Land	15 904 951	-	-	-	-	15 904 951
Buildings and fixed structures	234 075 119	565 050	-	43 145	(5 516 558)	229 166 756
Plant and machinery	7 151 936	1 899 879	(38 246)	159 359	(1 233 176)	7 939 752
Furniture and fixtures	5 543 071	165 863	(71 934)	28 043	(754 916)	4 910 127
Motor vehicles	1 861 164	13 000	(109 531)	208 667	(114 428)	1 858 872
IT equipment	6 230 703	2 830 401	(108 963)	-	(1 759 021)	7 193 120
College infrastructure	11 371 725	35 550	-	6 747	(391 208)	11 022 814
Work in progress	-	8 289 781	-	-	-	8 289 781
Sporting facilities	4 772 765	37 500	-	-	(815 059)	3 995 206
Leased office equipment	-	1 760 775	-	-	(586 925)	1 173 850
Emergency equipment	92 640	-	-	-	(24 582)	68 058
	287 004 074	**15 597 799**	**(328 674)**	**445 961**	**(11 195 873)**	**291 523 287**

A copy of the College's fixed asset register is available for inspection at the registered office.

Land totalling R 15,904,951 (2020: R 15,904,951) and buildings and fixed structures totalling R 202,595,794 (2020: R 202,595,794) are not owned by the College but by the Free State Provincial Government. These assets are controlled by the College and are therefore recognised according to the accounting policy for acquisition of assets in non-exchange transactions as outlined in accounting policy 1.5.

Included in property, plant and equipment are 462 (2020: 462) minor assets with a nil carrying value at year end. The cost price of these assets amount to R 248,438 (2020: R 248,438). These assets are not significant to the College's operations and service delivery objectives.

During the year the condition of the assets, as well as their useful lives were reassessed. The conditions rating of the assets had not changed and therefore no assets had been impaired.

Assets in process of being constructed

Cumulative expenditure included in carrying value - Buildings and fixed structures	6 300 773	8 289 780

Pledged as security

There were no assets pledged as security for current year.

Assets subject to finance lease (Net carrying amount)

Leased office equipment	586 925	1 173 850

Change in accounting estimate

Various movable assets with original remaining useful lives varying between 1 - 2 years have been revised in the beginning of the period to reflect a new depreciable amount and the actual pattern of service potential derived from these assets. Furniture and fixtures original useful lives of 8 years increased to 15 years. IT equipment original useful lives of 7 years increased to 10 years. Plant and machinery original useful lives of 15 years decreased to 10 years. Sporting facilities original useful lives of 20 years decreased to 12 years.

The effect on the current and future periods will be a decrease in the depreciation charge of R 75,812 in the current period and an decrease in the depreciation charge of R 75,114 over the future periods.

Depreciation - current year	22 220
Depreciation - future periods	854 994

Notes to the Financial Statements

11. Intangible assets

	2021			2020		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	533 310	(175 567)	357 743	533 310	(122 236)	411 074

Management estimates that intangible assets have a useful life of 10 years.

Included in intangible assets is 1 (2020: 1) software with a R1 carrying value at year end. The cost price of this asset amounts to R 545,000 (2020: R 545,000). This asset had reached the end of its useful life, but is still used by the College in its operations.

Reconciliation of intangible assets - 2021

	Opening balance	Amortisation	Total
Computer software	411 074	(53 331)	357 743

Reconciliation of intangible assets - 2020

	Opening balance	Amortisation	Total
Computer software	464 405	(53 331)	411 074

Pledged as security

There were no intangible assets pledged as security for any liabilities in the current year.

12. Finance lease obligation

Minimum lease payments due		
- within one year	681 783	681 783
- in second to fifth year inclusive	-	681 783
	681 783	1 363 566
less: future finance charges	(35 537)	(132 330)
Present value of minimum lease payments	**646 246**	**1 231 236**
Present value of minimum lease payments due		
- within one year	646 246	584 990
- in second to fifth year inclusive	-	646 246
	646 246	**1 231 236**
Non-current liabilities	-	646 246
Current liabilities	646 246	584 990
	646 246	**1 231 236**

The finance lease represents rentals of photocopiers by the college. The lease is for the term of three years, commencing in January 2020 and ending in December 2022. The lease repayments are linked to the prime rate and there is no escalation in the lease payments. No contingent rent is payable.

Notes to the Financial Statements

	2021 R	2020 Restated* R

13. Payables from exchange transactions

Bonus accrual (refer to breakdown below)	177 030	871 009
Leave pay accrual (refer to breakdown below)	466 919	439 364
GEHS Creditor	1 308 977	1 088 370
Third party creditors	1 289 096	3 404 438
Accrued expenses	215 827	637 337
External debtors with credit balances	5 133	3 048
Student debtors with credit balances	1 896 298	2 749 575
Trade payables	681 241	1 098 094
Unallocated deposits received	805 357	1 012 007
	6 845 878	**11 303 242**

Bonus accrual

Opening balance	871 006	716 519
Raised during the year	177 026	871 006
Utilised during the year	(871 006)	(716 519)
	177 026	**871 006**

Leave pay accrual

Opening balance	439 364	180 692
Raised during the year	1 175 386	1 121 949
Utilised during the year	(1 147 831)	(863 277)
	466 919	**439 364**

The carrying value of payables approximates their fair value, due to its short term nature.

Government Employees Housing Scheme (GEHS)

In terms of PSCBC Resolution 7 0f 2015 all employees (employed before 27 May 2015) who are eligible to receive the housing allowance but do not own a house shall continue to receive an allowance of R 900 per month. The difference of R 300 between the total new housing allowance of R 1,200 (as from July 2015) and the R 900 shall be diverted into a savings account (investment account) to host the funds of the rental contributors. This account will be interest bearing. The bank charges will be diverted to the main account. All employees employed after 27 May 2015 that are renting will receive R 1,200 as a benefit, but the total amount is diverted monthly into the savings account. Employees will have access to the accumulated funds in the savings account once proof of ownership of property is provided.

This amount increased to R 1,456.94 from 01 July 2020.

From 01 July 2021 the amount increased to R 1,500.07, with a total amount of R 600.07 diverted into the savings account.

Notes to the Financial Statements

	2021 R	2020 Restated* R

14. Payables from non-exchange transactions

Maintenance grant	625 947	1 860
Bursary creditors	2 268 224	2 272 374
NSF grant creditor	-	271 321
Bursary allocations due to NSFAS	3 724 437	3 301 234
	6 618 608	**5 846 789**

15. Unspent conditional grants and receipts

Unspent grants and receipts comprises of:

Unspent conditional grants and receipts		
Lotto allocation	72 066	71 409
NSF grant	3 699 957	4 355 975
COS grant	159 353	835 255
	3 931 376	**5 262 639**

Movement during the year

Balance at the beginning of the year	6 849 490	2 896 253
Additions during the year	57 179	11 169 459
Income recognition during the year	(2 132 446)	(8 803 073)
	4 774 223	**5 262 639**

See note 19 for reconciliation of government grants and subsidies.

Notes to the Financial Statements

	2021 R	2020 Restated* R

16. Tuition and related fees

Students - NCV	7 037 601	8 017 354
Students - Report 191	19 742 559	14 450 246
Skills and Learnership fees	2 583 408	5 940 354
Other fees	285 350	158 040
	29 648 918	**28 565 994**

Tuition fees payable by Students or other funding of which:

Balance at the beginning of the year	1 734 671	1 891 974
Additions during the year	8 055 140	5 505 415
Income recognition during the year	2 529 408	5 940 354
Other fees	285 350	158 040
	12 604 569	**13 495 783**

Tuition fees paid by NSFAS Bursaries

Balance at the beginning of the year	5 302 930	6 125 380
Additions during the year	11 687 419	8 944 831
	16 990 349	**15 070 211**

17. Sundry income

Hair care income	-	54 450
Student income	4 319	4 131
Work integrated learning income	71 280	248 063
Staff income	10 566	6 486
Income realised from unallocated income	389 761	272 333
Rental and Hostel income	748 870	694 322
Sport income	47 030	9 598
Other income	1 251 277	502 765
	2 523 103	**1 792 148**

18. Interest revenue

Interest revenue

Bank	622 710	808 133

Notes to the Financial Statements

	2021 R	2020 Restated* R

19. Government grants and subsidies

Departmental subsidies	34 892 631	44 723 796
Maintenance grant	-	6 997 292
NSF grant	692 790	8 176 023
COS grant	1 797 865	626 089
COVID-19 tuition grant (refer to note 15)	-	7 693 490
	37 383 286	**68 216 690**

Reconciliation of government grants and subsidies

Departmental subsidies

Conditional grants received	34 892 631	44 723 796
Subsidy transferred to revenue	(34 892 631)	(44 723 796)
	-	**-**

Lotto allocation

Balance unspent at beginning of year	71 409	70 399
Current-year receipts	-	1 010
Conditions met - transferred to revenue	-	-
Interest	657	-
	72 066	**71 409**

Conditions still to be met - remain liabilities (see note 15).

National Skills Fund (NSF)

Balance unspent at beginning of year	4 355 975	1 382 415
Current year receipts	-	11 122 065
Interest	37 630	28 479
Conditions met - transferred to revenue	(692 790)	(8 176 024)
Other	(960)	(960)
	3 699 855	**4 355 975**

Conditions still to be met - remain liabilities (see note 15).

The objective for the National Skills Fund is to assist the College and DHET in improving the capacity of the Post School Education and Training System in order to meet the needs of the country.

The funds will be utilised to roll out the Occupational Programmes for which the College is accredited.

Notes to the Financial Statements

	2021 R	2020 Restated* R

19. Government grants and subsidies (continued)

Maintenance grant

Current year receipts	-	6 997 292
Subsidy transferred to revenue	-	(6 997 292)
	-	**-**

Centres of Specialisation (COS) grant

Balance unspent at beginning of year	835 255	1 443 439
Interest	19 549	17 905
Conditions met - transferred to revenue	(1 439 656)	(626 089)
	(584 852)	**835 255**

Conditions still to be met - remain liabilities (see note 15).

The COS grant is utilised for the implementation of the Centres of Specialisation Programme specialising in Electrical and Plumbing trades.

COVID-19 tuition grant

Current year receipts	-	7 693 490
Subsidy transferred to revenue	-	(7 693 490)
	-	**-**

Government and Persal grants

The College receives government subsidies as per Funding norms for operating expenditure.

The Persal grant is kept at the Department to cover salaries of employees paid by the department and those employees in the employment of the Department. Refer to note 22.

Notes to the Financial Statements

	2021 R	2020 Restated* R

20. Revenue

Tuition fees (refer to note 16)	29 648 918	28 565 994
Student fees earned	1 123 615	888 520
Recoveries	1 012 260	291 640
Insurance income	8 138	4 524
Sundry income (refer to note 17)	2 523 103	1 792 148
Interest received (refer to note 18)	622 710	808 133
Other income	7 751 789	251 789
Government grants and subsidies (refer to note 19)	37 383 286	68 216 690
Service received in kind (refer to note 21)	68 378 000	57 689 147
	148 451 819	**158 508 585**

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

Tuition fees	29 648 918	28 565 994
Student fees earned	1 123 615	888 520
Recoveries	1 012 260	291 640
Insurance reimbursement income	8 138	4 524
Sundry income	2 523 103	1 792 148
Interest received	622 710	808 133
	34 938 744	**32 350 959**

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

Taxation revenue		
Other income	7 751 789	251 789
Transfer revenue		
Government grants and subsidies	37 383 286	68 216 690
Service received in kind	68 378 000	57 689 147
	113 513 075	**126 157 626**

21. Other income

Tirisano funding	7 299 118	-
Donations received	128 866	-
WSP grants received	323 805	251 789
	7 751 789	**251 789**

Notes to the Financial Statements

	2021 R	2020 Restated* R
22. Personnel expenses and DHET management fee		
Basic salaries and wages	22 074 622	22 028 047
Leave pay accrual	27 555	258 673
Contributions for UIF, SDL and pensions	3 440 003	3 520 244
Benefits and allowances	2 601 559	2 480 671
Performance and other bonuses	1 821 856	1 868 141
SARS deductions	6 231 050	5 947 228
Bonus accrual	-	154 485
	36 196 645	**36 257 489**
DHET management fee cost		
Remuneration of key management		
Remuneration of Principal		
TS Letho (Principal)	702 623	1 173 586
FM Chechile (Acting Principal: April - December 2021)	827 890	-
Remuneration of Deputy - Principals		
FM Chechile (Deputy Principal Academic Affairs: January to March 2021)	210 788	888 377
A le Roux (Deputy Principal Finance)	980 443	915 643
R Singh (Deputy Principal Registrar and SSS)	917 774	915 643
J Tema (Deputy Principal Corporate Services)	1 004 926	960 441
	4 644 444	**4 853 690**
Basic salaries	3 016 983	3 383 150
Bonuses	384 964	362 536
Pension fund contributions	376 383	439 808
Other benefits	866 114	668 196
	4 644 444	4 853 690
DHET lecturing and support	50 423 851	51 520 769
	55 068 295	**56 374 459**
Total personnel expenses and DHET management fee	**91 264 940**	**92 631 948**

Management personnel was previously (and will continue to be) remunerated via PERSAL and not from College funds. In terms of the CET Act and DHET circular 1 of 2015, with effect from 1st of April 2015, non management personnel (lecturing and support staff) whom elected to be appointed and remunerated by the Departments of Higher Education and Training (DHET) have migrated to DHET payroll and are now DHET employees. Non management employees whom did not elect to be transferred to DHET remain employees of the College.

The remuneration of these personnel represents services in kind and is recognised as such as part of revenue from non-exchange transactions.

Notes to the Financial Statements

	2021 R	2020 Restated* R

23. Administration expenses

	2021 R	2020 Restated* R
Bank charges	311 551	314 338
Cleaning services	1 006 021	1 028 153
Council expenses - Refer to note 30	461 761	435 225
Courier	68 919	57 627
Human resources development and training	975 368	907 893
Insurance	954 339	804 711
IT services	1 867 188	1 706 140
Marketing and advertising	315 409	338 994
Membership and licence fees	694 508	689 507
Municipal services	2 930 939	2 218 086
Other	491 138	526 869
Security services	4 921 006	4 538 107
Stationery and printing	1 152 510	1 169 723
Telephone	795 816	678 610
	16 946 473	**15 413 983**

24. Finance costs

	2021 R	2020 Restated* R
Finance leases	85 846	144 115

25. Repairs and maintenance

	2021 R	2020 Restated* R
Repairs and maintenance	18 403 329	5 785 813

26. Education services

	2021 R	2020 Restated* R
COS Grant Expenditure	1 351 932	181 806
Improvement of results	407 934	155 430
Learning material	4 189 844	3 494 436
Skills and learnership expenses	5 305 013	10 861 688
Student registration expenses	342 470	401 849
Student support expenses	810 151	456 963
Work integrated learning expenses	-	250
	12 407 344	**15 552 422**

27. General expenses

	2021 R	2020 Restated* R
COVID-19 expenses (refer to note 37)	712 588	876 553
Safety compliance	170 983	27 953
Functions and awards	114 409	233 510
Travel - local	382 953	237 880
Compensation fund	-	62 566
Event workshop expenses	1 581 694	464 744
	2 962 627	**1 903 206**

Notes to the Financial Statements

28. Cash (used in) generated from operations

	2021 R	2020 Restated* R
(Deficit) surplus	(14 710 748)	7 880 154
Adjustments for:		
Depreciation and amortisation	11 721 456	11 283 327
Loss on sale of assets	1 105 478	270 058
Finance costs - Finance leases	85 846	144 115
Debt impairment	4 343 414	3 129 965
Leave pay accrual	(27 555)	258 672
Bonus accrual	693 981	154 488
Accrued expenses	421 510	(529 072)
Services received in kind	(68 378 000)	(56 374 459)
DHET management fee included in personnel expenses	68 378 000	56 374 459
Changes in working capital:		
Inventories	288 520	(182 369)
Receivables from exchange transactions	(3 534 154)	(1 742 844)
Receivables from non-exchange transactions	377 677	(243 653)
Statutory receivables	(10 850 889)	6 100 268
Prepayments	9 175	1 247 675
Payables from exchange transactions	(5 545 297)	(1 873 632)
Unspent conditional grants and receipts	(277 603)	779 535
Payables from non-exchange transactions	771 819	(4 172 878)
	(15 127 370)	**22 503 809**

Notes to the Financial Statements

	2021 R	2020 Restated* R
29. Commitments		
Authorised capital expenditure		
Already contracted for		
• Upgrading roofs and gutters	1 540 485	6 352 527
• Upgrading sports courts	-	2 138 876
• Upgrading existing stormwater facilities	911 229	5 079 836
• Supply and installation of high security fence	-	1 135 537
• Ablution facilities	-	-
	2 451 714	**14 706 776**
Total capital commitments		
Already contracted for	2 451 714	14 706 776

Commitments will be financed by existing cash resources and internally generated funds.

Lease commitments

The finance lease represents rentals of photocopiers by the college. The lease is for the term of three years. The lease repayments are linked to the prime rate and there is no escalation in the lease payments. No contingent rent is payable.

	2021 R	2020 Restated* R
Minimum lease payments due		
- within one year	681 783	681 783
- in second to fifth year inclusive	-	681 783
- later than five years	-	-
	681 783	1 363 566
Less: future finance charges	(35 537)	(132 330)
	646 246	**1 231 236**
Present value of minimum lease payments due		
- within one year	646 246	584 990
- in second to fifth year inclusive	-	646 246
	646 246	**1 231 236**

Notes to the Financial Statements

	2021 R	2020 Restated* R

30. Related parties

Relationships	
Council	Refer to Council's report note
Excecutive Authority	Minister of Higher Education and Training
Controlling entity	Department of Higher Education and Training
Other public entities under control of the Minister and DHET	SETA's, All TVET's, NSF, and NSFAS
Members of key management	TS Letho (Principal)
	FM Chechile (Acting Principal)
	A le Roux (Deputy Principal Finance)
	R Singh (Deputy Principal Registrar and SSS)
	J Tema (Deputy Principal Corporate Services)

Related party transactions

	2021	2020
DHET		
Management, lecturing and support staff (Note 20 and 21)	55 068 295	56 374 459
Departmental Subsidies (Note 19)	34 892 631	44 723 796
COE allocation	68 378 000	60 522 000

Council remuneration

Council members are remunerated per TVET Circular HV dated 04 June 2019 and they are reimbursed for travel cost incurred at a rate of R3,50 per kilometre and a sitting allowance. Council members do not receive any other remuneration.

Refer to note 31 for detail.

Key management remuneration

2021

	Basic salaries	Bonuses	Pension fund contribution	Other benefits	Total
Remuneration of Principal					
Annual remuneration - Principal	176 022	48 868	22 883	454 850	702 623
Annual remuneration - Acting Principal	596 438	52 224	61 713	117 515	827 890
Remuneration of Deputy - Principals					
Deputy Principal - Academic	156 673	-	20 367	33 748	210 788
Deputy Principal - Finance	685 509	120 220	89 116	85 598	980 443
Deputy Principal - Registrar and SSS	685 509	57 551	89 116	85 598	917 774
Deputy Principal - Corporate Services	716 831	106 100	93 188	88 807	1 004 926
	3 016 982	**384 963**	**376 383**	**866 116**	**4 644 444**

2020

	Basic salaries	Bonuses	Pension fund contribution	Other benefits	Total
Remuneration of Principal					
Annual remuneration	704 090	58 674	91 532	319 290	1 173 586
Remuneration of Deputy - Principals					
Deputy Principal - Academic	622 062	51 453	80 868	133 994	888 377
Deputy Principal - Finance	675 382	83 162	87 799	69 300	915 643
Deputy Principal - Registrar and SSS	675 382	83 162	87 799	69 300	915 643
Deputy Principal - Corporate Services	706 234	86 085	91 810	76 312	960 441
	3 383 150	**362 536**	**439 808**	**668 196**	**4 853 690**

	2021	2020 Restated*
	R	R

31. Remuneration of Council

2021

	Emoluments	Total
Dr SJ Mohapi - Chairperson of Council	67 872	67 872
Dr CM Mabaso - Deputy Chairperson of Council	52 477	52 477
Adv LMG Mfazi - Council member and Chairperson of the Conditions of Employment Committee	53 335	53 335
Mr PD Manoko - Ministerial Appointee and Chairperson: Audit and Risk Committee	67 663	67 663
Dr GJ Maseko - Ministerial appointee	48 441	48 441
Mr MP Moremi - Ministerial appointee and Chairperson: Finance Committee	62 093	62 093
Mr MP Hlahane - Ministerial appointee	4 505	4 505
Mr TC Sithole - Ministerial appointee	38 985	38 985
Ms S Magubane - Ministerial appointee and Chairperson: Planning Committee	46 868	46 868
Ms T Mogopoli - Council member: Donor	2 000	2 000
Mr L Ruka - Independent advisory of Council on Audit and Risk committee	17 522	17 522
	461 761	**461 761**

2020

	Emoluments	Total
Dr SJ Mohapi - Chairperson of Council	64 163	64 163
Dr CM Mabaso - Deputy Chairperson of Council	69 296	69 296
Mr D Charlie - Ministerial appointee and Chairperson: Planning Committee	7 068	7 068
Ms N Kumalo - Council Member and Chairperson of the Conditions of Employment Committee	62 433	62 433
Mr PD Manoko - External member of ARC	43 430	43 430
Dr GJ Maseko - Ministerial appointee	45 762	45 762
Mr R Mbhalati - Council Member and Chairperson of the Audit/Risk Committee	26 551	26 551
Dr CN Mbileni-Morema - Council Member: Donors	10 395	10 395
Mr MP Moremi - Ministerial appointee and Chairperson: Finance Committee	58 614	58 614
Adv MM Mofokeng	3 024	3 024
Mr TC Sithole - Ministerial appointee	22 372	22 372
Ms NP Jantjies - Ministerial appointee	560	560
Ms S Magubane - Ministerial appointee and Chairperson: Planning Committee	21 557	21 557
	435 225	**435 225**

Mr PD Manoko is the independent advisory of the Council on the Audit and Risk Committee and not a Council member.

32. Risk management

Financial risk management

Capital risk management:

The College`s objectives when managing capital which includes all items of capital funds as presented on the Statement of Financial Position are to safeguard the ability of the College to continue as a going concern. In this regard, the College has ensured a sound financial position by limiting exposure to debt and increasing investments and cash balances. This position is managed through a comprehensive budgeting and review process each year.

Financial risk management:

The College`s activities expose it to a variety of financial risks; market risk (including interest rate risk) credit risk and liquidity risk.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and investments and the availability of funding.

The college manages liquidity risk through an ongoing review of future commitments, credit facilities and a comprehensive budgeting and review process.

The College has minimised risk of liquidity as shown by its sufficient cash and cash equivalents. The College manages a cash budget that is continually updated and reported to the Department of Higher Education.

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

At 31 December 2021	Less than 1 year
Payables from exchange transactions	6 845 880

At 31 December 2020	Less than 1 year
Payables from exchange transactions	11 303 242

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade and other receivables. The college only deposits cash with major banks with high quality credit standing.

No credit limits were exceeded during the reporting period, and management does not expect any surplus from non-performance by these counterparties.

The College`s maximum exposure to credit risk is presented by the carrying amount of these financial assets in the statement of financial position.

Receivables comprise of outstanding student fees and other receivables from a number of customers.

The College is exposed to credit risk arising from student receivables related to outstanding fees. The risk is mitigated by requiring students to pay an initial instalment in respect of tuition fees at registration and the regular monitoring of outstanding fees. Students with outstanding balances from previous years of study are only permitted to renew their registration after the settling of the outstanding amount. In addition the Funding from NSFAS also caters for student travel and accommodation.

	2021	2020 Restated*
	R	R

32. Risk management (continued)

Credit valuations are performed on financial condition of customers other than students. For more detail regarding the nature of the specific credit risks associated with the individual areas, refer to notes for Trade and Other Receivables, Cash and Cash equivalents and Other Financial assets.

The maximum exposure to credit risk at the reporting date was	2021	2020
Receivables from exchange transactions	6 684 838	7 494 098
Receivables from non-exchange transactions	129 874	507 552
Investments	911 107	877 013
Cash and cash equivalents	23 456 064	53 704 793
	31 181 883	62 583 456

The College establishes an allowance for impairment that represents its estimate of incurred losses in respect of students and other receivables.

Interest rate risk

The college has significant interest-bearing assets, and therefore its income and operating cash flows are exposed to changes in market interest rates.

The College does not have significant interest bearing liabilities and therefore not exposed to significant interest rate risk in respect of these liabilities. The College however has a best practice to pay creditors within agreed settlement periods to avoid any interest rate exposures.

Interest bearing accounts

Financial instrument	Current interest rate	2021	2020
CAPEX (4074271338)	1,00 %	306	265
Fixed Deposit (2064486218)	4,08 %	911 107	877 013
Lotto Account (4076536651)	2,51 %	72 066	2 020
Kroonstad and Sasolburg - Student Dep	2,51 %	327 442	87 662
SLA 2012-2013 - 406 074 9199	- %	293	253
Call Account (920 475 6351)	2,90 %	1 037 690	6 494 868
Flavius - Money Market (9149068221)	4,65 %	3 451 862	8 103 082
Flavius Mareka (520 153 306)	- %	1 981 845	948 646
Money Market (9166667987)	4,65 %	602 097	577 250
NSF (713 546 240)	1,50 %	3 596 165	3 938 219
Kroonstad cheque account (9 7083 0367)	- %	406	478
Maintenance account (409 489 9209)	3,50 %	11 069 145	31 593 630
NSF- COS account (409 490 1133)	3,50 %	3 242	838 171
GEHS account (2076199069)	3,55 %	1 299 892	1 026 499
Average interest rate	2,48 %	24 353 558	54 488 056

A change of 1% in the interest rate at the reporting date would have (increased)/decreased the deficit by the amounts shown below. This analysis as disclosed in the annual financial statements assumes that all other variables remain constant.

Interest earning accounts

Financial instrument	**2021**	**2020**
Total investments	24 353 558	54 488 056
1% decrease to 1.48%	(243 536)	(544 881)
1% increase to 3.48%	243 536	544 881

Notes to the Financial Statements

33. Going concern

We draw attention to the fact that at 31 December 2021, the college had an accumulated surplus of R 332 680 765 and that the college's total assets exceed its liabilities with R 332 680 765.

The College incurred a net deficit of R 14 710 748 (2020: surplus R 7 880 154). The College's current assets of R 43,868,418 exceed the current liabilities of R 18,054,092.

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.

Management believes that the College will be able to successfully continue its operations as funding is received from the Department of Higher Education and Training. Management is of the opinion that the TVET sector is a priority focus area for the Department to attain its strategic objectives to provide quality technical and vocational education and training services and increase academic achievement and success of students and therefore believes that the Department of Higher Education and Training will continue to fund the College.

34. Events after the reporting period

The Council is not aware of any significant events subsequent to year end.

35. Prior period errors

Property, plant and equipment and repairs and maintenance

This was due to incorrect classification, which resulted in overstatement of repairs and maintenance and understatement of work in progress. In addition, certain items of property, plant and equipment were omitted from the fixed asset register. This resulted in property, plant and equipment and the respective depreciation being understated. The errors were corrected retrospectively.

Payables from exchange transactions, admin expenses, external auditors remuneration and education services

The adjustment of payables from exchange transactions is in respect of creditors and the corresponding expenses not recorded in the correct accounting period, which resulted in understatement of payables and various expenditure classes. The error was corrected retrospectively.

Unspent conditional grants and government grants and subsidies

The adjustment in unspent grant relates to expenditure that was not approved by the maintenance grant, which resulted in understatement of unspent conditional grant and overstatement of government grants and subsidies. The error was corrected retrospectively.

Opening accumulated surplus or deficit

This relates to expenditure understatement in previous years which resulted in understatement of payables. The error was corrected retrospectively.

Payables from non- exchange and receivables from exchange

The adjustment relates to understatement of Payable from non-exchange by R 830 664.32 and an understatement to receivables from non-exchange transaction to the value of R830 664,32 due setting off the untilised NSFAS busary allocation with outstanding student student balance owed by NSFAS to the college. The error was corrected retrospectively.

The correction of the errors results in adjustments as follows:

	2021 R	2020 Restated* R
Statement of financial position		
Property, plant and equipment		445 961
Payables from exchange transactions		(137 850)
Statutory receivables		1 988 299
Unspent conditional grants		(227 822)
Receivables from exchange transations		830 664
Payables from non- exchange transations		(830 664)
Opening Accumulated Surplus or Deficit (2019 prior period errors)		(438 110)
Effect on accumulated surplus		**1 630 478**
Statement of financial performance		
Government grants and subsidies		1 779 303
Admin expenses		(3 280)
External auditors remuneration		(148 520)
Depreciation and amortisation		(34 123)
Repairs and maintenance		40 098
Education services		(3 000)
Effect on surplus or deficit		**1 630 478**

Notes to the Financial Statements

	2021	2020 Restated*
	R	R

35. Prior period errors (continued)

***Opening accumulated surplus (2019 prior period errors) comprises of:**

Increase in property, plant and equipment - cost	(559 352)
Increase in property, plant and equipment - accumulated depreciation	122 415
Decrease in accrued expenses	(20 000)
Decrease in statutory receivables	18 827
	(438 110)

Notes to the Financial Statements

36. Comparative figures

Certain comparative figures have been reclassified. In the prior year, sundry income relating to WSP grants was reclassified from exchange transactions to non-exchange transactions. The effect of the reclassification is as follows:

Statement of financial performance - extract

	Notes	Comparative figures previously reported	Reclassification	Prior period error	After reclassification
Sundry income	17	2 043 937	(251 789)	-	1 792 148
Other income	21	-	251 789	-	251 789
Total		**2 043 937**	**-**	**-**	**2 043 937**

Notes to the Financial Statements

37. Variances in Budget Statement

37.1 The budgeted amount is the net of amount of students fees recovered and budget for impairment of the 2017 outstanding debts. The difference is due to more recoveries received in 2021 than expected by the College based on historical assumptions.

37.2 The item was not budgeted for though income was received from insurance claims.

37.3 The amount of funds available in interest bearing accounts have dramatically declined, hence less yield for the College. The interest on the grants is attributed to each grant.

37.4 The positive movement in government grants and subsidies was due to the College increasing its headcount of students. More grant allocations were made by the department in order for the College to offer educational services to the students.

37.5 The decline in services received in kind is driven by the decline in personnel expenses. There has been a reduction in the headcount of staff whose salaries are paid by the department resulting in the corresponding decline in the services in kind income.

37.6 The audit was outsourced by the AG and due to normal time lines the budget amount was less than anticipated. The budget projected an additional amount should the pandemic again have an influence on the timelines and subsequent fees.

37.7 Non-cash items are not budgeted for.

37.8 Non-cash items are not budgeted for.

37.9 The budgeted amount is the net of amount of students fees recovered and budget for impairment of the 2016 outstanding debts. The difference is due to less recoveries received in January and February 2021 than expected by the College based on historical assumptions.

37.10 The increase was due to additional hours spent by consultants on work that was initially not anticipated to be carried out in the budgeted hours that were previously agreed on with the consultants.

37.11 The projected total amount received on the CIEG grant was anticipated to be spent in the 2020 financial year as approvals were granted by the DHET on a number of projects. Due to the pandemic the SCM processes were delayed and projects could not be completed.

37.12 Various third stream training were entered into and completed in 2021 due to the underspending and the 2020 academic year being compromised by the pandemic. This resulted in the increased student training activities and completion of projects.

37.13 Non-cash items are not budgeted for.

37.14 The hosting of a DHET event resulted in the over-expenditure. The project was funded and is reflecting as other income (note 17).

37.15 Non-cash items are not budgeted for.

	2021	2020 Restated*
	R	R

38. Accounting by principals and agents

The College is a party to a principal-agent arrangement.

Details of the arrangement

The college entered into agreements with various SETAs to provide internships and learnerships on behalf of the various SETAs offering different disciplines. The college act as an agent in the provision of learnerships and internship to students whilst the SETAs are the principal. The principal provide the funds and monitoring of deliverables provided by the agent to the students and is responsible for the quality of the training received by the students. The agent or college is responsible for the placing and monitoring of students activities and training. In this arrangement, the college recognises the funds from the SETAs on receipts as a payable until it is paid to the students as stipends or to the service provider who would have rendered a service. In cases where the college has spent more than what was received from the SETAs, the amount above what was received is accounted as a debtor. After the projected is completed, the college may get funds if catered for by the agreement. These funds are accounted for as income in the form of Administration fees.

The carrying values of the resources held by the college on behalf of the SETAs at 31 December 2021 are as disclosed in notes 5,13 and 14 of these financial statements. There were no risks that were transferred from the various principals (SETAs) to the college during the year.

	2021	2020
SETAs	9 711 220	13 518 528

The aggregate amount of revenue that the college recognised as compensation for the transactions carried out on behalf of the SETAs (Principals) is disclosed in note 14 of the financial statements.

The following liabilities were incurred on behalf of a principal that have been recognised by the entity, as well as any corresponding rights of reimbursement that have been recognised as assets.

	2021	2020
SETAs	8 422 123	10 114 090

The amounts are receivable as disclosed in note 4 of the annual financial statements.

39. Contingencies

The College had the following contingent liabilities at year end:

Details	Case/ Employee No	Amount (R)
Alleged unfair dismissal referred to ELRC for Arbitration	83051317	24 405
Alleged unfair dismissal referred to ELRC for Arbitration	13598104	40 776
Alleged unfair labour practice referred to CCMA relating to unpaid leave.	061	5 178
Abscondment in terms of section 17(3)(A)(i) of the Public Service Act Case No: JR572/2021 referred to Labour Court	16021797	796 864
		867 223

40. COVID-19

After the declaration of the state of national disaster in March 2020 as a result of the COVID-19 pandemic, the Government has directed itself to reprioritise state efforts towards battling the pandemic and its devastating effects. Organs of state that provide funding to the college have also been required to reprioritise their efforts in particular the budget, towards COVID-19 government priorities.

There was an in-year budget adjustment by National Treasury on TVET colleges due to the impact of COVID-19 on the South African economy. The budget adjustment to the college's funding allocation resulted in an amount of R1,488,000 reprioritised towards COVID-19 related activities.

Notes to the Financial Statements

41. Report on possible fraudulent transactions

Absa bank made the Deputy Principal: Finance aware on 27 May 2021 of suspicions transactions through FNB and Capitec bank accounts used for different transactions. The transactions were detected by a Senior Technical Specialist at Interlock and Incident Management - CIBW - Global Cash Management Africa on the Business Integrator system.

The College was advised to open a case of suspected fraud with the local SAPS. Once the case was opened it was escalated to SIU unit in Welkom under Captain Nhlapo as the investigating officer. The investigation started on 3 September and has been ongoing ever since. The College request the audit trail of all payments processed on BI Online from Absa for the past five years. A final document with all successful BI transaction was received from Business Integrator. The matter was immediately reported to Chairperson of Council and Regional Manager as an immediate supervisor. Legal advice was sourced from Adv Mfazi council member representing Legal. The progress is currently slow regarding the investigation by the police. No conclusion, outcome or prosecution on the investigation has been reached or entered into.

Unaudited Supplementary Information

1. Supplementary grant schedule

	2021	2020
CIEG bank balance brought forward at 01/01/2020	31 678 134	35 287 569
Plus: Received in respect of previous year debtors	-	2 633 094
Total CIEG Grant funding received from the Department of Higher Education and Training	-	5 577 154
Plus: Interest received on the CIEG dedicated bank account	625 947	1 420 138
Total CIEG funding received	32 304 081	44 917 955
Less: Bank charges / finance charges	-	-
Less: Expenditure paid in terms of approved work package approvals issued by the Department of Higher Education and Training	(21 203 549)	(13 168 957)
Less: Expenditure paid in terms of approved previous year creditors paid in current year	-	(72 724)
Total CIEG funds per dedicated CIEG bank account	11 100 532	31 676 274
Less: Committed expenditure not yet paid in terms approved work package approvals issued by the Department of Higher Education and Training	-	1 860
Total AVAILABLE CIEG GRANT funding	**11 100 532**	**31 678 134**