FLAVIUS MAREKA TVET COLLEGE

Annual Financial Statements
for the year ended 31 December 2023

General Information

Legal form of entity	Technical and Vocational Education and Training College
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.
Principal	Mr BE Nkonyane
Chief Finance Officer (CFO)	Mr TE Ntsieng
Council Members	Dr SJ Mohapi - Chairperson of Council Dr CM Mabaso - Deputy Chairperson of Council Mr PM Hlahane - Council Member Ms N Jantjies - Council Member: Donor Ms N Kumalo - Council Member and Chairperson of the Conditions of Employment Committee Mr R Lethule - Academic board Member Ms S Magubane - Ministerial appointee and Chairperson: Planning Committee Ms K Rantsho - 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 M Tsotetsi - SRC member Mr TC Sithole - Council Member Adv LMG Mfazi - Council member and Chairperson of the Conditions of Employment Committee Ms T Mogopoli - Council member: Donor Mr L Ruka - Independent advisory of Council on Audit and Risk committee
Registered office	Corner Fichardt and Bell Street Sasolburg 1947
Business address	Corner Fichardt and Bell Street Sasolburg 1947

General Information

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

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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

Abbreviations used:

AGSA	Auditor Geral of South Africa
ASB	Accounting Standards Board
CLC	Community Learning Centres
CET Act	Continuing Education and Training Act No.16 of 2006, as amended
COID	Compensation for Occupational Injuries and Diseases
COS	Centre of Specialisation
DHET	Department of Higher Education and Training
GEHS	Goverment Employee Housing Scheme
GRAP	Generally Recognised Accounting Practice
HRBP	DHET SAICA HR Support Project Human Resources Business Partner
NSF	National Skills Fund

Council's Responsibilities and Approval

The Council is required by the Continuing Education and Training Act 16 of 2006, to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Council to ensure that the annual 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 period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

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

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

The Council acknowledges 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 or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the 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 2024 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 page 6, which have been prepared on the going concern basis, were approved by the counciln 31 March 2024 and were signed on its behalf by:

Dr SJ Mohapi - Chairperson of Council
Designation

Audit Committee Report

We are pleased to present our report for the financial year ended 31 December 2023.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference. During the current year x number of meetings were held.

Name of member	Number of meetings attended
Mr Phetole Daniel Manoko - Chairperson	4
Mr Thoba Calvin Sithole - Council Member Appointed byMinister	4
Mr Mojapelo Phillip Moremi - Council Member Appointed byMinister	3
Mr Lungisa Ruka - Independent Member to ARCO	1

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from 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. In line with the PFMA and the King III Report on Corporate Governance requirements, 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 of the college during the year under review

Evaluation of annual financial statements

The audit committee has not:

- reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General ;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices (delete if not applicable);
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

Internal audit

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the college and its audits.

Auditor-General of South Africa

The audit committee has not met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

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Chairperson of the Audit Committee

Date: ______________________

Council's Report

The accounting officer submits his report for the year ended 31 December 2023.

1. Incorporation

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 municipality was R 8 400 636 (2022: deficit R 238 548).

3. Going concern

We draw attention to the fact that at 31 December 2023, the municipality had an accumulated surplus of R 340 583 947 and that the college's total liabilities exceed its assets by R 340 583 947.

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 matter or circumstance arising since the end of the financial year.

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.:

6. Auditors

Auditor-General of South Africa will continue in office for the next financial period.

The annual financial statements set out on page 6, which have been prepared on the going concern basis, were approved by the Council on 31 March 2024 and were signed on its behalf by:

Dr SJ Mohapi - Chairperson of Council
Designation

Statement of Financial Position as at 31 December 2023

	Note(s)	2023 R	2022 Restated* R
Assets			
Current Assets			
Inventories	3	3 542 079	2 898 145
Other financial assets	4	1 035 393	956 408
Receivables from exchange transactions	5&6	7 136 406	6 054 495
Other statutory receivables	7	3 680 352	11 386 998
Cash and cash equivalents	8	19 612 201	27 766 975
		35 006 431	**49 063 021**
Non-Current Assets			
Property, plant and equipment	9	327 661 370	312 386 311
Intangible assets	10	251 081	304 412
		327 912 451	**312 690 723**
Total Assets		**362 918 882**	**361 753 744**
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	11	19 131 272	11 598 216
Unspent conditional grants and receipts	12	1 355 672	1 641 095
		20 486 944	**13 239 311**
Non-Current Liabilities			
Finance lease obligation	13	1 847 991	-
Total Liabilities		**22 334 935**	**13 239 311**
Net Assets		**340 583 947**	**348 514 433**
Accumulated surplus		340 583 947	348 514 433
Total Net Assets		**340 583 947**	**348 514 433**

* See Note 42 & 41

Statement of Financial Performance

	Note(s)	2023 R	2022 Restated* R
Revenue			
Revenue from exchange transactions			
Student fees earned	14	1 430 022	1 168 116
Insurance income		52 466	239 641
Rental of facilities and equipment	16	139 250	36 670
Tuition and related fees	15	35 867 594	27 202 358
Sundry income	17	1 997 825	576 361
Bad debts recovered		509 439	478 779
Interest income	18	1 983 364	1 078 377
Total revenue from exchange transactions		**41 979 960**	**30 780 302**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	19	118 245 242	124 269 092
Public contributions and donations	20	537 390	320 407
Project Income (SETAS & Skills programmes)	21	5 923 362	8 156 056
Total revenue from non-exchange transactions		**124 705 994**	**132 745 555**
Total revenue		**166 685 954**	**163 525 857**
Expenditure			
Books and leaning material	24	(8 057 803)	(6 683 163)
Employee related costs	22	(19 555 693)	(18 144 945)
DHET Management fee	23	(87 608 639)	(79 270 641)
Depreciation and amortisation	25	(12 536 546)	(12 604 674)
Debt Impairment	27	(6 744 608)	(2 812 775)
Finance costs	26	(465 469)	(35 537)
Repairs and maintenece	29	(2 146 041)	(1 624 993)
Project costs (SETAS & Skills programmes)	28	(4 953 593)	(4 691 470)
Inventories losses/write-downs		(1 265 965)	(1 321 118)
Loss on disposal of assets and liabilities		(1 170 545)	(137 056)
General Expenses	30	(30 581 688)	(29 285 786)
Total expenditure		**(175 086 590)**	**(156 612 158)**
(Deficit) surplus for the year		**(8 400 636)**	**6 913 699**

* See Note 42 & 41

Statement of Changes in Net Assets

	Accumulated surplus / deficit R	Total net assets R
Opening balance as previously reported	340 375 459	340 375 459
Adjustments		
Prior year adjustments 42	1 225 275	1 225 275
Balance at 01 January 2022 as restated*	**341 600 734**	**341 600 734**
Changes in net assets		
Surplus for the year	6 913 699	6 913 699
Total changes	6 913 699	6 913 699
Restated* Balance at 01 January 2023	**348 984 583**	**348 984 583**
Changes in net assets		
Surplus for the year	(8 400 636)	(8 400 636)
Total changes	(8 400 636)	(8 400 636)
Balance at 31 December 2023	**340 583 947**	**340 583 947**

Note(s)

* See Note 42 & 41

Cash Flow Statement

	Note(s)	2023 R	2022 Restated* R
Cash flows from operating activities			
Receipts			
Cash received from customers		46 790 789	36 861 009
Grants		44 446 079	74 956 789
Interest income		1 961 269	1 318 018
		93 198 137	113 135 816
Payments			
Employee costs		(19 243 742)	(18 231 103)
Suppliers		(52 527 155)	(64 709 221)
Finance costs		(465 469)	-
		(72 236 366)	(82 940 324)
Net cash flows from operating activities	32	**20 961 771**	**30 195 492**
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(28 613 338)	(25 202 798)
Cash flows from financing activities			
Finance lease payments		(503 207)	(681 783)
Net increase/(decrease) in cash and cash equivalents		**(8 154 774)**	**4 310 911**
Cash and cash equivalents at the beginning of the year		27 766 975	23 456 064
Cash and cash equivalents at the end of the year	8	**19 612 201**	**27 766 975**

* See Note 42 & 41

Accounting Policies

	Note(s)	2023 R	2022 R

1. Significant account policies

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

1.1 Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Continuing Education and Training Act 16 of 2006.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand and the figures have been rounded to the nearest R1.

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.

These accounting policies are consistent with the previous period.

1.2 Presentation currency

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

1.3 Going concern assumption

Management have made the assessment that the College is a going concern and the financial statements have been prepared on a going concern basis. These annual financial statements have been prepared based on the expectation thattt the College will continue to operate as a going concern for the foreseeable future.

1.4 Interests in other entities

1.5 Significant judgements and sources of estimation uncertainty

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

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

i. Financial Assets
The College assesses its financial assets (including trade and other receivables) for impairment at the end of each financial year. 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. The impairment is considered first for individually significant financial assets and then calculated on a portfolio basis for individually insignificant financial assets, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to items in the portfolio and scaled to the estimated loss emergence period. On trade debtors an impairment loss is recognised in the surplus and or 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 cashflows discounted at the effective interest rate computed ay initial recognition.

ii.Non-Financial Assets
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 cashflows (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.

iii. Usefull Lives and Residual values of assets, depreciation and amortisation
The College's management determines the estimated useful lives and residual values of all non-current, non-financial assets. These estimates are based on industry norms and then adjusted to be College specific. Management determines at reporting date whether there are any indications that the College's expectations of useful lives or residual values have changed from previous estimates. Where indications exist the expected useful lives or residual values are revised accordingly. Depreciation and amortisation recognised on property, plant and equipment, investment property and intangible assets respectively 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's 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 asset informs the useful life and residual value management considers the impact of technology and minimum service requirements of the assets. Generally, depreciation is accrued over the useful lives of assets on a straight-line basis.

iv. Allowance for Absolete Stock
Management performs inventory count on an annual basis in the process of preparing financial statements. Textbooks are clearly separated for identification purposes. The key considerations for obsolete textbook identification include textbooks with torn and missing pages, and outdated textbooks due to syllabi changes. Inventory identified as such is then taken as provision for obsolete or considered for write-off.

Tax exemption

The College is exempt in terms of Section 10(1)(c)A(i)u of the Income Tax Act of 1962 (Act No.58 of 1962).

1.6 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.

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.

Accounting Policies

1.6 Property, plant and equipment (continued)

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

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

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

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

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

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

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

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

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

Property, plant and equipment 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:

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

Item	Depreciation method	Average useful life
Land	Not depreciated	Indefinite
Buildings and fixed structures	Straight-line	10 - 50 years
Leasehold property	Straight-line	3 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 depreciable amount of an asset is allocated on a systematic basis over its useful life.

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

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.

Accounting Policies

1.6 Property, plant and equipment (continued)

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.

The college separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note).

The college discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

1.7 Intangible assets

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

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.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

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

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

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

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

Accounting Policies

1.7 Intangible assets (continued)

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
Computer software,	Straight-line	10 years

The college discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

1.8 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 entity.

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

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

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

Derecognition is the removal of a previously recognised financial asset or financial liability from an 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 entity; or
- a contractual right to:
  - receive cash or another financial asset from another College; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the College.

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

A financial liability is any liability that is a contractual obligation to:
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

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

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

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.

Accounting Policies

1.8 Financial instruments (continued)

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

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

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:
- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

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

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:
- the entity designates at fair value at initial recognition; or
- are held for trading.

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

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
Other financial instruments	Financial asset measured at amortised cost

The entity 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
Finance Lease	Financial liability measured at amortised cost

Intiail recognition

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

The College recognises financial assets using trade date accounting.

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).

Accounting Policies

1.9 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 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.

Accrued interest

Where the college levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

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.

Accounting Policies

1.9 Statutory receivables (continued)

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.

1.10 Leases

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

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

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.

1.11 Inventories

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

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

Inventories are measured at the lower of cost and current replacement cost where they are held for;
- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

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

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

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

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

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

Recognition of 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.

1.12 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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 used 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 amount of an asset or a cash-generating unit is the higher its 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 entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

[Specify judgements made]

1.13 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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

Accounting Policies

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

- the number of production or similar units expected to be obtained from the asset by the college.

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets, are as follows:

[Specify judgements made]

1.14 Employee benefits

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

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

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

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

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

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

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

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

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

Accounting Policies

1.14 Employee benefits (continued)

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

The entity 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 entity has no realistic alternative but to make the payments.

DHET Management Fee

In terms of the CET Act, the College is the employer of the non-management personnel. The management personnel, as defined in the CET Act as the principal and deputy principals, have migrated to DHET and are DHET employees.

Management personnel are remunerated through DHET's Persal payroll and not from College funds, and this constitutes service in kind which are recognised at the cash value of the services to the State. The income is recognised as a subsidy as part of revenue from non-exchange transactions, and the expense is recognised as "DHET management fee"

Accounting Policies

1.14 Employee benefits (continued)

Termination benefits

The entity recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:
- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The entity is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:
- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

1.15 Provisions and contingencies

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

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

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

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

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

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

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

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus .

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

Accounting Policies

1.15 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

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

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 40.

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

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

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

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

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

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

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

1.16 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

Accounting Policies

1.16 Commitments (continued)

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

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

Accounting Policies

1.17 Revenue from exchange transactions

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

An exchange transaction is one in which the 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, net of trade discounts and volume rebates.

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

Sale of goods

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

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

Rendering of services

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

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the 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.

Interest, royalties and dividends

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

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

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

Accounting Policies

1.17 Revenue from exchange transactions (continued)

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

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

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

Accounting Policies

1.18 Revenue from non-exchange transactions

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

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

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

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

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

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

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, 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.

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.

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

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

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

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

Recognition

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

As the 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, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

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

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

Accounting Policies

1.18 Revenue from non-exchange transactions (continued)

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

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

Transfers

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

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

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

Gifts and donations, including goods in-kind

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

1.19 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.20 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.

Accounting Policies

1.21 Related parties

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

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

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

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

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

Management are those persons responsible for planning, directing and controlling the activities of the 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 those family members who may be expected to influence, or be influenced by that person in their dealings with the college.

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

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

1.22 Events after reporting date

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

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

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

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

Notes to the Annual Financial Statements

	2023 R	2022 R

2. New standards and interpretations

3. Inventories

	2023 R	2022 R
Inventory text books	3 498 028	2 752 320
Inventories cartridges	44 051	145 825
	3 542 079	**2 898 145**
Inventories recognised as an expense during the year	7 887 375	6 256 088

Inventory pledged as security

No inventories held by the College are pledged as security

4. Other financial assets

	2023 R	2022 R
Fixed deposit	1 035 393	956 408
Current assets		
At amortised cost	1 035 393	956 408

The College has a fixed deposit held with ABSA Bank Limited. The investment bears interest at a rate of 4.08% (2022: 4.08%) per annum. The investment has a maturity period of 6 months.

5. Receivables from exchange transactions

	2023 R	2022 R
Student Debtors	6 162 811	1 174 101
External and Staff Debtors	777 936	4 035 093
Other Debtors	23 587	1 177
Creditors with debit balances	58 854	708 811
Accrued income	113 218	135 313
	7 136 406	**6 054 495**

Reconciliation of provision for impairment of trade and other receivables

	2023 R	2022 R
Opening balance	13 472 380	14 775 330
Provision for impairment	6 744 608	2 840 979
Amounts written off as uncollectible	(3 683 489)	(4 143 929)
	16 533 499	**13 472 380**

6. Consumer debtors disclosure

	2023 R	2022 R
Gross balances		
Student Debtors	20 565 020	14 529 176
External and Staff Debtors	2 670 910	3 914 082
Other debtors	23 587	1 177
Creditors with debit balances	58 854	708 811
Accrued income	113 218	135 313
	23 431 589	**19 288 559**

Notes to the Annual Financial Statements

	2023 R	2022 R

6. Consumer debtors disclosure (continued)

	2023 R	2022 R
Less: Allowance for impairment		
Student debtors	(14 402 209)	(13 355 075)
External and Staff Debtors	(1 892 974)	121 011
	(16 295 183)	**(13 234 064)**
Net balance		
Student Debtors	6 162 811	1 174 101
External and Staff Debtors	777 936	4 035 093
Other Debtors	23 587	1 177
Creditors with debit balances	58 854	708 811
Accrued income	113 218	135 313
	7 136 406	**6 054 495**
Student debtors		
Current (0 -30 days)	(1 802 383)	1 526 408
31 - 60 days	(167 073)	14 076
61 - 90 days	(1 724 121)	4 375
91 - 120 days	768 651	2 058
121 - 365 days	23 490 506	17 998 686
	20 565 580	**19 545 603**
External and Staff Debtors		
Current (0 -30 days)	7 191	1 675 566
31 - 60 days	2 727	14 076
61 - 90 days	4 428	4 375
91 - 120 days	884 559	2 058
121 - 365 days	2 256 798	2 197 837
	3 155 703	**3 893 912**
Reconciliation of allowance for impairment		
Balance at beginning of the year	13 472 380	14 775 330
Contributions to allowance	6 744 608	2 840 979
Debt impairment written off against allowance	(3 683 489)	(4 143 929)
	16 533 499	**13 472 380**

7. Other statutory receivables [Framework related]

The entity had the following statutory receivables where the Framework for the Preparation and Presentation of Financial Statements have been applied, for the initial recognition:

	2023 R	2022 R
Other statutory receivable 1 [State details]	-	4 157 988
Other statutory receivable 3 [State details]	3 680 352	7 229 010
	3 680 352	**11 386 998**
Current assets	3 680 352	11 386 998

Notes to the Annual Financial Statements

	2023 R	2022 R

7. Other statutory receivables [Framework related] (continued)

Statutory receivables general information

Interest or other charges levied/charged

No interest is charged on statutory receivables.

Statutory receivables past due but not impaired

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

The ageing of amounts past due but not impaired is as follows:

Reconciliation of provision for impairment for statutory receivables

	2023 R	2022 R
Opening balance	11 386 998	8 618 646
Received after year end	(11 386 998)	(8 618 646)
Raised during the year - Subsidy and CIEG	29 728 062	44 234 865
Received for the current year allocation	(26 047 710)	(32 847 867)
DHET - Debtor raised	-	6 109 641
Impairment	-	(6 109 641)
	3 680 352	**11 386 998**

8. Cash and cash equivalents

Cash and cash equivalents consist of:

	2023 R	2022 R
Cash on hand	12 555	9 535
Bank balances	13 201 751	22 543 608
Short-term deposits	6 397 895	5 213 832
	19 612 201	**27 766 975**

Notes to the Annual Financial Statements

	2023 R	2022 R

8. Cash and cash equivalents (continued)

The college had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	31 December 2023	31 December 2022	31 December 2021	31 December 2023	31 December 2022	31 December 2021
ABSA Bank- Main Account- 520 153 306	1 779 484	1 540 496	1 981 845	1 779 484	1 540 496	1 981 845
Absa Bank - Call Account- 920 475 6351	8 304	817 735	1 037 690	8 304	817 735	1 037 690
Absa - Sasolburg Student Dep - 405 668 6636	153 419	88 317	113 434	153 419	88 317	113 434
Absa - Sasolburg Student Dep - 405 4 952 0229	120 949	50 678	113 434	120 949	50 678	113 434
Absa - NSF - 713 546 240	1 286 350	1 564 385	3 596 165	1 278 689	1 564 385	3 596 165
ABSA - Kroonstad Cheque - 970 830 367	514	514	406	514	514	406
ABSA - SLA 2012-2013- 406 074 9199	471	478	293	559	478	293
ABSA - Lotto Account - 407 653 6651	75 574	73 164	72 066	75 366	73 164	72 066
ABSA - Capex - 407 427 1338	94 803	493	306	94 465	493	306
ABSA - Sasolburg Petty Cash - 916 550 2457	409	313	377	-	313	377
ABSA - Credit card- 4550 19003024 1033	100 000	100 000	5 000	100 000	100 000	5 000
ABSA - Credit card - 4550 19003024 0019	(2 600)	64 025	(699)	(2 600)	24 025	(699)
ABSA - Money market - 914 9068221	4 680 231	3 651 066	3 451 862	4 680 231	3 651 066	3 451 862
ABSA - Money market - 916 6667987	697 083	635 948	602 097	691 854	635 948	602 097
ABSA - GEHS Account - 207619 9069	1 060 922	-	-	1 060 922	-	-
ABSA - Maintenance - 409 489920	9 652 458	18 235 465	11 069 145	9 588 142	18 239 465	11 069 145
ABSA - NSF COS Account - 409490 1133	3 838	3 545	3 242	3 813	3 545	3 242
Total	**19 712 209**	**26 826 622**	**22 046 663**	**19 634 111**	**26 790 622**	**22 046 663**

Notes to the Annual Financial Statements

9. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	15 904 951	-	15 904 951	15 904 951	-	15 904 951
Buildings and fixed structures	300 700 678	(58 955 643)	241 745 035	294 245 406	(53 137 814)	241 107 592
Plant and machinery	13 537 123	(7 564 842)	5 972 281	13 194 598	(6 487 177)	6 707 421
Furniture and fixtures	11 706 473	(8 457 794)	3 248 679	11 594 581	(7 958 082)	3 636 499
Motor vehicles	3 244 189	(1 549 031)	1 695 158	3 153 970	(1 060 953)	2 093 017
IT equipment	22 547 448	(14 546 235)	8 001 213	21 963 979	(14 274 638)	7 689 341
College Infrastructure	45 456 906	(5 375 054)	40 081 852	38 145 553	(4 907 492)	33 238 061
Work in progress	7 165 236	-	7 165 236	408 702	-	408 702
Sporting Facilities	8 378 243	(6 296 117)	2 082 126	7 336 309	(5 786 398)	1 549 911
Leased office equipment	4 091 508	(2 408 201)	1 683 307	1 760 775	(1 760 775)	-
Emergency Equipment	316 221	(234 689)	81 532	275 752	(224 936)	50 816
Total	**433 048 976**	**(105 387 606)**	**327 661 370**	**407 984 576**	**(95 598 265)**	**312 386 311**

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Transfers received	Transfers	Depreciation	Total
Land	15 904 951	-	-	-	-	-	15 904 951
Buildings and fixed structures	241 107 592	1 122 383	-	-	5 539 297	(6 024 237)	241 745 035
Plant and machinery	6 707 421	437 616	(22 205)	-	-	(1 150 551)	5 972 281
Furniture and fixtures	3 636 499	337 181	(36 925)	-	-	(688 076)	3 248 679
Motor vehicles	2 093 017	332 400	(131 989)	-	-	(598 270)	1 695 158
IT equipment	7 689 341	2 422 383	-	(131 334)	-	(1 979 177)	8 001 213
College Infrastructure	33 238 061	13 201 676	-	-	7 726 565	(796 546)	40 081 852
Work in progress	408 702	21 257 820	-	-	(14 501 286)	-	7 165 236
Sporting Facilities	1 549 911	864 395	(979 426)	-	1 235 424	(588 178)	2 082 126
Leased office equipment	-	2 330 733	-	-	-	(647 426)	1 683 307
Emergency Equipment	50 816	40 468	-	-	-	(9 752)	81 532
	312 386 311	**42 347 055**	**(1 170 545)**	**(131 334)**	**-**	**(12 482 213)**	**327 661 370**

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Transfers received	Depreciation	Total
Land	15 904 951	-	-	-	-	15 904 951
Buildings and fixed structures	227 862 701	-	-	19 012 193	(5 767 302)	241 107 592
Plant and machinery	7 152 283	1 036 328	(85 558)	-	(1 395 632)	6 707 421
Furniture and fixtures	4 342 811	135 163	(2 095)	-	(839 380)	3 636 499
Motor vehicles	1 993 790	259 950	-	-	(160 723)	2 093 017
IT equipment	7 941 185	2 080 436	(30 152)	-	(2 302 128)	7 689 341
College Infrastructure	31 358 924	-	(19 251)	2 936 768	(1 038 380)	33 238 061
Work in progress	16 309 126	6 047 938	-	(21 948 362)	-	408 702
Sporting Facilities	1 983 606	-	-	-	(433 695)	1 549 911
Leased office equipment	586 925	-	-	-	(586 925)	-
Emergency Equipment	68 421	9 574	-	-	(27 179)	50 816
	315 504 723	**9 569 389**	**(137 056)**	**599**	**(12 551 344)**	**312 386 311**

Pledged as security

There were no assets pledged as security for current year

Assets subject to finance lease (Net carrying amount)

Leased office equipment	1 683 307	-

Notes to the Annual Financial Statements

	2023 R	2022 R

9. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2023

	Included PPE	Total
Opening balance	408 702	408 702
Additions	21 257 820	21 257 820
Transferred to completed items	(14 522 426)	(14 522 426)
	7 144 096	**7 144 096**

Reconciliation of Work-in-Progress 2022

	Included in PPE	Total
Opening balance	16 298 139	16 298 139
Additions	6 059 615	6 059 615
Transferred to completed items	(21 948 961)	(21 948 961)
	408 793	**408 793**

Expenditure incurred to repair and maintain property, plant and equipment

	2023	2022
Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Repairs and maintenence	2 153 456	1 624 993

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

Notes to the Annual Financial Statements

Figures in Rand

10. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	533 310	(282 229)	251 081	533 310	(228 898)	304 412

Reconciliation of intangible assets - 2023

	Opening balance	Amortisation	Total
Computer software, other	304 412	(53 331)	251 081

Reconciliation of intangible assets - 2022

	Opening balance	Amortisation	Total
Computer software, other	357 743	(53 331)	304 412

Notes to the Annual Financial Statements

	2023 R	2022 R

11. Trade and other payables from exchange transactions

	2023 R	2022 R
Trade payables	1 018 715	1 167 149
Debtors with credit balances	1 365 525	7 700
SETAs and other funders	5 581 463	1 274 305
Accrued leave pay	209 109	272 838
Accrued bonus	209 041	457 263
Unallocated deposits received	655 559	682 919
GEHS Creditor	1 015 960	881 855
Bursary allocations due to NSFAS	3 766 805	3 729 262
Bursary creditors	1 430 095	1 437 560
Creditors clearing accounts	2 509 148	1 545 942
Retentions	1 243 347	14 918
Other Creditors	126 505	126 505
	19 131 272	**11 598 216**

Notes to the Annual Financial Statements

	2023 R	2022 R

12. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

	2023 R	2022 R
Unspent conditional grants and receipts		
Lottery grant	73 163	73 164
National Skills Fund	1 278 690	1 564 386
Centre of Specialization Grant	3 819	3 545
	1 355 672	**1 641 095**

Movement during the year

	2023 R	2022 R
Balance at the beginning of the year	1 641 095	3 671 473
Additions during the year	4 219 452	1 585 849
Stipends	(3 254 261)	-
Other	(533 922)	(319 091)
Amount returned to NSF	-	(3 297 136)
Income recognition during the year	(716 692)	-
	1 355 672	**1 641 095**

13. Finance lease obligation

	2023 R	2022 R
Minimum lease payments due		
- within one year	1 131 226	-
- in second to fifth year inclusive	1 225 494	-
Present value of minimum lease payments	**2 356 720**	**-**
Present value of minimum lease payments due		
- within one year	727 460	-
- in second to fifth year inclusive	1 126 053	-
	1 853 513	**-**

14. Student fees earned

	2023 R	2022 R
SRC Income	956 190	790 290
Student Card Income	473 186	377 212
Student Media Income	646	614
	1 430 022	**1 168 116**

15. Tuition and related fees

	2023 R	2022 R
Tuition fees - students (Report 191)	24 038 744	19 510 812
Tuition fees - students (NCV	7 350 279	6 037 434
Residential fees	3 948 591	1 097 832
Other fees	529 980	556 280
	35 867 594	**27 202 358**

16. Rental of facilities and equipment

	2023 R	2022 R
Rental of facilities	139 250	36 670

Notes to the Annual Financial Statements

	2023 R	2022 R

17. Sundry income

Other income	1 836 593	532 449
Management admin fee	121 262	33 818
Staff income	11 132	10 094
Work integrated learning income	28 838	-
	1 997 825	**576 361**

18. Interest income

Interest revenue		
Bank	1 983 364	1 078 377

Notes to the Annual Financial Statements

	2023 R	2022 R

19. Government grants & subsidies

Operating grants

	2023 R	2022 R
Programme funding: Grants paid in cash	22 085 000	28 916 000
Programme funding: Grants paid via Persal	87 608 639	79 270 641
National Skills Fund	716 692	-
Skills development grant-DHET	191 849	763 586
	110 602 180	**108 950 227**

Capital grants

	2023 R	2022 R
Government grant (CIEG)	7 643 062	15 318 865
	118 245 242	**124 269 092**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

	2023 R	2022 R
Conditional grants received	908 541	763 586
Unconditional grants received	29 728 062	44 234 865
	30 636 603	**44 998 451**

National Skills Fund (NSF)

	2023 R	2022 R
Balance unspent at beginning of year	1 564 386	3 596 165
Current-year receipts	4 219 452	1 555 875
Stipends	(3 204 690)	27 553
Returned to NSF	-	(3 297 136)
Conditions met - transferred to revenue	(716 692)	-
	(526 959)	(318 071)
	1 278 689	**1 564 386**

Conditions still to be met - remain liabilities (see note 12).

Provide explanations of conditions still to be met and other relevant information.

Lotto allocation

	2023 R	2022 R
Balance unspent at beginning of year	73 164	73 164

Conditions still to be met - remain liabilities (see note 12).

Provide explanations of conditions still to be met and other relevant information.

Centres of Specialisation (COS) grant

	2023 R	2022 R
Balance unspent at beginning of year	3 545	3 242
Other	-	163
Interest	273	140
	3 818	**3 545**

Conditions still to be met - remain liabilities (see note 12).

Provide explanations of conditions still to be met and other relevant information.

Notes to the Annual Financial Statements

	2023 R	2022 R

20. Public contributions and donations

Donations	537 390	320 407

21. Project Income (SETAS & Skills programmes

Learnerships SETA	3 642 006	4 789 744
Skills SETA	2 281 356	3 366 312
	5 923 362	**8 156 056**

22. Employee related costs

Basic	15 214 044	14 221 216
SDL	3 604 191	3 614 513
Leave pay provision charge	(63 729)	(194 081)
Bonus movement	(248 222)	280 238
Remuneration to casual workers	288 357	319 890
Contributions for UIF, SDL and pensions	563 453	235 819
Housing allowances	95 844	(416 089)
Third Party Deductions	40 582	83 439
Compensation fund	61 173	-
	19 555 693	**18 144 945**

23. DHET management fee

DHET lecturing and support	84 063 334	76 104 012
DHET management fee cost	3 545 305	3 166 629
	87 608 639	**79 270 641**

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.

24. Books and leaning materials

Stationey and Catridges	1 429 090	965 642
Other learning materials	1 436 393	1 748 193
Textsbooks distributed to students	5 192 320	3 969 328
	8 057 803	**6 683 163**

25. Depreciation and amortisation

Property, plant and equipment	12 536 546	12 604 674

26. Finance costs

Finance leases	465 469	35 537

27. Debt impairment

Bad debts written off	6 744 608	2 812 775

Notes to the Annual Financial Statements

	2023 R	2022 R

28. Project costs (SETAS & Skills programmes

Skills SETA	837 438	1 181 917
Learnership SETA	4 116 155	3 509 553
	4 953 593	**4 691 470**

29. Repairs and maintenence

Repairs and maintenence	2 146 041	1 624 993

30. General expenses

Advertising	225 813	281 970
Assessment rates & municipal charges	46 718	74 171
Auditors remuneration	4 051 436	4 170 119
Bank charges	330 116	203 275
Cleaning	1 599 126	1 021 371
Consulting and professional fees	21 750	112 269
Entertainment	11 979	14 253
Fines and penalties	-	474 427
NSF Expenses	716 691	-
Insurance	1 310 456	1 055 623
IT expenses	2 573 120	3 248 722
Marketing	901 018	172 644
Leasing of photocopy machihes	450 387	295 681
Motor vehicle expenses	53 430	52 828
Student support expenses	1 154 432	1 770 022
Consulting and internal audit	2 362 961	432 232
Fuel and oil	806 597	578 844
Postage and courier	57 487	75 616
COVID-19 expenses	68 850	246 851
Protective clothing	68 431	114 795
Safety and compliance	96 997	66 014
Security services	5 595 406	5 737 923
Staff welfare	142 471	262 967
Membership and subscriptions	1 194 949	753 533
Telephone and fax	759 788	622 591
Training	918 169	1 633 625
Travel - local	582 001	776 454
Travel - overseas	-	185 108
Water and electricity	3 555 387	3 241 081
Licences	5 039	475 016
Qualification verifications	34 789	32 980
Events and workshop	577 922	525 224
Registration fees - Examination	11 054	-
Council expenses	296 918	577 557
	30 581 688	**29 285 786**

31. Auditors' remuneration

Fees	4 051 436	4 170 119

Notes to the Annual Financial Statements

	2023 R	2022 R

32. Cash generated from operations

(Deficit) surplus	(8 400 636)	6 913 699
Adjustments for:		
Depreciation and amortisation	12 536 546	12 604 674
Gain on sale of assets and liabilities	1 170 545	137 056
Finance costs - Finance leases	465 469	35 537
Debt impairment	6 744 608	2 812 775
Inventory losses or write-downs	(1 265 965)	(1 321 118)
Public contribution and donations	(537 390)	(320 407)
Other adjustment	(2 979 840)	4 346 251
Changes in working capital:		
Inventories	(643 934)	(361 848)
Receivables from exchange transactions	(1 081 911)	(1 934 030)
Statutory receivables	7 706 646	11 856 021
Trade and other payables from exchange transactions	7 533 056	(2 542 740)
Unspent conditional grants and receipts	(285 423)	(2 030 378)
	20 961 771	**30 195 492**

33. Financial instruments disclosure

Categories of financial instruments

2023

Financial assets

	At amortised cost	Total
Other financial assets	1 035 393	1 035 393
Trade and other receivables from exchange transactions	7 136 406	7 136 406
Cash and cash equivalents	19 612 201	19 612 201
	27 784 000	**27 784 000**

Financial liabilities

	At amortised cost	Total
Finance lease libility	1 847 991	1 847 991
Trade and other payables from exchange transactions	19 131 271	19 131 271
	20 979 262	**20 979 262**

2022

Financial assets

	At amortised cost	Total
Other financial assets	956 408	956 408
Trade and other receivables from exchange transactions	6 054 495	6 054 495
Cash and cash equivalents	27 766 975	27 766 975
	34 777 878	**34 777 878**

Financial liabilities

	2023 R	2022 R

33. Financial instruments disclosure (continued)

	At amortised cost	Total
Trade and other payables from exchange transactions	11 598 216	11 598 216

34. Commitments

Authorised capital expenditure

	2023 R	2022 R
Already contracted for but not provided for		
• Generator Installation for back up Power	-	2 580 407
• Aircontioners Installation at Mphohadi,Kroonstad and Sasolburg Campus	1 183 965	-
• Engineering workshop	-	797 316
• Central Office Roof	26 560	38 890
• Buisness Studies Roof Repairs	653 499	-
• Mphohadi Fence New	-	5 668 114
• Mphohadi Upgrade Sports Court	-	1 005 111
• Renovations to the Engineering Campus Floor Covering	1 672 169	-
• Engineering floors and walls	241 079	5 036 474
	3 777 272	**15 126 312**
Total capital commitments		
Already contracted for	3 777 272	15 126 312
Total commitments		
Total commitments		
Authorised capital expenditure	3 777 272	15 126 312

Operating leases - as lessee (expense)

	2023 R	2022 R
Minimum lease payments due		
- within one year	-	1 131 226
- in second to fifth year inclusive	-	2 262 451
	-	**3 393 677**

Notes to the Annual Financial Statements

	2023 R	2022 R

35. Related parties

Relationships	
Council Members	Refer to councils' report note
Representing the College in other spheres of Government	The Minister of Higher Education, Dr Blade Nzimande
Controling body of TVET Colleges	Department of Higher Education and Training
Jointly controlled entities	Other TVET Colleges
Jointly controlled entities	CET Colleges
Providing Grants for Learnership and Other Training	SETAs
Providing Bursaries to College Students	NSFAS
Proving funding for Capacity Building	NSF
Members of Key management	FM Chechile (Acting Principal)V Baloyi(Deputy Principal Finance V Baloyi(Deputy Principal Finance) R Singh (Deputy Principal Registrar and SSS) J Tema (Deputy Principal Corporate Services) TE Ntsieng (CFO)
Close family members of members in key management	Tema Refilwe daughter of JM Tema TE Chechile a Son of FM Chachile

Related party balances

Amounts included in Trade receivable /(Trade Payable) regarding related parties		
Department of Higher Education and Training (Subsidy)	3 680 352	7 229 010
Capital Infrastructure and Efficiency Grant (CIEG)	-	4 157 988
National Student Financial Aid Scheme (NSFAS)	(3 766 805)	(3 729 262)
National Skills Fund	(1 278 689)	(1 564 385)
SETAs Payables	(5 581 463)	(1 274 305)

Income /(Expenses) recognised in Statement of Financial Performance		
National Skills Fund Grant	716 692	-
Project Income (SETAS & Skills programmes	5 923 362	8 156 056
DHET Programe funding	22 085 000	28 916 000
NSF Expenses	(716 692)	-
Employee related cost - R Tema	(327 988)	-
Employee related cost - TE Chechile	(599 206)	-
CIEG Grant	7 643 062	15 318 865
Project costs (SETAS & Skills programmes	(4 953 593)	(4 691 470)

Key management information

Remuneration of management

Notes to the Annual Financial Statements

	2023 R	2022 R

35. Related parties (continued)

Management class: Executive management

2023

Name	Basic salary	Service Bonus	Other short-term employee benefits	Total
Baloyi VP	227 125	-	-	227 125
Ntsieng TE	217 010	-	50 475	267 485
Tema J	791 113	66 280	189 894	1 047 287
Chechile FM	689 116	58 432	363 689	1 111 237
Nkonyane B	-	-	11 018	11 018
Singh R	748 184	63 440	179 340	990 964
	2 672 548	**188 152**	**794 416**	**3 655 116**

2022

Name	Basic salary	Bonuses and performance related payments	Other short-term employee benefits	Total
A Le Roux	156 337	-	-	156 337
Baloyi VP	661 532	-	62 861	724 393
Singh R	711 483	60 166	226 586	998 235
Tema J	743 991	61 986	236 206	1 042 183
Chechile FM	655 313	54 598	516 093	1 226 004
	2 928 656	**176 750**	**1 041 746**	**4 147 152**

36. Risk management

Financial risk management

Liquidity risk

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

At 31 December 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Less than 1 year
• Finance lease liability	-	-	1 225 494	1 131 226
• Trade and other payables from exchange transactions	-	-	-	19 131 271

At 31 December 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Less than 1 year
• Trade and other payables from exchange	-	-	-	11 598 216

Notes to the Annual Financial Statements

	2023 R	2022 R

36. Risk management (continued)

Credit risk

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

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

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

Financial instrument	2023	2022
Cash and cash equivalents	19 612 201	27 766 975
Other financial assests	1 035 393	956 408
Receivables from exchange transaction	7 136 406	6 054 495

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

Market risk

Interest rate risk

Interest rate risk is the is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The college debtors are exposed to interest rate risk as the college levies interest at prime plus 1%. The college’s investments are also affected by fluctuations in the market interest rates.

37. Going concern

We draw attention to the fact that at 31 December 2023, the college had an accumulated surplus of R 340 583 947 and that the college's total liabilities exceed its assets by R 340 583 947.

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.

38. Events after the reporting date

There were no major adjusting events after the reporting date that the council is aware of.

39. Segment information

General information

	2023 R	2022 R

39. Segment information (continued)

Identification of segments

That generates economic benefits or services potential including economic benefits or service potential relating to transactions between activities of the college management, however are not disclosing different campuses as individual for the following main reasons :

-The college operates in an operating centralised financial system and all the procurement and relevant activities are administered from the central point.
- Campuses do not have individual bank accounts,but operates a central main account. However the different campuses have the sub accounts that is mainly used for deposits from the Non-NSFAS students and everything is linked to the main account.
- Campuses do not report individually on their targets and performances, but college reports as consolidated to DHET.
- College mandated services will not be suspended should one of the campuses underperform.
- Various sharing of central based services and assets

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

Types of goods and/or services by segment

Flavius Mareka College is located in the Free State Province under one district but spread over three local municipalities.

It consists of three main campuses, two of them are located in Kroonstad (Kroonstad and Mphohadi Campus) and Sasolburg campus. .

Reportable segment	**Goods and/or services**
National Certificate (Vocational) Progromme	NQF Level 2; 3; & 4 Programmes
Report 191 NATED (Business Studies andEngineering) Programmes	Business Studies - N4 to N6Engineering - N1 to N6
Occupational and Short Skills Programmes	NQF Level 2 ; 3; & 4 Programmes

40. Contingencies

The college The College had the following contingent liabilities at year end:]

Details		
Abscondment in terms of section 17(3)(A)(i) of the Public Service - Makotji	R 1 146 836	
Abscondment in terms of section 17(3)(A)(i) of the Public Service - Kotjane	R 2 082 042	R 1 617 634
	R 3 228 878	**R 1 617 634**

Notes to the Annual Financial Statements

	2023 R	2022 R

41. Prior period errors

Receivables from exchange Transactions

1.Provivion frof bad debts were incorrectly provided for, thus undersating receivables from exchange transactions and overstaind bad debts provision expense.
2. Creditors with debit balance were not accounted fro in prior year, understating creditors and understating receivables from exchange.

Statutory Receivables

In the Prior year amount owing to statutory receivables we incorrectly ommited, thus undersating receivables and overstating revenu.

I**nterest Income**

in 2022 Financial year management incorrectly recognised interest from grants, this undersated interest and oversated grants liability

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

	2023	2022
Statement of financial position		
Decrease in Receivables from exchange transactions	-	(1 753 107)
Increase Statutory Recievables	-	4 157 988
Increase in Payable from exchange transactions	-	692 892
Statement of financial performance		
IIncrease in Interest income	-	522 698
Decrease in debt impairment	-	(5 689 533)

42. Prior-year adjustments

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

Statement of financial position

2022

	Note	As previously reported	Correction of error	Re-classification	Restated
Receivables from exchange transactio		3 036 136	(613 734)	3 632 093	6 054 495
Receivables from non-exchange transactions		3 632 093	-	(3 632 093)	-
Statutory receivables		7 229 010	4 157 988	-	11 386 998
Property, plant and equipment		312 397 377	11 066	-	312 386 311
Payables From exchange Transactions		(11 866 326)	268 110	-	(11 598 216)
Accumulated Surplus		(344 713 135)	(3 801 298)	-	(348 514 433)
		(30 284 845)	**22 132**	**-**	**(30 284 845)**

Statement of financial performance

Notes to the Annual Financial Statements

	2023 R	2022 R

42. Prior-year adjustments (continued)

2022

	Note	As previously reported	Correction of error	Re-classification	Restated
Tuition and related fees		26 104 527	-	1 097 831	27 202 358
Student fees earned		1 159 650	-	8 466	1 168 116
Rental of facilities and equipment		-	-	36 670	36 670
Bad debts recovered		36 553	-	422 226	458 779
Sundry income		2 161 556	-	(801 607)	1 359 949
Interest income		555 678	522 699	-	1 078 377
Government grants and subsidies		44 234 865	763 586	79 270 641	124 269 092
Service receive in kind		79 270 641	-	(79 270 641)	-
Project income (SETAs & Skill Programmes)		7 710 264	(515 725)	961 517	8 156 056
Other income		2 045 510	-	(2 045 510)	-
Public contribution and donations		-	-	320 407	320 407
Employee related costs and DHETmanagement fee		(97 625 883)	-	210 297	(97 415 586)
Books and leaning material		(12 107 499)	-	5 424 336	(6 683 163)
Debt Impairment		(8 512 218)	5 669 443	-	(2 812 775)
Project costs (SETAS & Skills programmes		-	-	(4 691 470)	(4 691 670)
Administration expenses		(19 868 391)	-	19 868 391	-
External auditors remuneration		(4 170 119)	-	4 170 119	-
Consulting and internal audit fees		(432 232)	-	432 232	-
General expenses		(3 870 709)	(1 172)	(25 413 905)	(29 285 786)
Surplus for the year		**16 692 193**	**6 438 831**	**-**	**23 160 824**

Reclassifications

<u>Reclassification of expeses from classification from function to classification by nature</u>

In the prior year incorrectly classified exenses by function whereas the policy of the college is to classify expeses by nature. this does not have an impact ofn the total expenditure ammout,

Reclassification of Receivable from non-exchange to receivable from Exchange

In 2022 financial year we incorrectly classified receivable from non-exchange, throgh inspection we noted that ttheir are recievable from exchange. The reclassification does not have impact on the total current assets.

Reclassification of revenue

Durring the current financila year we reclassified revenue items for fair pressetation and to allign the college to GRAP 1.].

43. Accounting by principals and agents

The entity is a party to a principal-agent arrangement(s).

Notes to the Annual Financial Statements

	2023 R	2022 R

43. Accounting by principals and agents (continued)

Details of the arrangment(s) is|are as follows:

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 2023 are as disclosed in notes 5,11 and 21 of these financial statements. There were no risks that were transferred from the various principals (SETAs) to the college during the year

SETA Receivables	777 936	4 035 093

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.

SETA Payables	5 581 463	1 274 305

Resources (including assets and liabilities) of the entity under the custodianship of the agent

The resources have been recognised/have not been recognised by the agent in its financial statements. [Choose as appropriate]

The remittance of resources during the period [State details].

The expected timing of remittance of remaining resources by the agent to the entity, are [State timing and details].

The expected timing of remittance of remaining resources by the agent to third parties, are [State timing and details].

Resource or cost implications for the entity if the principal-agent arrangement is terminated, are [State information/discussion].

[Provide additional info as appropriate]

Fee paid

Resource and/or cost implications for the entity if the principal-agent arrangement is terminated

The resource and/or cost implications for the entity if the principal-agent arrangement is terminated, are [State information/discussion].

[Provide additional info as appropriate]