ANNUAL REPORT 2015



higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

ORBIT TVET COLLEGE

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ABREVIATIONS & ACRONYMS

AA & CC	Annual Awards & Certification Ceremony
AB	Academic Board
AGSA	Auditor General of South Africa
ASB	Accounting Standards Board
ARC	Audit and Risk Committee
ASO	Academic Support Officer
BDI	Business Development and Innovation
BMS	Business Management System
BS	Business Studies
CATHSSETA	Culture, Arts, Tourism, Hospitality and Sports Sector Education and TRAINING Authority
CET Act No.16 of 2016	CET Act
CETA	Construction Education and Training Authority
CoSSA	College Sport South Africa
DHET	Department of Higher Education and Training
ECD	Early Childhood Development
ES	Engineering Studies
ETDP SETA	Education, Training and Development Practices Sector and Training Authority
ETU	Education and Training Unit
EW SETA	Energy and Water Sector Education and Training Authority
FASSET	Finance and Accounting Services Sector Education and Training Authority
FINCOM	Finance Committee
FTE	Full Time Equivalent
GRAP	Generally Recognised Accounting Practice
HEI	Higher Education Institution
HoD	Head of Department
HRCOMM	Human Resource and Remuneration Sub-Committee
ICASS	Integrated Continuous Assessment
ICDL	International Computer Driver's Licence
IPSAS	International Public Sector Accounting Services
ISAT	Integrated Summative Assessment Tasks
ISO9001:2008	International Quality Standard of the International Organisation for Standardisation
MANCO	Management Committee
MerSETA	Manufacturing, Engineering and Related Services Sector Education and Training Authority
MICT	Media, Information and Communication Technologies Sector Education and Training Authority
MIS	Management Information System
MoU	Memorandum of Understanding
MQA	Mining Qualifications Authority
NAMB	National Artisan Moderation Body
NATED	National Department of Education Report 190/191 Programmes
NC	National Certificate
NC(V)	National Certificate (Vocational)
NEETs	Not in Employment, Education, nor in Training
NQF	National Qualifications Framework
NSC	National Senior Certificate
NSDS	National Skills Development Strategy
NSFAS	National Student Financial Aid Scheme
NTC	National Technical Certificate
NYDA	National Youth Development Agency
PAL	Peer Academic Leaders
PRC	Planning and Resource Committee
RPL	Recognition of Prior Learning
QMS	Quality Management System
SABS	South African Bureau of Standards
SACPO	South African College Principals' Organisation
SARS	South African Revenue Services
SETA	Sector Education and Training Authority
SMME	Small, Medium and Macro Enterprise
SNE	Students with Special Needs for Education
SoP	Schedule of Particulars
SRC	Student Representative Council
SSO	Student Support Officer
THETA	Tourism, Hospitality and Sport Education and Training Authority
TVET	Technical and Vocational Education and Training
SSS	Student Support Services
Umalusi	Quality Assurance Body for the General and Further Education and Training Sectors in South Africa
VAT	Value Added Tax
W & R SETA	Wholesale and Retail Sector Education and Training Authority
WBE	Workplace-based Education
WIL	Work Integrated Learning
WPM	Wellness Peer Mentor

References in this Annual Report are to the FET Colleges Act No.16 of 2006 as amended by Act No.3 of 2012 and the Continuing Education and Training (CET) Colleges Act (No 16 of 2006)

PART A
GENERAL OVERVIEW

1 MESSAGE FROM THE COUNCIL CHAIRPERSON

The year under review (2015) was an interesting and challenging period for the Department of Higher Education and Training (DHET). The Council adopted and promoted a positive attitude towards these challenges and drew strength from the successes it achieved. These challenges gave meaning and purpose to the College, leading to the developed character of employees, students and the communities it serves, that a difficult time is in actual fact a friend.

The passion of the College Council was able to face negative perceptions by constantly focusing on positive possibilities in every situation.

The Council had a sense of a believable big picture and directional integrity (clear strategy, objectives, planning and accountability culture), hence our vision "To be a global institution of excellence surpassing community needs".

With changing times it was essential that we reflect on our College goals and monitor what is working and what is not. We moved towards goals that brought the College a clear sense of reward and reaching the destination.

While reflecting upon these goals, the purpose was to determine the next plan of action and also to know if there are any necessary corrections required in the flow of actions. It's imperative for the College to set aside a "reflect and reward" cycle to monitor the progress in order to achieve the defined goals.

The Council would also like to thank our valued employees, who optimised and integrated supporting structures that served the values and objectives of the College during this difficult economic situation. Furthermore the Council would like to say to our valued employees

"Small daily – seemingly insignificant – improvements and innovations lead to staggering achievements over time." – Robin Sharma



"Small daily – seemingly insignificant – improvements and innovations lead to staggering achievements over time."
– Robin Sharma

MABE C
COLLEGE COUNCIL CHAIRPERSON

2 OVERVIEW BY THE ACCOUNTING OFFICER

There is an Irish saying that says: *"don't look back unless you can smile; don't look ahead unless you can dream"*. There has been so much change in the past year with the full implementation of the Continuing Education and Training Act, 2006 and the subsequent migration to the Department of Higher Education and Training, but despite all challenges we can look back with a smile and say: we have done it!

Alan Watts said: *The only way to make sense out of change is to plunge into it, move with it, and join the dance.* We indeed joined the transition dance to the Department of Higher Education and Training but always kept our focus of bringing education to life and life to education for our students in mind, knowing that we continuously have to ensure our relevance by evolving to the demands of the time, and this is a dream that we will continue to pursue.

It is common knowledge that success does not lie in results but rather in the efforts that brought about the success. We also know that being the best is not so important but that *doing the best* is all that matters. The combined efforts during the past year of staff and students have reaped success, as our students continue to make us proud in their academic and co-curricular achievements. I therefore proudly and humbly present the 2015 Annual Report, providing you with an overview of our achievements the past year.

The Management Board of the College collectively boasts over 200 years' of experience in the TVET College environment and this provides a colossal pool of knowledge, vision and skill from which to draw from to strategically lead the College in its endeavours as we prepare our future leaders for the globalised community they ultimately will work and reside in. I would like to thank all Management Board members for their hard work, commitment and leadership they so selflessly provided the past year.

ORBIT College is an extraordinary College where students are recognised as individuals with their own dreams, unique abilities and beliefs. Our aim is to inspire, motivate and empower students towards reaching their true potential, achieving their own goals and individual personal bests. Our increased pass rate, achievement of students in the global arena as well as the success stories of our sport and cultural teams, bears testimony to this holistic developmental approach.

We continue our commitment to offer quality teaching and learning which draws on pedagogical practice that is data-informed and evidence-based and aligned with the prescribed curriculum and the National Qualifications Framework. We also want to ensure that our learning environments are responsive to the goals of the National Development Plan, the world of work and diverse student populations and that our students are given every opportunity to be the best they can be. When assessing performance over the past year, it is satisfying that we provided opportunities of learning in both the Vocational and Occupational streams although the lack of funding for Occupational Programmes still remains a challenge.

In this review year, we continued to develop strategic partnerships that enabled us to extend our competencies and build on our teaching capabilities. Lecturers continued to benefit from our partnership with Harrow College in the UK and many lecturers were also upskilled through partnerships with Business and Industry who assisted lecturers to gain workplace experience. Business partners and SETAs also enabled the College to achieve the goals of responsive education and training and exposing students to the world of work. I would like to acknowledge the support of our partners as their contributions have made a meaningful impact on the success of our College.

2 OVERVIEW BY THE ACCOUNTING OFFICER

The three campuses of ORBIT College have continued to evolve by increasing and improving our learning spaces. New teaching facilities at both Brits and Mankwe Campuses were almost completed at the end of the year and sufficient capex funding was available to ensure that all workshops are well-equipped.

One of the significant achievements for the 2015 financial year is that we could implement the necessary internal control measures to address the findings of the 2014 audit by the Auditor General. Hard work, a common vision and teamwork resulted in an unqualified audit report in 2015 - something that makes us all very proud!

We would also like to record our deep appreciation to the members of the College Council and its sub-committees for their guidance, oversight and the manner in which they exercised due diligence as we work together in making our teaching and learning even more engaging and dynamic in the years to come.

I would like to recognise the contributions of our staff and students and want to express my sincere appreciation for their continuing dedication and commitment to ensure that we meet our annual targets.

Noting our achievements and challenges of 2015 we should always remember what Lily Tomlin said: *"The road of success is always under construction"*. We can therefore not be complacent about our successes as success is never final; it needs continuous efforts to maintain success. Similarly we cannot continue to lament about our failures as we have to understand that a failure is sometimes an opportunity to learn, we should just have the courage to keep on trying! Our vision of *being a global institution of excellence, surpassing community needs* must be our guiding light in everything that we do and we should not be distracted by obstacles that we may find in pursuit of our vision.



We draw strength from knowing that our fundamental values have evolved over the last 13 years and that we are well anchored in our community. Let us continue to embrace challenges and be committed to excellence, exploring new ways of looking at the world, and search for sustainable approaches to enable us to meet our mandate.

To be a college of note in the new post-school education and training system we continuously have to look for new ideas and grow as an institution. In the process of growing we often become frustrated as we do not grow at the pace we would like to grow. There is a Chinese proverb that says: *"Be not afraid of growing slowly, be afraid only of standing still"*. Going forward into 2016 we should not become impatient when we do not always grow the way we want to grow but we should rather become impatient if we are too scared to explore new opportunities, too scared to think out of the box and too scared to do things differently as this will imply that we are standing still!

Let us jointly grow ORBIT College not only to serve our community for a few years but for generations to come, adopting the Walt Disney approach of: *"Around here, we don't look backwards for very long... we keep moving forward, opening up new doors and doing new things because we're curious... and curiosity keeps leading us down new paths!"*

MARAIS M (Ms)
PRINCIPAL | ACCOUNTING OFFICER

3 STATEMENT BY DEPUTY PRINCIPAL
ACADEMIC PROGRAMMES AND STUDENT SUPPORT SERVICES

The Education and Training Unit (ETU) remains unwavering in its legal mandate of ensuring that Vocational, Occupational, Student Support Services as well as Business Development and Innovation related activities are addressed. The duty of this office, amongst others, is to inform the strategic processes in terms of the areas and activities mentioned above. I am privileged to be part of not only the ETU but also the institution that always strives to deliver on its mandate.

This office is encouraged by the ongoing harmonious interaction and participation of stakeholders, including the partnerships established during the year under review.

Business Development and Innovation (BDI)

The 2015 academic year saw the Education and Training Unit (ETU) marking significant progress in Skills Development, and this could only be achieved as a result of the effectiveness of the BDI office. The main task of this office is to interact with employers, to make sure that students get opportunities for experiential training, and respect contents of the Skills Development Act No. 97 of 1998. We know that the purpose of this Act, amongst other things, is to encourage employers to use their production or workplace as an active learning environment (Skills Development Act No. 97 of 1998:8).

2015 has been a very positive and encouraging year for ORBIT TVET College in terms of establishing critical partnerships. There is a growing trend in partnerships with Industry, Government Departments, Municipalities, and SETAs as well as with Non-Government institutions.

These partnerships continue to provide experience and access to good practices, and allow staff and students to participate in programmes that expose them to numerous future training opportunities. The College is excited about local Industry and Mining companies opening their doors to our students and lecturers for work experience and exposure.

The Centre of Entrepreneurship at the Rustenburg Campus and the Rapid Incubation Centre at the Mankwe Campus finally became a reality in 2015. This dream was realised through the partnership with the Department of Trade and Industry, and the College hopes to build and expand its relationship with Small Medium & Micro Enterprises (SMMEs) by creating opportunities that will benefit students and staff.

Through the SETA-funded internship programmes the College was able to establish more relationships with Industry and local Municipalities. Funding was received for internships from BankSETA, LGSETA, CATHSSETA, SERVICES SETA, ETDP SETA, and SAGDA.

In collaboration with the Rustenburg local Municipality the College completed the feasibility study for the introduction of agriculture as one of its offerings in future. We are hopeful that this project will become a reality in the nearby future.

Furthermore, the possibility exists for the College to offer Level 5 and 6 qualifications in partnership with the University of South Africa. This will assist our students tremendously with seamless articulation into higher education and will endorse our Lecturer Development programme.

The future aspiration of ORBIT TVET College is to continue to respond to the needs of the community, Business and Industry and to contribute positively to the alleviation of poverty.

Student Support Services

The democratic process that ensured that the Student Representative Council (SRC) is put in place was conducted through the assistance of an external independent organisation. The election took place from 6 to 8 March 2015.

3 STATEMENT BY DEPUTY PRINCIPAL
ACADEMIC PROGRAMMES AND STUDENT SUPPORT SERVICES

The dictates of the Student Support guide is such that Student Support Officers must ensure that students are beneficiaries in terms of academic well-being and social support packages. Financial support has been identified as a critical component in ensuring harmony within the social space. The National Student Financial Aid Scheme (NSFAS) allocated R70 684 000.00 for the year under review, and 5049 students benefitted from the above mentioned allocation, with the total of R50 353 822.35 claimed. To fast-track the administration of student bursaries a Financial Aid Structure was put in place, with the appointment of one bursary officer for each of the three campuses. The college has experienced progress in the migration of the administration of bursaries to the College Business Management System.

We acknowledge and cherish the support we get from DHET, through HEAIDS, by encouraging students to maintain a positive and healthy lifestyle. This intervention supports the Health and Wellness Mentoring programme of the College. Wellness Peer Mentors (WPMs) are trained to facilitate lessons during Life Orientation periods and to facilitate group discussions on matters such as decision making, relationships, risky behaviour and substance abuse, to mention but a few.

"All work and no play makes Jack a dull boy". ORBIT TVET College participated in both Provincial and National College Sport South Africa (CoSSA) extra-curricular activities, and this resulted in the College soccer team being crowned the champions of 2015 at the National event that took place at Nelspruit, Mpumalanga.

Vocational Programmes

On 26 May 2016, the College afforded 406 National Certificate (Vocational) Level 4; 432 N6, NATED Report 191, and 29 NATED Report 191 Diploma students' opportunities to go on stage and receive their 2015 awards at the Annual Graduation Ceremony.

Performance of the Report 191 Business Studies and Engineering students is still a challenge, and enjoys more attention because the realisation and achievement of the strategic targets of the College and adhering to the mandate of the Department of Higher Education and Training remains our top priority.

In order to strengthen our curriculum delivery, the Education and Training Unit conducted in-house training sessions on Classroom Management and Assessment Setting to 40 Report 191 lecturers.

We are extremely excited about the extension of the British Council Partnership to our provincial sister college – Vuselela TVET College as this allows us to share best practices in the North West Province. This extension was done in pursuit of growing the positive impact that ORBIT College witnessed in having rolled out the programmes since 2014. This collaboration will also assist in strengthening the second leg of the programme in our College.

In our pursuit of being a global institution of excellence, surpassing community needs we have introduced Jewellery N4-N6 at Rustenburg Campus. In addition, this unit presented 10 students to participate during the Inaugural South African

3 STATEMENT BY DEPUTY PRINCIPAL
ACADEMIC PROGRAMMES AND STUDENT SUPPORT SERVICES

World Skills Competition that was held in January 2015 Cape Town hosted the Electrical participants and Johannesburg played host to Welding participants).

We are proud to announce that during the academic year of 2015 all Office Administration, Management, Finance Economics and Accounting, Hospitality and Tourism Level 4 were placed for Workplace-based Experience during the March, June and September recess periods.

Occupational Programmes

The engagement of students in learning experiences makes them to realise and understand the relevancy of what they are learning, and this increases their motivation to learn. Experiential learning gives students an opportunity to take initiative, to make decisions and be responsible. It is during the experiential learning time where the student engages intellectually, creatively, emotionally, socially and physically. It is a properly designed experiential learning programme that can make a student to learn from natural consequences, mistakes and successes.

In responding to the above mentioned presentation, ORBIT College participated in Skills Development programmes such as Professional Cookery, Community House Building, Early Childhood Development, Recognition of Prior Learning (RPL), Jewellery, Autotronics, Automotive Repair & Maintenance and Sports Administration. Our partnership with MerSETA resulted into the rolling out of the Electrical and Welding Apprenticeship Programmes.



The month of August was dedicated to celebrating TVET College month as part of the DHET Decade of the Artisan campaign that is focused on Artisan Development nationally. More than 4000 learners from 64 schools as well as a significant number of Out-of-School youths visited the three campuses of the College during the month of August. In addition, special liaison sessions for school principals, LO Educators and Business and Industry partners were also hosted. During these sessions existing partnerships and relationships were strengthened while new partners got an opportunity to experience the College learning environment first-hand.

In 2015, the Education and Training Unit of ORBIT TVET College managed to deliver on the mandate of DHET by remaining constantly committed to not only stay in touch, but also remain abreast of current and new learning delivery developments and initiatives. We will continue remaining committed to exceeding the expectations of all stakeholders involved in the TVET College Sector.

MOSITO TJ
DEPUTY PRINCIPAL ACADEMIC PROGRAMMES
AND STUDENT SUPPORT SERVICES

4 STATEMENT BY THE DEPUTY PRINCIPAL
CORPORATE SERVICES

The year 2015 has been a year filled with achievements, challenges and opportunities. The Corporate Services Unit has embraced each and every one of these along the way and managed to leave a legacy of steady support, characterised by continued endeavours to improve performance, systems and resources.

It is a generally accepted fact that people can differentiate one institution from another and can be an important source of its competitive advantage if properly managed. The effectiveness of human resource management can be measured inter alia by its recruitment and selection strategies, absenteeism rates, staff turnover, brand loyalty, organisational climate and culture, labour relations, training and development, compliance with statutory and regulatory requirements as well as the quality of its examination results and graduates, to name but a few.

Mindful of the above, the Human Resource Department has taken elaborate steps to fill most of the critical vacant posts at the College during the year. This has helped to strengthen and stabilise operations. The Department has also collaborated with the office of the Vocational Programmes Manager in facilitating training interventions aimed at improving lecturers' subject knowledge and classroom management. These interventions have yielded positive outcomes as evidenced by improved lecturer performance and the improvement in examination results for the earmarked subjects. The College has also enjoyed a relatively stable labour peace. Some of the system weaknesses as identified by the Auditor General in the previous annual report had been addressed.



Corporate Communications and Marketing has once again outdone itself in assisting the College to reach its target enrolments and championing efforts aimed at ensuring that a customer oriented culture permeates all layers of the College. Steadily, the Department has also made great inroads in taking the College to the people by conducting advocacy campaigns in most villages in the Bojanala district, including the deep rural areas.

The sporadic breakdowns in connectivity have prompted the IT Department to initiate steps aimed at upgrading the bandwidth from 4MB to 20MB for the Central Office and Rustenburg Campus and the e-mails were also moved from the local server to the Cloud using Outlook 365. This was done in addition to the continued investments in hardware

The speed and efficiency with which student applications are administered can have a huge influence on the College academic calendar and eventual performance. Hence the Data and Information Department had introduced an online application system which has not only reduced long queues during registration periods but which has also streamlined the registration processes as a whole.

All of the above departmental initiatives provided ORBIT College with a secure and supportive foundation upon which the institutional core business of learning delivery could be built during 2015. This strong foundation allowed ORBIT College to grow and thrive as an institution of choice and excellence.

The management of ORBIT College are committed to continue embracing, developing and growing this legacy of steady, formidable corporate support services in 2016 and years to come.

MATJIANE MS
DEPUTY PRINCIPAL : CORPORATE SERVICES

5 STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY

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

1. All information and amounts disclosed throughout the annual report are consistent.

2. The annual report has been prepared in accordance with the guidelines issued by the Department of higher Education and Training.

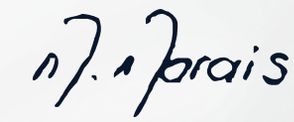
3. The Annual Financial Statements have been prepared in accordance with the relevant standards, frameworks and guidelines issued by National Treasury.

4. The Accounting Officer, i.e. the Principal, is responsible for the preparation of the Annual Financial Statements and for the judgements made in this document.

5. The Accounting Officer, i.e. the Principal, is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the Human Resources information and the Annual Financial Statements.

6. The Auditor-General express an independent opinion on the Annual Financial Statements.

In my opinion, the Annual Report fairly reflects the operations, the performance information, the Human Resources information and the financial affairs of ORBIT TVET College for the financial year ended December 2015.



MARAIS M (Ms)
PRINCIPAL | ACCOUNTING OFFICER

6 STRATEGIC OVERVIEW

6.1 VISION, MISSION AND VALUE STATEMENTS

VISION
A global institution of excellence, surpassing community needs

MISSION
To provide high quality Education and Training that is affordable, relevant, learner centred and that contributes to the total development of individuals through

- Optimal utilisation of resources
- Creative and innovative modes of delivery
- Appropriately skilled staff and
- Community upliftment

KEY VALUES
ORBIT College believes in

TRANSFORMATION
Policies, procedures, activities and programmes are responsive to community needs and redress imbalances of the past, thereby ensuring increased inclusivity and accessibility

ACCOUNTABILITY
Decision-making processes are transparent with proper financial management systems and procedures with the focus on efficiency and effectiveness, including being fair, ethical and trustworthy in all that we do

RESPECT
We respect the values of human dignity, equality, human rights and freedom, non-racism and non-sexism

TEAMWORK
Co-operating with one another, the community, business stakeholders and partners in education in an open and supportive way to achieve shared goals

6.2 STRATEGIC OBJECTIVES

Strategic Objective	Objective Statement	Baseline	Justification	Links
1 **To provide quality technical and vocational education and training services and increase academic achievement and success of students.**	To improve quality of technical and vocational education and training provision through the development of teaching and learning support plans, inclusive of appropriate student support.	0	To ensure that lecturers and students receive the support necessary for lecturers to function optimally and students to perform optimally in technical and vocational programmes.	Linked to NDP, MTSF and White Paper on PSET.
2 **To have adequate infrastructure and systems in place to increase access and provide effective services to students.**	To ensure institutional capacity and efficiency in terms of the provision of access and support services to students.	Verified headcount student enrolment 2014 Audited number of college infrastructure and facilities Reported percentage utilisation of college infrastructure and facilities	To increase the number of skilled youth by expanding access to education and training opportunities while ensuring provision of effective services to students.	Linked to NDP, MTSF and White Paper on PSET
3 **To develop partnerships and maintain good stakeholder relations to increase the number of students who are adequately prepared to enter the labour market or further and higher learning opportunities.**	To increase the number of students who are able to access formal or self-employment and/or further and higher education and training opportunities. To provide work placement opportunities for lecturing staff in order to improve quality of teaching and learning.	Partnerships (inclusive of memoranda of agreement or understanding and/or contracts) established in 2014 Number of students and lecturing staff placed for WBE and WIL.	To ensure students are adequately prepared and supported to access formal or self-employment and/or further and higher learning opportunities.	Linked to NDP, MTSF and White Paper on PSET
4 **To ensure continuous business excellence in terms of good corporate governance and effectual management of all college resources as well as information and data reporting.**	To govern and steer the college to function optimally and take appropriate action where deficiencies are detected.	Percentage compliance to governance standards	To ensure the college is efficiently governed and managed within the applicable acts, policy and regulatory frameworks and standards relevant thereto so that it functions optimally.	Linked to NDP, MTSF and White Paper on PSET
5 **To monitor and evaluate all college processes in terms of the TVET College Monitoring and Evaluation Framework and report quarterly on college performance in this regard.**	To monitor and report on college systemic efficiency so that appropriate action is taken where deficiencies are detected.	As reported in quarterly M&E reports in 2014	To ensure monitoring and evaluation of college processes and plans are conducted and regularly reported on.	Linked to NDP, MTSF and White Paper on PSET

7 LEGISLATIVE AND OTHER MANDATES

7.1 LEGISLATIVE FRAMEWORK

In terms of Sections 25(3) and 25(4) of the Continuing Education and Training (CET) Colleges Act, No 16 of 2006 (as amended), Public Technical and Vocational Education and Training (TVET) Colleges are required to produce annual financial reports and to comply with any reasonable additional reporting requirement established by the Minister. Moreover, Section 44 of the Act requires Colleges to annually report to the Minister in respect of its performance and its use of available resources.

In addition, these pieces of legislation govern and steer the College in terms of achievement of its strategic and performance objectives.

The *Constitution of the Republic of South Africa* (Section 29(1)-(4)) provides for the right of basic and further education to everyone in the official language of their choice provided equity, redress and practicability are taken into account. In addition, the *Continuing Education and Training (CET)* Colleges Act (No 16 of 2006) provides for the regulation of continuing and further education and training through the establishment, governance and funding of Public Technical and Vocational Education and Training (TVET) Colleges and the promotion of quality in continuing and further education and training.

Further sets of legislation that impact on the TVET College Sector and its strategic and national imperatives are listed below:

- *National Qualifications Framework (NQF) Act (No 67 of 2008);*
- *Higher Education (HE) Act (No 101 of 1997);*
- *Skills Development Act (No 97 of 1998);*
- *Skills Development Levies Act (no 9 of 1999); and*
- *General and Further Education and Training Quality Assurance Act (No 58 of 2001).*

In addition, the *White Paper for Post-School Education and Training* mandates delivery and strategic priorities in the TVET colleges sector. Other policy mandates include:

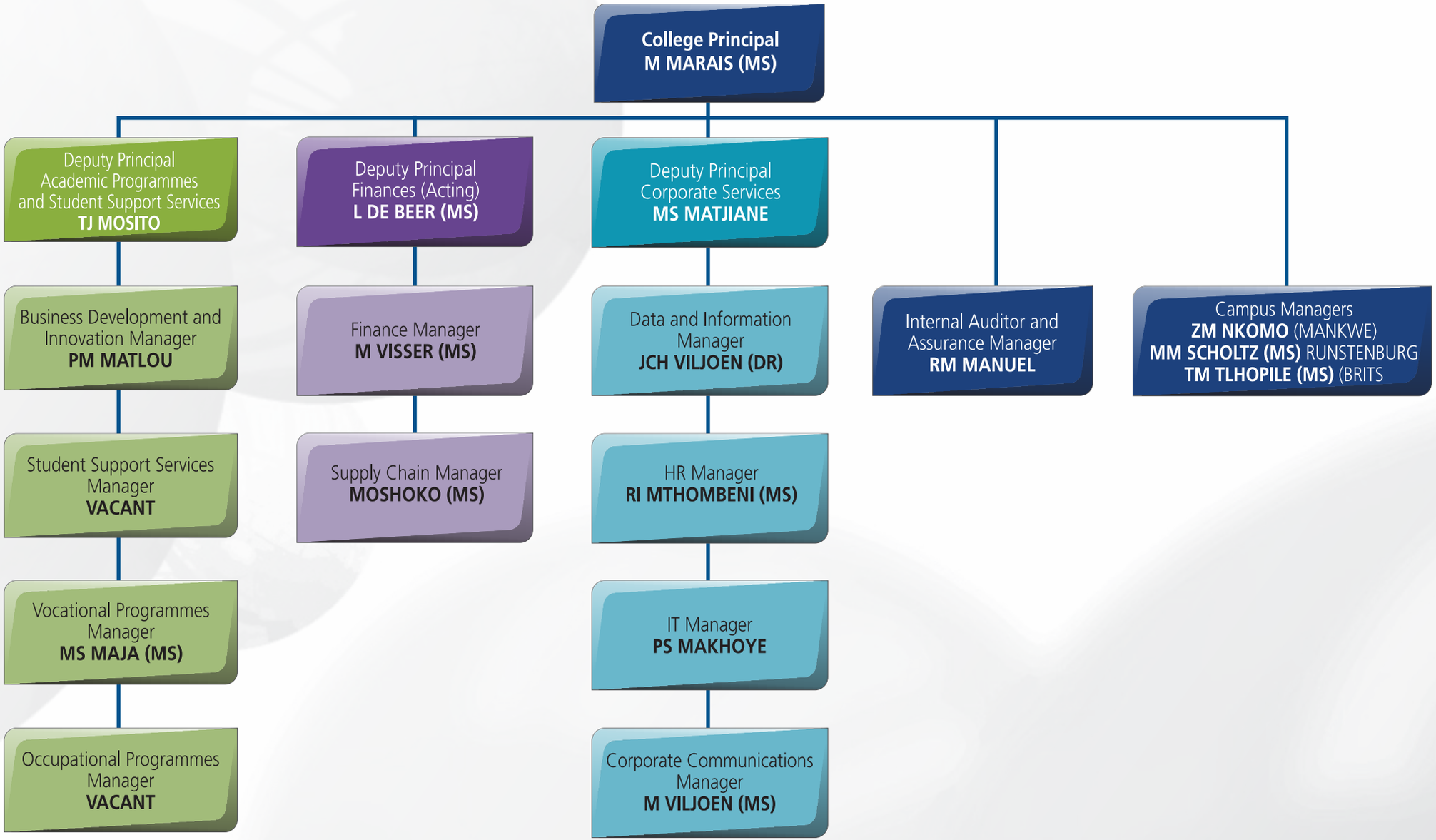
- *National Trade Testing Regulations;*
- *SETA Grant Regulations;*
- *National Skills Development Strategy;*
- *Public TVET College Attendance and Punctuality Policy; and*
- *Policy on the Conduct of National Examinations and Assessment.*

7.2 ANNUAL CYCLE OF REPORTING

The final Annual Reports of the TVET colleges must be submitted to the Department on the last day of September the following year. These reports, referred to in Sections 25 and 44 of the CET Colleges Act, must include:

- a report on the overall management and governance of the college;
- a report on its overall performance and use of available resources;
- duly audited annual financial statements; and
- any additional information required by the Minister in terms of the Act.

8 HIGH-LEVEL ORGANISATIONAL STRUCTURE



8 HIGH-LEVEL ORGANISATIONAL STRUCTURE (Continued)

NUMBER OF LECTURING & SUPPORT STAFF

CATEGORY	BRITS	MANKWE	RUSTENBURG	CENTRAL OFFICE	ORBIT STAFF 2015
Lecturing Staff	73	80	88		241
Management Staff				4	4
Support Staff	30	55	35	51	171
TOTAL	**103**	**135**	**123**	**55**	**416**
Support Staff Ratio	0.41	0.69	0.40		0.71

PART B
PERFORMANCE INFORMATION

1 COLLEGE PERFORMANCE

1.1 STUDENT ENROLMENTS

1.1.1 GROWTH ANALYSIS (COMPARATIVE HEADCOUNT 2005 – 2015)

CAMPUS / YEAR	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	%
BRITS	851	1793	1354	1586	1836	1897	1995	2779	3413	3625	3321	-9%
MANKWE		534	629	928	1577	1834	1484	3701	3362	3609	2869	-26%
RUSTENBURG	4030	5306	4509	5566	4958	4870	3779	5555	6485	5930	4996	-19%
TOTAL	4881	7633	6492	8080	8371	8601	7258	12035	13260	13164	11186	-18%
Total % Growth		36%	-18%	20%	3%	3%	-19%	40%	9%	-1%	-18%	

Note: Enrolments are linked to available funding by DHET. In 2012 the College received funding from NSF for over-enrolment in both NC(V) and Report 191 Programmes

HEADCOUNT TOTAL 2005 – 2015

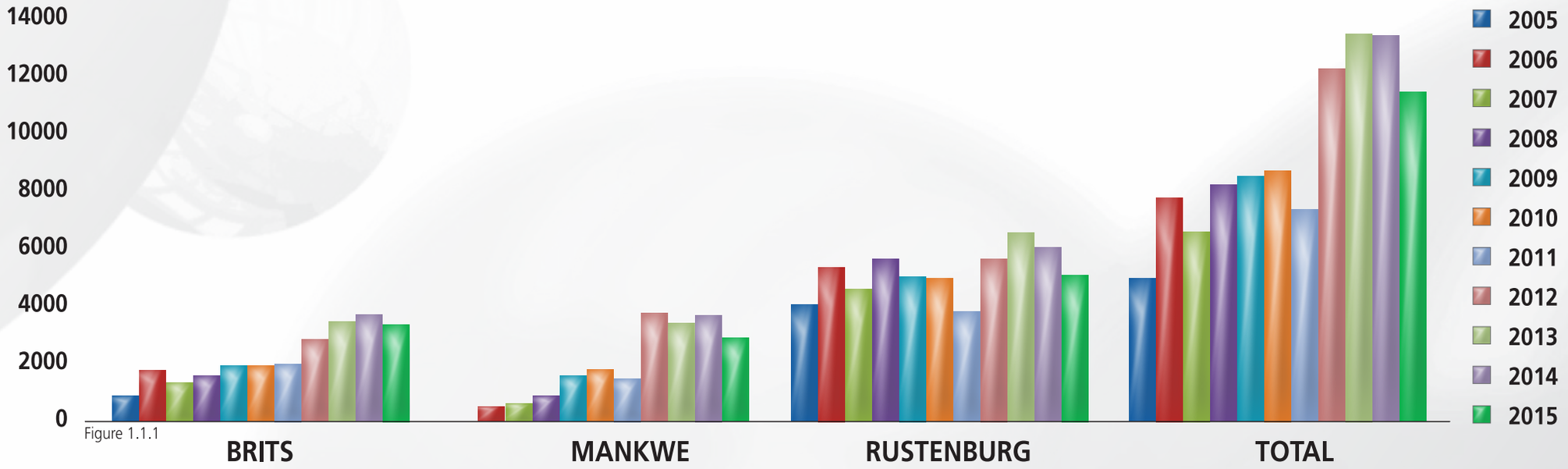


Figure 1.1.1

1 COLLEGE PERFORMANCE

1.1.2 FULL TIME EQUIVALENTS (FTEs) FOR VOCATIONAL PROGRAMMES 2008 - 2015

	A) FTEs NC(V) PROGRAMMES 2008-2015							
CAMPUS	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Brits	372.14	795.86	1018.85	1032.2	1119.69	1260.12	1191.47	966.39
Mankwe	435.57	913.29	1173.72	1145.51	1505.5	1571.14	1449.88	1167.45
Rustenburg	852.86	1611.72	1460.57	1282.83	1398.97	1543.97	1548.7	1350.35
GRAND TOTAL	**1660.57**	**3320.87**	**3653.14**	**3460.54**	**4024.16**	**4375.23**	**4190.05**	**3484.19**
% Growth		100%	10%	-5%	16%	9%	-4%	-17%

		B) FTEs NATED / REPORT 191 PROGRAMMES 2008-2015							
CAMPUS	**Programme**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Brits	Engineering Studies	132.72	113.24	55.69	15.99	281.30	538.59	663.26	571.29
	Business Studies	197.10	154.44	71.25	49.29	290.50	513.50	683.64	719.13
	Sub Total	329.82	267.68	126.94	65.27	571.80	1052.09	1346.90	1290.41
Mankwe	Engineering Studies	62.58	43.97	10.29	26.64	205.07	558.76	720.44	530.54
	Business Studies	70.88	75.50	23.63	35.63	185.88	359.88	622.91	515.88
	Sub Total	133.46	119.47	33.92	62.27	390.94	918.63	1343.35	1046.41
Rustenburg	Engineering Studies	396.33	269.00	180.94	202.40	947.28	1349.41	1008.05	1059.25
	Business Studies	442.78	307.13	204.13	185.88	220.63	568.25	671.01	674.75
	Sub Total	839.11	576.13	385.07	388.27	1167.90	1917.66	1679.06	1734.00
GRAND TOTAL		**1302.39**	**963.28**	**545.93**	**515.81**	**2130.64**	**3888.38**	**4369.31**	**4070.82**
% Growth			-26%	-43%	-6%	313%	82%	12%	-7%

1 COLLEGE PERFORMANCE

1.1.2 FULL TIME EQUIVALENTS (FTEs) FOR VOCATIONAL PROGRAMMES 2008 - 2015 *Continued*

CAMPUS	C) Total FTEs per Campus - 2011-2015					
	2011	2012	2013	2014	2015	%Growth
Brits	1097.47	1691.49	2312.20	2538.37	2256.81	-11%
Mankwe	1207.78	1896.44	2489.77	2793.23	2213.86	-21%
Rustenburg	1671.10	2566.87	3461.64	3227.76	3084.35	-4%

Programme Totals	2008	2009	2010	2011	2012	2013	2014	2015
NC(V) FTEs	1660.57	3320.87	3653.14	3460.54	4024.16	4375.23	4190.05	3484.19
NATED FTEs	1302.39	963.28	545.93	515.81	2130.64	3888.38	4369.31	4070.82
Total FTEs	**2962.96**	**4284.15**	**4199.07**	**3976.35**	**6154.80**	**8263.61**	**8559.36**	**7555.01**
% Growth		45%	-2%	-5%	55%	34%	4%	-12%

Note: Occupational Learning Programmes are calculated only in terms of enrolment numbers and are not based on FTEs

TOTAL FTE DISTRIBUTION 2015

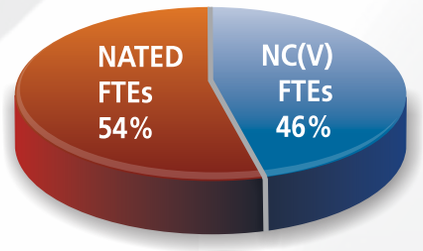


Figure 1.1.2.1

TOTAL FTEs 2008 - 2015

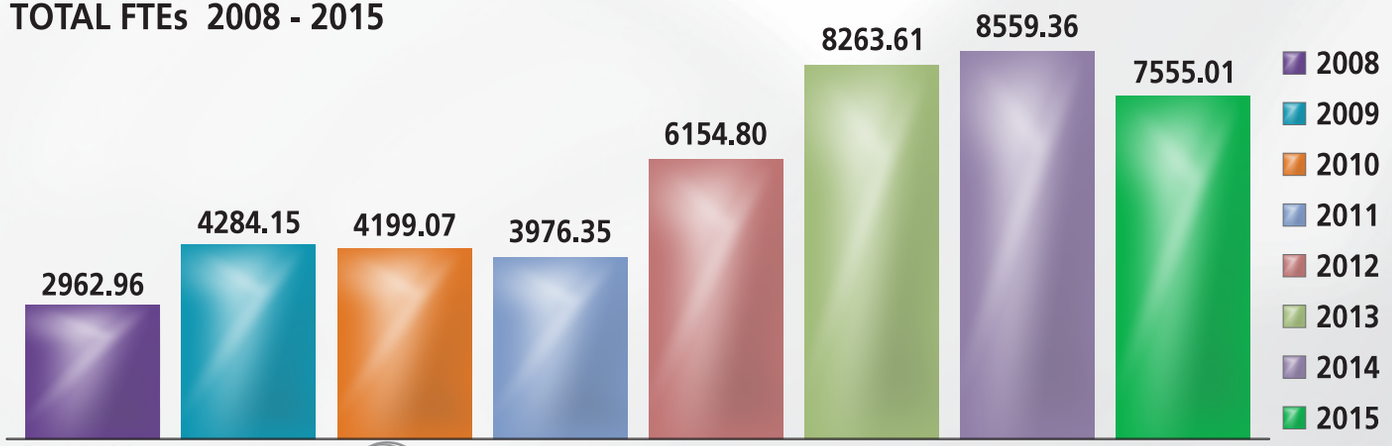


Figure 1.1.2.2

1 COLLEGE PERFORMANCE

1.2 STUDENT ACADEMIC PERFORMANCE

1.2.1 NC(V) CERTIFICATION RATE 2012 - 2015

	2012 CERTIFICATION RATE					2013 CERTIFICATION RATE					2014 CERTIFICATION RATE					2015 CERTIFICATION RATE				
	Enrolled	Written	Passed	% Cert. Pass	Retention	Enrolled	Written	Passed	% Cert. Pass	Retention	Enrolled	Written	Passed	% Cert. Pass	Retention	Enrolled	Written	Passed	% Cert. Pass	Retention
Level 2	1813	1302	726	55.76	71.81	2231	1467	880	59.99	65.76	1864	1219	630	51.68	65.40	1265	778	445	57.20	61.50
Level 3	700	610	383	62.79	87.14	626	550	406	73.82	87.86	817	723	500	69.16	88.49	583	524	396	75.57	89.88
Level 4	477	446	321	71.97	93.50	411	382	317	82.98	92.94	417	399	254	63.66	95.68	497	482	367	76.14	96.98

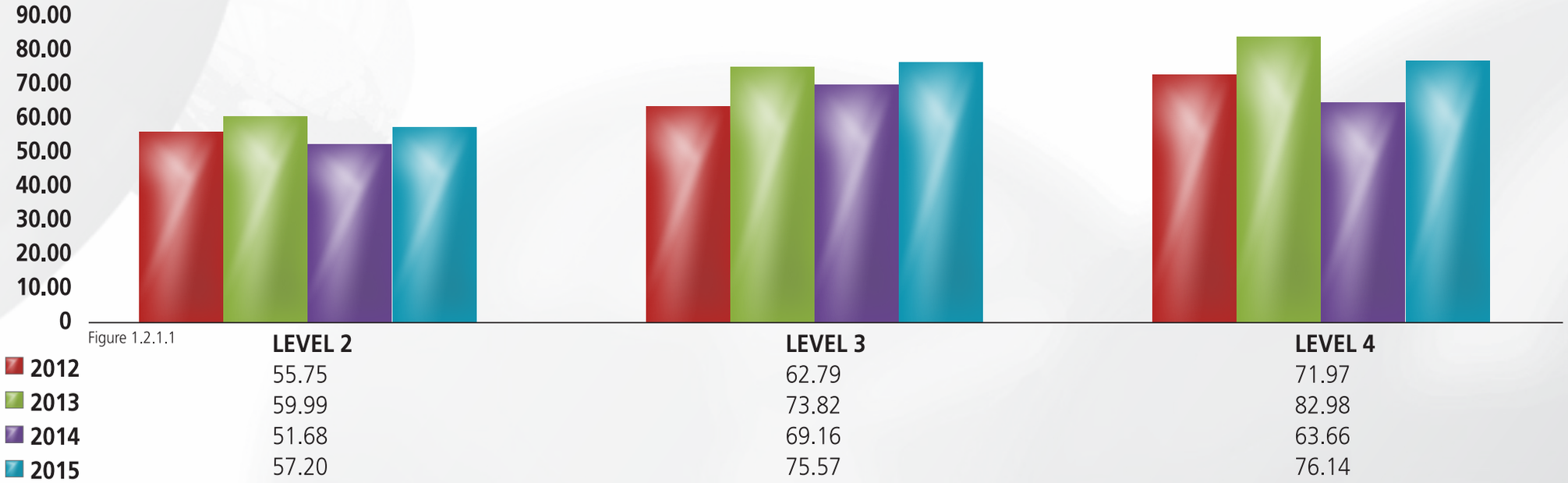


Figure 1.2.1.1

	LEVEL 2	LEVEL 3	LEVEL 4
2012	55.75	62.79	71.97
2013	59.99	73.82	82.98
2014	51.68	69.16	63.66
2015	57.20	75.57	76.14

1 COLLEGE PERFORMANCE

1.2.2 NC(V) PASS RATE (BASED ON SUBJECT ENROLMENTS) 2012 - 2015

	2012 SUBJECT ENROLMENTS					2013 SUBJECT ENROLMENTS					2014 SUBJECT ENROLMENTS					2015 SUBJECT ENROLMENTS					
	Enrolled	Written	Passed	% Pass	Retention	Enrolled	Written	Passed	% Pass	Retention	Enrolled	Written	Passed	% Pass	Retention	Enrolled	Written	Passed	% Pass	Retention	Throughput
Level 2	14748	11198	8445	75.42	75.93	17393	12466	9940	79.74	71.67	15072	10513	7357	69.98	69.75	10906	7188	5059	70.38	65.91	46.39
Level 3	7517	6388	5070	79.37	84.98	7846	6489	5416	83.46	82.70	8784	7407	6120	82.62	84.32	7562	6227	5060	81.26	82.35	66.91
Level 4	4988	4359	3775	86.60	87.39	4856	4217	3714	88.07	86.84	5174	4644	3747	80.68	89.76	5857	5251	4606	87.72	89.65	78.64

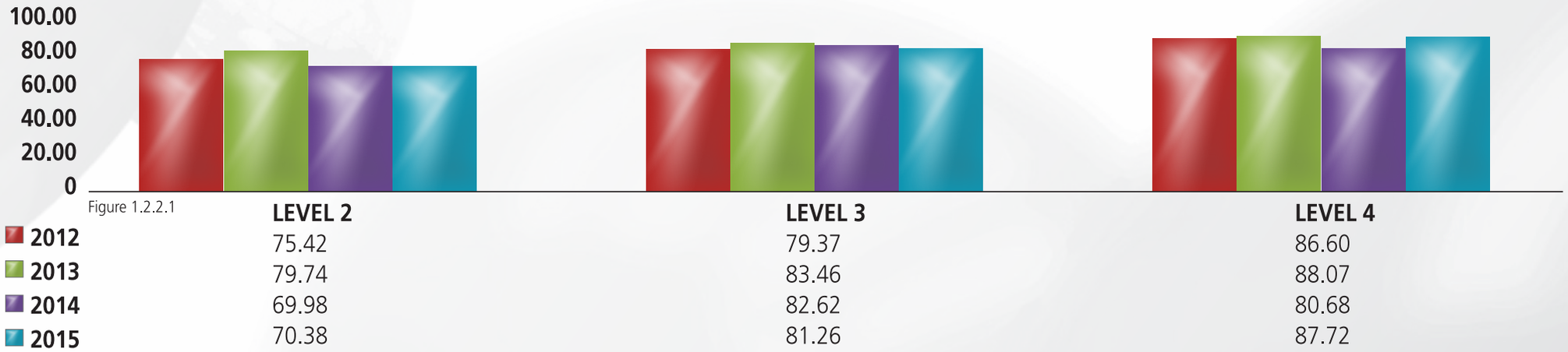


Figure 1.2.2.1

	LEVEL 2	LEVEL 3	LEVEL 4
2012	75.42	79.37	86.60
2013	79.74	83.46	88.07
2014	69.98	82.62	80.68
2015	70.38	81.26	87.72

1 COLLEGE PERFORMANCE

1.2.3 NC(V) RETENTION RATE (BASED ON SUBJECT ENROLMENTS) 2012 - 2015



Figure 1.2.3.1

	LEVEL 2	LEVEL 3	LEVEL 4
2012	75.93	84.98	87.39
2013	71.67	82.70	86.84
2014	69.98	82.62	80.68
2015	65.91	82.35	89.65

1 COLLEGE PERFORMANCE

1.2.4 REPORT 191 (NATED) CERTIFICATION RATE (SEMESTER PROGRAMMES) 2015

	SEMESTER 1: 2015 CERTIFICATION RATE					SEMESTER 2: 2015 CERTIFICATION RATE				
	Enrolled	Written	Passed	% Cert. Pass	Retention	Enrolled	Written	Passed	% Cert. Pass	Retention
N4	844	709	353	49.79	84.00	19	8	1	12.50	42.11
N5	398	363	143	39.39	91.21	383	328	161	49.09	85.64
N6	190	134	65	48.51	70.53	177	165	95	57.58	93.22

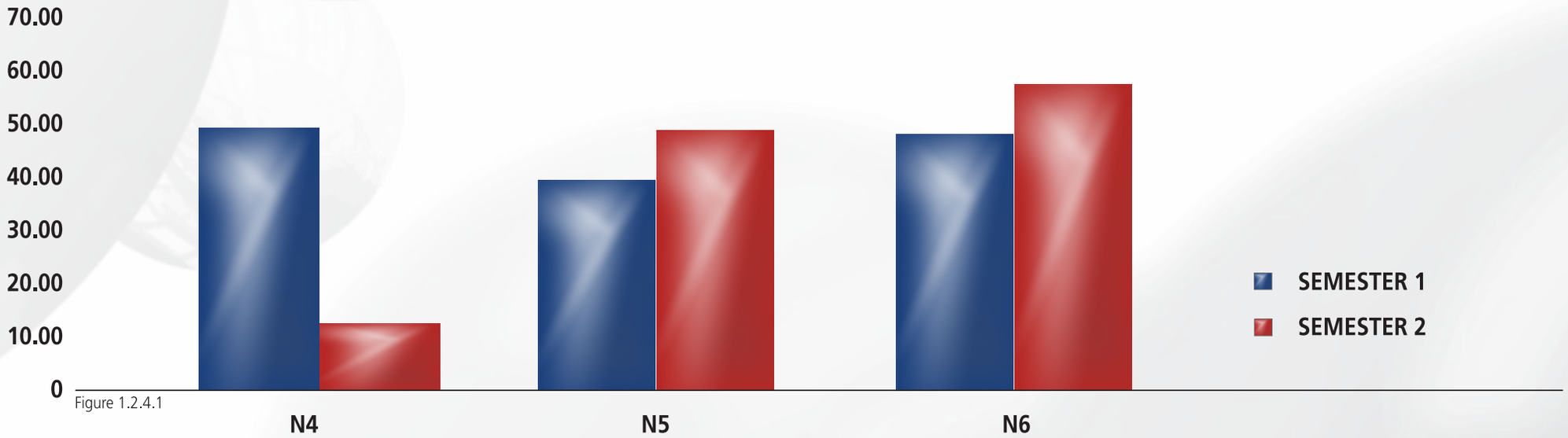


Figure 1.2.4.1

1 COLLEGE PERFORMANCE

1.2.5 REPORT 191 (NATED) PASS RATE (SEMESTER PROGRAMMES) 2015 - BASED ON SUBJECT ENROLMENTS

	SEMESTER 1: 2015 SUBJECT ENROLMENTS					SEMESTER 2: 2015 SUBJECT ENROLMENTS				
	Enrolled	Written	Passed	% Cert. Pass	Retention	Enrolled	Written	Passed	% Cert. Pass	Retention
N4	4218	3589	2621	73.03	85.09	811	624	477	76.44	76.94
N5	3272	2873	1748	60.84	87.81	3341	2916	1843	63.20	87.28
N6	1780	1603	1083	67.56	90.06	1945	1792	1267	70.70	92.13

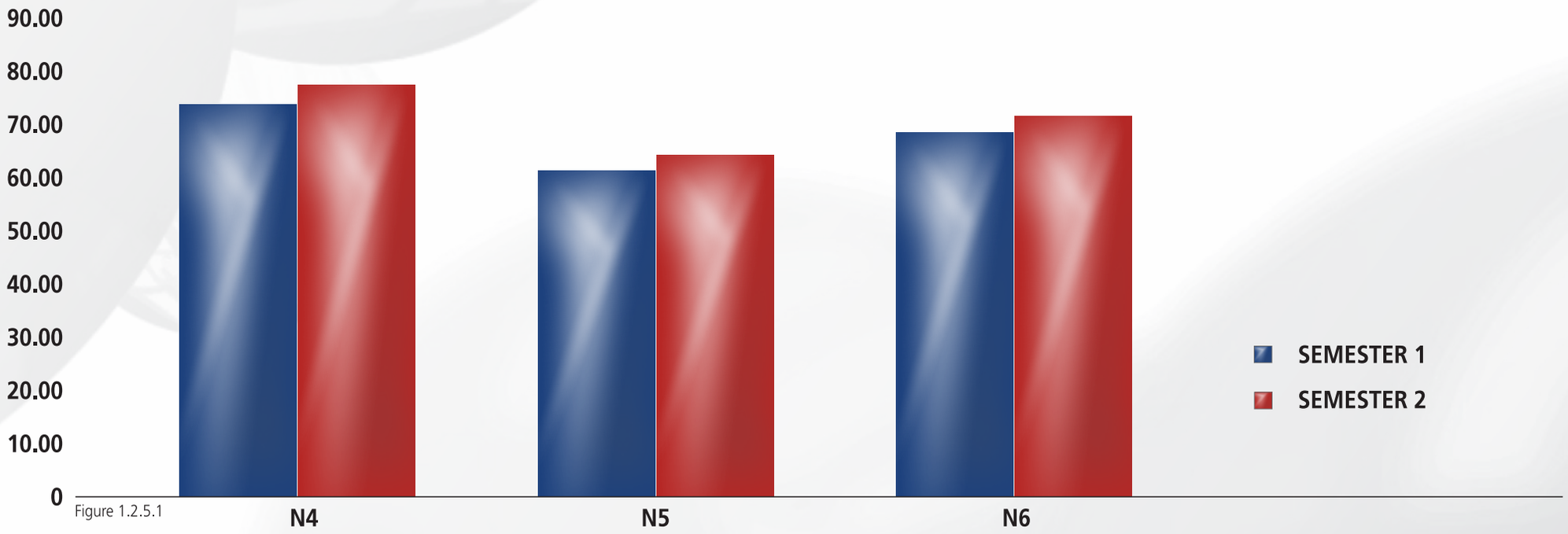


Figure 1.2.5.1

1 COLLEGE PERFORMANCE

1.2.6 REPORT 191 (NATED) SEMESTER PROGRAMMES RETENTION RATE 2015 - BASED ON SUBJECT ENROLMENTS

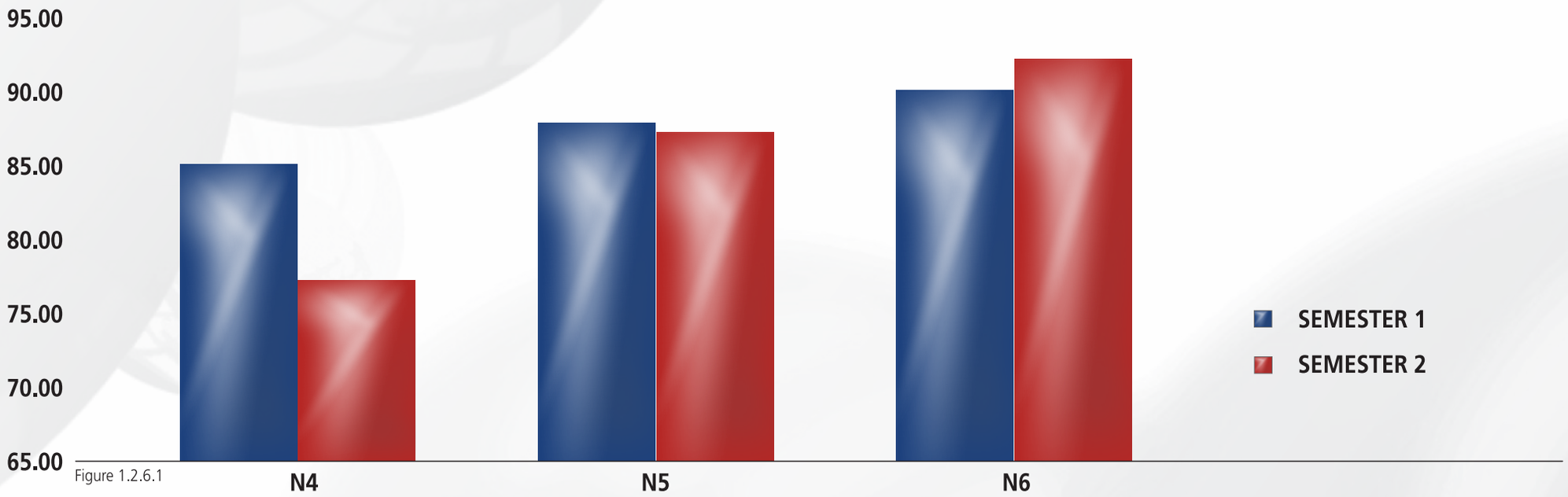


Figure 1.2.6.1

1 COLLEGE PERFORMANCE

1.2.7 REPORT 191 (NATED) CERTIFICATION RATE (TRIMESTER PROGRAMMES) 2015

	TRIMESTER 1: 2015 CERTIFICATION RATE					TRIMESTER 2: 2015 CERTIFICATION RATE					TRIMESTER 3: 2015 CERTIFICATION RATE				
	Enrolled	Written	Passed	% Pass	Retention	Enrolled	Written	Passed	% Pass	Retention	Enrolled	Written	Passed	%Pass	Retention
N1	511	440	246	55.91	86.11	248	199	96	48.24	80.24	109	84	50	59.52	77.06
N2	531	484	165	34.09	91.15	450	397	152	38.29	88.22	320	216	57	26.39	67.50
N3	192	160	36	22.50	83.33	241	191	82	42.93	79.25	303	191	77	40.31	63.04
N4	121	101	55	54.46	83.47	75	53	28	52.83	70.67	176	119	52	43.70	67.61
N5	80	65	25	38.46	81.25	75	57	33	57.89	76.00	68	27	8	29.63	39.71
N6	42	40	20	50.00	95.24	41	30	7	23.33	73.17	53	25	3	12.00	47.17

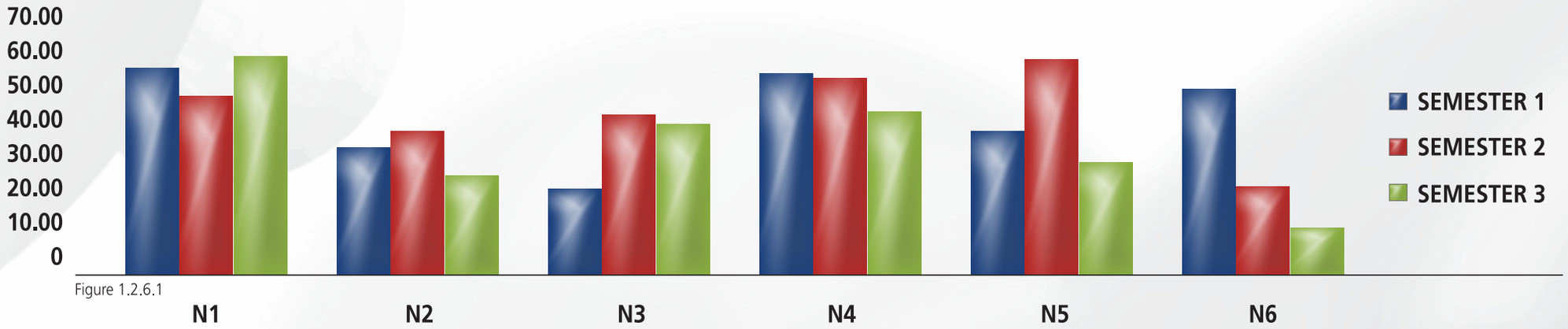


Figure 1.2.6.1

1 COLLEGE PERFORMANCE

1.2.8 REPORT 191 (NATED) PASS RATE (TRIMESTER PROGRAMMES) 2015

	TRIMESTER 1: 2015 SUBJECT ENROLMENTS					TRIMESTER 2: 2015 SUBJECT ENROLMENTS					TRIMESTER 3: 2015 SUBJECT ENROLMENTS				
	Enrolled	Written	Passed	% Pass	Retention	Enrolled	Written	Passed	% Pass	Retention	Enrolled	Written	Passed	%Pass	Retention
N1	2372	2082	1465	70.37	87.77	1375	1151	808	70.20	83.71	761	563	413	73.36	73.98
N2	3407	3140	1622	51.66	92.16	2943	2657	1461	54.99	90.28	2640	1965	898	45.70	74.43
N3	1942	1702	758	44.54	87.64	2013	1779	1169	65.71	88.38	2534	1833	968	52.81	72.34
N4	1210	1029	646	62.78	85.04	847	642	439	68.38	75.80	1371	1021	665	65.13	74.47
N5	750	617	403	65.32	82.27	706	551	385	69.87	78.05	781	420	234	55.71	53.78
N6	499	419	254	60.62	83.97	481	396	230	58.08	82.33	614	360	173	48.06	58.63

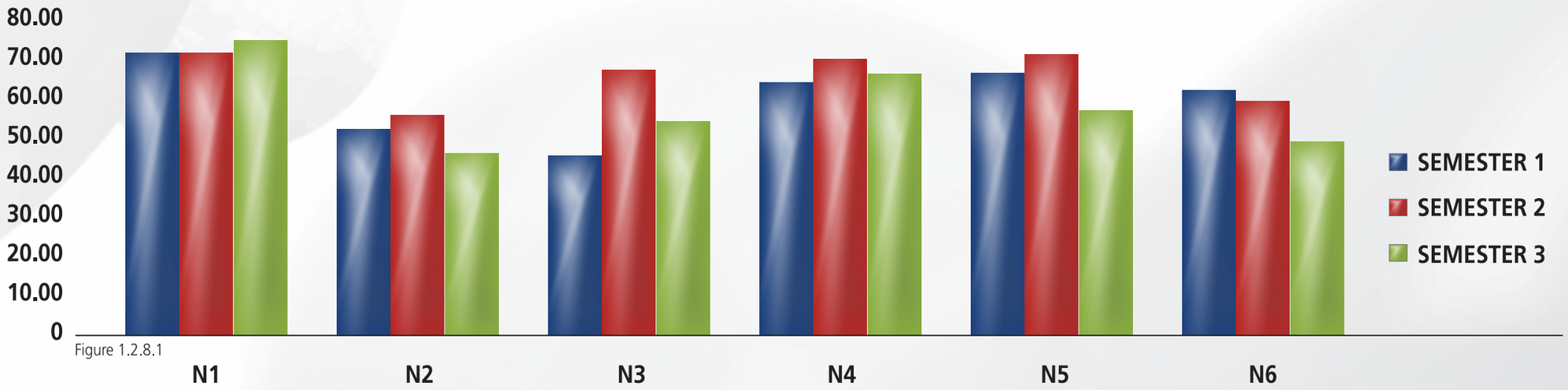


Figure 1.2.8.1

1 COLLEGE PERFORMANCE

1.2.9 REPORT 191 (NATED) RETENTION RATE (TRIMESTER PROGRAMMES) 2015

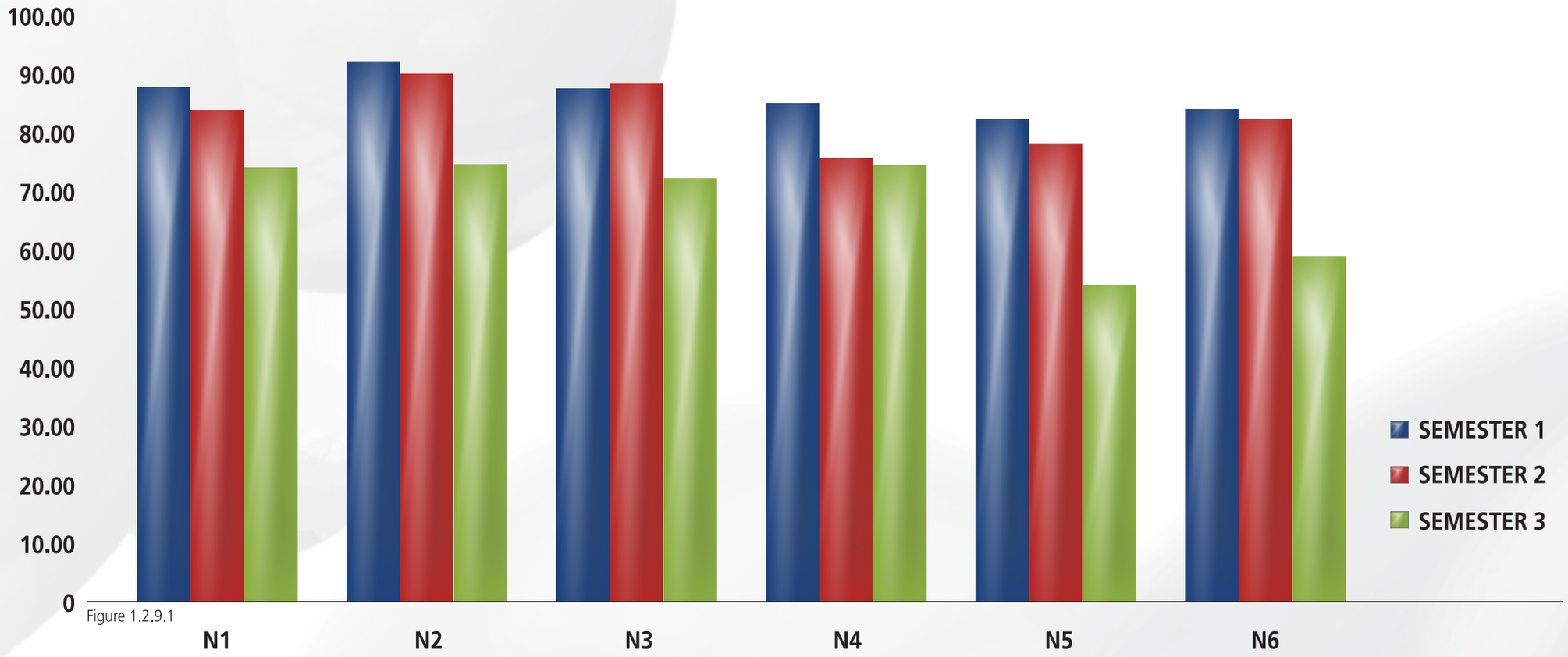


Figure 1.2.9.1

1 COLLEGE PERFORMANCE

1.2.10 COMPLIANT GRADUATES 2015

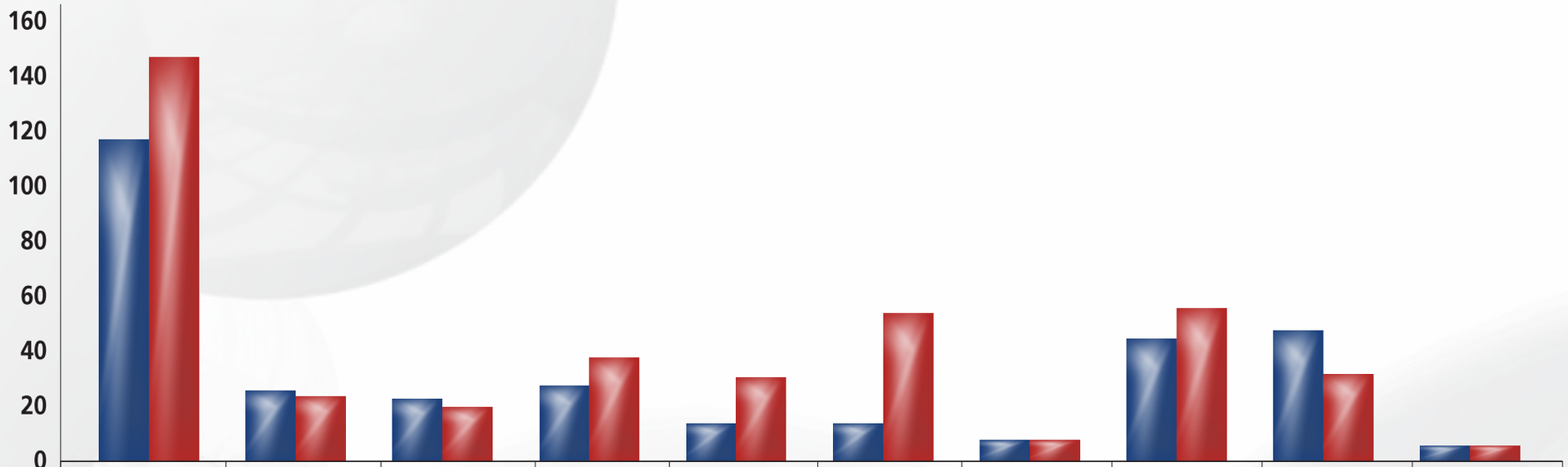
1.2.10.1 NC(V) COMPLIANT GRADUATES 2014 - 2015

NC(V) LEVEL 4 GRADUATES (passing all 21 subjects) 2014 - 2015			2014 - 2015 Student compliance to HE institutional admission requirements					
			2014 Higher Certificate	2015 Higher Certificate	2014 Diploma	2015 Diploma	2014 Bachelor's Degree	2015 Bachelor's Degree
Programme	2014 Graduates	2015 Graduates	*requires an NC(V) Level 4 certificate to have been issued, passing all 21 subjects		*requires an NC(V) Level 4 certificate having been issued with 50% in three fundamental subjects and 60% in 3 compulsory vocational subjects		*requires an NC(V) Level 4 certificate having been issued with 60% in three fundamental subjects and 70% in four vocational subjects	
Office Administration	116	146	100	108	14	35	2	3
Finance, Economics and Accounting	25	23	16	21	8	2	1	0
Management	22	19	16	10	6	8	0	1
Tourism	27	37	26	21	1	13	0	3
Hospitality	13	30	13	25	0	5	0	0
Transport & Logistics	13	53	12	43	1	8	0	2
ICT & Computer Science	7	7	7	7	0	0	0	0
Electrical Infrastructure Construction	44	55	44	49	0	5	0	1
Engineering & Related Design	47	31	393	0	8	1	0	0
Civil Engineering Construction	5	5	5	4	0	0	0	1
TOTAL COMPLIANT GRADUATES	**319**	**406**	**278**	**318**	**38**	**77**	**3**	**11**
			TOTAL					**406**

NOTE: The variance of students is due to pending results and students sitting for the supplementary examinations in 2016

1 COLLEGE PERFORMANCE

1.2.10.1 NC(V) COMPLIANT GRADUATES 2014 - 2015

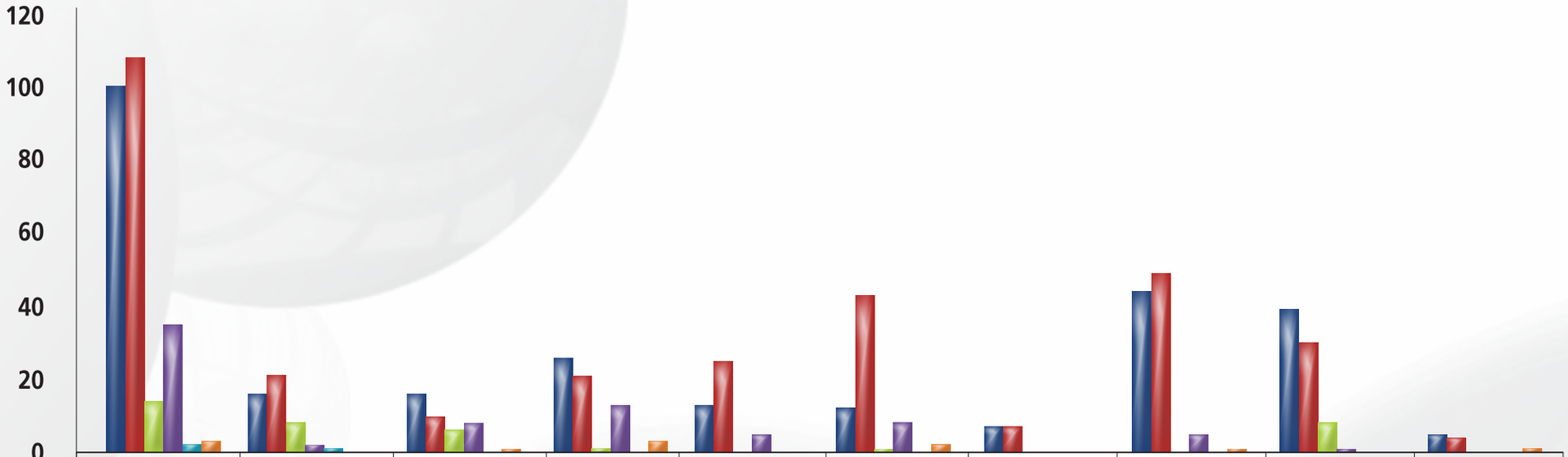


	Office Administration	Finance, Economics & Accounting	Management	Tourism	Hospitality	Transport & Logistics	ICT & Computer Science	Electrical Infrastructure Construction	Engineering & Related Design	Civil Engineering Construction
2014 GRADUATES	116	25	22	27	13	13	7	44	47	5
2015 GRADUATES	146	23	19	37	30	53	7	55	31	5

Figure 1.2.10.1

1 COLLEGE PERFORMANCE

1.2.10.2 ARTICULATION OF NC(V) GRADUATES 2014 - 2015



	Office Administration	Finance, Economics & Accounting	Management	Tourism	Hospitality	Transport & Logistics	ICT & Computer Science	Electrical Infrastructure Construction	Engineering & Related Design	Civil Engineering Construction
2014 HIGHER CERTIFICATE	100	16	16	26	13	12	7	44	39	5
2015 HIGHER CERTIFICATE	108	21	10	21	25	43	7	49	30	4
2014 DIPLOMA	14	8	6	1		1			8	
2015 DIPLOMA	35	2	8	13	5	8		5	1	
2014 BACHELOR	2	1								
2015 BACHELOR	3		1	3		2		1		1

Figure 1.2.10.2

1 COLLEGE PERFORMANCE

1.2.11 REPORT 191 (NATED) NATIONAL N-DIPLOMA COMPLIANT GRADUATES 2014 - 2015

REPORT 191 (NATED) NATIONAL N-DIPLOMA COMPLIANT GRADUATES 2014 - 2015		
Programme	**2014 Graduates**	**2015 Graduates**
Business Management	11	2
Human Resource Management	16	6
Management Assistant	14	7
Financial Management	2	1
Engineering Studies	13	13
TOTAL COMPLIANT GRADUATES	**56**	**29**

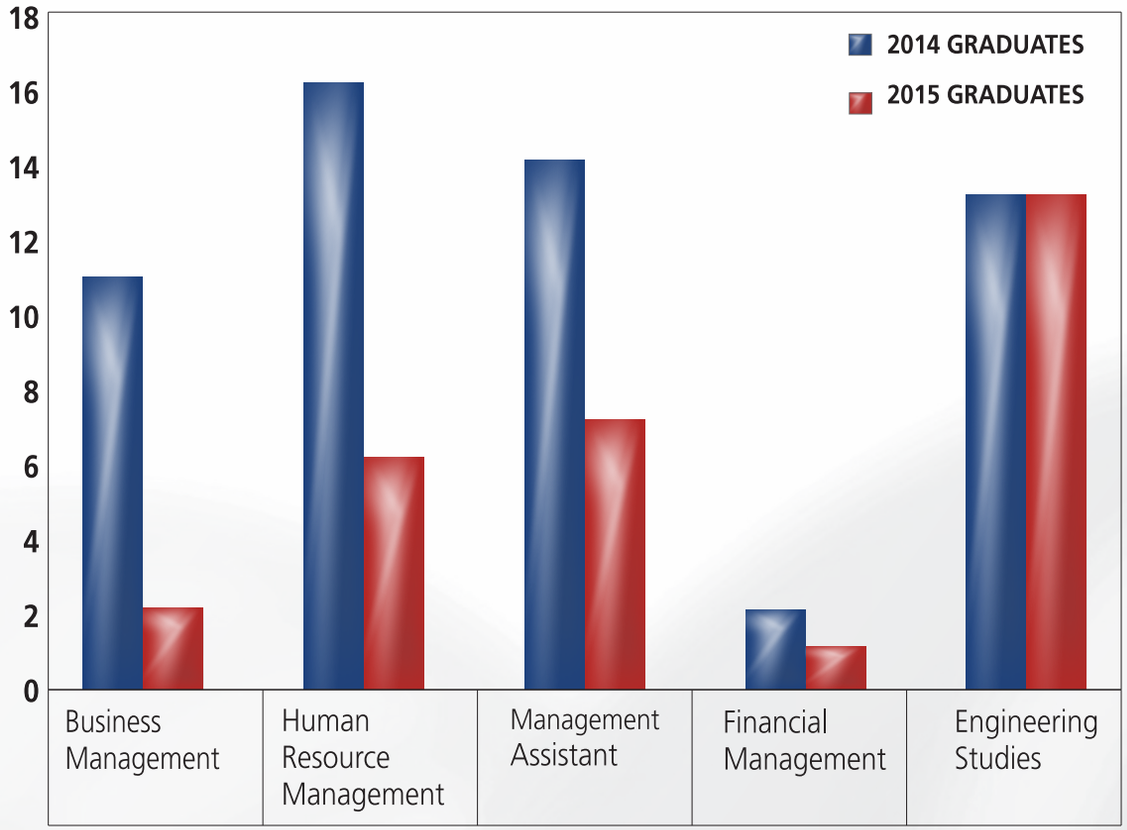


Figure 1.2.11.1

1 COLLEGE PERFORMANCE

1.2.12 REPORT 191 (NATED) N6 COMPLIANT GRADUATES 2014 - 2015

Report 191 (NATED) N6 Compliant Graduates 2014- 2015		
Programme	**2014 Graduates**	**2015 Graduates**
Business Management	14	31
Human Resource Management	73	125
Management Assistant	43	41
Financial Management	57	73
Tourism	2	7
Hospitality & Catering Services		7
Educare		81
Popular Music: Performance		1
Engineering Studies	8	66
TOTAL COMPLIANT GRADUATES	**197**	**432**

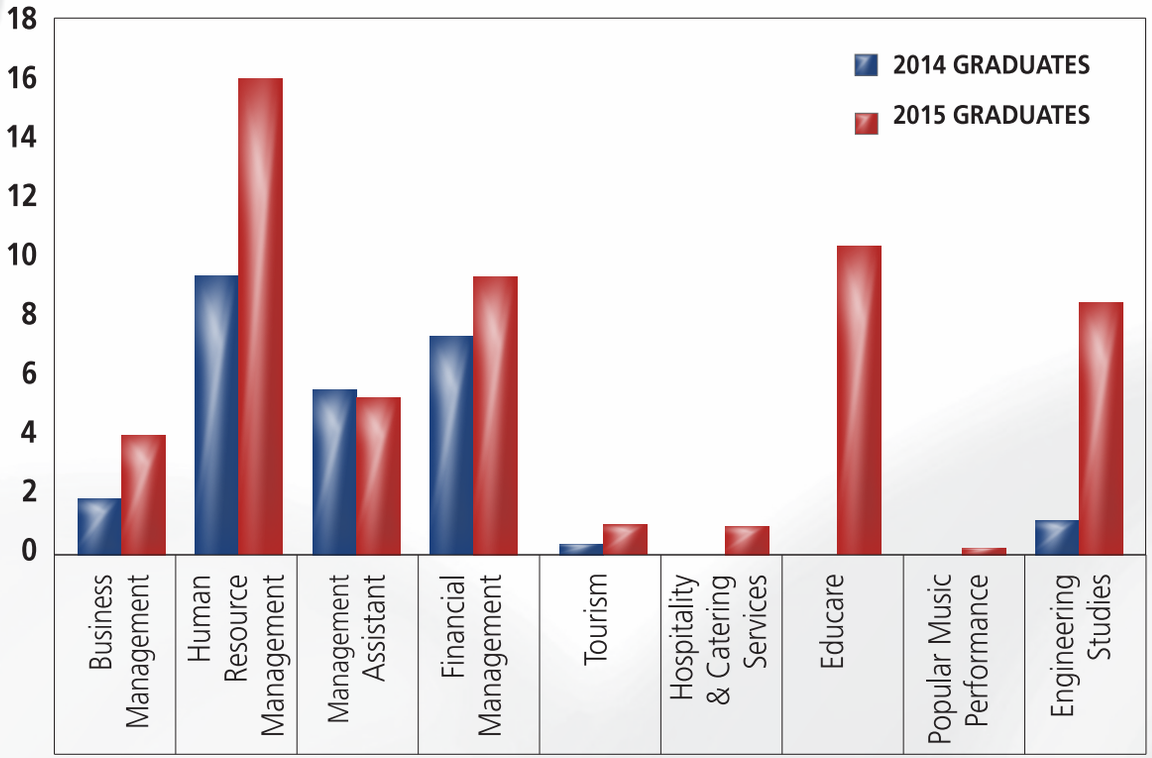


Figure 1.2.12.1

❷ ANNUAL PERFORMANCE ACHIEVEMENTS

Strategic Goal 1:
Increase the number of skilled youth by expanding access to education and training for the youth

Performance Indicator (aligned to Strategic Targets)	Target for 2015/2016	Actual achievement against set target	Deviation from planned target	Reason for deviation
Strategic Objective 1.1.: Improve recruitment, placement and selection processes				
1.1.1. Number of headcounts enrolled in NC(V) Level 2	1750	2214	464	The enrolment of students is guided by FTEs and not headcounts. The headcount totals were based on the assumption that 1 headcount equals 7 subject enrolments for NC(V) as per DHET Planning Guidelines. The Level 2 target was exceeded due to demand as well as the number of students returning due to subject failure. The high number of repeaters on Level 2 impacted on the enrolment targets for Level 3 and 4 not being achieved. Students did not meet the minimum requirement to continue to the next level.
1.1.2. Number of headcounts enrolled in NC(V) Level 3	1190	1844	-654	
1.1.3. Number of headcounts enrolled in NC(V) Level 4	700	1200	-500	
1.1.4. Number of headcounts enrolled in Report 191 N1-6 trimester programmes	6780	11638	4858	The enrolment of students is guided by FTEs and not headcounts. The headcount totals were based on the assumption that 1 headcount equals 4 subject enrolments for Report 191 as per DHET Planning Guidelines. An increased demand for Report 191 Programmes resulted in over-enrolment at all levels.
1.1.5. Number of headcounts enrolled in Report 191 N4-6 semester programmes	3242	6590	3348	
1.1.6. Number of students enrolled in Occupational and other programmes	2510	768	-1742	Not all Occupational programmes were rolled out due to availability of external funders.

❷ ANNUAL PERFORMANCE ACHIEVEMENTS

Strategic Goal 1:
Increase the number of skilled youth by expanding access to education and training for the youth

Performance Indicator (aligned to Strategic Targets)	Target for 2015/2016	Actual achievement against set target	Deviation from planned target	Reason for deviation
Strategic Objective 1.2.: Effectively manage bursary administration system				
1.2.1 Number of students awarded bursaries	6000	5049	-951	DHET TVET College bursaries were allocated to all compliant NC(V) and Report 191students who applied for the bursaries. Fewer Report 191 students complied for these bursaries due to them not meeting the requirements set by NSFAS. Many of the Report 191 students are already employed students who do not qualify for bursaries.
Strategic Objective 1.3.: Improve throughput and certification rates in NC(V) and Report 191 programmes				
1.3.1 % Increase in throughput rates for NC(V) L2	65%	46.39%	-18.61%	The non-availability of qualified lecturing staff for certain programmes for long periods impacted on the throughput rates across all levels. Vacancies are sometimes not filled timeously due to the specific expertise that is required – more specifically for Engineering subjects.
1.3.2 % Increase in throughput rates for NC(V) L3	75%	66.91%	-8.09%	
1.3.3 % Increase in throughput rates for NC(V) L4	80%	78.64%	-1.36%	
1.3.4 % Increase in throughput rates for N1-N6 Trimester	60%	46.71%	-13.29%	
1.3.5 % Increase in throughput rates for N4-N6 Semester	67%	58.82%	-8.18%	

❷ ANNUAL PERFORMANCE ACHIEVEMENTS

Strategic Goal 1:
Increase the number of skilled youth by expanding access to education and training for the youth

Performance Indicator (aligned to Strategic Targets)	Target for 2015/2016	Actual achievement against set target	Deviation from planned target	Reason for deviation
Strategic Objective 1.3.: Improve throughput and certification rates in NC(V) and Report 191 programmes (Continued)				
1.3.6 % Increase in certification rates for NC(V) L2	70%	52.90%	-17.10%	Quality assurance assessments for internal assessments have been introduced, over and above internal moderation. This strategy was introduced to improve certification rates across all levels. Set targets were too ambitious.
1.3.7 % Increase in certification rates for NC(V) L3	78%	71.26%	-6.74%	
1.3.8 % Increase in certification rates for NC(V) L4	85%	72.57%	-12.43%	
1.3.9 % Increase in certification rates for N1-N6 Trimester	63%	40.94%	-22.06%	The introduction of day classes for Report 191 students had a positive impact on the results of students who attend full-time morning sessions. Since 2013 there has been a steady increase in the Certification rates for N4-N6 Programmes, although the set targets have not been achieved yet. Set targets were too ambitious.
1.3.10 % Increase in certification rates for N4-N6 Semester	53%	47.92%	-5.08%	
1.3.11 % increase in pass rate in Maths NC(V) L2	54%	43.81%	-10.19%	The majority of students for Engineering programmes did not have Mathematics as a school subject beyond Grade 9. With the minimum requirement for NC(V) being Grade 9, students who enrolled for Engineering programmes were exposed to Mathematics as a subject for the first time. This impacted on their performance.
1.3.12 % increase in pass rate in Maths NC(V) L3	73%	63.46%	9.54%	

❷ ANNUAL PERFORMANCE ACHIEVEMENTS

Strategic Goal 1: Increase the number of skilled youth by expanding access to education and training for the youth				
Performance Indicator (aligned to Strategic Targets)	**Target for 2015/2016**	**Actual achievement against set target**	**Deviation from planned target**	**Reason for deviation**
Strategic Objective 1.3.: Improve throughput and certification rates in NC(V) and Report 191 programmes (Continued)				
1.3.13 % increase in pass rate in Maths NC(V) L4	87%	48.02%	-38.98%	Set targets were too ambitious.
1.3.14 % increase in pass rate in Maths Literacy NC(V) L2	82%	72.53%	-9.47%	The targets that were set for Mathematical Literacy in terms of pass rates were already extremely high. The fact that the targets were only short of between 1%-9% is an indication that students performed very well in this subject across all levels.
1.3.15 % increase in pass rate in Maths Literacy NC(V) L3	91%	89.37%	-1.63%	
1.3.16 % increase in pass rate in Maths Literacy NC(V) L4	86%	87.84%	1.84%	
1.3.17 % increase in certification rates of bursary recipients NC(V) L2	69%	43%	-26%	Level 2 is a transitional year for new students during which they have to get used to the College environment. Commitment to their studies seems to be low and they struggle with the academic demands of some subjects. On Level 3 and 4, students also seem to struggle with the academic demands of some subjects in particular. In addition to academic challenges, financial and social challenges
1.3.18 % increase in certification rates of bursary recipients NC(V) L3	69%	46%	-23%	

❷ ANNUAL PERFORMANCE ACHIEVEMENTS

Strategic Goal 1: Increase the number of skilled youth by expanding access to education and training for the youth				
Performance Indicator (aligned to Strategic Targets)	**Target for 2015/2016**	**Actual achievement against set target**	**Deviation from planned target**	**Reason for deviation**
Strategic Objective 1.3.: Improve throughput and certification rates in NC(V) and Report 191 programmes (Continued)				
1.3.19 % increase in certification rates of bursary recipients NC(V) L4	69%	49%	-20%	also impact on students' attendance of classes and performance in general.
1.3.20 % increase in certification rates of bursary recipients N1-N6 Trimester	69%	N1-N3: 49% N4-N6: 45%	N1-N3: -20% N4-N6: -24%	Students seem to struggle with the academic demands of some subjects in particular. In addition to academic challenges, financial and social challenges also impact on students' attendance of classes and performance in general.
1.3.21 %increase in certification rates of bursary recipients N4-N6 Semester	69%	N4: 50% N5: 48% N6: 45%	N4: -19% N5: -21% N6: -24%	

2 ANNUAL PERFORMANCE ACHIEVEMENTS

Strategic Goal 2: Adequately capacitated individual institutions for effective provision or facilitation of learning				
Performance Indicator (aligned to Strategic Targets)	**Target for 2015/2016**	**Actual achievement against set target**	**Deviation from planned target**	**Reason for deviation**
Strategic Objective 2.1.: Improve lecturer capacity to effectively deliver college curriculum				
2.1.1 Number of lecturers trained towards Improved subject knowledge	30	70	40	In-house workshops for lecturing staff during which classroom practice and subject knowledge matters were addressed, were hosted.
2.1.2 Number of lecturers trained towards improved classroom practice	30	316	286	
2.1.3 Number of lecturers gaining workplace exposure	21	14	-7	Finding workplace exposure for lecturing staff is not always easy, more specifically with regards to Engineering-related fields.
2.1.4 Number of lecturers with teaching and/or professional qualifications	100	63	-37	Currently there is no official qualification for TVET College lecturers. Universities are still in the process of developing such a qualification.
2.1.5 Number of lecturers and SSS practitioners trained to implement on-programme academic support	20	9	-11	Access to the HRD budget for 2015 was a challenge due to it being centralised at DHET.

❷ ANNUAL PERFORMANCE ACHIEVEMENTS

Strategic Goal 2:
Adequately capacitated individual institutions for effective provision or facilitation of learning

Performance Indicator (aligned to Strategic Targets)	Target for 2015/2016	Actual achievement against set target	Deviation from planned target	Reason for deviation
Strategic Objective 2.2.: Improve capacity of management and administrative staff in management, planning, performance and financial systems				
2.2.1 Number of personnel trained in performance management	4	126	122	An in-house workshop for all supervisors was held by the HR Unit during which PMDS procedures were explained.
2.2.2 Number of personnel trained in financial management	13	0	-13	Access to the HRD budget for 2015 was a challenge due to it being centralised at DHET.
Strategic Objective 2.3.: Ensure that College Council is effective in its governance and performance management of college management and staff				
2.3.1 A fully constituted College Council	1	1	0	The College Council consists of 16 members who were all inducted.
2.3.2 Number of Council members fully inducted	20	16	0	
2.3.3 Number of Council members trained in corporate governance	20	16	0	

2 ANNUAL PERFORMANCE ACHIEVEMENTS

Strategic Goal 2:
Adequately capacitated individual institutions for effective provision or facilitation of learning

Performance Indicator (aligned to Strategic Targets)	Target for 2015/2016	Actual achievement against set target	Deviation from planned target	Reason for deviation
Strategic Objective 2.4: Implement an effective data management, tracking and reporting system				
2.4.1. Number of staff trained in data management	6	0	-6	Access to the HRD budget for 2015 was a challenge due to it being centralised at DHET.
Strategic Objective 2.5: Provide adequate systems and infrastructure for improved teaching and learning				
2.5.1 Number of classrooms and other (e.g. workshops and training centres) rooms built	7	0	-7	Construction of new buildings at Mankwe Campuses started late in 2015 and is due for completion in February 2016. The construction consists of three buildings. The first building has four classrooms & an ablution block. The second building hosts a simulation room for Transport and Tourism and the last has a simulation/kitchen for Hospitality. Construction of new buildings at Brits Campus started late last year with two buildings. One building consists of 4 classrooms, 1 workshop and 1 store room. The second building consists of 1 ablution block. **Upgrading** Rustenburg Campus: · Admin Kitchen · HairCare – tiling and installation of basin · Cafeteria – Tiling and extractor fan Brits Campus: · Connectivity · Upgrading of student card equipment
2.5.2 Number of classrooms and other upgraded or refurbished	10	1	-9	
2.5.3 Number of structures installed with modern equipment (fit for purpose)	41	22	-19	

Strategic Goal 2: Adequately capacitated individual institutions for effective provision or facilitation of learning				
Performance Indicator (aligned to Strategic Targets)	**Target for 2015/2016**	**Actual achievement against set target**	**Deviation from planned target**	**Reason for deviation**
Strategic Objective 2.5: Provide adequate systems and infrastructure for improved teaching and learning (Continued)				
				Equipment Rustenburg Campus: · EIC workshop – TV, DVD player, drilling machine, industrial engraver, welding machines, angle grinder, hydraulic machine, electrical toolbox · ERD workshop – milling machine, 4 drilling machines, 4 angle grinders, 4 lathe machines. · Jewellery workshop – 25 typist chairs · Music – keyboard, guitar, amplifier · Student Support – camera, TV and cabinet Brits Campus: · 29 data projectors · 21 pull-down screens · 12 aircons
2.5.4 % of staff with direct access to personal college e-mail	100%	95%	-5%	Groundsmen and cleaners do not have direct access to e-mail facilities.

❷ ANNUAL PERFORMANCE ACHIEVEMENTS

Strategic Goal 3: Increase the number of students successfully entering the labour market upon completion of training				
Performance Indicator (aligned to Strategic Targets)	**Target for 2015/2016**	**Actual achievement against set target**	**Deviation from planned target**	**Reason for deviation**
Strategic Objective 3.1.: Improve the capacity of student support service practitioners and lecturers to implement work-based learning				
3.1.1 Number of Lecturers and SSS practitioners trained to implement work-based learning	8	0	-8	Access to the HRD budget for 2015 was a challenge due to it being centralised at DHET.
Strategic Objective 3.2.: Improve learner employability by providing increased workplace-based learning opportunities				
3.2.1 (Number) of students placed in workplaces for workplace exposure in programme	800	189	-611	A challenge was experienced in terms of finding enough workplaces that were willing to take students in for a short period for workplace exposure. However, there has been an improvement of work placement for students since 2014.
3.2.2 (Number) of students placed in workplaces for apprenticeship training	200	0	-200	The College does not place students in workplaces for apprenticeship training.
3.2.3 (Number of students) placed in workplaces for learnerships (L2 – L5)	1070	292	-778	Fewer learnerships were offered due to a lack of external funding.

Strategic Goal 3: Increase the number of students successfully entering the labour market upon completion of training				
Performance Indicator (aligned to Strategic Targets)	**Target for 2015/2016**	**Actual achievement against set target**	**Deviation from planned target**	**Reason for deviation**
Strategic Objective 3.2.: Improve learner employability by providing increased workplace-based learning opportunities (Continued)				
3.2.4 Number of post NC(V) Level 4 students placed in work places for experiential learning	200	193	-7	The number of students placed in workplaces to complete their National N Diploma and for experiential training purposes depend largely on the number of SETAs that provide work placement opportunities. Challenges are experienced when placing Civil Engineering students due to stringent placement requirements and Health and Safety regulations in the workplace. More SETAs still need to come on board in terms of placement.
3.2.5 Number of post N6 students placed in work places to complete diploma studies	80	87	7	
3.2.6 Number of student supported for self-employment	50	0	-50	The launch for the ORBIT College Centre for Entrepreneurship was postponed to 2016. This target will be fully addressed in 2016

❷ ANNUAL PERFORMANCE ACHIEVEMENTS

Strategic Goal 5: A college curriculum that is responsive to the demands of the market place and can transform and adapt quickly and effectively to changing skills needs, with a special emphasis on artisan training				
Performance Indicator (aligned to Strategic Targets)	**Target for 2015/2016**	**Actual achievement against set target**	**Deviation from planned target**	**Reason for deviation**
Strategic Objective 5.1.: In consultation with SETAs and local industry develop and implement an expanded PQM that reflects local economic demand				
5.1.1 New programmes introduced following consultation with industry	3	1	-2	The underperformance, though very marginal, is mostly due to lack of active participation and co-operation from Industry.
5.1.2 SIPS programmes relevant to college responded to	3	1	-2	
5.1.4 Number of lecturing staff trained to support new courses	5	0	-5	Access to the HRD budget for 2015 was a challenge due to it being centralised at DHET.
Strategic Objective 5.2.: Facilitate partnerships with industry, government departments, community organisations and donors				
5.2.1 Number of partnerships with identified stakeholders	25	18	-7	In spite of the slight underperformance, trends are promising for Industry, Government and Community engagements.

3 OVERVIEW OF SIGNIFICANT ACHIEVEMENTS DURING THE 2015 ACADEMIC YEAR

CELEBRATING TVET COLLEGE MONTH

The month of August is dedicated to celebrating TVET College month as part of the DHET "Decade of the Artisan" campaign that focuses on Artisan Development nationally. In response to this initiative, ORBIT TVET College hosted their annual Open Week from 11-14 August 2015, marking an outstanding turn up of 4604 learners around the Bojanala district across all three campuses. Rustenburg Campus hosted 1312 learners, Mankwe Campus 1428 learners and Brits Campus 1864 learners.

The marketing team also ran an Open Week media campaign, including interviews and adverts on local radio stations and newspapers. Open week activities included, amongst the others, presentations about career possibilities, first hand interaction with college staff & students as well as extensive tours of campus facilities, especially of workshops and simulation rooms. This resulted in a significant number of out-of-school youth also making appearances at all Campuses to enquire more.

ORBIT TVET College aims at fulfilling its role to contribute progressively towards the development of artisans and to being part of government's goal of reaching the National Development Plan target of delivering 30 000 qualified artisans per annum between 2026-2030.



Learners from different schools visited the various workshops at the Campuses (Brits, Mankwe and Rustenburg) during Open Week 2015

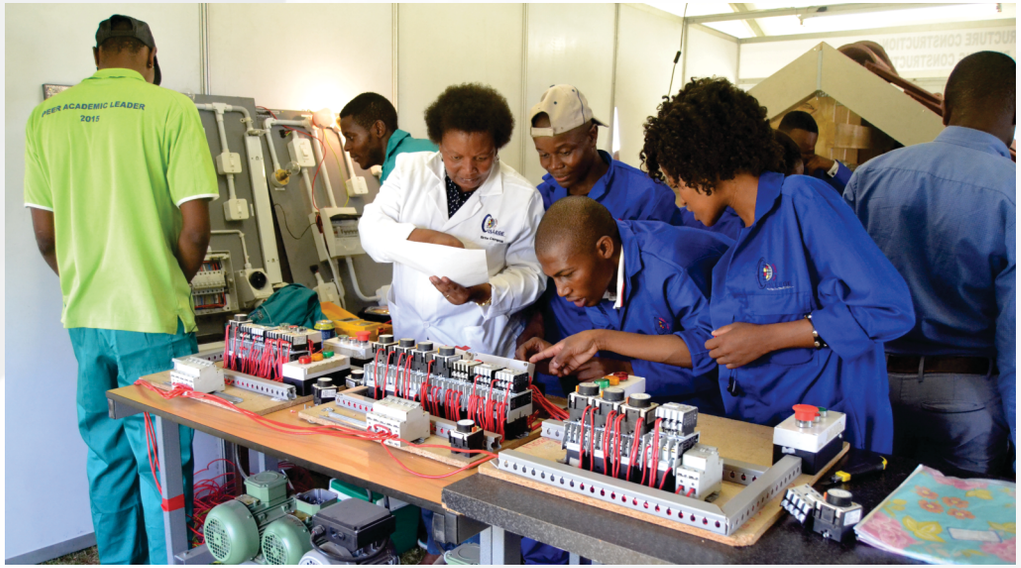
3 OVERVIEW OF SIGNIFICANT ACHIEVEMENTS DURING THE 2015 ACADEMIC YEAR

ORBIT COLLEGE HOSTS SECOND SKILLS COMPETITION THROUGH COLLABORATION WITH BRITISH COUNCIL

Through collaboration between the British Council, ORBIT TVET College, Harrow College in the UK and Vuselela TVET College, a partnership was established with the aim of sharing best practice in learning delivery and quality assurance practices related to learning delivery processes.

The aim of the partnership is to share best practices in learning delivery and quality assurance related to learning delivery processes; in order to improve the quality of the graduates produced by the College. It is the vision of ORBIT College to ensure that all activities undertaken in the College are of excellent and global significance and therefore this partnership positively contributed to realise our vision.

Following engagements with the UK partners who annually participate in the World Skills Competition, ORBIT College hosted its second Skills Competition on 21 October 2015 at Mankwe Campus, with the aim of showcasing the impact of the partnership, as well as to provide an opportunity for the College



Electrical Infrastructure Construction students showcased their skills and knowledge of the different wiring systems for commercial, domestic and industrial use



Automotive Repair and Maintenance students showed how to dismantle, repair, re-assemble and check for the functionality of vehicle engines

3 OVERVIEW OF SIGNIFICANT ACHIEVEMENTS DURING THE 2015 ACADEMIC YEAR

ORBIT COLLEGE HOSTS 2ND SKILLS COMPETITION THROUGH COLLABORATION WITH BRITISH COUNCIL

students to explore their creative talents whilst also focusing on developing solutions to real-life crises.

The tasks performed by the students from a variety of programmes during the competition tapped on the skills and competencies the students have gained throughout their time at the College while also exposing them to real workplace quality imperatives and situations. Programmes that were showcased included amongst others: Hairdressing, Music, Jewellery Design and Manufacture, Engineering and Related Design, Hospitality and Tourism. Experts from various industries and sectors in the relevant fields such as FORD SA, Royal Bafokeng Platinum Mine, Lonmin Mine, ABB, Siluma Electrical, Sun City, Anglo Platinum adjudicated the projects done by the students.

Through this initiative, the College certainly helped the students realise their full potential and enabled them to bring meaningful change to the communities they serve, while also giving global exposure to all stakeholders of the College.



Civil Engineering & Building Construction students displayed carpentry and roof work, plant equipment as well as what goes into planning for construction



Office Administration students presented the culture theme. They were dressed in different traditional attires, displaying some of the cultures and traditions we have in the country

3 OVERVIEW OF SIGNIFICANT ACHIEVEMENTS DURING THE 2015 ACADEMIC YEAR

ORBIT TVET COLLEGE LAUNCHES RPL PROGRAMME

ORBIT TVET College officially launched the Recognition of Prior Learning (RPL) Programme for Community Development (NQF Level 4 & 5) Workers in the Bojanala District Municipality on 5 March 2015 at the Rustenburg Campus Auditorium.

The project is ETDP-SETA funded and was rolled out in collaboration with the Office of the Premier, the North West University and the Department of Social Development.

The objectives of the Programme are to:

- Establish an RPL Assessment Centre for the North West Province, while also ensuring that the pilot activities are implemented successfully.
- Do a diagnostic assessment on 100 Community Development Workers and recognise their prior knowledge to award them a fully accredited qualification.

Municipalities involved in the project include:

Madibeng Local Municipality, Moretele Local Municipality, Moses Kotane Local Municipality, Kgetleng Local Municipality, Rustenburg Local Municipality and Ramotshere Moiloa Local Municipality.



RPL Community Development Project Manager, Mr P Matlou, addresses guests during the launch



Pictured here are Community Development Workers (CDW) candidates for the RPL Project attending the launch of the RPL (ETDP-SETA) Community Development

3 OVERVIEW OF SIGNIFICANT ACHIEVEMENTS DURING THE 2015 ACADEMIC YEAR

STUDENTS DAZZLE AT THE 1ST EVER CoSSA ARTS AND CULTURE NATIONAL FESTIVAL

The year 2015 saw the beginning of the CoSSA Arts and Culture National Festival. The event was held at King Williams Town from 24-26 September 2015. Students from ORBIT TVET College were part of Team North West that competed at the festival.

The College students performed well in the competition and were testimony to these results:

Poetry (Males) – Position 2

Poetry (Females) - Position 2

Dance (Pantsula) - Position 3



Oratile Monnamongwe won position 2 in the Poetry (Males) category



Team ORBIT College represented the North West Province well at the CoSSA Arts & Culture National Festival in King Williams Town

STUDENT SHINE AT THE NATIONAL ARTS & CULTURE FESTIVAL IN EASTERN CAPE

The winners of the Mankwe Campus Arts & Culture event travelled to King Williams Town in the Eastern Cape on 22 September 2015, to represent the College at the National 'Arts & Culture Festival' for 2015. The Festival took place from 23 – 27 September 2015.



Pictured here are some of the winners.

3 OVERVIEW OF SIGNIFICANT ACHIEVEMENTS DURING THE 2015 ACADEMIC YEAR

JEWELLERY DESIGN AND MANUFACTURE STUDENTS OFF TO ITALY

A dream became a reality for two ORBIT TVET College Jewellery Design & Manufacture Level 3 students, Thato Makhotla and Siyabonga Mtshukuma. Makhotla and Mtshukuma were selected to take part in the Goldsmith Art and Jewellery Design International Scholarship, and flew off to Italy, Europe on 23 September 2015 for a duration of two years.



ORBIT TVET College Principal, Ms Maryna Marais (pictured in the middle) with the two Jewellery Design & Manufacture Level 3 students, Thato Makhotla (left) and Siyabonga Mtshukuma (right) before they departed for Italy, where they will spend two years while taking part In the Goldsmith Art and Jewellery Design International Scholarship

The scholarship, which is the first of its kind in South Africa is the brainchild of the Mining Qualification Authority (MQA), which is responsible for Skills Development and training in the Mining and Minerals Sector. More than 100 applicants from various TVET Colleges, Universities and Universities of Technology in the country applied for the programme, but only 20 applicants were selected. A vigorous selection process took place which included interviews where the candidates presented their own original jewellery designs and/or jewellery pieces.

Jewellery Design & Manufacturer Lecturer at ORBIT College, Mr Tebogo Molefe, said he is extremely proud of these learners. "These learners were up against very tough opponents… mostly University students. To have had all seven of our Level 3 learners who had applied for the scholarship get short-listed for interviews, and have two of them being chosen out of more than 100 applications country-wide, is amazing!"

The programme is currently taking place in Naples, Italy at Tari Foundation Training School, and consists of training, laboratory and project work, and an internship component. Students are also participating in the main Italian Trade Fairs in the fashion, jewellery and design fields. The candidates have also visited the historical and contemporary art exhibitions hosted in the main public and private Italian museums.

Both Makhotla and Mtshukuma dream of owning their own businesses in future, and said they hope to come back to South Africa equipped with tremendous knowledge and experience in order to grow and improve the Jewellery and Design field in the country. We wish them all things great ahead!

PART C
GOVERNANCE

1 CONSTITUTION OF THE COLLEGE COUNCIL AND GOVERNANCE STRUCTURES

1.1 COLLEGE COUNCIL 2015 AND DESIGNATED FUNCTIONS

1.1.1 Executive Committee (EXCO)

SURNAME & INITIALS	DESIGNATED FUNCTION & MEMBERSHIP
Mabe CS	Ministerial Appointee Chairperson of College Council
Madoda MP (Ms)	Ministerial Appointee Also serves as Council Secretary of Council
Marais M (Ms)	Internal Appointee Principal of the College
Nkagisang MG (Dr)	External Appointee Chairperson of Human Resource and Remuneration Sub-Committee of Council
Ramorwesi MKG	External Appointee Chairperson of Audit and Risk Sub-Committee of Council
Xipu SE	External Appointee Chairperson Planning and Resource Sub-Committee of Council Acting Chairperson of Finance Sub-Committee of Council
Matjiane MS	Permanent Internal Member
Mosito TJ	Permanent Internal Member
Van Heerden A (Ms)	Scribe Not a member of Council but is the Scribe of all the Council Structures which includes EXCO

1 CONSTITUTION OF THE COLLEGE COUNCIL AND GOVERNANCE STRUCTURES

1.1 COLLEGE COUNCIL 2015 AND DESIGNATED FUNCTIONS

1.1.2 College Council Audit and Risk Sub-Committee Members

SURNAME & INITIALS	DESIGNATED FUNCTION & MEMBERSHIP
Klynsmith I	Permanent Appointed Audit and Risk Sub-Committee Member
Mangoma APC (Ms)	Permanent Appointed Audit and Risk Sub-Committee Member
Lekhafola ML	Permanent Appointed Audit and Risk Sub-Committee Member
Ramorwesi MKG	External Appointee Chairperson of Audit and Risk Sub-Committee of Council
Marais M (Ms)	Internal AppointeePrincipal of the College
Manuel RK	Permanent Internal Member
Van Heerden A (Ms)	Scribe Not a member of Council but is the Scribe of all the Council Structures which includes the Audit and Risk Sub-

1.1.3 College Council Finance Sub-Committee Members

Mangoma APC (Ms)	Permanent Appointed Audit and Risk Sub-Committee Member Also serves on Finance Sub-Committee of Council as an Ad Hoc member
Moloantoa K	External Appointee Also serves on the Finance Sub-Committee of Council
Xipu SE	External Appointee Chairperson Planning and Resource Sub-Committee of Council
Marais M (Ms)	Internal Appointee Principal of the College
De Beer L (Ms)	Permanent Invited Member
Visser M (Ms)	Permanent Invited Member
Van Heerden A (Ms)	Scribe Not a member of Council but is the Scribe of all the Council Structures which includes the Finance Sub-Committee.

1 CONSTITUTION OF THE COLLEGE COUNCIL AND GOVERNANCE STRUCTURES

1.1 COLLEGE COUNCIL 2015 AND DESIGNATED FUNCTIONS

1.1.4 College Council Human Resource and Remuneration Sub-Committee Members

SURNAME & INITIALS	DESIGNATED FUNCTION & MEMBERSHIP
Erasmus JJ	External Appointee Also serves on the Human Resource and Remuneration Sub-Committee of Council
Mokotedi SJ	Ministerial Appointee Also serves on the Human Resource and Remuneration Sub-Committee of Council
Nkagisang MG (Dr)	Appointee Chairperson of Human Resource and Remuneration Sub-Committee of Council
Matjiane MS	Permanent Internal Member
Mthombeni I	Permanent Invited Member
Van Heerden A (Ms)	Scribe Not a member of Council but is the Scribe of all the Council Structures which includes the Human Resource and Remuneration Sub-Committee

1 CONSTITUTION OF THE COLLEGE COUNCIL AND GOVERNANCE STRUCTURES

1.1 COLLEGE COUNCIL 2015 AND DESIGNATED FUNCTIONS

1.1.5 College Council Planning and Resource Sub-Committee Members

SURNAME & INITIALS	DESIGNATED FUNCTION & MEMBERSHIP
Matjiane MS	Permanent Internal Member
Moloantoa K	External Appointee Also serves on the Planning and Resource Sub-Committee of Council
Mosito TJ	Permanent Internal Member
Saffy A (Ms)	Ministerial Appointee Also serves on Planning and Resource Sub-Committee of Council
Xipu SE	External Appointee Chairperson Planning and Resource Sub-Committee of Council
Marais M (Ms)	Internal Appointee Principal of the College
Shoko MO (Ms)	Permanent Invited Member
Van Heerden A (Ms)	Scribe Not a member of Council but is the Scribe of all the Council Structures which includes the Planning and Resource Sub-Committee

1.1.6 College Council Members serving on the Academic Board

Madoda MP (Ms)	Ministerial Appointee Also serves as Council Representative of the Academic Board
Moloantoa K	External Appointee Also serves as College Council Representative on the Academic Board

1 CONSTITUTION OF THE COLLEGE COUNCIL AND GOVERNANCE STRUCTURES

1.2 APPOINTMENTS MADE IN 2015 IN TERMS OF SECTIONS 10(4) AND 10(6) OF THE CET ACT

1.2.1 Vacancies in 2015

Mr SF Shongwe resigned from the College Council in February 2015. His appointment is a Ministerial appointment and the College cannot appoint a member in his place. The College is still waiting for DHET to fill the position.

1.2.2 Appointments in 2015

The Audit and Risk is a Sub-Committee of the College Council. This Committee is the only Sub-Committee of Council which must have only one Council Member and at least 3 additional external members. The 3 additional external members may not be Council members or College Employees.

The College Council must appoint the additional external members to serve on the Audit and Risk Sub-Committee.

Ms L Matsinne was appointed as an additional external member of the Audit and Risk Sub-Committee in October 2014 but never attended meetings in 2015 and her membership was terminated.

Ms ML Lekhafola was then appointed as a member of the Audit and Risk Sub-Committee in September 2015.

1 CONSTITUTION OF THE COLLEGE COUNCIL AND GOVERNANCE STRUCTURES

1.3 MEETINGS HELD

Date of Meeting	EXCO Meetings 2015	Purpose of Meeting
6 March 2015	College Council EXCO Meeting 1 of 2015	Preparations for Council Meeting by interrogating all Sub-Committee reports
5 June 2015	College Council EXCO Meeting 2 of 2015	Preparations for Council Meeting by interrogating all Sub-Committee reports
04 September 2015	College Council EXCO Meeting 3 of 2015	Preparations for Council Meeting by interrogating all Sub-Committee reports
16 November 2015	College Council EXCO Meeting 4 of 2015	Preparations for Council Meeting by interrogating all Sub-Committee reports

Date of Meeting	EXCO Meetings 2015	Purpose of Meeting
20 March 2015	College Council Meeting 1 of 2016	To consider recommendations from EXCO and Council Sub-Committees
12 June 2015	College Council Meeting 2 of 2016	To consider recommendations from EXCO and Council Sub-Committees
26 June 2015	College Council Meeting 2 of 2016	To consider recommendations from EXCO and Council Sub-Committees
11 September 2015	College Council Meeting 3 of 2016	To consider recommendations from EXCO and Council Sub-Committees
27 November 2015	College Council Meeting 4 of 2016	To consider recommendations from EXCO and Council Sub-Committees

1 CONSTITUTION OF THE COLLEGE COUNCIL AND GOVERNANCE STRUCTURES

1.4 PERFORMANCE OF COUNCIL IN TERMS OF ITS STATUTORY FUNCTIONS, EXPLAINED IN SECTION 10(1)-(3) OF THE CET ACT

(Extracted from ORBIT TVET College Charter)

1.4.1 Duties of the College Council

The Council of ORBIT TVET College performs all the functions, including the development of a College Statute, which are necessary to govern the college, subject to the FET Colleges Act No.16 of 2006 as amended by Act 3 of 2012 and any other applicable national or provincial legislation.

The Council, with the concurrence of the Academic Board -

- develops a strategic plan for the College
- determines the language policy of the College, subject to the approval of the Minister; and
- ensures that the College complies with accreditation requirements necessary to provide learning programmes in terms of standards and qualifications as registered on the National Qualifications Framework.

The Council, after consultation with the Student Representative Council, provides for a suitable structure to advise on policy for Student Support Services within the College.

1 CONSTITUTION OF THE COLLEGE COUNCIL AND GOVERNANCE STRUCTURES

1.4 PERFORMANCE OF COUNCIL IN TERMS OF ITS STATUTORY FUNCTIONS, EXPLAINED IN SECTION 10(1)-(3) OF THE CET ACT

1.4.2 Constitution of the College Council

The Council consists of -

- the Principal/Accounting Officer
- five external persons appointed by the Minister
- four additional external members with financial, human resources and legal skills
- one member of the Academic Board elected by the Academic Board
- one external member representing donors
- one lecturer of the College, elected by the lecturers of the College
- one member of the support staff of the College, elected by the support staff and
- two students of the College, elected by the Student Representative Council of the College

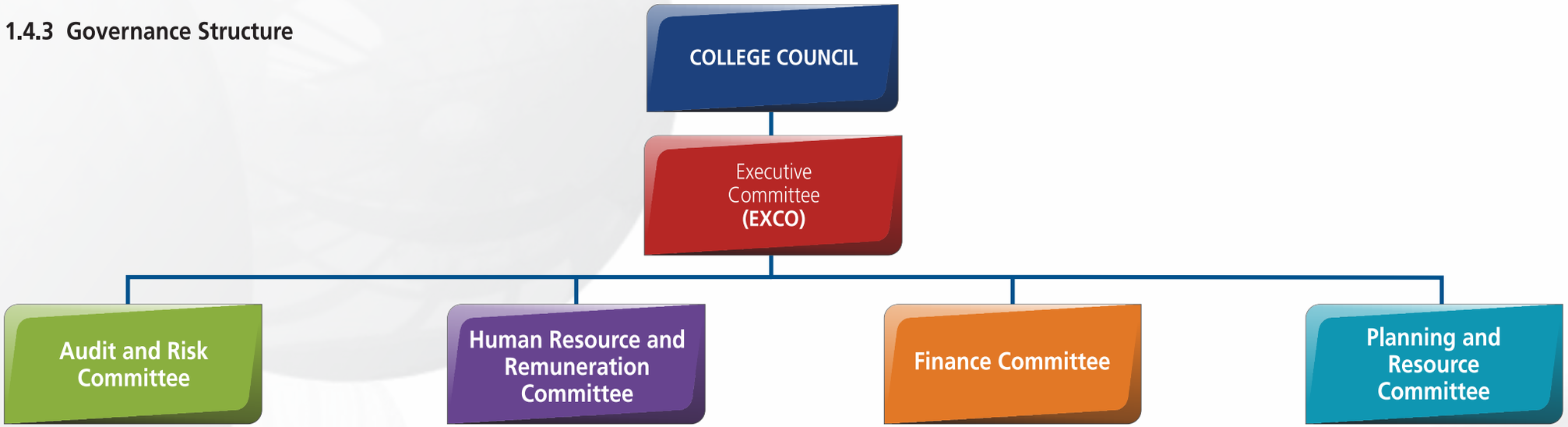
Sixty per cent of the members of Council are external persons who are not -

- students or support staff of the College
- employed by the Minister
- employed by the College

1 CONSTITUTION OF THE COLLEGE COUNCIL AND GOVERNANCE STRUCTURES

1.4 PERFORMANCE OF COUNCIL IN TERMS OF ITS STATUTORY FUNCTIONS, EXPLAINED IN SECTION 10(1)-(3) OF THE CET ACT

1.4.3 Governance Structure



External stakeholder representatives constitute 60% of members and institutional representatives constitute 40% of members

11 members (Chairperson, Vice-chairperson, Secretary, Principal, Chairpersons of Council Committees, Deputies)

6 Committee members (1 x external member of Council to chair, 3 external members with appropriate expertise in the field of Information Technology, Finance, Risk Management, Law and Auditing, appointed by Council and 2 internal staff members namely the Principal and Internal Audit and Assurance Manager)

5 Committee members (3 External members of Council (one of whom is the Chairperson) and 2 internal staff members namely the Deputy Principal Corporate Services and HR Manager)

6 Committee members (3 External Members of Council (one of whom is the Chairperson) and 3 internal staff members namely the Principal, Deputy Principal Finances and Finance Manager)

7 Committee members (3 External Members of Council (one of whom is the Chairperson) and 4 internal staff members namely the Principal, Deputy Principal Corporate Services, Deputy Principal Academic Programmes and Student Support Services and Supply Chain Manager)

1.4 PERFORMANCE OF COUNCIL IN TERMS OF ITS STATUTORY FUNCTIONS, EXPLAINED IN SECTION 10(1)-(3) OF THE CET ACT

1.4.4 Terms of Reference for Council Committees

1.4.4.1 Executive Committee (EXCO)

The Executive Committee meet

- one week before a scheduled Council meeting
- when the need arises when a urgent matter needs attention and a decision needs to be made
- when a mandate has been received from the Council to finalise a specific matter

Purpose of the meeting before regularly scheduled Council meetings: To receive and discuss reports and recommendations from Council Committees and management

1.4.4.2 Audit and Risk Committee

An independent Audit and Risk Committee fulfils a vital role in corporate governance. It is a critical component in ensuring the integrity of integrated reporting and financial controls, the proper identification and management of financial risks and the integrity of the reporting practices.

The Audit and Risk Committee should meet as frequently as necessary to perform its role, but should meet at least four times a year. There must be at least one meeting per year where the external and internal auditors attend without the management being present.

Purpose of the committee: To ensure compliance with the best financial accounting practices and standards, and to manage and reduce risks in the organisation

1.4.4.3 Human Resource Committee

The HR Committee should meet regularly, not less than four times per year, and at such other times as may be requested by the Chairperson of the Committee. No executive officer should attend a portion of any meeting where such an executive's performance or compensation is discussed, unless specifically invited by the HR Committee.

Purpose of the committee: To approve human resource management policies and monitor their implementation

1.4 PERFORMANCE OF COUNCIL IN TERMS OF ITS STATUTORY FUNCTIONS, EXPLAINED IN SECTION 10(1)-(3) OF THE CET ACT

1.4.4 Terms of Reference for Council Committees

1.4.4.4 Finance Committee

The Finance Committee should meet at least four times per year or more often as circumstances require, keep minutes of its proceedings and report regularly to the Council. The committee may invite to its meetings any council member, officer of the College or such person as it deems appropriate to assist it in performing its responsibilities.

Purpose of the committee: To consider matters of financial strategy and policy and to optimise the use of financial resources.

1.4.4.5 Infrastructure and Supply Chain Committee

The Infrastructure and Supply Chain committee should meet regularly, not less than four times per year, and at such other times as may be requested by the chairperson of the committee. The committee may invite to its meetings any council member, officer of the College or such person as it deems appropriate to assist it in performing its responsibilities.

Purpose of the committee: To assist the Council in its duties relating to the management and maintenance of infrastructure and capital expenditure for infrastructure expansion and diversification programmes, compliance with supply chain policies and safeguarding of the immovable assets of the College.

2 REPORTS BY COMMITTEES OF COUNCIL

2.1 REPORT OF THE HUMAN RESOURCE AND REMUNERATION SUB-COMMITTEE TO THE COUNCIL OF ORBIT COLLEGE FOR THE YEAR ENDED 31 DECEMBER 2015

2.1.1 TERMS OF REFERENCE

The Human Resource and Remuneration Committee (HRCOM) has been established as an independent Committee, in terms of section 25 of the Continuing Education and Training Act 2006. The Committee has adopted formal Terms of Reference, which are regularly updated and approved by Council. The Committee presents its report for the financial year ended 31 December 2015.

2.1.2. HUMAN RESOURCE AND REMUNERATION COMMITTEE MEMBERS AND ATTENDANCE

The Committee's Terms of Reference requires a minimum of 3 external members of Council (one of whom is the Chairperson), and consists of the members listed below. During the year under review, four meetings were held.

Member	Role	Meetings held	Meetings attended
Dr MG Nkagisang	Chairperson	4	1
Mr JJ Erasmus	Member	4	2
Mr SJ Mokotedi	Member	4	2
Mr S Matjiane	Member	4	4
Ms I Mthombeni	Member	4	3

2.1.3 HUMAN RESOURCE AND REMUNERATION COMMITTEE RESPONSIBILITY

The HRCOM reports that it has, as far as possible, complied with its responsibilities arising from its charter, including all relevant legislative requirements.

2 REPORTS BY COMMITTEES OF COUNCIL

2.1 REPORT OF THE HUMAN RESOURCE AND REMUNERATION SUB-COMMITTEE TO THE COUNCIL OF ORBIT COLLEGE FOR THE YEAR ENDED 31 DECEMBER 2015

2.1.4 EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROL

The HR Committee has effectively and efficiently executed the following responsibilities:

2.1.4.1 Periodically reviewed and approved new human resource policies of the College

2.1.4.2 Monitored the College performance against its HR or workforce plan

2.1.4.3 Reviewed the total compensation practices of the College

2.1.4.4 Monitored the performance management and development systems and their impact on individual and organisational performance

2.1.4.5 Reviewed and approve the organisational structure and post establishment of the College

2.1.4.6 Monitored the College performance against defined strategic HR targets

2.1.4.7 Monitored systems and procedures for all Council-approved human resources and employment equity policies

2.1.4.8 Monitored the management development programmes of the College

2.1.4.9 Reviewed and reported to the full Council, with recommendations, the following:

- the ethical standards of the College to ensure that Management has identified the values that determine acceptable behaviour in the College and has put in place a process that ensures these values are reflected in actions that are taken within the College
- the periodic review of the College Code of Ethics and Conduct
- compliance under the College Code of Ethics and Conduct

2 REPORTS BY COMMITTEES OF COUNCIL

2.1 REPORT OF THE HUMAN RESOURCE AND REMUNERATION SUB-COMMITTEE TO THE COUNCIL OF ORBIT COLLEGE FOR THE YEAR ENDED 31 DECEMBER 2015

2.1.5 CONCLUSION

The HRCOM fully supports the College in its vision, as embodied in the strategic documents, and in its journey of improved service delivery to the studednts of the College.

2.1.6 APPRECIATION

The HRCOM expresses its sincere appreciation to the Council, Accounting Officer, Management, Officials, Auditor-General South Africa and the Human Resource Unit for their support to the HRCOM during the year under review.



Nkagisang MG (Dr)
DEPUTY CHAIRPERSON OF COUNCIL
CHAIRPERSON OF HR & REMUNERATION SUB-COMMITTEE

2 REPORTS BY COMMITTEES OF COUNCIL

2.2 REPORT OF THE AUDIT AND RISK COMMITTEE TO THE COUNCIL OF ORBIT COLLEGE FOR THE YEAR ENDED 31 DECEMBER 2015

2.2.1 TERMS OF REFERENCE

The Audit and Risk Committee (ARC) has been established as an independent Committee, in terms of section 25 of the Continuing Education and Training Act 2006. The Committee has adopted formal Terms of Reference, which are regularly updated and approved by Council. The Committee presents its report for the financial year ended 31 December 2015.

2.2.2 AUDIT AND RISK COMMITTEE MEMBERS AND ATTENDANCE

The Committee's Terms of Reference requires a minimum of four members, and consists of the members listed below. During the year under review, six meetings were held and other meetings with the Accounting Officer, Internal Audit and Senior Management. Various stakeholders such as the Auditor-General are invited to the meetings. The current Audit Committee was appointed on 01 August 2014.

Member	Role	Meetings held	Meetings attended
Mr G. Ramorwesi	Chairperson	6	4
Mr I. Klynsmith	Member	6	3
Ms P. Mangoma	Member	6	5
Ms L Matsinne	Member	6	1
Ms M Marais	Member	6	5

2.2.3 AUDIT AND RISK COMMITTEE RESPONSIBILITY

The ARC reports that it has, as far as possible, complied with its responsibilities arising from its charter, including all relevant legislative requirements.

2 REPORTS BY COMMITTEES OF COUNCIL

2.2 REPORT OF THE AUDIT AND RISK COMMITTEE TO THE COUNCIL OF ORBIT COLLEGE FOR THE YEAR ENDED 31 DECEMBER 2015

2.2.4 EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROL

The ARC has considered the work performed by Internal Audit on a quarterly basis and has reviewed the Internal Audit Annual Report on Internal Controls for the year ended 31 December 2015. In line with relevant legislation and good cooperate governance requirements, Internal Audit provides the ARC and Management with the assurance that the internal controls are appropriate and effective with emphasis on continuous improvement to strengthen the internal controls. The majority of audit findings reported to the Committee related to the control activities and monitoring components. In relation to the aspect of monitoring, the audits indicated a lack of management and supervisory reviews to ensure:

- compliance with legislation, regulations, policies and procedures;
- the design and implementation of adequate controls; and
- that implemented controls operate effectively.

Management intervention is required to effect improvement in these areas. Focus and prioritisation should be given to identified control areas that put at risk the College achieving its key objectives.

2.2.5 RISK MANAGEMENT

Risk management has been formalised within the College, in relation to the establishment of various structures, processes and systems to give effect to risk management. Further initiatives are required to further embed risk management in the College processes. This includes further clarifying roles and responsibilities, improving training, developing performance measurements, monitoring compliance with the integrated risk management policy and framework, and consistent application of approach.

2.2 REPORT OF THE AUDIT AND RISK COMMITTEE TO THE COUNCIL OF ORBIT COLLEGE FOR THE YEAR ENDED 31 DECEMBER 2015

2.2.6 ACCOUNTING POLICIES

Accounting Policies that forms part of the Annual Financial Statements (AFS) were reviewed during each ARC meeting were the AFS were discussed. The ARC is content with appropriateness and compliance of the accounting policies with all relevant legislation.

2.2.7 REVIEW OF ANNUAL FINANCIAL STATEMENTS

The ARC noted the Annual Financial Statements for the year ended 31 December 2015 as presented by Management on 3 June 2016.

The ARC noted the progress to date and advised Management to address outstanding balances and disclosures for final review by the ARC. The Committee further advised Management to ensure that the AFS are submitted to the Auditor-General on or before the 12 July 2016.

2.2.8 COMBINED ASSURANCE

Regular engagements occurred between assurance providers to give effect to the Combined Assurance Framework. These engagements continue to be developed and enhanced to make combined assurance in the College more effective. The Committee regularly reviews developments in this area.

2.2.9 INTERNAL AUDIT

The ARC is satisfied that the internal Audit activity is operating effectively and that it has addressed the risks pertinent to the College in its Audit engagements.

The ARC approved internal Audit's strategic documents for 2015. The 2015 operational plan was implemented by internal Audit and monitored by the ARC on a quarterly basis.

2 REPORTS BY COMMITTEES OF COUNCIL

2.2 REPORT OF THE AUDIT AND RISK COMMITTEE TO THE COUNCIL OF ORBIT COLLEGE FOR THE YEAR ENDED 31 DECEMBER 2015

2.2.10 PROHIBITED EXPENDITURE

The ARC is recommending that Management improve and develop a standardised mechanism in ensuring that unauthorised, irregular, fruitless and wasteful expenditure is avoided.

2.2.11 INFORMATION TECHNOLOGY (IT) GOVERNANCE

The ARC is recommending to Management to give more focus on the IT Governance framework for the College. This will enable the Committee and College to achieve their objectives in relation to IT governance.

2.2.12 CONCLUSION

The ARC concurs and accepts the conclusions of both Internal Audit and the Auditor-General. The Committee is of the opinion that the Audited Annual Financial Statements should be accepted and read together with the Report of the Auditor General. The Committee fully supports the College in its vision, as embodied in the strategic documents, and in its journey of improved service delivery to the Learners of the College.



APPRECIATION

The ARC expresses its sincere appreciation to the Council, Accounting Officer, Management, Officials, Auditor-General South Africa and the Internal Audit for their support to the ARC during the year under review.

Ramorwesi G
CHAIRPERSON
AUDIT AND RISK COMMITTEE

2.3 REPORT OF THE FINANCE SUB-COMMITTEE TO THE COUNCIL OF ORBIT COLLEGE FOR THE YEAR ENDED 31 DECEMBER 2015

2.3.1 TERMS OF REFERENCE

The Finance Committee (FINCOM) has been established as an independent Committee, in terms of section 25 of the Continuing Education and Training Act 2006. The Committee has adopted formal Terms of Reference, which are regularly updated and approved by Council. The Committee presents its report for the financial year ended 31 December 2015.

2.3.2 FINANCE COMMITTEE MEMBERS AND ATTENDANCE

The Committee's Terms of Reference requires a minimum of 3 External members of Council (one of whom is the Chairperson), and consists of the members listed below. During the year under review, four meetings were held.

Member	Role	Meetings held	Meetings attended
Mr SE Xipu	Chairperson	4	3
Mr K Moloantoa	Member	4	3
Ms. P. Mangoma	Member	4	1
Ms M Marais	Member	4	4
Ms L De Beer	Member	3	2

2.3.3 FINANCE COMMITTEE RESPONSIBILITY

The FINCOM reports that it has, as far as possible, complied with its responsibilities arising from its charter, including all relevant legislative requirements.

2.3 REPORT OF THE FINANCE SUB-COMMITTEE TO THE COUNCIL OF ORBIT COLLEGE FOR THE YEAR ENDED 31 DECEMBER 2015

2.3.4 EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROL

The FINCOM has effectively and efficiently executed the following responsibilities:

2.3.4.1 Approved finance policies and monitor compliance

2.3.4.2 Overseen the preparation of the annual budget and financial statements

2.3.4.3 Considered and approved financial strategies and objectives as recommended by the Deputy Principal Finances in support of adopted development and growth plans for the College

2.3.4.4 Monitored financial performance against budgets

2.3.4.5 Overseen the administration, collection, and disbursement of the financial resources of the College

2.3.4.6 Advised the Council with respect to making significant financial decisions

2.3.4.7 Considered and assessed all investment opportunities available to the College, in respect of all funds which it administers, and to determine the manner and extent to which funds are to be invested with a view to ensuring both security and optimisation of income

2.3.4.8 Reviewed the actual and projected financial situation of the College as required, including among other matters, the respective level of debt, the sources of financing and the College's financial ratios

2.3.4.9 Reviewed the financial aspects of any acquisitions submitted to the Council; and as delegated to the Finance Sub-Committee by the Council, to review and approve any acquisitions covered by such delegation

2.3.4.10 Monitored the performance of the Finance Component of the College

2 REPORTS BY COMMITTEES OF COUNCIL

2.3 REPORT OF THE FINANCE SUB-COMMITTEE TO THE COUNCIL OF ORBIT COLLEGE FOR THE YEAR ENDED 31 DECEMBER 2015

2.3.5 CONCLUSION

The FINCOM fully supports the College in its vision, as embodied in the strategic documents, and in its journey of improved service delivery to the Learners of the College.

2.3.6 APPRECIATION

The FINCOM expresses its sincere appreciation to the Council, Accounting Officer, Management, Officials, Auditor-General South Africa and the Finance Unit for their support to the FINCOM during the year under review.



Xipu SE
ACTING CHAIRPERSON
FINANCE COMMITTEE

2.4 REPORT OF THE PLANNING AND RESOURCE SUB-COMMITTEE TO THE COUNCIL OF ORBIT COLLEGE FOR THE YEAR ENDED 31 DECEMBER 2015

2.4.1 TERMS OF REFERENCE

The Planning and Resource Committee (PRC) has been established as an independent Committee, in terms of section 25 of the Continuing Education and Training Act 2006. The Committee has adopted formal Terms of Reference, which are regularly updated and approved by Council. The Committee presents its report for the financial year ended 31 December 2015.

2.4.2 PLANNING AND RESOURCE COMMITTEE MEMBERS AND ATTENDANCE

The Committee's Terms of Reference requires a minimum of 3 external members of Council (one of whom is the Chairperson), and consists of the members listed below. During the year under review, four meetings were held.

Member	Role	Meetings held	Meetings attended
Mr SE Xipu	Chairperson	4	4
Mr K Moloantoa	Member	2	3
Ms A. Saffy	Member	4	2
Ms M Marais	Member	4	4
Mr T Mosito	Member	4	1
Mr S Matjiane	Member	4	3

2.4.3 PLANNING AND RESOURCE COMMITTEE RESPONSIBILITY

The PRC reports that it has, as far as possible, complied with its responsibilities arising from its charter, including all relevant legislative requirements.

2.4 REPORT OF THE PLANNING AND RESOURCE SUB-COMMITTEE TO THE COUNCIL OF ORBIT COLLEGE FOR THE YEAR ENDED 31 DECEMBER 2015

2.4.4 EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROL

The PRC has effectively and efficiently executed the following responsibilities:

2.4.4.1 Recommended to Council to approve the College infrastructure planning, management and maintenance and supply chain policies and monitor compliance and implementation.

2.4.4.2 Monitored the management of the facilities register and its associated maintenance and construction activities.

2.4.4.3 Reviewed the actual and projected capital needs of the College as required, including among other matters, the sources of financing and related implications noting the mandate of expansion for TVET Colleges.

2.4.4.4 Recommended the College five-year capital expenditure programme.

2.4.4.5 Overseen the execution of capital projects, including that:

- each project meets the strategic and technical specifications and deliverables.
- all project-related risks have been identified and mitigated.
- critical decisions, project parameters and governance processes are followed and addressed prior to committing funds.
- each project enhances the portfolio value of the College.

2.4.4.6 Reviewed the performance of the College Supply Chain component of the College in terms of operational targets

2.4.4.7 Overseen the compliance to Health, Safety and Environmental legislation

2.4.4.8 Monitored the achievement of targets in respect of the Environmental Plan as contained in the annually approved College Operational Plan

2 REPORTS BY COMMITTEES OF COUNCIL

2.4 REPORT OF THE PLANNING AND RESOURCE SUB-COMMITTEE TO THE COUNCIL OF ORBIT COLLEGE FOR THE YEAR ENDED 31 DECEMBER 2015

2.4.5 CONCLUSION

The PRC fully supports the College in its vision, as embodied in the strategic documents, and in its journey of improved service delivery to the Learners of the College.

2.4.6 APPRECIATION

The PRC expresses its sincere appreciation to the Council, Accounting Officer, Management, Officials, Auditor-General South Africa and the Supply Chain Unit for their support to the PRC during the year under review.



Xipu SE
CHAIRPERSON
PLANNING AND RESOURCE COMMITTEE

PART D
FINANCIAL INFORMATION

1 REPORT OF THE AUDITOR-GENERAL

AUDITOR-GENERAL
SOUTH AFRICA
Auditing to build public confidence

Report of the auditor-general to the Minister of Higher Education and Training and the Council of Orbit TVET College

Report on the financial statements

Introduction

1. I have audited the financial statements of the Orbit TVET College set out on pages 88 to 164, which comprise the statement of financial position as at 31 December 2015, the statement of financial performance, statement of changes in net assets and cash flow statement for the year ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Council's responsibility for the financial statements

2. The Council is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of General Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Continuing Education and Training Act, 2006 (Act 16 of 2006) as amended, and for such internal control as the Council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

1 REPORT OF THE AUDITOR-GENERAL

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Orbit TVET College as at 31 December 2015 and its financial performance and cash flows for the year then ended, in accordance with SA standards of GRAP and the requirements of the Continuing Education and Training Act.

Emphasis of matter

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

Restatement of corresponding figures

8. As disclosed in notes 32 and 33 to the financial statements, the corresponding figures for 31 December 2014 have been restated as a result of errors discovered during 2015 in the financial statements of the Orbit TVET College at, and for the year ended, 31 December 2014.

1 REPORT OF THE AUDITOR-GENERAL

Report on other legal and regulatory requirements

9. In accordance with the Public Audit Act of South Africa, 2004 (Act No.25 of 2004) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives of selected objective presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion of conclusion on these matters.

Predetermined objectives

10. I was unable to conduct the audit of performance against predetermined objectives as the Orbit TVT College is not required in terms of the Continuing Education and Training Act, 2006 (Act 16 of 2006) as amended, to prepare and submit a report on its performance against predetermined objectives.

Compliance with legislation

11. I performed procedures to obtain evidence that the TVET College had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify and instances of material non-compliance with specific matters in the Continuing Education and Training Act, 2006 (Act 16 of 2006).

Internal control

12. I considered internal control relevant to my audit of the financial statements, and compliance with legislation. I did not identify any significant deficiencies in internal control.

Auditor - General

Rustenburg

30 September 2016

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

2 ANNUAL FINANCIAL STATEMENTS

2.1 Responsibilities and Approval of Council

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

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the ASB and in the manner required by the Minister of Higher Education and Training.

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

Council acknowledges that it is ultimately responsible for the system of internal financial control established by the College and places considerable importance on maintaining a strong control environment, which includes the safeguarding of assets and compliance with relevant legislation. To enable the Council to meet these responsibilities, the Council sets standards for internal control aimed at reducing risk in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting and other procedures, and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the College and employees and management 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 is of the opinion, based on the information and explanations given by Management, that the system of internal control provides reasonable assurance, except for the matters reported in the audit report, that the financial records may be relied on for the preparation of the financial statements and that the financial statements are free from material misstatement, whether due to fraud or error. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Council has reviewed the College's cash flow forecast for the year to 31 December 2016 and, in the light of this review and the current financial position, it is satisfied that the College has, or has access to, adequate resources to continue in operational existence for the foreseeable future.

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

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

The annual financial statements set out on pages 83 to 164, which have been prepared on the going concern basis, were approved by the Council on 12 July 2016 and were signed on its behalf by:



CS Mabe [Chairperson] - Independent (Ministerial Appointee)

2 ANNUAL FINANCIAL STATEMENTS

2.2 Report from Council

The Council of ORBIT Technical and Vocational Education and Training (TVET) College must perform all functions, which are necessary to govern the public TVET College. The Principal of ORBIT TVET College is responsible for the management and administration of the institution. This is duly stated in Section 13 of the Continuing Education and Training Act No. 16 of 2006 (CET Act). The Council submit its report for the year ended 31 December 2015.

1. COLLEGE

ORBIT TVET College was established under the Continuing Education and Training Act 16 of 2006. The College comprises the following campuses: Brits, Mankwe & Rustenburg.

2. REVIEW OF ACTIVITIES

MAIN BUSINESS AND OPERATIONS

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 and operates within the Republic of South Africa and operates principally in South Africa.

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 surplus of the entity was R 34 636 539 (2014: surplus R 25 900 385).
- Accumulated surplus/(deficit) at 31 December 2015 amounted to R 304 643 785
- Cash balances at 31 December 2015 amounted to R 71 303 238
- Revenue for the year amounted to R 259 225 158

3. GOING CONCERN

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

4. SUBSEQUENT EVENTS

The Council is not aware of any subsequent events or matters arising since the end of the financial year.

5. COUNCIL'S INTEREST IN CONTRACTS

The Governance and Management Secretary of the College maintains a register of financial and personal interest of the Council Members. The register is available for inspection at: ORBIT TVET College Central Office, Office Number 32

2.2 Report from Council

6. VISION

A global institution of excellence, surpassing community needs.

7. MISSION

To provide high quality Education and Training that is affordable, relevant, learner-centred and contributes to the total development of individuals through:

- Optimal utilisation of resources,
- Creative and innovative modes of delivery,
- Appropriately skilled staff and
- Community upliftment

8. VALUES

Transformation

Policies, procedures, activities and programmes are responsive to community needs and redress imbalances of the past, thereby ensuring increased inclusivity and accessibility.

Accountability

Decision-making processes are transparent with proper financial management systems and procedures with the focus on efficiency and effectiveness, including being fair, ethical and trustworthy in all that we do.

Respect

We respect the values of human dignity, equality, human rights and freedom, non-rasicm and nonsexism.

Teamwork

Co-operating with one another and with the community, business stakeholders and partners in education in an open and supportive way to achieve shared goals.

9. TAXATION AND VALUE-ADDED TAX

The College is exempt from income tax in terms of Section 10 (1) (cN) of the Income Tax Act. The College is not a VAT registered institution.

2.2 Report from Council

Strategic Goal	Strategic Objective	Performance Indicator	Planned Target for 2015	Actual Achievement for 2015	Deviation from planned targets to actual achievement	Comment on Deviation
Strategic Goal 1: Increase the number of skilled youth by expanding access to education and training for the youth.	1.1. To improve recruitment, placement and selection processes.	**Target 2015**				
		Headcount enrolment in TVET College programmes:				
		Headcounts enrolled in NC(V) Level 2	1050	1699	Target exceeded by 649	**The enrolment of students is guided by FTEs and not headcounts.** The Headcount totals were based on the assumption that one headcount equals 7 subject enrolments as per DHET Planning Guidelines. The Level 2 target was exceeded due to demand as well as the number of students returning due to subject failure. This tendency impacted on the enrolment targets for Level 3 and 4 because these had to be reduced to adhere to the planned grand enrolment total of 3640
		Headcounts enrolled in NC(V) Level 3	1190	948	Target shortfall of 242	
		Headcounts enrolled in NC(V) Level 4	1400	693	Target shortfall of 707	
		Headcounts enrolled in Report 191 Trimester programmes	6780	4173	Target shortfall of 2607	The enrolment of students is guided by FTEs and not headcounts. An unique Head Count enrolment equates to 1 student even if he or she has enrolled for 3 Trimesters It needs to be noted that for Trimesters one student can be enrolled for 3 Trimesters and that equates to 1 FTE. The Headcount totals were based on the assumption that one headcount equals 4 subject enrolments as per the DHET Planning Guidelines
		Headcounts enrolled in Report 191 Semester programmes	3242	2850	Target shortfall of 392	

2.2 Report from Council

Strategic Goal	Strategic Objective	Performance Indicator	Planned Target for 2015	Actual Achievement for 2015	Deviation from planned targets to actual achievement	Comment on Deviation
		Target	**2015**			
		Headcount enrolment in TVET College programmes:				
		Students enrolled in Occupational and other programmes	2510	768	Target shortfall of 1742	Not all Occupational programmes were rolled out due to the non-availability of funding. NSF withdrew funding for the 2014/2015 period.
	1.2. To achieve the targets for expansion as set out in the college operational plans and Delivery greement	Number of FTEs enrolled in Level 2	1050	1560.71	Target exceeded by 510.71	A shortfall on Level 3 and 4 targets led to an over-enrolment of level 2 in order to meet the total NC(V) FTE target for the College
		Number of FTEs enrolled in Level 3	1190	1083.51	Target shortfall of 106.49	Enrolment trends and tendencies for Level 3 and 4 were used as a basis to do projections for 2015. Projections are influenced, amongst other things, by pass rates and retention rates which is difficult to project 100% correctly
		Number of FTEs enrolled in Level 4	1400	839.99	Target shortfall of 560.01	
		Number of FTEs enrolled in N1	595	368.18	Target shortfall of 226.82	Increased demand for NATED Programmes led to over-enrolment of FTEs Over-enrolment of the FTEs due to results being released after closing date for examinations
		Number of FTEs enrolled in N2	816.67	740.69	Target shortfall of 75.98	
		Number of FTEs enrolled in N3	405	543.24	Target exceeded by 138.24	
		Number of FTEs enrolled in N4	978.33	930.84	Target shortfall of 47.49	
		Number of FTEs enrolled in N5	720.83	1057.16	Target exceeded by 336.33	
		Number of FTEs enrolled in N6	365.17	556.86	Target exceeded by 191.69	

2.2 Report from Council

Strategic Goal	Strategic Objective	Performance Indicator	Planned Target for 2015	Actual Achievement for 2015	Deviation from planned targets to actual achievement	Comment on Deviation
		Target 2015				
		Headcount enrolment in TVET College programmes:				
	1.3.	Number of unfunded FTEs in NC(V)	200	124	Target exceeded by 76	Enrolment targets for NC(V) were not met, thus minimising the unfunded enrolments for NC(V)
		Number of unfunded FTEs in Report 191	600	682	Target shortfall of 82	Over-enrolment of FTEs due to late release of results

NOTE

Overall we have met our targets as explained below:

NCV FTEs
Target Shortfall = 666,50 (560.01 + 106.49) Target exceeded = 510.71 **Overall NC(V) target shortfall = 155,79** (666.50 – 510.71) **FTEs**

Report 191 FTEs
Target Shortfall = 350.29 (226,82 + 75.98 + 47.49) Target exceeded = 666,26 (138.24 + 336.33 + 191.69) **Overall Report 191 target exceeded = 315.97** (666.26 – 350.29) **FTEs**

Although the FTEs for NC(V) were 155.79 FTEs less than the target, the targets for Report 191 were exceeded with 315.97 FTEs which implies that our overall target for all Ministerial programmes were exceeded with 160.18 FTEs

2.3 Statement of Financial Position as at 31 December 2015

	Note(s)	2015 R	2014 Restated* R
ASSETS			
Current Assets			
Cash and cash equivalents	3	71 303 238	101 010 879
Other receivables from non-exchange transactions	4	-	-
Other financial assets	5	88 500 000	108 500 000
Inventories	6	13 032 524	9 100 238
Projects	7	259 094	2 095 910
Trade and Other receivables from exchange transactions	8	85 543 865	17 253 663
		258 638 721	**237 960 690**
Non-current Assets			
Property, plant and equipment	9	120 229 210	110 755 863
Intangible assets	10	144 677	122 308
		120 373 887	**110 878 171**
Total Assets		**379 012 608**	**348 838 861**
LIABILITIES			
Current Liabilities			
Projects	7	18 192 747	14 208 985
Finance lease obligation	11	277 571	489 189
Payables from exchange transactions	13	49 579 492	49 645 763
Provisions	12	5 035 610	3 708 545
Bank overdraft	3	-	830
		73 085 420	**68 053 312**
Non-current Liabilities			
Finance lease obligation	11	76 669	222 287
Provisions	12	225 445	-
Projects	7	981 289	-
		1 283 403	**222 287**
Total Liabilities		**74 368 823**	**68 275 599**
Net Assets		**304 643 785**	**280 563 262**
Accumulated surplus		**304 643 785**	**280 563 262**

*See Note 31

2.4 Statement of Financial Performance

	Note(s)	2015 R	2014 Restated* R
Revenue			
Revenue from exchange transactions			
Tuition and related fees	14	58 746 766	63 888 028
Recoveries		1 194 718	22 339
Rentals	15	669 889	578 250
Project income		7 132 287	8 735 790
Business unit income		300 427	155 042
Interest received - investment	16	8 888 972	7 716 987
Total revenue from exchange transactions		**76 933 059**	**81 096 436**
Revenue from non-exchange transactions			
TRANSFER REVENUE			
Government grants & subsidies	17	165 700 000	156 251 000
Services in kind	18	2 468 339	2 483 583
Public contributions and donations	19	130 381	156 623
Project income		13 951 376	21 162 770
Insurance Claim Received		42 003	389 482
Total revenue from non-exchange transactions		**182 292 099**	**180 443 458**
Total revenue	20	**259 225 158**	**261 539 894**

*See Note 31

2.4 Statement of Financial Performance

	Note(s)	2015 R	2014 Restated* R
Expenditure			
Employee related costs	21	(114 845 159)	(112 461 490)
Remuneration of councillors		(191 831)	(158 735)
Depreciation and amortisation	22	(13 917 078)	(13 288 797)
Finance costs	23	(49 839)	(87 728)
Lease rentals on operating lease		-	(1 081 201)
Debt Impairment	24	(23 367 261)	(22 691 096)
Repairs and maintenance		(16 467 841)	(17 027 241)
Contracted services	25	-	(455 838)
General Expenses	26	(59 919 607)	(74 531 299)
Total expenditure		**(228 758 616)**	**(241 783 425)**
Operating surplus		**30 466 542**	**19 756 469**
Gain on disposal of assets and liabilities		21 133	91 740
(Loss) / gain on completed projects		6 943 898	6 661 523
Inventories losses/write-downs		(2 795 034)	(609 347)
		4 169 997	**6 143 916**
Surplus for the year		**34 636 539**	**25 900 385**

*See Note 31

2.5 Statement of Changes in Net Assets

	Note(s)	Accumulated Surplus R	Total Net Assets R
Opening balance as previously reported		283 320 889	283 320 889
Correction of errors		(17 405 233)	(17 405 233)
Balance at 01 January 2014 as restated*		**265 915 655**	**265 915 655**
Implementation of GRAP		(1 298 918)	(1 298 918)
Transfer to project balance account		(9 953 860)	(9 953 860)
Surplus for the year		25 900 385	25 900 385
Surplus as previously reported		22 394 502	22 394 502
Correction of errors		3 505 887	3 505 887
Opening balance as previously reported		294 462 609	294 462 609
Correction of errors		(13 899 346)	(13 899 346)
Balance at 01 January 2015 as restated*		**280 563 262**	**280 563 262**
Surplus for the year		34 636 539	34 636 539
Movement in project account		(10 556 016)	(10 556 016)
Total changes		24 080 523	24 080 523
Balance at 31 December 2015		**304 643 785**	**304 643 785**

Note(s)

*See Note 32

2.6 Cash Flow Statement

	Note(s)	2015 R	2014 Restated* R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Tuition fees		30 617 772	31 222 654
Transfers, public contributions, sponsorships and donations		130 381	156 623
Government grants and subsidies		102 171 541	156 251 000
Interest income		8 888 972	7 716 987
Other receipts		28 969 911	33 618 996
		170 778 577	228 966 260
Payments			
Employee costs		(113 100 818)	(110 556 941)
Suppliers		(80 386 004)	(91 455 667)
Finance costs		-	(47)
Other payments		(3 199 830)	(2 000 003)
		(196 686 652)	(204 012 658)
Net cash flows from operating activities		**(25 908 075)**	**24 953 602**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(23 347 286)	(12 928 331)
Proceeds from sale of property, plant and equipment		41 220	96 640
Purchase of other intangible assets		(85 596)	-
Proceeds from sale of financial assets		20 000 000	-
Net cash flows from investing activities		**(3 391 662)**	**(12 831 691)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance lease payments		(407 075)	(653 002)
Net increase/(decrease) in cash and cash equivalents		**(29 706 812)**	**11 468 909**
Cash and cash equivalents at the beginning of the year		101 010 049	89 541 141
Cash and cash equivalents at the end of the year		**71 303 237**	**101 010 050**

2 ANNUAL FINANCIAL STATEMENTS

2.7 Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Continuing Education and Training Act No. 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.

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.

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

These accounting policies are consistent with the previous period.

1.1 PRESENTATION CURRENCY

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

1.2 GOING CONCERN ASSUMPTION

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

1.3 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

JUDGEMENTS

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

Programme funding

Programme funding is allocated to the College by the DHET in terms of the CET Act and the National Norms and Standards for Funding of TVET Colleges and is determined by the estimated Full-Time Equivalent Students (FTEs) of the College. The allocation is done based on the projected FTEs for the year and if the College fails to register the projected FTEs, a portion of the programme funding can be clawed back in the following year.

The programme funding is allocated by DHET during their financial year which is from April to March, but for the College the funds pertain to the College Academic and financial year which is from January to December. Once the College has registered the projected number of FTEs, the suspensive condition of the programme funding grant has been met and the grant is recognised in full.

2.7 Accounting Policies

1.3 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (Continued)

The programme funding is paid out partly in cash tranches, paid to the College, and partly through the PERSAL system of the DHET, directly to the employees of the College. Senior management personnel are not paid from the programme funding, and should be excluded in the description. The method and timing of payment of the grant does, however, not influence the recognition of revenue.

Employee related costs and DHET management fee

In terms of the CET Act, the College is the employer of the non-funded, non-management personnel. All personnel appointed in funded posts and management personnel, defined in the CET Act as the Principal and Deputy Principals, have migrated to DHET and are DHET employees.

Management personnel are remunerated from DHET funds and not from college funds, and this constitutes services in kind which are recognised at the cash value of the services to the State. The income is recognised as "Services in kind" as part of revenue from non-exchange transactions, and the expense is recognised as "DHET management fee".

ESTIMATES

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

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

Trade receivables / Held to maturity investments and/or loans and receivables

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

The impairment for held to maturity investments and loans and receivables is calculated on a portfolio basis, 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 loan balances in the portfolio and scaled to the estimated loss emergence period.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

Impairment testing

In testing for, and determining the value-in-use of non-financial assets, Management is required to rely on the use of estimates about the asset's ability to continue to generate cash flows (in the case of cash-generating

1.3 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (Continued)

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.

Provisions

Provisions are measured at the present value of the estimated future outflows required to settle the obligation. In the process of determining the best estimate of the amounts that will be required in future to settle the provision, management considers the weighted average probability of the potential outcomes of the provisions raised. This measurement entails determining what the different potential outcomes are for a provision as well as the financial impact of each of those potential outcomes. Management then assigns a weighting factor to each of these outcomes based on the probability that the outcome will materialise in future. The factor is then applied to each of the potential outcomes and the factored outcomes are then added together to arrive at the weighted average value of the provisions.

Provisions were raised and Management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 12 - Provisions.

Useful lives of assets, depreciation and amortisation

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

Depreciation and amortisation recognised on property, plant and equipment and intangible assets 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 entity's expectations about the availability of finance to replace the asset at the end of its useful life. In evaluating 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.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when the debt age more than six months as per DHET prescribed policy for TVET Colleges as adopted per Council.

1.4 PROPERTY, PLANT AND EQUIPMENT

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

Recognition and measurement

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

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

Property, plant and equipment is initially measured at cost.

2.7 Accounting Policies

1.4 PROPERTY, PLANT AND EQUIPMENT (Continued)

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

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

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

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.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as 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:

Item	Depreciation method	Average useful life
Land	Straight line	Indefinite Life
Buildings	Straight line	50
Furniture and fixtures	Straight line	3-12
Motor vehicles	Straight line	3-5
IT equipment	Straight line	2-5
Other property, plant & equipment	Straight line	5-10
Training Equipment	Straight line	5-10
Small items	Straight line	1

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

Reviewing the useful life of an asset on an annual basis does not require

2.7 Accounting Policies

1.4 PROPERTY, PLANT AND EQUIPMENT (Continued)

the entity to amend the previous estimate unless expectations differ from the previous estimate.

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

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

Derecognition

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

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

1.5 INTANGIBLE ASSETS

An asset is identifiable if it either:

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

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

Recognition and measurement

An intangible asset is recognised when:

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

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

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

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.

2.7 Accounting Policies

1.5 INTANGIBLE ASSETS (Continued)

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.

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

Item	Useful life
Copy rights	4-5 years

Derecognition

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.6 FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

2.7 Accounting Policies

1.6 FINANCIAL INSTRUMENTS (Continued)

However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

A financial asset is:

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

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

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

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

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

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

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

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

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

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

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

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

2.7 Accounting Policies

1.6 FINANCIAL INSTRUMENTS (Continued)

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

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

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

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

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

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

Classification

The entity 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 there to:

Class	Category
Long-term fixed deposits	Financial asset measured at fair value

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.
The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].
The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

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

1.6 FINANCIAL INSTRUMENTS (Continued)

Subsequent measurement of financial assets and financial liabilities

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

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

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

Reclassification

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

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

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

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

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

Gains and losses

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

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

Impairment and uncollectibility of financial assets

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

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the

2.7 Accounting Policies

1.6 FINANCIAL INSTRUMENTS (Continued)

impairment was recognised, the previously recognised impairment loss is reversed directly OR
by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

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

Derecognition

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

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

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

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

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

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

2.7 Accounting Policies

1.6 FINANCIAL INSTRUMENTS (Continued)

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

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

Financial liabilities:

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

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

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

Presentation

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

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

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

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

1.7 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.

2.7 Accounting Policies

1.7 LEASES (Continued)

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.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

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

1.8 INVENTORIES

Inventories are assets:

- in the form of materials or supplies to be consumed in the production process;
- in the form of materials or supplies to be consumed or distributed in the rendering of services;
- held for sale or distribution in the ordinary course of operations; or
- in the process of production for sale or distribution.

Recognition

Inventories are recognised as an asset if:

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

2.7 Accounting Policies

1.8 INVENTORIES (Continued)

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 through a non-exchange transaction; 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.

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

Recognition as an expense

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

1.9 IMPAIRMENT OF CASH-GENERATING ASSETS

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

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).

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

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

Irrespective of whether there is any indication of impairment, the entity also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount.

2.7 Accounting Policies

1.9 IMPAIRMENT OF CASH-GENERATING ASSETS (Continued)

This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

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

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

Basis for estimates of future cash flows

In measuring value in use the entity:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the entity expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

2.7 Accounting Policies

1.9 IMPAIRMENT OF CASH-GENERATING ASSETS (Continued)

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the entity determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the entity use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non- cash-generating asset is

1.9 IMPAIRMENT OF CASH-GENERATING ASSETS (Continued)

allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Reversal of impairment loss

The entity assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.10 IMPAIRMENT OF NON-CASH-GENERATING ASSETS

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

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).

2.7 Accounting Policies

1.10 IMPAIRMENT OF NON-CASH-GENERATING ASSETS (Continued)

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

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

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Restoration cost approach

Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

Service units approach

The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. The current cost

2.7 Accounting Policies

1.10 IMPAIRMENT OF NON-CASH-GENERATING ASSETS (Continued)

of replacing the remaining service potential of the asset before impairment is determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The entity assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

2.7 Accounting Policies

1.11 EMPLOYEE BENEFITS

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

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. Ordinary shares are classified as net assets. Mandatorily redeemable preference shares are classified as liabilities.

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

Short-term employee benefits

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

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

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

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

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

Post-employment benefits: Defined contribution plans

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

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

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

2.7 Accounting Policies

1.11 EMPLOYEE BENEFITS (Continued)

- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

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

DHET management fee

In terms of the CET Act, the College is the employer of the non-funded, non-management personnel. All personel appointed in funded posts and management personnel, defined in the CET Act as the Principal and Deputy Principals, have migrated to DHET and are DHET employees.

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

1.12 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

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

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

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

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

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

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

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

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

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.

2.7 Accounting Policies

1.12 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 a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and

- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

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

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

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

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

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

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

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

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

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

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

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

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

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

2.7 Accounting Policies

1.12 PROVISIONS AND CONTINGENCIES (Continued)

Levies

A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:

- those outflows of resources that are within the scope of other Standards, and
- fines or other penalties that are imposed for breaches of the legislation.

Government refers to government, government agencies and similar bodies whether local, national or international.

The obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation.

The entity does not have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the entity being economically compelled to continue to operate in that future period. The preparation of financial statements under the going concern assumption does not imply that the entity has a present obligation to pay a levy that will be triggered by operating in a future period.

The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time (i.e. if the activity that triggers the payment of the levy, as identified by the legislation, occurs over a period of time).

If an obligation to pay a levy is triggered when a minimum threshold is reached, the corresponding liability is recognised when that minimum threshold is reached.

The entity recognises an asset if it has prepaid a levy but does not yet have a present obligation to pay that levy.

1.13 REVENUE FROM EXCHANGE TRANSACTIONS

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

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

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

Measurement

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

Sale of goods

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

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;

2.7 Accounting Policies

1.13 REVENUE FROM EXCHANGE TRANSACTIONS (Continued)

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

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

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

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

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

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

Interest, royalties, dividends and tuition fees

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

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

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

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

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

Tuition fees are recognised over the period of instruction.

1.14 REVENUE FROM NON-EXCHANGE TRANSACTIONS

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

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

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

2.7 Accounting Policies

1.14 REVENUE FROM NON-EXCHANGE TRANSACTIONS (Continued)

Recognition

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

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

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

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

Transfers

Apart from Services in kind, which are only recognised as indicated below, the entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

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

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

Gifts and donations, including goods in-kind

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

Services in-kind

Management personnel are remunerated from DHET and not from college funds, and this constitutes services in kind which are recognised at the cash value of the services to the State. The income is recognised as "Services in kind" as part of revenue from non-exchange transactions, and the expense is recognised as "DHET management fee".

1.15 COMPARITIVES

When the presentation or classification of items in the annual financial statements is amended due to better presentation and/or better understandability and/or comparability and/or due to the implementation of a new or amended standard, prior period comparative amounts are reclassified. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

2.7 Accounting Policies

1.16 BORROWING COSTS

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.17 RELATED PARTIES

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

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

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

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

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

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.18 EVENTS AFTER REPORTING DATE

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

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

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

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

1.19 PROJECTS

By nature thereof, projects are funding obtained from external parties to perform certain services and incur related expenditure to meet deliverables as set out in the Memorandum of Understanding between the College and such external parties.

2.7 Accounting Policies

1.19 PROJECTS (Continued)

Revenue received and expenses incurred in respect of specific projects are allocated to project-related income and expenditure accounts. The profit or loss on such projects are closed-off to the project balance in the statement of financial position at the end of each period as an asset or liability, depending on the nature thereof, to be accumulated in future periods until such date that all deliverables relating to such project is met.

Upon completion of the project with relation to all deliverables met in accordance with the Memorandum of Understanding, the cumulative profit or loss on such project is circulated through the statement of financial performance as a profit or loss on projects for the year under review.

Project balances as at year-end are further categorised as current or non-current assets or liabilities based on the expected completion date of the project as set out in the Memorandum of Understanding. If however the expected completion date of the project has already passed, but not all deliverables have been met as of yet, it will be classified as a current asset or liability.

2.8 Notes to the Annual Financial Statements

2. NEW STANDARDS AND INTERPRETATIONS

2.1 STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 January 2016 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 18: Segment Reporting	01 April 2015	The impact of the amendment is not material.
GRAP 105: Transfers of functions between entities under common control	01 April 2015	The impact of the amendment is not material.
GRAP 106: Transfers of functions between entities not under common control	01 April 2015	The impact of the amendment is not material.
GRAP 107: Mergers	01 April 2015	The impact of the amendment is not material.
GRAP 20: Related parties	Not yet effective	The impact of the amendment is not material.
IGRAP 11: Consolidation – Special purpose entities	01 April 2015	The impact of the amendment is not material.
IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures	01 April 2015	The impact of the amendment is not material.
GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements	01 April 2015	The impact of the amendment is not material.
GRAP 7 (as revised 2010): Investments in Associates	01 April 2015	The impact of the amendment is not material.
GRAP 8 (as revised 2010): Interests in Joint Ventures	01 April 2015	The impact of the amendment is not material.
GRAP32: Service Concession Arrangements: Grantor	Not yet effective	The impact of the amendment is not material.
GRAP108: Statutory Receivables	Not yet effective	The impact of the amendment is not material.
IGRAP17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2016	The impact of the amendment is not material.
DIRECTIVE 11: Changes in measurement bases following the initial adoption of Standards of GRAP	01 April 2015	The impact of the amendment is not material.

2.8 Notes to the Annual Financial Statements

3. CASH AND CASH EQUIVALENTS

	2015 R	2014 R
Cash and cash equivalents consist of:		
Cash on hand	20 300	20 300
Bank balances	38 610 588	74 337 559
Call deposits	32 672 350	26 653 020
Bank overdraft	-	(830)
	71 303 238	**101 010 049**
Current assets	71 303 238	101 010 879
Current liabilities	-	(830)
	71 303 238	**101 010 049**

The entity had the following bank accounts`

	Bank statement balances			Cash book balances		
	31 December 2015	31 December 2014	31 December 2013	31 December 2015	31 December 2014	31 December 2013
ABSA Bank: Brits - Acc Nr - 640830867	644 400	6 355 960	149 729	644 400	6 355 960	149 729
ABSA Bank: Rustenburg - Acc Nr - 4056719229	35 392 851	42 355 324	76 629 655	35 392 851	42 355 324	76 629 655
ABSA Bank: Rustenburg - Acc Nr - 4065336975	975 011	12 028 657	264 423	975 011	12 028 657	264 423
ABSA Bank: Rustenburg - Acc Nr - 1220831201	753 007	8 665 645	452 457	753 007	8 665 645	452 457
ABSA Bank: Rustenburg - Acc Nr - 4070607280	845 007	4 931 973	1 084 811	845 007	4 931 973	1 084 811
ABSA Bank: Johannesburg - Acc Nr - 4079665578	312	(830)	231	312	(830)	231
ABSA Bank: Rustenburg - Acc Nr - 9184899180	32 672 350	26 653 020	10 939 535	32 672 350	26 653 020	10 939 535
Total	**71 282 938**	**100 989 749**	**89 520 841**	**71 282 938**	**100 989 749**	**89 520 841**

4. OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Government grants and subsidies	-	4 140 000
Less: Provision for doubtful debt	-	(4 140 000)
	-	-

Terms and conditions of trade and other receivables

Government grants and subsidies

The Department of Higher Education and Training granted ORBIT TVET College a project with support from the National Skills Fund. The NSF pays 80% of student fees and the student must pay the balance of the 20%.

2.8 Notes to the Annual Financial Statements

5. OTHER FINANCIAL ASSETS	2015 R	2014 R
Long term fixed deposits		
ABSA Fixed Deposit - (2072718106) Interest rate: (2014: 7.65%) Term of deposit: (2014: 365 days) Effective date: (2014: 18 September 2014) Maturity date: (2014: 18 September 2015)	-	8 500 000
Investec Fixed Deposit - (1100/440317/450) Interest rate: 7.22% Term of deposit: 182 days Effective date: 22 September 2015 Maturity date: 22 March 2016	8 500 000	-
Nedbank Fixed Deposit- (03/7881085347/000005) Interest rate: 7.03% Term of deposit: 181 days Effective date: 19 November 2014 Maturity date: 19 May 2015	-	20 000 000
Investec Fixed Deposit - (1100/440317/451) Interest rate: 6.76% (2014: 7.05%) Term of deposit: 122 days(2014: 181 days) Effective date: 30 September 2015 (2014: 26 September 2014) Maturity date: 29 January 2016 (2014: 26 March 2015)	20 000 000	30 000 000
Investec Fixed Deposit - (1100/440317/454) Interest rate: (2014: 7.05%) Term of deposit: (2014: 181 days) Effective date: (2014: 16 September 2014) Maturity date: (2014: 16 March 2015)	-	30 000 000
Nedbank Fixed Deposit- (03/7881085347/000004) Interest rate: (2014:7.30%) Term of deposit: (2014: 365 days) Effective date: (2014: 22 July 2014) Maturity date: (2015: 22 July 2015)	-	10 000 000

2.8 Notes to the Annual Financial Statements

5. OTHER FINANCIAL ASSETS (continued)	2015 R	2014 R
Nedbank Fixed Deposit- (03/7881085347/000015) Interest rate: 7.27% Term of deposit: 183 days Effective date: 28 September 2015 Maturity date: 29 March 2016	30 000 000	-
Nedbank Fixed Deposit- (03/7881085347/000007) Interest rate: (2014: 6.98%) Term of deposit: (2014: 182 days) Effective date: (2014: 03 December 2014) Maturity date: (2014: 03 June 2015)	-	10 000 000
Nedbank Fixed Deposit- (03/7881085347/000010) Interest rate: 7.39% Term of deposit: 182 days Effective date: 19 November 2015 Maturity date: 19 May 2016	20 000 000	-
Nedbank Fixed Deposit- (03/7881085347/000014) Terms and conditions Interest rate: 7.16% Term of deposit: 185 days Effective date: 24 July 2015 Maturity date: 25 January 2016	10 000 000	-
	88 500 000	100 000 000
Impairments	-	-
	88 500 000	**108 500 000**
Current assets		
Long term fixed deposits	88 500 000	108 500 000

Financial assets pledged as collateral

Collateral

No other financial assets were pledged as collateral for liabilities or contingent liabilities.

2.8 Notes to the Annual Financial Statements

		2015 R	2014 R
6.	**INVENTORIES**		
	Consumable inventory	13 032 524	9 100 238
	Inventories carried at current replacement cost	6 993 067	5 641 890
	Inventories recognised in the statement of financial performance	14 217 250	16 562 933
	Consumable stores consist of text books, stationery and paper		
7.	**PROJECTS**		
	Current assets - Projects	259 094	2 095 910
	Non-current liabilities - Projects	(981 289)	-
	Current liabilities - Projects	(18 192 747)	(14 208 985)
		(18 914 942)	**(12 113 075)**
	PROJECTS FROM EXCHANGE TRANSACTIONS		
	Projects from Exchange Transactions		
	Transactions relating to exchange transactions (Liability)	(11 679 602)	(5 324 873)
	Transactions relating to exchange transactions (Asset)	259 094	-
	Projects from Non-Exchange Transactions		
	Transactions relating to non-exchange transactions (Liability)	(7 494 434)	(8 884 112)
	Transactions relating to non-exchange transactions (Asset)	-	2 095 910
		(18 914 942)	**(12 113 075)**

2.8 Notes to the Annual Financial Statements

7. PROJECTS (continued)	2015 R	2014 R
Project balances consist of:		
AAT Bank Seta	(124 344)	-
BankSeta 1045	197 500	(182 500)
Early Childhood Development - E153	(952 987)	(568 857)
Early Childhood Development - E97	(1 969 899)	(414 708)
Early Childhood Development 100	-	(810 217)
Early Childhood Development 130	(139 137)	2 095 910
Early Childhood Development 294	(2 685 616)	(2 685 616)
Entrepreneurship	61 594	-
FORD South Africa	(4 300 501)	(2 045 712)
NarySec 2S04	-	(2 065 680)
NarySec ECD14	(105 536)	-
Platinum Group Metals1047	(398 102)	(398 102)
Provincial Departments of Economic Development 1043	(1 982 870)	(652 622)
RPL Commdev	(550 847)	-
Services Seta Interns	(1 793 159)	(378 359)
TETA Interns	(477 000)	-
merSETA Apprenticeship	(504 289)	-
CET Procurement Project	(3 189 749)	-
Department of Education project	-	(4 006 612)
	(18 914 942)	**(12 113 075)**

2.8 Notes to the Annual Financial Statements

8. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2015 R	2014 R
Gross balances		
Student debtors	92 437 524	64 881 522
Employee debtors	302 631	108 244
Prepayments	2 234 431	403 810
Other receivables - Projects	11 271 260	14 110 832
Other receivables - Other Debtors	788 852	552 676
Accrued income	1 566 528	1 964 309
DHET debtor	67 668 459	-
NSFAS debtor	368 708	-
NSFAS student debtor	4 142 809	2 962 646
	180 781 202	**84 984 039**
Less: Allowance for impairment		
Student debtors	(90 246 491)	(58 825 045)
Employee debtors	(169 925)	(92 104)
Other receivables - Projects	(1 233 551)	(6 156 830)
Other receivables - Other debtors	(443 380)	(262 783)
NSFAS student debtor	(3 143 990)	(2 393 614)
	(95 237 337)	**(67 730 376)**

2.8 Notes to the Annual Financial Statements

8. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)

	2015 R	2014 R
Net balance		
Student debtors	2 191 033	6 056 477
Employee debtors	132 706	16 140
Prepayments	2 234 431	403 810
Other receivables - Projects	10 037 709	7 954 002
Other receivables - Other Debtors	345 472	289 893
Accrued income	1 566 528	1 964 309
DHET debtor	67 668 459	-
NSFAS debtor	368 708	-
NSFAS student debtor	998 819	569 032
	85 543 865	**17 253 663**
Students: Ageing		
Current (0 -30 days)	-	-
31 - 60 days	-	-
61 - 90 days	-	-
91 - 180 days	2 191 033	6 056 477
	2 191 033	**6 056 477**
Employee debtors: Ageing		
Current (0 -30 days)	(4 050)	(1 800)
31 - 60 days	(9 480)	3 000
61 - 90 days	(4 100)	(1 200)
91 + days	150 336	16 140
	132 706	**16 140**

8. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)	2015 R	2014 R
Prepayments: Ageing		
Current (0 -30 days)	-	56 950
31 - 60 days	-	3 309
> 365 days	2 234 431	343 551
	2 234 431	**403 810**
Other receivable - Projects: Ageing		
Current (0 -30 days)	3 053 390	3 041 412
31 - 60 days	2 346 000	3 445 950
61 - 90 days	1 824 961	1 466 640
91 - 120 days	1 263 558	-
121 - 180 days	1 549 800	-
	10 037 709	**7 954 002**
Other receivables - Other debtors: Ageing		
Current (0 -30 days)	34 000	-
31 - 60 days	53 970	15 209
61 - 90 days	(26 181)	8 040
91 + days	283 683	266 644
	345 472	**289 893**
Accrued income: Ageing		
Current (0 -365 days)	1 566 528	1 964 309

2.8 Notes to the Annual Financial Statements

8. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)	2015 R	2014 R
DHET debtor		
Current (0 -30 days)	67 668 459	-
NSFAS debtor		
Current (0 -30 days)	368 708	-
Other (specify)		
Current (0 -30 days)	998 819	569 032
Reconciliation of allowance for impairment		
Balance at beginning of the year	(67 730 376)	(45 052 651)
Contributions to allowance	(27 506 961)	(22 677 725)
	(95 237 337)	**(67 730 376)**

2.8 Notes to the Annual Financial Statements

9. PROPERTY, PLANT AND EQUIPMENT

	2015			2014		
	Cost /Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost /Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	19 136 803	(612 028)	18 524 775	19 136 803	(612 028)	18 524 775
Buildings	72 039 657	(6 499 473)	65 540 184	69 336 440	(5 140 302)	64 196 138
Buildings under construction	13 076 593	-	13 076 593	921 152	-	921 152
Other property, plant and equipment	17 416 942	(11 674 012)	5 742 930	15 962 462	(7 605 006)	8 357 456
IT equipment	15 077 393	(8 171 814)	6 905 579	12 889 267	(4 916 298)	7 972 969
Training Equipment	11 189 034	(7 030 572)	4 158 462	10 252 855	(5 155 959)	5 096 896
Furniture and fixtures	6 189 776	(4 291 116)	1 898 660	6 010 752	(3 029 909)	2 980 843
Motor vehicles	4 094 850	(2 632 511)	1 462 339	4 094 850	(2 058 322)	2 036 528
Work in progress computure equipment	2 577 032	-	2 577 032	-	-	-
Finance Lease Assets	2 056 442	(1 747 857)	308 585	1 886 244	(1 248 805)	637 439
Furniture and fixtures (Small items)	12 431 912	(12 409 774)	22 138	12 070 738	(12 048 948)	21 790
IT equipment (Small items)	7 907 030	(7 902 812)	4 218	7 807 432	(7 803 241)	4 191
Other Euipment (Small items)	3 731 964	(3 728 773)	3 191	3 583 829	(3 580 756)	3 073
Training Equipment (Small items)	3 349 108	(3 344 584)	4 524	2 989 614	(2 987 001)	2 613
Total	**190 274 536**	**(70 045 326)**	**120 229 210**	**166 942 438**	**(56 186 575)**	**110 755 863**

2.8 Notes to the Annual Financial Statements

9. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Depreciation	Total
Land	18 524 775	-	-	-	18 524 775
Buildings	64 196 138	2 703 217	-	(1 359 171)	65 540 184
Buildings under construction	921 152	12 155 441	-	-	13 076 593
Other property, plant and equipment	8 357 456	1 454 481	-	(4 069 007	5 742 930
Training Equipment	5 096 896	936 179	-	(1 874 613)	4 158 462
IT equipment	7 972 969	2 208 213	(20 087)	(3 255 516)	6 905 579
Furniture and fixtures	2 980 843	179 024	-	(1 261 207)	1 898 660
Motor vehicles	2 036 528	-	-	(574 189)	1 462 339
Work in progress computure equipment	-	2 577 032	-	-	2 577 032
Training Equipment (Small items)	2 613	359 494	-	(357 583)	4 524
Furniture and fixtures (Small items)	21 790	361 174	-	(360 826)	22 138
Other Euipment (Small items)	3 073	148 134	-	(148 016)	3 191
IT Equipment: (Small items)	4 191	94 698	-	(94 671)	4 218
Finance Lease Assets	637 439	170 199	-	(499 053)	308 585
	110 755 863	**23 347 286**	**(20 087)**	**(13 853 852)**	**120 229 210**

Reconciliation of property, plant and equipment - 2014

Land	18 524 775	-	-	-	18 524 775
Buildings	61 968 954	3 506 845	-	(1 279 661)	64 196 138
Asset under contruction / development	-	921 152	-	-	921 152
Other property, plant and equipment	10 306 767	1 319 248	-	(3 268 559)	8 357 456
Training Equipment	5 874 589	1 028 783	-	(1 806 476)	5 096 896
IT equipment	7 228 453	3 157 374	-	(2 412 858)	7 972 969
Furniture and fixtures	3 912 732	274 187	-	(1 206 076)	2 980 843
Motor vehicles	1 898 308	777 939	-	(639 719)	2 036 528
Training Equipment (Small items)	2 470	222 077	-	(221 934)	2 613
Furniture and fixtures (Small items)	20 644	984 844	-	(983 698)	21 790
Other Equipment (Small items)	125 198	144 657	-	(266 782)	3 073
Computers Students (Small items)	3 821	591 225	(4 900)	(585 956)	4 191
Finance lease assets	1 202 076	-	-	(564 637)	637 439
	111 068 787	**12 928 331**	**(4 900)**	**(13 236 356)**	**110 755 863**

Pledged as security

No property, plant and equipment were pledged as security for any financial liability.
A register containing the information required by Continuing Education and Traing Act No. 16 of 2006 is available for inspection at the registered office of the entity.
The movable asset register contains assets carried at R1, even though they are fully depreciated, these R1 assets still have a use within the entity

9. PROPERTY, PLANT AND EQUIPMENT (continued)

Capital commitments 2015

	Tender value	Work in progress	Commitment
P-Wise	10 967 959	(7 345 956)	3 622 003
Moeng Civils	6 117 091	(1 108 697)	5 008 394
Batlotlegi	4 147 535	(3 711 632)	435 903
	21 232 585	**(12 166 285)**	**9 066 300**

Capital commitments 2014

	Tender value	Work in progress	Commitment
Batlotlegi	4 147 535	(921 152)	3 226 383

Deemed cost

Deemed cost was determined using depreciated replacement cost.

Directive 7 – Application of deemed cost on adoption of standards of GRAP

This directive allows for deemed cost to be applied to determine the cost of assets that were acquired prior to the measurement date and only if information about the historical cost of those assets is not available.

The initial measurement of the land and buildings is by far the largest component of these asset classes.
Due to the historical cost not being available, Management decided to use the earliest, most accurate valuation that was performed to determine deemed cost as at 01.01.2013.

The Management of ORBIT agreed that the latest valuation (2013) was the most appropriate valuation to use in determining deemed cost for initial recognition of these land and buildings. The Management of ORBIT did not see need to valuate property again in 2014 to allow for restatement to date of transition as the valuation will not have the changed significantly and the cost to be incurred for a valuation will not be justified.

The 2013 valuation value will be restated to 01.01.2013 using the IPD SA Annual Property Index which indicated the capital growth for property in 2013 was 6.8%. From this day on these classes of assets will be depreciated using the SARS guidelines for depreciation of Buildings. Land will not be depreciated as it will have an indefinite life.

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10. INTANGIBLE ASSETS

	2015			2014		
	Cost /Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost /Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Copy rights	295 356	(150 679)	144 677	209 760	(87 452)	122 308

Reconciliation of intangible assets - 2015

	Opening balance	Additions	Amortisation	Total
Copy rights	122 308	85 596	(63 227)	144 677

Reconciliation of intangible assets - 2014

	Opening balance	Amortisation	Total
Copy rights	174 748	(52 440)	122 308

Pledged as security
No intangible assets were pledged as security for any financial liability.

11. FINANCE LEASE OBLIGATION

	Amortisation	Total
Minimum lease payments due		
- within one year	295 557	528 385
- in second to fifth year inclusive	81 482	230 372
	377 039	758 757
less: future finance charges	(22 799)	(47 281)
Present value of minimum lease payments	**354 240**	**711 476**
Present value of minimum lease payments due		
- within one year	277 571	489 189
- in second to fifth year inclusive	76 669	222 287
	354 240	**711 476**
Non-current liabilities	76 669	222 287
Current liabilities	277 571	489 189
	354 240	**711 476**

It is entity policy to lease certain equipment under finance leases.

The average lease term was 3-5 years and the average effective borrowing rate was 6% (2014: 9%).

Interest rates are fixed at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

2.8 Notes to the Annual Financial Statements

12. PROVISIONS

Reconciliation of provisions - 2015

	Opening Balance	Additions	Total
Provision	60 268	1 049 332	1 109 600
Provident fund provision	3 648 277	503 178	4 151 455
	3 708 545	**1 552 510**	**5 261 055**

Reconciliation of provisions - 2014

	Opening Balance	Additions	Total
Provision	48 214	12 054	60 268
Provident fund provision	1 597 047	2 051 230	3 648 277
	1 645 261	**2 063 284**	**3 708 545**
Non-current liabilities - Capped leave accrual		225 445	-
Current liabilities - GEPF employer contribution and provident fund provision		5 035 610	3 708 545
		5 261 055	**3 708 545**

Capped Leave R225 445

The provision is prescribed by DHET and relates to employees who had leave capped per agreement during previous Function Shift Transfers not relating to the one referred to for 2015.

% used: fixed

Expected timing: on date of resignation from Government Employment

Government Employee Pension Fund R884 155

% used: 13.50%

Expected timing: 2016
ORBIT TVET College contributes 13.5% towards GEPF for state employees. ORBIT TVET College makes provision for employer contributions on previous payroll payments made directly from Council payroll that was calculated as part of pensionable earnings for the state employee. These payroll payments were supposed to have been paid by PERSAL. For these top-up, back pay and pay progression payments, no GEPF contribution could be paid to the Pension Fund due to ORBIT TVET College not being recognized as an employer by GEPF.

		2015	2014
		R	R

12. PROVISIONS (Continued)

Old Mutual Provident Fund R4 151 455

% used: 3.50% Expected timing: 2016

ORBIT TVET College contributed 10% to Old Mutual Provident Fund for employees previously appointed by Council. All these employees migrated to DHET during a Function Shift Transfer during 2015 and this Fund was therefore dissolved. Subsequently employees submitted the matter to Dispute Resolution relating to the shortfall in Employer contributions and requested an additional refund to Employees to the value of 4% of pensionable earnings. ORBIT TVET College contributed in accordance to GEPF 13% on behalf of state employees and in comparison determined a shortfall of 3% contributed to Old Mutual Provident Fund. ORBIT TVET College then estimates a probable settlement at 3.5% of pensionable earnings calculated based on actual contributions paid.

13. PAYABLES FROM EXCHANGE TRANSACTIONS

Accrued bonus	73 558	2 321 409
Accrued expenses	2 665 466	1 256 365
Accrued leave pay	-	836 807
NSFAS student liability	26 396 050	27 166 181
Pay progression accrual	540 415	446 430
PED Creditor	5 592 134	1 396 655
Other payables	13 642 985	14 574 591
Payroll accruals	668 883	1 647 325
	49 579 492	**49 645 763**

14. TUITION AND RELATED FEES

Tuition fees - students (Report 191)	11 833 905	13 606 188
Tuition fees - students (NCV)	13 119 680	14 117 263
Residential fees	3 776 945	3 672 522
Tuition fees - skills occupational	1 856 135	4 014 559
Examination fees	1 403 490	1 207 075
Tuition fees: NSFAS Bursaries (NCV)	18 524 191	17 713 446
Tuition fees: NSFAS Bursaries (Report 191)	8 232 420	9 556 975
	58 746 766	**63 888 028**

15. RENTALS

Hire of venue	373 200	250 050
Housing rental income	296 689	328 200
	669 889	**578 250**

2.8 Notes to the Annual Financial Statements

	2015 R	2014 R
16. INVESTMENT REVENUE		
Interest revenue		
Bank	8 888 972	7 716 987

The amount included in Investment revenue arising from non-exchange transactions amounted to R 8 888 972 (2014: R 7 716 987).

17. GOVERNMENT GRANTS AND SUBSIDIES

Operating grants		
Programme funding: Grants paid in cash	25 684 000	139 517 000
Programme funding: Grants paid via Persal	140 016 000	16 734 000
	165 700 000	**156 251 000**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Programme funding: Grant paid cash		
Balance unspent at beginning of year	-	-
Current-year receipts	25 684 000	139 517 000
Conditions met - transferred to revenue	(25 684 000)	(139 517 000)
	-	-
Programme funding: Grants paid via PERSAL		
Balance unspent at beginning of year	-	-
Current-year receipts	140 016 000	16 734 000
Conditions met - transferred to revenue	(140 016 000)	(16 734 000)
	-	-

18. SERVICES IN KIND

Services in kind - DHET management fee cost	2 468 339	2 483 583

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

2.8 Notes to the Annual Financial Statements

	2015 R	2014 R
19. PUBLIC CONTRIBUTIONS AND DONATIONS		
Public contributions and donations	130 381	156 623
20. REVENUE		
Tuition and related fees	58 746 766	63 888 028
Recoveries	1 194 718	22 339
Rental of facilities and equipment	669 889	578 250
Project income	7 132 287	8 735 790
Business Unit Income	300 427	155 042
Interest received - investment	8 888 972	7 716 987
Government grants & subsidies	165 700 000	156 251 000
Services in kind	2 468 339	2 483 583
Public contributions and donations	130 381	156 623
Fines, Penalties and Forfeits	13 951 376	21 162 770
Insurance Claim Received	42 003	389 482
	259 225 158	**261 539 894**
The amount included in revenue arising from exchanges of goods or services are as follows:		
Tuition and related fees	58 746 766	63 888 028
Recoveries	1 194 718	22 339
Rental of facilities and equipment	669 889	578 250
Project income	7 132 287	8 735 790
Business Unit Revenue	300 427	155 042
Interest received - investment	8 888 972	7 716 987
	76 933 059	**81 096 436**
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Transfer revenue		
Government grants & subsidies	165 700 000	156 251 000
Services in kind	2 468 339	2 483 583
Public contributions and donations	130 381	156 623
Projects	13 951 376	21 162 770
Insurance Claim Received	42 003	389 482
	182 292 099	**180 443 458**

2.8 Notes to the Annual Financial Statements

21. EMPLOYEE RELATED COSTS	2015 R	2014 R
Employee related costs		
Salaries and wages	20 369 483	75 526 369
Employee related costs - Contributions for UIF, pensions and medical aids	2 686 484	10 898 094
Travel, motor car, accommodation, subsistence and other allowances	482 852	706 544
Housing benefits and allowances	1 008 900	4 194 800
Overtime payments	18 052	95 502
Performance and other bonuses	3 812 009	6 025 495
Long-service awards	3 000	6 000
Other - Bonus & leave movement	(3 084 659)	528 133
Other - pay progression	93 985	70 489
Other - GEPF provision	823 887	12 054
Other - Provident fund provision	503 179	2 051 229
Other employee and related cost	2 745 835	9 863 197
	-	-
DHET management fee cost		
Salaries and Wages	61 487 603	1 667 812
Employee related costs - Contributions for UIF, pensions and medical aids	9 859 636	237 016
Travel, motor car, accommodation, subsistence and other allowances	1 718 810	493 914
Housing benefits and allowances	2 697 300	11 558
Overtime payments	47 173	-
Performance and other bonuses	2 103 096	73 283
Other - bonus & leave movement	5 280 704	-
Other employee and related cost	2 187 831	-
Total employee related costs and DHET management fee	**114 845 160**	**112 461 489**
Expenses paid via Persal from college programme funding:		
Lecturers engaged in Report 191 and NCV courses	54 009 141	12 432 210
Support staff engaged in Report 191 and NCV courses	28 039 164	4 391 445
Other - bonus & leave movement	5 060 987	-
	87 109 292	**16 823 655**
Services in kind (Paid via Persal, but not from college funding):		
Management remuneration	2 248 623	2 483 583
Other - bonus & leave movement	219 717	-
	2 468 340	**2 483 583**

2.8 Notes to the Annual Financial Statements

21. EMPLOYEE RELATED COSTS (continued)	2015 R	2014 R
Expenses paid via college payroll:		
Lecturers and support staff engaged in Report 191 and NCV courses	14 425 347	58 247 223
Support staff engaged in Report 191 and NCV courses	7 980 104	31 155 774
Management remuneration	38 488	41 758
Lecturers not engaged in Report 191 and NCV courses	2 951 388	1 047 591
Support staff not engaged in Report 191 and NCV courses	1 535 808	-
Other - Bonus & leave movement	(3 084 659)	528 133
Other - pay progression	93 985	70 489
Other - GEPF provsion	823 887	12 054
Other - Provident fund provision	503 179	2 051 229
	25 267 527	**93 154 251**
Total employee cost and DHET management fee:		
Total funded		
Lecturers and support staff engaged in Report 191 and NCV courses	68 434 489	75 060 474
Support staff engaged in Report 191 and NCV courses	36 019 268	31 165 840
Other - Bonus & leave movement	1 911 646	528 133
Other - Provident fund provision	503 179	2 051 229
	106 868 582	**108 805 676**
Total non-funded		
Management remuneration	2 287 111	2 525 340
Lecturers not engaged in Report 191 and NCV courses	2 951 388	1 047 930
Support staff not engaged in Report 191 and NCV courses	1 535 808	-
Other - Bonus & leave movement	284 400	-
Other - Pay progression	93 985	70 489
Other - GEPF provision	823 887	12 054
	7 976 579	**3 655 813**

In terms of the CET Act, non-funded employees are employees of the College and are accountable to the governance structures of the College. All employees appointed in funded posts have migrated to DHET on 1 April 2015 and are DHET employees as part of a transfer of function shift. Management are defined by the CET Act as the principal and deputy principals and they are employed by DHET and have dual accountability towards the council and DHET respectively.

2.8 Notes to the Annual Financial Statements

		2015 R	2014 R
21.	**EMPLOYEE RELATED COSTS (continued)**		
	In-kind Benefits - DHET management fee cost		
	Management personnel are remunerated from DHET funds and not from college funds, and this constitutes services in kind which are recognised at the cash value of the services to the State. The income is recognised as "Services in kind" as part of revenue from non-exchange transactions, and the expense is recognised as "DHET management fee."		
	Council fees disclosed in the prior period as employee and related costs has now been separately disclosed as council remuneration for a better understanding for the users of the annual financial statements.		
22.	**DEPRECIATION AND AMORTISATION**		
	Property, plant and equipment	13 853 851	13 236 357
	Intangible assets	63 227	52 440
		13 917 078	**13 288 797**
23.	**FINANCE COSTS**		
	Finance leases	49 839	87 681
	Bank	-	47
		49 839	**87 728**
24.	**DEBT IMPAIRMENT**		
	Debt impairment movement	27 507 261	22 677 726
	Recovery of bad debt provided for	(4 140 000)	-
	Bad debts written off	-	13 370
		23 367 261	**22 691 096**
25.	**CONTRACTED SERVICES**		
	Accounting fees	-	418 779
	Legal fees	-	37 059
		-	**455 838**

2.8 Notes to the Annual Financial Statements

26. GENERAL EXPENSES

	2015 R	2014 R
Advertising	896 310	919 201
Audit committee	42 534	24 416
Auditors remuneration	2 215 734	1 543 486
Bank charges	129 066	124 000
Books and learning materials	14 217 250	16 562 933
Business integrator fees	99 273	102 593
Cleaning	1 347 257	1 265 484
Computer expenses	1 147 399	383 686
Conferences and seminars	17 229	57 500
Consulting and professional fees	4 145 285	1 453 242
Consumables	91 017	2 051 845
Council functions	9 720	5 100
Diploma ceremony expenses	314 168	244 651
Electricity	4 501 433	3 402 069
Examination expenses	200 655	142 297
Fines and penalties	900	-
Fuel and oil	819 815	799 653
Function and catering expenses	638 770	2 231 439
Gifts	22 039	44 731
Insurance	1 531 961	1 276 870
Licence fees - computers and software	1 211 707	1 875 048
Marketing	1 063 176	821 375
Membership fees	173 467	102 056
Motor vehicle expenses	52 011	12 616
Placement fees	23 695	13 192
Postage and courier	41 332	36 186
Printing and stationery	2 742 281	5 482 866
Protective clothing	721 023	788 292
Security	3 810 677	2 822 767
Staff welfare	373 191	645 800
Stipends	6 419 600	16 259 100
Student support services	6 651 702	8 238 899
Subscriptions and membership fees	18 965	31 602
Telephone, postage, network and communication cost	2 392 898	2 175 922
Training	892 775	1 558 606
Travel - overseas	28 499	7 100
Travel, accommodation and entertainment	804 447	789 061
Uniforms and overalls	110 346	235 615
	59 919 607	**74 531 299**

2.8 Notes to the Annual Financial Statements

		2015 R	2014 R
27.	**AUDITORS' REMUNERATION**		
	Fees	2 215 734	1 543 486
28.	**CASH (USED IN) GENERATED FROM OPERATIONS**		
	Surplus	34 636 539	25 900 385
	Adjustments for:		
	Depreciation and amortisation	13 917 078	13 288 797
	Gain / Loss on sale of assets and liabilities	(21 131)	(91 740)
	Finance costs - Finance leases	49 839	87 681
	Debt impairment	23 367 261	22 691 096
	Movements in provisions	1 552 510	2 063 284
	Other non-cash items - Implementation of GRAP	-	(1 298 918)
	Gain on projects	(6 943 898)	(6 661 523)
	Inventory losses/ write-downs	2 795 034	609 347
	Changes in working capital:		
	Inventories	(6 727 321)	1 864 951
	Consumer debtors	(91 657 463)	(32 665 372)
	Payables from exchange transactions	(66 272)	(4 841 002)
	Projects	3 189 749	4 006 616
		(25 908 075)	**24 953 602**

29. KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS

The following areas involve a significant degree of estimation uncertainty:

- Useful lives and residual values of property,plant & equipment
- Recoverable amounts of property, plant and equipment
- Provision for doubtful debts
- Impairment of assets
- Provisions

The following areas involved judgements, apart from those involving estimations disclosed above, that management has made in the process of applying the entity's counting policies and that have the most significant effect on the amounts recognised in the financial statements:

- Inventory

2.8 Notes to the Annual Financial Statements

30. RELATED PARTIES

Relationships

Members of key management	Marais M - Principal Matjiane SM - Deputy Principal: Corporate Services Mosito TJ - Deputy Principal: Programmes and Student support Deputy Principal Finances - Vacant
Councillors	CS Mabe [Chairperson] - Independent (Ministerial appointee) MP Madoda - Independent (Ministerial appointee) A Saffy - Independent (Ministerial appointee) SJ Mokotedi - Independent (Ministerial appointee) FS Shongwe - Independent (Ministerial appointee) MG Nkagisang [Deputy Chairperson] - Donor JJ Erasmus - Independent K Moloantoa - Independent MKG Ramorwesi - Independent SE Xipu - Independent M Marais - Principal M Maja - Academic Board Representative RD Baloyi - Lecturer Representative R Marakalala - Support Staff Representative L Matsinne T Malebane - SRC T Motlhabane - SRC
Audit Committee	MKG Ramorwesi - [Chairperson] I Klynsmith - Attorney Van Velden – Duffey Inc. APC Mangoma - Provincial Finance Manager Standard Bank Rustenburg

2.8 Notes to the Annual Financial Statements

30. RELATED PARTIES (continued)

Controlling entity	Minister of Higher Education and Training and Department of Higher Education and Training Minister of Higher Education and Training The Minister of Higher Education and Training ("the Minister") is the executive authority of all public entities reporting to him/her. In terms of the Continuing Education and training Act no. 16 of 2006 (the Act), the Minister has control over ORBIT TVET College. Department of Higher Education and Training The Minister is also a related party of the Department of Higher Education and Training ("DHET"). Therefor DHET is also a related party of ORBIT TVET College. DHET transfers the Grant and Subsidy allocation to ORBIT TVET College and controls the employees placed at ORBIT TVET College due to their employment contracts with DHET. DHET therefor pays for the management fees and provided services in kind for salaries of senior management.
Other TVET Colleges	The following TVET Colleges have engaged in transactions with ORBIT TVET College for the business as stated. All these transactions were at arms length.

TVET College	Business
Capricon	Conference fees
Central Johannesburg	Conference fees
Coastal	Conference fees
Ehlanzeni	Conference fees
Ingwe	Conference fees
King Sabatha	Conference fees
Taletso	Shared fees for student activities
Thekwini	Conference fees
Tswane North	Conference fees
Umgungundlovu	Conference fees
Vhembe	Conference fees
Vusulela	Shared fees for student activities
Waterberg	Conference fees

30. RELATED PARTIES (continued)		2015 R	2014 R
Related party transactions			
Key managment remuneration			
Marais M	Basic	652 837	643 633
	Bonus and awards	-	12 883
	Company contributions (UIF, Medical aid & Pension)	84 938	80 381
	Travel, motor car, accommodation, subsistence and other allowances	185 684	240 763
	Leave accrual	76 113	-
		999 572	**977 660**
Matjiane SM	Basic	420 167	481 082
	Bonus and awards	35 422	42 951
	Company contributions (UIF, Medical aid & Pension)	54 691	62 607
	Travel, motor car, accommodation, subsistence and other allowances	78 184	113 498
	Leave accrual	45 875	-
	Bonus accrual	15 311	-
		649 650	**700 138**
Mosito TJ	Basic	507 084	496 447
	Bonus and awards	41 742	12 284
	Company contributions (UIF, Medical aid & Pension)	72 020	88 722
	Travel, motor car, accommodation, subsistence and other allowances	154 343	192 210
	Leave accrual	60 452	-
	Bonus accrual	21 965	-
		857 606	**789 663**

30. RELATED PARTIES (continued)

External councillors remuneration

2015

	Sitting fees	Travel and subsistence	Total
CS Mabe	24 000	556	24 556
OM Nkagisang	29 862	13 458	43 320
JJ Erasmus	7 466	1 463	8 929
MP Madoda	10 665	3 186	13 851
SJ Mokotedi	13 865	683	14 548
K Moloantoa	31 463	1 322	32 785
MKG Ramorwesi	17 064	2 146	19 210
SE Xipu	33 595	1 037	34 632
	167 980	**23 851**	**191 831**

2014

	Sitting fees	Travel and subsistence	Total
CS Mabe	16 533	2 059	18 592
JJ Erasmus	4 266	924	5 190
MP Madoda	23 463	13 596	37 059
SJ Mokotedi	6 399	1 013	7 412
K Moloantoa	12 798	396	13 194
MKG Ramorwesi - Independent	12 798	2 284	15 082
Nkagisang OM	21 330	7 867	29 197
FS Shongwe	10 665	3 960	14 625
SE Xipu	17 064	1 320	18 384
	125 316	**33 419**	**158 735**

External audit committee members remuneration

2015

	Sitting fees	Travel and subsistence	Total
I Klynsmith	4 800	127	4 927
APC Mangoma	20 800	509	21 309
MKG Ramorwesi	14 931	1 367	16 298
	40 531	**2 003**	**42 534**

30. RELATED PARTIES (continued)

2014

	Sitting fees	Travel and subsistence	Total
I Klynsmith	7 999	330	8 329
APC Mangoma	6400	264	6 664
MKG Ramorwesi	8 532	891	9 423
	22 931	**1 485**	**24 416**

Transactions with DHET and the Minister

	2015	2014
Revenue from non-exchange transactions - Government grants and subsidies	(165 700 000)	(156 251 000)
Revenue from non-exchange transactions - Services in kind	(2 468 339)	(2 483 583)
Expenditure - Employee related costs - Management fee	85 382 153	2 483 583
Trade and other receivables - DHET debtor	67 668 459	-

2.8 Notes to the Annual Financial Statements

31. PRIOR PERIOD ERRORS

		2014 R	2013 R
	The correction of the error(s) results in adjustments as follows:		
	Statement of financial position		
1.	Decrease in Receivables	106 560	369 679
	Decrease in Accumulated surplus	-	205 199
	Increase in Receivables	600	-
	Decrease in Payables	21 010	-
	A detailed investigation was undertaken to correct staff debtors for 2013 and 2014, billing issues were corrected and staff debtors agreed to the age analysis.		
2.	Decrease in Receivables (Increase in Provision for doubtful debts)	230 868	31 915
	Provision doubtful debts relating to other debtors was not provided for in the prior years.		
3.	Increase in Inventory	335 333	-
	Current replacement costs for inventories were not assessed in the 2014 financial year. Inventory quantities incorrectly accounted for in prior years.		
4.	Decrease in Payables	150 376	-
	Increase in Payables	150 376	-
	Reallocation of the pay progression which was previously classified under the DHET unallocated creditor.		
5.	Increase in Payables	-	225 565
	Adjustment of the pay progression accrual to allign it to the schedule as provided by DHET for the 2013 and 2012 financial years.		
6.	Increase in Payables	70 489	-
	Adjustment of the pay progression accrual to allign it to the schedule as provided by DHET for the 2014 financial year.		
7.	Increase in Provisions	-	48 214
	Recognition of the provision of GEPF relating to the pay progression payments recognised for 2012 and 2013.		

2.8 Notes to the Annual Financial Statements

		2014 R	2013 R
31.	**PRIOR PERIOD ERRORS (Continued)**		
8.	Increase in Provisions	12 054	-
	Recognition of the provision of GEPF relating to the pay progression payments recognised for 2014.		
9.	Increase in Property, plant and equipment	-	1 886 244
	Increase in Finance lease obligation	-	1 886 244
	Recognition of finance leases relating to the 2013 financial year.		
10.	Decrease in Finance lease obligation	-	609 447
	Increase in Accumulated surplus	-	242 425
	Recognition of finance leases relating the the 2013 financial year which were previously incorrectly recognised as operating leases.		
11.	Decrease in Property, plant and equipment (Increase in Accumulated depreciation)	-	684 168
	Recognition of depreciation relating to finance leases from the 2013 financial year which were previously incorrectly recognised as operating leases.		
	Useful lifes, residuals values not assessed in prior years and asset count performed to correct asset quantities.		
12.	Decrease in Finance lease obligation	565 322	-
	Correction of payments made during the 2014 year with regards to finance leases. These payments were previously incorrectly classified as operating leases.		
13.	Decrease in Property, plant and equipment (Increase in Accumulated depreciation)	564 637	-
	Recognition of depreciation on finance leases for the 2014 financial year for finance leases which were previously incorrectly recorded as operating leases.		
14.	Decrease in Receivables	20 570	-
	Correction of income received from Taletso FET wrongfully disclosed accrued income.		
15.	Increase in Receivables	3 880 080	-
	Increase in Payables	3 880 080	-
	NSFAS overpayments made to students with regards to accommodation, tuition and transport reallocated to receivables.		

31. PRIOR PERIOD ERRORS (Continued)

		2014 R	2013 R
16.	Increase in Receivables	385 854	-
	Increase in Payables	385 854	-
	NSFAS payments made to students with no approved bursaries reallocated to receivables.		
17.	Increase in Payables	30 163 124	-
	Decrease in Payables	30 163 124	
	Transfer of NSFAS funds owed to students from the NSFAS funds payable to the NSFAS Students liability.		-
18.	Decrease in Property, plant and equipment	921 152	-
	Increase in Property, plant and equipment	921 152	-
	Buildings additions transferred to assets under construction, as it was previously incorrectly allocated		
19.	Increase in Receivables (Decrease in Provision for doubtful debts)	4 464 217	-
	Proper reassessment of collectability of debtors in prior period was done and the provision for doubtful debts was adjusted accordingly.		
20.	Decrease in Projects (Liabilities)	-	8 390 025
	Realisation of Profits on completed projects in 2013.		
21.	Decrease in Finance lease obligation (Non-current liabilities)	489 189	-
	Increase Finance lease obligation (Current liabilities)	489 189	-
	Correction of the short term portion of finance lease liabilities previously recorded as long term finance lease liabilities.		
22.	Increase in Property, plant and equipment	270 561	1 461 915
	Increase in Accumulated surplus	-	9 455 609
	Increase in Property, plant and equipment (Decrease in Accumulated depreciation)	3 419 293	-
	Decrease in Property, plant and equipment (Increase in Accumulated depreciation)	78 360	8 508 119
	During the 2015 annual financial year extensive investigations were performed on the asset register to correct assets in relating to 2013, 2014 and 2015. Asset counts were conducted and all previously omitted assets were recorded in appropriate years it related to.		
	In prior periods assets residual values and useful lives were also not assessed, this has also now been corrected and updated.		

2.8 Notes to the Annual Financial Statements

31. PRIOR PERIOD ERRORS (Continued)		2014 R	2013 R
23.	Decrease in Property, plant and equipment Recognition of 2014 disposals as per fixed movable asset register.	4 900	-
24.	Decrease in Projects (Liabilities) Realisation of Profits on completed projects in 2014.	5 939 103	-
25.	Increase in Trade and other receivables from exchange transactions Correction of invoice recorded in the incorrect period - 2013 income.	-	2 065 860
26.	Increase in Inventories Correction of inventory balance to account for prior period error, account 22400.	-	994 341
28.	Increase in Projects (Liabilities) Decrease in Accumulated surplus Recording of project NARYSCE previously omitted.	- -	2 065 680 2 065 680
29.	Increase in Payables Provision for Van Velden-Duffy, invoice dated 2013/12/23 - accrued expenses 2013.	-	4 194
30.	Increase in Payables Decrease in Accumulated surplus Provision for Van Velden-Duffy, invoice dated 2012/03/28 - accrued expenses 2012.	- -	8 891 8 891
31.	Increase in Projects (Assets) Increase in Projects (Liabilities) Correction of 2014 projects assets incorrectly classified as liabilities.	944 730 944 730	- -
32.	Decrease in Payables Increase in Payables Correction of the NSFAS liability with regards the Mankwe Oraks payments.	1 214 570 1 214 570	- -
33.	Increase in Receivables Increase in Payables Decrease in Payables Correction of the NSFAS debtor and liability taking into account the unallocated fees which were paid back to NSFAS.	45 161 251 998 206 837	- - -

2.8 Notes to the Annual Financial Statements

31. PRIOR PERIOD ERRORS (Continued)

		2014 R	2013 R
34.	Decrease in Payables	-	796
	Decrease in Receivables	-	796
	Corrections made against garnishees by ADAPT IT in 2013 as a result of wrong allocations.		
35.	Increase in Receivables	227 087	-
	Increase in Payables	227 087	-
	Correction of NSFAS debtors which were classified as payables.		
36.	Increase in Receivables	108 990	-
	Increase in Payables	108 990	
	Correction of the NSFAS liability with regards the Mankwe Oraks payments.		-
37.	Decrease in Receivables	1 684 526	-
	Decrease in Payables	1 684 526	-
	Correction of NSFAS student credits in student debtors.		
38.	Decrease in Receivables (Increase in Provision for doubtful debts)	2 393 614	-
	Provision for doubtful debts for NSFAS student debtor in 2014 previously omitted.		
39.	Increase in Receivables	227 087	-
	Decrease in Receivables	227 087	-
	Correction of NSFAS student debtors wrongfully allocated to NSFAS debtors.		
40.	Increase in Provisions	2 051 229	1 597 047
	Recognition of the provision for 2013 and 2014 in relation to the provident fund employer contributions that were not fully paid as stipulated by the bargaining council agreement effective from March 2013.		
41.	Decrease in Payables	228	
	Increase in Receivables	3 281	2 890
	Increase in Accumulated surplus	-	2 890
	Correction of audit committee and council fees to agree with amounts paid and claimed in 2014 and corresponding amounts owed by and to council and committee members.		
42.	Decrease in Receivables (Increase in Provision for doubtful debts)	6 156 830	-
	Provision of doubtful debt for project debtors exceeding 180 days in age in 2014 previously omitted.		

2.8 Notes to the Annual Financial Statements

31. PRIOR PERIOD ERRORS (Continued)		2014 R	2013 R
43.	Decrease in Receivables	-	2 637 950
	Decrease in Accumulated surplus	-	2 637 950
	An investigation was conducted to correct project debtors in 2013 and 2014.		
44.	Decrease in Receivables (Increase in Provision for doubtful debts)	78 695	13 408
	Provision doubtful debts relating to staff debtors was not provided for in the prior years.		
45.	Decrease in Accumelated surplus	-	823 873
	Decrease in Property, plant and equipment	-	823 873
	Decrease in Property, plant and equipment (Increase in Accumulated impairment)	-	612 028
	Correction of land to agree to supporting evidence in 2013 and 2014 supporting register.		
46.	Decrease in Property, plant and equipment	46 573	10 733 437
	Decrease in Property, plant and equipment (Increase in Accumulated impairment)		2 771 399
	Decrease in Accumulated surplus		10 733 437
	Increase in Property, plant and equipment (Decrease in accumulated depreciation)	302 318	205 858
	Correction of buildings to agree to supporting evidence in 2013 and 2014 supporting register.		
47.	Increase in Projects	4 006 612	-
	Decrease in Payables from exchange transactions	4 006 612	-
	In 2014 project liabilities were wrongfully included as part of payables, this has now been corrected to show the true nature of the transaction.		

*Note - The movements above result in R6 774 106 decrease in 2013 as disclosed in the statement of changes in equity to balances previously reported.

Statement of Financial Performance		2014	2013
1.	Decrease in Rental of facilities and equipment	84 950	164 480
	A detailed investigation was undertaken to correct staff debtors for 2013 and 2014, billing issues were corrected and staff debtors agreed to the age analysis.		
2.	Increase in Debt impairment	230 868	31 915
	Provision doubtful debts relating to other debtors was not provided for in the prior years.		

31. PRIOR PERIOD ERRORS (Continued)		2014 R	2013 R
3.	Decrease in Inventory losses/ write downs Current replacement costs for inventories were not assessed in the 2014 financial year.	335 333	-
5.	Increase in Employee costs Adjustment of the pay progression accrual to align it to the schedule as provided by DHET for the 2013 and 2012 financial years.	-	225 565
6.	Increase in Employee costs Adjustment of the pay progression accrual to align it to the schedule as provided by DHET for the 2014 financial year.	70 489	-
7.	Increase in Employee cost Recognition of the provision of GEPF relating to the pay progression payments recognised for 2012 and 2013.	-	48 214
8.	Increase in Employee cost Recognition of the provision of GEPF relating to the pay progression payments recognised for 2014.	12 054	-
10.	Decrease in Lease rental on operating lease	-	445 281
	Increase in finance costs Recognition of finance leases relating the 2013 financial year which were previously incorrectly recognised as operating leases.	-	78 259
11.	Increase in Depreciation Recognition of depreciation relating to finance leases from the 2013 financial year which were previously incorrectly recognised as operating leases.	-	684 168
12.	Decrease in Lease rental on operating lease	653 003	-
	Increase in finance costs Correction of payments made during the 2014 year with regards to finance leases. These payments were previously incorrectly classified as operating leases.	87 681	-
13.	Increase in Depreciation Recognition of depreciation on finance leases for the 2014 financial year for finance leases which were previously incorrectly recorded as operating leases.	564 637	-

2.8 Notes to the Annual Financial Statements

31. PRIOR PERIOD ERRORS (Continued)		2014 R	2013 R
14.	Decrease in Recoveries Correction of income received from Taletso FET wrongfully disclosed accrued income.	20 570	-
19.	Decrease in Debt impairment Proper reassessment of collectability of debtors in prior period was done and the provision for doubtful debts was adjusted accordingly.	4 464 217	-
20.	Increase in Profit/loss on projects Realisation of Profits on completed projects in 2013.	-	8 390 025
22.	Increase in Depreciation Decrease in Depreciation Decrease in Impairment loss During the 2015 annual financial year extensive investigations were performed on the asset register to correct assets in relating to 2013, 2014 and 2015. Asset counts were conducted and all previously omitted assets were recorded in appropriate years it related to. In prior periods assets residual values and useful lives were also not assessed, this has also now been corrected and updated.	78 360 1 085 308 2 604 546	16 501 813 - -
23.	Decrease in Gain/(loss) on sale of assets Recognition of 2014 disposals as per fixed movable asset register.	4 900	-
24.	Increase in the Profit/Loss on projects Realisation of Profits on completed projects in 2014.	5 939 103	-
25.	Increase in Project income Correction of invoice recorded in the incorrect period - 2013 income.	-	2 065 860
26.	Decrease in Inventory losses/ write-downs Correction of inventory balance to account for prior period error, account 22400.	-	994 341
27.	Increase in Project income Increase in General expenses Correction of 2014 project income incorrectly classified as general expenditure.	3 113 040 3 113 040	- -

2.8 Notes to the Annual Financial Statements

		2014 R	2013 R
31.	**PRIOR PERIOD ERRORS (Continued)**		
29.	Increase in General expenditure Provision for Van Velden-Duffy, invoice dated 2013/12/23 - accrued expenses 2013.	-	4 194
38.	Increase in Debt impairment Provision for doubtful debts for NSFAS student debtor in 2014 previously omitted.	2 393 614	-
40.	Increase in Employee cost Recognition of the provision for 2013 and 2014 in relation to the provident fund employer contributions that were not fully paid as stipulated by the bargaining council agreement effective from March 2013.	2 051 229	1 597 047
41.	Decrease in General expenses Increase in Remuneration of councilors Correction of audit committee and council fees to agree with amounts paid and claimed in 2014 and corresponding amounts owed by and to council and committee members.	3 746 237	- -
42.	Increase in Debt impairment Provision of doubtful debt for project debtors exceeding 180 days in age in 2014 previously omitted.	6 156 830	-
44.	Increase in Debt impairment Provision doubtful debts relating to staff debtors was not provided for in the prior years.	78 69	613 408
45.	Increase in Impairment loss on land Correction of land to agree to supporting evidence in 2013 and supporting register. Increase in Impairment loss on buildings Decrease in depreciation Correction of buildings to agree to supporting evidence in 2013 and 2014 supporting register.	- - 255 745	612 028 2 771 399 205 858

*Note: The effect on the statement of financial performance as indicated above will also be reflected as part of accumulated surplus included in the Statement of Financial Position. The movements above result in a R3 505 887 increase in accumulated surplus for 2014 and R10 631 127 decrease in 2013 as disclosed in the statement of changes in equity to balances previously reported.

2.8 Notes to the Annual Financial Statements

	2014 R	2013 R

31. PRIOR PERIOD ERRORS (Continued)

Disclosure items

Related parties | **2014** | **2013**

In the prior period the below related parties were omitted, this has now been corrected.

Minister of Higher Education and Training
The Minister of Higher Education and Training ("the Minister") is the executive authority of all public entities reporting to him/her. In terms of the Continuing Education and Training Act no. 16 of 2006 (the Act), the Minister has control over ORBIT TVET College.

Department of Higher Education and Training
The Minister is also a related party of the Department of Higher Education and Training ("DHET"). Therefor DHET is also a related party of ORBIT TVET College. DHET transfers the Grant and Subsidy allocation to ORBIT TVET College and controls the employees placed at ORBIT TVET College due to their employment contracts with DHET. DHET therefore pays for the management fees and provided services in kind for salaries of Senior Management.

Other TVET Colleges
The following TVET Colleges have engaged in transactions with ORBIT TVET College for the business as stated.
All these transactions were at arms length.

Capricon	Conference fees
Central Johannesburg	Conference fees
Coastal	Conference fees
Ehlanzeni	Conference fees
Ingwe	Conference fees
King Sabatha	Conference fees
Taletso	Shared fees for student activities
Thekwini	Conference fees
Tswane North	Conference fees
Umgungundlovu	Conference fees
Vhembe	Conference fees
Vusulela	Shared fees for student activities
Waterberg	Conference fees

	2014 R	2013 R
31. PRIOR PERIOD ERRORS (Continued)		
DHET and the Minister		
Revenue from non-exchange transactions - Government grants and subsidies	(156 251 000)	-
Revenue from non-exchange transactions - Services in kind	(2 483 583)	-
Expenditure - Employee related costs - Management fee	2 483 583	-
	(156 251 000)	-

Capital commitments as part of PPE note	**2014**	**2013**
In the prior period the below capital commitments were omitted, this has now been corrected.		
Batlotlegi	3 226 383	-
	3 226 383	-

32. COMPARATIVE FIGURES

Various line items which were separately disclosed in the Statement of Financial Performance in the 2014 annual financial statements were combined in the 2015 annual financial statements. Items were also reclassified in the Statement of Financial Position and Statement of Financial Performance. Please refer below for the nature of the respective changes made and reasons thereof.

Statement of financial position	**2014**
Various statement of financial position line items were reclassified in the Statement of2014 Financial Position in the 2014 annual financial statements to obtain and ensure the proper disclosure thereof:	
Receivables:	
In the 2014 annual financial statements the following receivables were included in other receivables that related to project debtors, this has now been reclassified to project debtors for clarity purposes, the respective line items are as follows:	
Other receivables - Projects	14 110 832
Total decrease in other receivables - Other Debtors	14 110 832
In the 2014 annual financial statements the following garnishees were included in other receivables that related to payroll accruals, this has now been reclassified to payroll accruals for clarity purposes, the respective line items are as follows:	
Trade payables from exchange transactions - payroll accruals	141 731
Total decrease in other receivables - Other Debtors	141 731

2.8 Notes to the Annual Financial Statements

	2014 R	2013 R

32. COMPARATIVE FIGURES (Continued)

In the 2014 annual financial statements the following prepayments were included in other receivables, this has now been reclassified to prepayments for clarity purposes, the respective line items are as follows:

Prepayments	343 551
Total decrease in other receivables - Other Debtors	343 551

In the 2014 annual financial statements the following employee debtors were included in other receivables, this has now been reclassified to employee debtors for clarity purposes, the respective line items are as follows:

Employee debtors	108 442
Total decrease in other receivables - Other Debtors	108 442

Statement of Financial Performance **2014**

General expenditure:

Various expenditure line items which were separately disclosed in the Statement of2014 Financial Performance in the 2014 annual financial statements were combined and included in the General Expenditure line item in the 2015 annual financial statements. The following amounts were included in General Expenses for 2015

Travel, accommodation and entertainment	(796 161)
Books and learning material	(16 562 934)
Printing and stationery	(5 482 868)
Telephone, postage, internet, network and communication costs	(2 212 108)
Marketing	(821 375)
Municipal services	(3 402 069)
Security	(2 822 767)

In the prior year operating leases were disclosed as part of general expenses. In the 2015 financial year it was disclosed as a separate expenditure line item in the Statement of Financial Performance.

Rental building	(7 200)
Rental of office equipment	(1 572 599)
Other rentals	(154 404)

	2014 R	2013 R

32. COMPARATIVE FIGURES (Continued)

Employee cost:

In the 2014 annual financial statements the following incurred expenses were included in employee cost but for clarity purposes were disclosed in the respective line items as follows:

Remuneration of councilors	(158 498)
Audit committee (Now included in general expenditure)	(28 162)
Total decrease in employee cost	(186 660)

Other income:

The following revenue line items as disclosed separately in the 2015 Statement of Financial Performance were combined into one line item in the previous financial year, namely Other Income:

Project income	5 622 750
Recoveries	42 909
Business unit income	155 042

Other income (from non-exchange transactions):

In the 2014 annual financial statements, the insurance claim received, amounting to R389 482, was included in the other income line item. It was disclosed as a separate line item in the Statement of Financial Performance in the 2015 annual financial statements.

It was disclosed as separate line items in the 2015 Statement of Financial Performance as it contributes to the understandability of the financial statements and provides additional clarity for the users thereof.

33. RISK MANAGEMENT AND OTHER FINANCIAL INSTRUMENT DISCLOSURES

Maximum credit risk exposure

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

Liquidity risk

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

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

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows and represent financial liabilities (financial instruments) carried at amortised cost.

2015	**Not later than one year**	**Later than one year**
Gross finance lease obligations	277 571	76 669
Trade and other payables	49 579 492	-
Projects	18 192 747	981 289

2014	**Not later than one year**	**Later than one year**
Gross finance lease obligations	489 189	222 287
Trade and other payables	49 645 763	-
Bank overdraft	830	-
Projects	14 208 985	-

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the College aims to maintain flexibility in funding by keeping committed credit lines available.

The College has minimised risk of liquidity as shown by its sufficient cash, cash equivalents and investment portfolio. The College manages a cash budget that is continually updated and reported to Executive Management. During its term the Council's Finance Committee also oversaw the investment portfolio managed by independent fund managers. A multimanager approach is also followed in appointing investment managers to limit investment risk further.

No collateral is held in regards to any financial liability of ORBIT TVET College.

33. RISK MANAGEMENT AND OTHER FINANCIAL INSTRUMENT DISCLOSURES (Continued)

Credit risk

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

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

The financial assets carried at amortised cost expose the entity to credit risk. The value of the maximum exposure to credit risk are as follows for each of classes of financial assets at amortised cost:

Financial instrument	**2015**	**2014**
Cash and cash equivalents	71 303 238	101 010 879
Trade and other receivables from exchange transactions	85 543 865	17 253 663
Other financial assets	88 500 000	108 500 000
Projects	259 094	2 095 910
Other receivables from non-exchange transactions	-	-`

No collateral is held in regards to any financial asset of ORBIT TVET College.

The College has no significant concentrations of credit risk. For banks and financial institutions, only independently rated parties are accepted and the College have policies in place to ensure that credit exposure to any one institution is limited. It also has policies in place to ensure that rendering of education service are made to students with an appropriate credit history. Receivables comprise of outstanding student loans and a number of customers dispersed across different industries and geographical areas. The College is exposed to credit risk arising from student receivables related to outstanding fees and loans. This risk is mitigated by requiring students to pay an initial installment in respect of tuition and accommodation fees at registration, the regular monitoring of outstanding fees, the institution of debt collection action in cases of long outstanding amounts. In addition, students with outstanding balances from previous years of study are only permitted to renew their registration after either the settling of the outstanding amount or the conclusion of a formal arrangement. The College assists a limited number of financially needy students with loans. Although this represents a credit risk, the risk is mitigated in view thereof that the loans are secured by means of requesting two sureties per agreement. Credit valuations are performed on the financial condition of customers other than students.

33. RISK MANAGEMENT AND OTHER FINANCIAL INSTRUMENT DISCLOSURES (Continued)

Market risk

Interest rate risk

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

At year end, financial instruments exposed to interest rate risk were Call deposits, Notice deposits and Bank overdraft:

34. GOING CONCERN

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

35. EVENTS AFTER THE REPORTING DATE

Disclose for each material category of non-adjusting events after the reporting date:
- nature of the event.
- estimation of its financial effect or a statement that such an estimation cannot be made.

36. EMPLOYEE BENEFITS

	2015 R	2014 R
Defined contribution plans recognised as an expense:		
Plan - Old Mutual Pension Fund Scheme	2 372 699	9 655 017
The amounts recognised in the statement of financial performance	2 372 699	9 655 017

Provident fund benefits are related to the member's fund credit at retirement. The fund credit consists of member's contributions plus the employer's retirement benefit contributions plus declared returns on such contributions. Additional.

The Provident Funds are defined Contribution funds with the following contribution rates as a percentage of salary
Employee: 7.50%
Employer: 9.00%

2.8 Notes to the Annual Financial Statements

	2015 R	2014 R
37. CONTINGENCIES		
Pension liability for employees who received a top-up	-	649 373

As these employees were never promoted by the DoE on PERSAL, the College had to pay a top-up but due to the fact that they were Government Pension Fund contributors, a pension portion was never paid on their top-ups. Going forward to DHET to appoint them on their rightful salary, the GEPF would require the pension portion on their top-ups since their appointments. The GEPF is currently busy with actuarial calculations in this regard and once calculated, the employer contribution will be paid from the salary budget (provision has been made in the salary budget for this expense).

38. IN-KIND DONATIONS AND ASSISTANCE		
The entity received the following in-kind donations and assistance:		
DHET management fee cost	2 713 425	2 483 583

Management personnel are remunerated from DHET funds and not from college funds, and this constitutes services in kind which are recognised at the cash value of the services to the State. The income is recognised as "Services in kind" as part of revenue from non-exchange transactions, and the expense is recognised as "DHET management fee".

Central Office
+27 145927014
+27 14597 5500
info@orbitcollege.co.za
Fatima Bhayat Street RUSTENBURG 0300
GPS Coordinates: 25° 40' 25.07 S, 27° 14' 58.31 E

Mankwe Campus
+27 145552900
info@mankwecampus.co.za
Stand 230 Unit 2 MOGWASE 0314
GPS Coordinates: 25° 17' 41.89 S, 27° 11' 57.13 E

Rustenburg Campus
+27 145928461/2 | +27 145975502
info@rustenburgcampus.co.za
c/o Bosch & Fatima Bhayat Street RUSTENBURG 0300
GPS Coordinates: 25° 40' 28.95 S, 27° 14' 56.98 E

Brits Campus
+27 123815700
info@britscampus.co.za
Reitz Street North BRITS 0250
GPS Coordinates: 25°38' 2.47 S, 27° 46' 25.65 E

Call Centre
0861 000 305

www.orbitcollege.co.za
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