



# ANNUAL REPORT

# ORBIT 2017



higher education  
& training

Department:  
Higher Education and Training  
REPUBLIC OF SOUTH AFRICA



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## VISION, MISSION AND KEY VALUES STATEMENT

### 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

ORIBT 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



## 1. INTRODUCTION

This Annual Performance Report for 2017 aims to present and showcase the performance and achievements of ORBIT TVET College during the 2017 academic year. The report serves to provide an honest overview of the extent to which strategic targets have been met in terms of academic, enrolment, management and administrative performance.

## 2. ABBREVIATIONS AND 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	CET Act No.16 of 2016
CETA	Construction Education and Training Authority
CoSACSA	College Sports, Arts & Culture Championships
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
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
LAN	Local Area Network
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
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
PRO	Public Relations Officer
QMS	Quality Management System
SABS	South African Bureau of Standards



SACPO	South African College Principals' Organisation
SAICA	South African Institute of Chartered Accountants
SARS	South African Revenue Services
SETA	Sector Education and Training Authority
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
WAN	Wide Area Network
WBE	Workplace-based Education
WIL	Work Integrated Learning

***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**

### 3. MESSAGE FROM THE COUNCIL CHAIRPERSON

The vision of the college is “To be a global institution of excellence surpassing community needs”. This must be lived by the students, employees and council members. This requires everyone to be exemplary as we are part of the community, and the community has expectations. If each one of us would make a little gesture to change the lives of somebody around us, we would be the greatest country in the world.

2017 has been a year in which our staff has yet again made substantive contributions and thus a good year to look back and reflect on achievements. We all know that greatness is not a destination, but a journey. Martin Luther King Jr. once said, “Faith is taking the first step even when you don’t see the whole staircase.”

We succeeded in achieving most of our strategic objectives and key targets as indicated in our Strategic Target Dashboard such as providing quality teaching, having adequate infrastructure and systems in place to increase access, developing partnerships to assist in preparing our students for the labour market, pursuing continuous business excellence through good corporate governance and management and to ensure that the College processes are continuously monitored and evaluated.

To understand what is expected of a public institution like ORBIT College you have to understand the current dynamics and the consequent vision of government. One of the current drivers of change for the South African situation is an improvement in education and specifically the quality of teaching in TVET Colleges with the consequent improvement of the quality of graduates. The employers do not measure our graduates by how hard they tried, but they measure them by what they can deliver. Graduates need to stand out from the crowd.

We would like to thank all staff members for their hard work and valuable contributions in 2017. Our successes of 2017 did not happen by accident. You were willing to work hard, persevere, learn new skills; but most of all you have a passion for what you are doing, and this makes you a team to be proud of! Be passionate about doing the right thing and a good reputation will follow you. We make a difference in life by serving others, not by trying to be important.



A handwritten signature in black ink, appearing to read 'C.S. Mabe'.

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**C.S. MABE**  
**COLLEGE COUNCIL CHAIRPERSON**

## 4. THE ACCOUNTING OFFICER'S FOREWORD

There is an Irish proverb that says: "As you ramble through life, whatever be your goal; keep your eye upon the doughnut, not upon the hole!" This is precisely what ORBIT College has succeeded in doing over the years and specifically in 2017; we are clear about our vision of becoming a global institution of excellence, surpassing community needs, supported by our belief that you should never be a prisoner of your past as the past challenges are just lessons and not a life sentence! The commitment of the ORBIT College employees over years has transformed our promise to the community into a reality and the excellence experienced through this commitment assists us in never being content with mediocrity.

Despite the difficult and ever-evolving operating environment of 2017, the College delivered outcomes that brought programmes and educational opportunities to transform the lives of thousands of young people enrolled in our programmes. There are still challenges ahead in our quest to achieve all our strategic goals, but I remain certain that given the quality and diversity of scope of our programmes, the opportunities of the TVET College Sector, the commitment of our employees, the strong relationships we have with our students, the community and business and industry partners, we will be able to achieve the goal of being an institution of first choice.

Our strategic plan is driven by our guiding principles, our mission and values. After more than 14 years of operations we remain committed to the provision of quality, affordable education and training in the community, for the community. We believe our graduates will be more confident members of their workplaces and communities because of the new skills, knowledge and qualifications they acquire here at ORBIT College.

Our staff members, students, the community and partners played a crucial part in promoting, supporting and sharing the mission and vision of ORBIT College. I would like to acknowledge the contributions of our staff in supporting our students through 2017. Although it is not always easy to measure the impact of what is taught on the lives of our young people, our staff remained committed to keep planting seeds of knowledge on a daily basis.

I would also like to sincerely thank our business partners who, through their involvement, enhanced the teaching and learning environment and provided new opportunities for our students. I would like to convey my heartfelt appreciation to all Management Board members for their selfless leadership, passion and ability to empower others in pursuit of our goals.

The ORBIT College Council has put in place relevant processes and structures to ensure proper oversight, guaranteeing that the College achieves on its mandate. I would like to thank all our dynamic Council members and members of the Council sub-committees for their professionalism in exercising their oversight role, always willing to serve and motivate us to reach higher, preventing us from clucking and inspiring us to fly!



Rick Warren said: "Remember how far you have come, not just how far you have to go. You are not where you want to be, but neither are you where you used to be!" We have achieved a lot and should be proud of our achievements. Going forward to 2018 we should stop worrying about the possible potholes in our road, but rather celebrate our achievements and enjoy our journey, knowing that looking ahead will give us new opportunities to serve our young people.

*M. Marais*

**M MARAIS (MS)**

**PRINCIPAL/ACCOUNTING OFFICER**



## 5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY

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

All information and amounts disclosed throughout annual report are consistent.


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

The annual financial statements have been prepared in accordance with the relevant standards, frameworks and guidelines issued by National Treasury. 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.

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.

The Auditor-General and/or external auditors 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 31 December 2017



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**M MARAIS (MS)**

**PRINCIPAL/ACCOUNTING OFFICER**



## 6. LEGISLATION AND OTHER DIRECTIVES

### 6.1 LEGISLATIVE FRAMEWORK

ORBIT TVET College is enjoined by Section 44(3) of the Act, read in conjunction with section 25(3) of the same Act to prepare and submit to the Minister for Higher Education and Training an annual report.

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.

### 6.2 LEGISLATIVE AND OTHER MANDATES

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.


Further sets of legislation that impact on the TVET Colleges 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.





**PART B**  
**GOVERNANCE**

## 7. REPORT OF COUNCIL CHAIRPERSON

The following report on Governance is extracted from the ORBIT TVET College Statute and serves to point out the constitution, duties, governance structure and terms of reference for Council Committees.

Subject to the Continuing Education and Training (CET) Colleges Act, No 16 of 2006 (as amended) and the College Statute the Council governs ORBIT TVET College.

To facilitate good governance and effective management, the boundaries between the two must be discussed and clearly defined. If the boundaries between governance and management are blurred, it may lead to tensions, conflicts of interest and ultimately to organisational non-performance.

While governance is the process of making, and monitoring compliance, of policies to regulate the delivery of services towards the achievement of organisational goals, management is the process of planning, organising, leading and controlling the resources of an organisation to achieve organisational goals as effectively and efficiently as possible.

Furthermore, the King I, II, III and IV Reports on Corporate Governance, which is applicable to all organisations, including TVET Colleges, emphasises the need for the Council of a College to be independent and to avoid conflicts of interest.

The following 2 quotations from the King III report provide credence to this statement:

*“A director is a steward of the company. The ethics of governance requires that in this stewardship role, each director be faithful to the four basic ethical values of good corporate governance (responsibility, accountability, fairness and transparency).”*

*“The non-executive director plays an important role in providing judgment independent of management on issues facing the company. Not being involved in the management of the company defines the director as non-executive. Non-executive directors are independent of management on all issues including strategy, performance, sustainability, resources, transformation, diversity, employment equity, standards of conduct and evaluation of performance.”*

The independence of the Council demands that non-executive or independent members:

- i. do not have direct or indirect interest in the College.
- ii. do not function in any executive capacity nor have not been employed by the College in any such capacity for the preceding three financial years.
- iii. are not professional advisers to the College.
- iv. are free from any business or other relationship that could be seen to interfere materially with the individual's capacity to act in an independent manner.

## 7.1 CONSTITUTION OF THE COLLEGE COUNCIL AND GOVERNANCE STRUCTURES

### 7.1.1 COLLEGE COUNCIL 2017 AND ITS DESIGNATED FUNCTIONS

Executive Committee (EXCO)

SURNAME & INITIALS	DESIGNATED FUNCTION AND MEMBERSHIP
Mabe CS	Ministerial Appointee Section 10(4) (b) member Chairperson of College Council
Nkagisang MG (Dr)	Donor Appointee Section 10(4) (b) member Deputy Chairperson of College Council Chairperson of Human Resource and Remuneration Sub-committee
Marais M (Ms)	Internal Member Section 10 (4) (b) member Principal of College
Madoda MP (Ms)	Ministerial Appointee Section 10 4) (b) member Secretary of College Council
Xipu SE	Section 10 (6) Additional member Chairperson of Planning and Resource Sub-committee
Mathye MG (Ms)	External Appointee (Ad Hoc Appointee – waiting for Ministerial concurrence Chairperson of Audit and Risk Sub-committee
Dubuzana TC	Ministerial Appointee Section 10(4) (b) member Chairperson of Finance Sub-committee
Matjiane MS	Internal member Deputy Principal Corporate Services of College
Mosito TJ	Internal member Deputy Principal Academic Programmes and Student Support Services of College
De Beer L	Internal member Deputy Principal Finance of College



## Council Members

SURNAME & INITIALS	DESIGNATED FUNCTION AND MEMBERSHIP
Baloyi RD	Internal member Lecturing staff representative
Erasmus JJ	External member Legal representative on Council
Maja MS (Ms)	Internal member Academic Board Representative
Marakalala R	Internal member Support staff representative
Mokotedi SJ	Ministerial Appointee Section 10(4) (b) member
Moloantoa K	External member Business and Industry representative on Council
Saffy A (Ms)	Ministerial Appointee Section 10(4) (b) member
Maje M (Ms)	SRC Secretary SRC representative
Rabothata P	SRC President SRC representative

## 7.1.2 COUNCIL SUB-COMMITTEES

### Audit and Risk Sub-Committee Members

SURNAME & INITIALS	DESIGNATED FUNCTION AND MEMBERSHIP
Mathye MG (Ms)	External Appointee (Ad Hoc Appointee – waiting for Ministerial concurrence) Chairperson of Audit and Risk Sub-committee
Marais M (Ms)	Internal Member Section 10 (4) (b) member Principal of College
De Beer L	Internal member Deputy Principal Finance of College
Carrim I	External Appointee
Fourie W (Ms)	External Appointee
Klynsmith I	External Appointee
Mangoma P (Ms)	External Appointee (resigned March 2017)
Matlhako B (Ms)	Ad Hoc invited member (until Internal Auditor and Assurance Manager is appointed)
Tshabangwe M	Ad Hoc invited member (until Internal Auditor and Assurance Manager is appointed)

### Finance Sub-Committee Members

SURNAME & INITIALS	DESIGNATED FUNCTION AND MEMBERSHIP
Dubuzana TC	Ministerial Appointee Section 10(4) (b) member Chairperson of Finance Sub-committee
Marais M (Ms)	Internal Member Section 10 (4) (b) member Principal of College
De Beer L	Internal member Deputy Principal Finance of College
Xipu SE	Section 10 (6) Additional member
Moloantoa K	External member Business and Industry representative on Council
Visser M (Ms)	Internal Invitee – Finance Manager



## Human Resource and Remuneration Sub-Committee Members

SURNAME & INITIALS	DESIGNATED FUNCTION AND MEMBERSHIP
Nkagisang MG (Dr)	Donor Appointee Section 10(4) (b) member Deputy Chairperson of College Council Chairperson of Human Resource and Remuneration Sub-committee
Erasmus JJ	External member
Mokotedi SJ	Ministerial Appointee Section 10(4) (b) member
Matjiane MS	Internal member Deputy Principal Corporate Services of College
Mthombeni I (Ms)	Internal invitee Human Resource Manager (resigned February 2017)

## Planning and Resource Sub-Committee Members

SURNAME & INITIALS	DESIGNATED FUNCTION AND MEMBERSHIP
Xipu SE	Section 10 (6) Additional member Chairperson of Planning and Resource Sub-committee
Moloantoa K	External member Business and Industry representative on Council
Saffy A (Ms)	Ministerial Appointee Section 10(4) (b) member
Marais M (Ms)	Internal Member Section 10 (4) (b) member Principal of College
Matjiane MS	Internal member Deputy Principal Corporate Services of College
Mosito TJ	Internal member Deputy Principal Academic Programmes and Student Support Services of College
Shoko O (Ms)	Internal invitee – Supply Chain Manager

## Council Members serving on the Academic Board

SURNAME & INITIALS	DESIGNATED FUNCTION AND MEMBERSHIP
Madoda MP (Ms)	Ministerial Appointee Section 10 4) (b) member Secretary of College Council
Moloantoa K	External member Business and Industry representative on Council



## 7.1.3 APPOINTMENTS MADE IN 2017 IN TERMS OF SECTIONS 10 (4) AND 10(6) OF THE CET ACT

### VACANCIES IN 2017

One vacancy exists on the ORBIT TVET College Council with expertise in the field of:

- Auditing and Risk Management

One vacancy exists on the ORBIT TVET College Council and Risk Sub-committee with expertise in the field of:

- Information Technology

### APPOINTMENTS IN 2017

The following new appointments on ORBIT TVET College Council were effected in 2017:

SURNAME & INITIALS OF COUNCIL MEMBER	DESIGNATED FUNCTION AND MEMBERSHIP	DATE OF APPOINTMENT
Dubuzana TC	Ministerial Appointee Section 10(4) (b) member	7 July 2017
Fourie W (Ms)	External Appointee - Audit and Risk Sub-Committee	4 July 2017
Mathye MG (Ms)	External Appointee - Audit and Risk Sub-Committee	4 July 2017

## 7.1.4 MEETINGS HELD BY COUNCIL IN 2017

EXCO Meetings	
Date of Meeting	Purpose of Meeting
10 March 2017	Preparations for Council Meeting by interrogating all Sub-Committee Reports
15 June 2017	Preparations for Council Meeting by interrogating all Sub-Committee Reports
20 September 2017	Preparations for Council Meeting by interrogating all Sub-Committee Reports
24 November 2017	Preparations for Council Meeting by interrogating all Sub-Committee Reports

### Council Meetings

Date of Meeting	Purpose of Meeting
31 March 2017	To consider recommendations from EXCO and Council Sub-Committees
23 June 2017	To consider recommendations from EXCO and Council Sub-Committees
9 October 2017	To consider recommendations from EXCO and Council Sub-Committees
1 December 2017	To consider recommendations from EXCO and Council Sub-Committees

### Audit and Risk Sub-Committee Meetings

Date of Meeting	Purpose of Meeting
1 March 2017	Preparations for EXCO and Council Meeting by interrogating Unit Report
28 March 2017	Recommendation to Council Meeting for approval of Audit Strategy and Annual Financial Statements for the year ending December 2016
12 May 2017	Preparations for EXCO and Council Meeting by interrogating Unit Report
27 June 2017	Discuss status and methods to resolve challenges for External Audit done by the Auditor General
1 August 2017	Preparations for EXCO and Council Meeting by interrogating Unit Report
1 November 2017	Preparations for EXCO and Council Meeting by interrogating Unit Report



## 7.1.5 PERFORMANCE OF COUNCIL IN TERMS OF ITS STATUTORY FUNCTIONS, EXPLAINED IN SECTION 10(1)– (3) OF THE CET ACT

### 7.1.5.1 Duties of the College Council

- a. Without derogating from the generality of subsection (1), the Council -
- b. makes rules for the College;
- c. establishes the Council Committees and determines the composition and functions of each committee;
- d. establishes, in consultation with the Academic Board, joint Committees of the Council and the Academic Board to perform functions which are common to the Council and the Academic Board;
- e. subject to applicable policy and the approval of the Director-General, determines the student admission policy of the College, after consultation with the Academic Board;
- f. determines and provides student support services after consultation with the SRC;
- g. subject to the approval of the Director-General, determines the language policy of the College, after consultation with the Academic Board;
- h. determines tuition fees, accommodation fees and any other fees payable by students as well as accommodation fees payable by employees;
- i. approves the annual budget of the College; and
- J. may conclude a loan or overdraft agreement, with the approval of the Minister.

Without derogating from the generality of subsection (1), the Council –

- determines conditions of service, code of conduct and privileges and functions of its employees and may, in the manner set out in the code of conduct, suspend or dismiss employees of the College; and
- may order an employee of the College who has been suspended to refrain from being on any premises under the control of the College and to refrain from participating in any of the activities of the College, or issue such other conditions as it may consider necessary.

### 7.1.5.2 Composition of Council

The Council, as contemplated in section 10(4) of the Act, consists of –

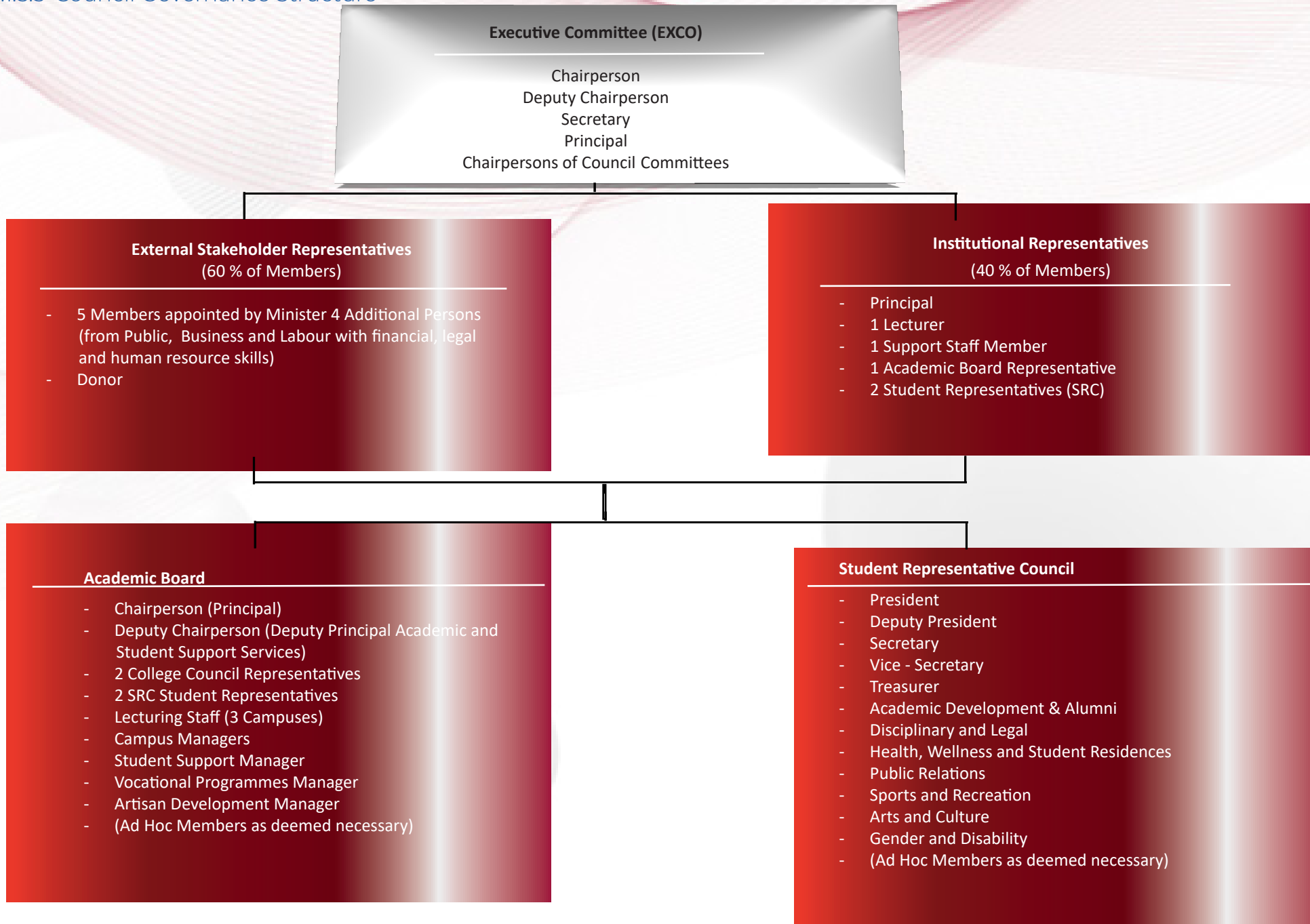
- a. the Principal;
- b. five external persons appointed by the Minister;
- c. one member of the Academic Board elected by the Academic Board;
- d. one lecturer elected by the lecturers at the College;
- e. two students of the College elected by the SRC;
- f. one member of the support staff elected by the support staff of the College;
- g. one external member representing donors; and
- h. at least four members contemplated in section 10(6) of the Act with a broad spectrum of competencies in the fields of education, business, finance, law, marketing, information technology and human resource management appointed by the Council in consultation with the Minister.

At least 60 per cent of the members of the Council must be external persons who are not employed by the Minister or Council, or are not students of the College.

The Council members contemplated in section 10(8) and (9) of the Act must have knowledge and experience relevant to the objects and governance of the College.



### 7.1.5.3 Council 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, Deputy Principals)
- 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 1 internal staff member namely the Deputy Principal Corporate Services and 1 invited member namely the 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 1 invited members namely the Finance Manager)
- 7 Committee members (3 External Members of Council (one of whom is the Chairperson) and 3 internal staff members namely the Principal, 2 Deputy Principals and 1 invited member namely the Supply Chain Manager)



## 7.1.5.4 TERMS OF REFERENCE GOVERNANCE AND COUNCIL COMMITTEES

### Terms of Reference for Council Committees

#### a) Executive Committee

The Executive Committee meets:

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

#### **Purpose of the Executive meeting before regular scheduled Council Meetings:**

To receive and discuss reports and recommendations from Council Sub Committees and Management.

#### b) Audit and Risk Committee

An independent Audit and Risk Committee fulfils a vital role in corporate governance. The Audit and Risk Committee 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.

#### **Purpose of the committee:**

To ensure compliance with the best financial and accounting practices and standards, and to oversee the management of risk in the organisation.

The Audit and Risk Committee should oversee the College's reporting and assurance functions and review aspects of risk and sustainability issues where it is mandated to do so by the Council.

#### c) Finance Committee

The Finance Committee should meet at least four times per year or more often as circumstances require, keep minutes of proceedings and report regularly to Council.

#### **Purpose of the committee:**

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

#### d) Human Resource and Remuneration Committee

The HR and Remuneration 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.

#### e) Planning and Resource Committee

The Planning and Resource Committee should meet regularly, not less than four times per year, and at such other time as may be requested by the chairperson of the committee. The committee may invite to its meeting 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 planning, management and maintenance of infrastructure and capital expenditure for infrastructure expansion and diversification of programmes inclusive of ICT infrastructure and compliance with health, safety and environmental legislation and policies.



## 7.2 REPORTS BY COMMITTEES OF COUNCIL

### 7.2.1 REPORT OF THE FINANCE SUB-COMMITTEE TO THE COUNCIL OF ORBIT COLLEGE FOR THE YEAR ENDED 31 DECEMBER 2017

#### 7.2.1.1 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 2017.

#### 7.2.1.2 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 TC Dubuzana	Chairperson	1	1
Mr K Moloantoa	Member	4	4
Mr SE Xipu	Chairperson	4	3
Ms M Marais	Member	4	3
Ms L De Beer	Member	4	3
Ms M Visser	Invitee	4	4

### 7.2.1.3 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.

### 7.2.1.4 EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROL

The FINCOM has effectively and efficiently executed the following responsibilities:

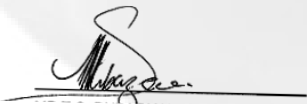
- i. Approved finance policies and monitor compliance.
- ii. Overseen the preparation of the annual budget and financial statements.
- iii. Considered and approved financial strategies and objectives as recommended by the Deputy Principal Finances in support of adopted development and growth plans for the College.
- iv. Monitored financial performance against budgets.
- v. Overseen the administration, collection, and disbursement of the financial resources of the College.
- vi. Advised the Council with respect to making significant financial decisions.
- vii. 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.
- viii. 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.
- ix. 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.
- x. Monitored the performance of the Finance Component of the College.

### 7.2.1.5 CONCLUSION

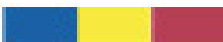
The FINCOM fully supports the College in its vision, as embodied in the strategic documents, and in its journey of improved service delivery to the Learners of the College.

### 7.2.1.6 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.



T.C DUBAZANA  
CHAIRPERSON: FINANCE COMMITTEE



## 7.2.2 REPORT OF THE HUMAN RESOURCE AND REMUNERATION SUB-COMMITTEE TO THE COUNCIL OF ORBIT COLLEGE FOR THE YEAR ENDED 31 DECEMBER 2017

### 7.2.2.1 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 2017.

### 7.2.2.2 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	2	0
Mr JJ Erasmus	Member	2	2
Mr SJ Mokotedi	Member	2	2
Mr S Matjiane	Member	2	2
Ms I Mthombeni	Member	1	1

### 7.2.2.3 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.

#### 7.2.2.4 EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROL

The HRCOM has effectively and efficiently executed the following responsibilities:

- i. Periodically reviewed and approved new human resource policies of the College.
- ii. Monitored the College performance against its HR or workforce plan.
- iii. Reviewed the total compensation practices of the College.
- iv. Monitored the performance management and development systems and their impact on individual and organisational performance.
- v. Reviewed and approve the organisational structure and post establishment of the College.
- vi. Monitored the College performance against defined strategic HR targets.
- vii. Monitored systems and procedures for all Council-approved human resources and employment equity policies
- viii. Monitored the management development programmes of the College.

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

- i. 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.
- ii. the periodic review of the College's Code of Ethics and Conduct.
- iii. compliance under the College's Code of Ethics and Conduct.

#### 7.2.2.5 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 students of the College.

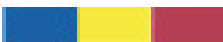
#### 7.2.2.6 APPRECIATION

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.



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M.G. NKAGISANG (DR)  
CHAIRPERSON  
HUMAN RESOURCE AND REMUNERATION COMMITTEE



## 7.2.3 REPORT OF THE AUDIT AND RISK COMMITTEE TO THE COUNCIL OF ORBIT COLLEGE FOR THE YEAR ENDED 31 DECEMBER 2017

### 7.2.3.1 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 2017.

### 7.2.3.2 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, eight meetings were held which includes meetings with the Accounting Officer, Internal Audit and Senior Management. Various stakeholders such as the Auditor-General were invited to some of the meetings.

Member	Role	Meetings held	Meetings attended
Ms M G Mathye	Chairperson	2	2
Mr I Carrim	Member	6	5
Ms W Fourie	Member	2	2
Mr I Klynsmith	Member	6	5
Ms A P Mangoma	Member	2	1
Ms M Marais	Member	6	4
Ms L De Beer	Invitee	5	4
Ms B Matlhako	Ad Hoc Invitee	4	3
Mr M Tsabangwe	Ad Hoc Invitee	4	3

### 7.2.3.3 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.

### 7.2.3.4 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 2017. 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.

### 7.2.3.5 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's 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.

### 7.2.3.6 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.



### 7.2.3.7 REVIEW OF ANNUAL FINANCIAL STATEMENTS

The ARC noted the Annual Financial Statements for the year ended 31 December 2017 as presented by Management in March 2018.

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 before or on 28 March 2018.

### 7.2.3.8 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.

### 7.2.3.9 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 2017. The 2017 operational plan was implemented by internal Audit and monitored by the ARC on a quarterly basis.

### 7.2.3.10 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.

### 7.2.3.11 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.

### 7.2.3.12 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.

### 7.2.3.13 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.



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M.G. MATHYE (MS)  
CHAIRPERSON  
AUDIT AND RISK COMMITTEE



## 7.2.4 REPORT OF THE PLANNING AND RESOURCE SUB-COMMITTEE TO THE COUNCIL OF ORBIT COLLEGE FOR THE YEAR ENDED 31 DECEMBER 2017

### 7.2.4.1 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 2017.

### 7.2.4.2 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
Dr SE Xipu	Chairperson	5	3
Mr K Moloantoa	Member	5	5
Ms A Saffy	Member	5	1
Ms M Marais	Member	5	5
Mr T Mosito	Member	5	2
Mr S Matjiane	Member	5	4
Ms O Shoko	Invitee	5	3

### 7.2.4.3 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.

### 7.2.4.4 EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROL

The PRC has effectively and efficiently executed the following responsibilities:

- i. Recommended to Council to approve the College infrastructure planning, management and maintenance and supply chain policies and monitor compliance and implementation.
- ii. Monitored the management of the facilities register and its associated maintenance and construction activities.
- iii. 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.
- iv. Recommended the College five-year capital expenditure programme.
- v. Overseen the execution of capital projects, including that:
  - a) each project meets the strategic and technical specifications and deliverables.
  - b) all project-related risks have been identified and mitigated.
  - c) critical decisions, project parameters and governance processes are followed and addressed prior to committing funds.
  - d) each project enhances the portfolio value of the College.
- vi. Reviewed the performance of the College Supply Chain component of the College in terms of operational targets
- vii. Overseen the compliance to Health, Safety and Environmental legislation
- viii. Monitored the achievement of targets in respect of the Environmental Plan as contained in the annually approved College Operational Plan

### 7.2.4.5 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.



#### 7.2.4.6 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.



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SE XIPU (Dr)  
CHAIRPERSON  
PLANNING AND RESOURCE COMMITTEE

## 7.3 ACADEMIC BOARD REPORT

### REPORT OF THE ACADEMIC BOARD TO THE COUNCIL OF ORBIT COLLEGE FOR THE YEAR ENDED 31 DECEMBER 2017

#### 7.3.1 TERMS OF REFERENCE

The Academic Board has been established as an independent Committee, in terms of section 25 of the Continuing Education and Training Act 2006. The Board has adopted formal Terms of Reference, which are regularly updated and approved by Council. The Board presents its report for the financial year ended 31 December 2017.

#### 7.3.2 CONSTITUTION OF THE ACADEMIC BOARD AND ATTENDANCE

The Board's Terms of Reference requires that the Board consist of the following 22 members:

- Principal
- Deputy Principal Academic Programmes and Student Support Services
- Vocational Programmes Manager
- Occupational Programmes Manager
- Student Support Manager
- Council Members (2 external Council members)
- SRC Members (2 members)
- Campus Managers (Brits, Mankwe and Rustenburg Campuses)
- Head of Department Artisan Development and Partnership (1 to represent all 3 Campuses)
- NC(V) Engineering Lecturer Representatives (X3 [1 per Campus])
- Report 191 Business and Utility Studies Lecturer Representatives (X3 [1 per Campus])
- Occupational Programmes Lecturer Representatives (X3 [1 per Campus])

The criteria to elect the 3 lecturer representatives are:

- i. Representatives can be elected from any Post Level (PL 1 to 3) – it therefore implies that there is no need for representatives for each level.
- ii. Representatives must be permanently appointed.
- iii. Representatives must have a proven success rate for programmes that they are teaching or have been teaching.
- iv. Representatives must have a thorough understanding of the programme (NC(V)/Report 191/ Occupational Programmes) which they will be representing.
- v. Members of Academic Board do not represent any constituents; they are not stakeholders who are representing the mandates of the constituents they come from.



vi. Academic Board members must participate in the deliberations in the best interest of the College and deliberate on the College matters to the best of their knowledge in their functional area in order to improve governance of the College.

The Chairperson of the Academic Board is the Principal of the College.

The Deputy Chairperson of the Academic Board is the Deputy Principal Academic Programmes and Student Support Services of the College.

The Academic Board consists of the members listed below. During the year under review, four meetings were held.

MEMBER	ROLE	MEETINGS HELD	MEETINGS ATTENDED
Baloyi SM	NC(V) Engineering Studies Mankwe Campus	4	2
Letsoalo SM	NC(V) Engineering Studies Rustenburg Campus	4	2
Lupuwana LG	NC(V) Business and General Studies Brits Campus	4	3
Madoda PM (Ms)	College Council Representative	4	1
Maja M (Ms)	Vocational Programmes Manager Central Office	4	3
Marais M (Ms)	Principal ORBIT College	4	3
Mataboge M	Head of Department Artisan Development and Partnerships Mankwe Campus	4	3
Molapi W	Report 191 Business and Utility Studies Mankwe Campus	4	4
Molefe TG	Occupational Programmes Rustenburg Campus	4	4
Molele BS (Ms)	NC(V) Business and General Studies Rustenburg Campus	3	2

MEMBER	ROLE	MEETINGS HELD	MEETINGS ATTENDED
Moloantoa K	College Council Representative	4	4
Mosito TJ	Deputy Principal Academic Programmes and Student Support Services	4	3
Ngwanapudi TR	Academic Development and Alumni representative of SRC Rustenburg Campus	3	3
Nkomo Z	Campus Manager Mankwe Campus	4	2
Nkozi KL	SRC President	2	2
Rabothata P	Deputy SRC President	1	1
Phiri KA	Report 191 Engineering Studies Brits Campus	4	4
Pila LT	Occupational Programmes Brits Campus	3	2
Scholtz MM (Ms)	Campus Manager Rustenburg Campus	4	4
Tlhopile T (Ms)	Campus Manager Brits Campus	4	3

### 7.3.3 ACADEMIC BOARD RESPONSIBILITY

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



#### 7.3.4 DUTIES AND RESPONSIBILITIES OF THE ACADEMIC BOARD

Subject to the CET Act, the Academic Board of the College is accountable to the Council for -

- i. all the teaching, learning, research and academic functions of the College;
- ii. the academic functions of the College and the promotion of the participation of women and the disabled in its learning programmes;
- iii. establishing internal academic monitoring and quality promotion mechanisms;
- iv. ensuring that the requirements of accreditation to provide learning against standards and qualifications registered in the National Qualifications Framework are met;
- v. identifying training needs of lecturing staff; and
- vi. performing such other functions as may be delegated or assigned to it by the Council;

The Academic Board of the College must –

- i. advise the Council on a Code of Conduct and rules concerning students;
- ii. determine, in accordance with any relevant deed or gift and after consultation with the Principal, the conditions applicable to any scholarships and other academic prizes;
- iii. determine the persons to whom scholarships and academic prizes are awarded;
- iv. determine the functions of its Committees as well as the procedure of meetings of these Committees; and
- v. take note of any action taken by a Committee in exercising its delegated powers or functions when such Committee reports its actions to the next meeting of the academic board; and

The Academic Board of the College may –

- i. establish Committees to perform any of its functions, and may for this purpose deem a single person to be a committee;
- ii. make standing orders on procedures and delegation of powers; and
- iii. delegate its functions to a Committee.

without derogating from the generality of subsection (1) the organisation and supervision of instruction and examinations, and of lectures and classes, vested in the Academic Board.

The Academic Board submits to the Council –

- a. such reports upon its work as may be required by the Council;
- b. recommendations on matters referred to it by the Council; and

c. recommendations on any other matter affecting the College that the Academic Board considers useful.

### 7.3.5 CONCLUSION

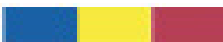
The Academic Board fully supports the College in its vision, as embodied in the strategic documents, and in its journey of improved service delivery to the learners of the College.

### 7.3.6 APPRECIATION

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

*M. Marais*

M. MARAIS (MS)  
CHAIRPERSON OF THE ACADEMIC BOARD



## 7.4 STUDENT REPRESENTATIVE COUNCIL REPORT

### 7.4.1 TERMS OF REFERENCE

The ORBIT TVET College Student Representative Council (SRC) Constitution is promulgated with reference to the FET Colleges Act 16 of 2006 and the FET Colleges Amendment Act 3 of 2012 and the Continuing Education and Training (CET) College Act 16 of 2006 in line with the Constitution of the Republic of South Africa.

Being the umbrella body of all student organisations, the SRC aims at unifying students of the College, in order to contribute to the advancement of the students' interest in the academic, extra-curricular, social, cultural and extra-mural spheres.

### 7.4.2 SRC ELECTION

The SRC consists of 12 elected members at College level. The Committee is elected by a democratic process whereby a show of hand by a member of the committee identifies a nominee who is seconded by two of the committee members. On acceptance another nominee is identified. Up to three nominees per portfolio can be identified and voted for by the committee of 24 members.

Office bearers for the SRC Executive Committee are as follows:

- i. President
- ii. Deputy President
- iii. Secretary
- iv. Vice-Secretary
- v. Treasury
- vi. Academic & ALUMNI
- vii. Outreach & projects
- viii. Health & Wellness
- ix. PRO
- x. Sport & Recreation
- xi. Arts & Culture
- xii. Gender & Disability

The election of the 24 SRC members for 2017 took place on 28 February across the three campuses via a democratic process that was overseen by the IEC. After the 24 members were elected, an SRC Training/Induction was hosted on 12 March 2017 where the 12 Executive Committee members were elected.

### 7.4.3 MEMBERS AND ATTENDANCE OF MEETINGS

#### Executive Committee

Member	Portfolio	Campus	Meetings held (Executive only)
*Nkosi KL	President Chairperson Rustenburg Campus	Rustenburg	6
Rabothata P	Deputy Chairperson Chairperson Mankwe Campus	Mankwe	6
Maje M	Secretary Secretary Rustenburg Campus	Rustenburg	6
Raulenga GP	Vice Secretary Arts & Culture Officer Brits Campus	Brits	6
Madumo LL	Treasurer Sports & Recreational Officer Brits Campus	Brits	6
Ngwanapudi TR	Academic Development & Alumni Officer Academic Development & Alumni Officer Rustenburg Campus	Rustenburg	6
Stamper TN	Disciplinary and Legal Officer Secretary Brits Campus	Brits	6
Tshite T	Health & Wellness Officer	Mankwe	6
Raja K	Public Relations Officer	Brits	6
Mashaba TVR	Sports & Recreational Officer	Mankwe	6



Mbonomtsha M	Arts & Culture Officer Academic Development & Career Guidance Brits Campus	Brits	6
Mataboge IE	Gender & Disability Officer Treasurer Mankwe Campus	Mankwe	6

\*Mr Nkosi was later recalled as SRC President due to academic reasons

### Student Representative Council Members

Member	Portfolio	Campus	Meetings held
Kgano LS	Treasurer Brits Campus	Brits	7
Masuku BBN	Public Relations Officer Mankwe Campus	Mankwe	6
Mokoene KJ	Health & Wellness Officer Brits Campus	Brits	7
Ismail MM	Secretary Mankwe Campus	Mankwe	6
More M	Public Relations Officer Rustenburg Campus	Rustenburg	7
Botlhokwane KH	Academic & Alumni Officer Mankwe Campus	Mankwe	6
Ramatlapeng L	Arts & Culture Officer Rustenburg Campus	Rustenburg	7
Masibi IT	Sports & Recreational Officer Rustenburg Campus	Rustenburg	7
Skosana KJL	Treasurer Rustenburg Campus	Rustenburg	7
Molatlhegi R	Health & Wellness Officer Rustenburg Campus	Rustenburg	7
Moleko MZ	Arts & Culture Officer Mankwe Campus	Mankwe	6
Makinita G	Chairperson Brits Campus	Brits	7

#### 7.4.4 REPRESENTATION ON OTHER BODIES

The SRC President (Mr KL Nkosi) and the SRC Secretary (Ms M Maje) served on the College Council. When Mr Nkosi was recalled, the SRC Deputy President (Mr P Rabothata) took over his responsibilities in this regard.

The following members were democratically elected to serve on each of the committees as indicated:

Name	Portfolio	Committee
Ms LL Madumo	Treasurer	Financial Aid Committee of College
Ms TN Stamper	Discipline and Legal Officer	Disciplinary committee for students
Mr KL Nkosi/Mr P Rabothata Mr TR Ngwanapudi	SRC President/Deputy President Academic Development & Alumni	Academic Board
Mr T Tshite	Health and Wellness Officer	HIV and Aids Sub-committees
Mr KL Nkosi/Mr P Rabothata Ms M Maje Ms LL Madumo	SRC President/Deputy President SRC Secretary Treasurer	Student Finance Committee

#### 7.4.5 RESPONSIBILITY

The SRC is established to:

- a. function as a channel of communication between the Student Body and the Staff Leadership Team;
- b. provide a channel of communication between the students of this College and Students of other Institutions;
- c. crystallize the needs and aspirations of students and to make known their problems and point-of-views;
- d. seek clarification on general academic issues and Student community issues, conducting the dialogue and consultation within the parameters of regulations embedded within the College;
- e. promote the spirit of harmony and unity among Students and Staff of each Campus and the College;
- f. establish a solid identity amongst the Students and to help ensure that they are treated with the respect and dignity they deserve.



## 7.4.6 SRC INDUCTION/TRAINING

During the year 2017 the SRC was exposed to, undertook and initiated a number of activities. All SRC-related activities and initiatives are driven from the SRC Offices at the respective campuses with the relevant elected officers presiding over related activities.

Guidance and mentorship are provided by Student Support Officers at the different campuses under the supervision of the Student Support Manager (currently vacant) and Deputy Principal Academic Programmes and Student Support Services at Central Office.

All elected SRC members undergo training and induction in governance and leadership development immediately after their election. The training not only focuses on specific responsibilities and tasks assigned and managed by the SRC, but also bears a very strong focus on relevant legislation, regulations as well as the SRC Constitution. This enables the SRC to fulfill their role with the necessary confidence and accountability that it requires.

## 7.4.7 SRC BUDGET

The SRC is responsible for managing their own budget which is approved by Council. The execution of all SRC activities is subject to the availability of funds as allocated in the budget. The SRC budget was also used to cover administrative costs (stationery, phone calls, travelling costs).

The treasurer handled all financial queries, processes and kept relevant records of income and expenditure.

## 7.4.8 ACTIVITY PLAN FOR SRC

SRC members at the different campuses are responsible for drawing up and implementing annual campus activity plans. Activities that are hosted by the different campus SRCs differ from campus to campus. However, a number of activities also involve the SRC as College Representative Body:

### 7.4.8.1 SRC ACTIVITY PLAN (COLLEGE)

ACTIVITY	DATE
Election of SRC	28 February 2017
Election of Executive Committee	12 March 2017
SRC Induction/Training in Governance and Leadership Development	12 March 2017
CoSACSA Championships	17-19 March 2017
SRC Executive Meeting	27 April 2017

ACTIVITY	DATE
SRC Executive Meeting	19 May 2017
Roadshow to all sites	23 May 2017
Inauguration of SRC (takes place at Annual College Graduation Ceremony)	25 May 2017
College Sports Day	27 May 2017
Celebration of Mandela Day	18 July 2017
Mid-year review session & team-building session	21 July 2017
SRC Executive meeting	4 August 2017
Mr & Miss ORBIT TVET College	14 August 2017
College Academic Day	25 August 2017
SRC Executive Meeting	14 September 2017
Health and Wellness Talk Show	22 September 2017
SRC Conference	3 November 2017

#### 7.4.8.2 CAMPUS SRC ACTIVITY PLANS

BRITS CAMPUS	
ACTIVITY	DATE
Arts & Culture Day	26 April 2017
University Open Day (UNIBO)	6 May 2017
Outgoing-Soccer Match	13 May 2017
Campus Academic Day	18 May 2017



ACTIVITY	DATE
Celebration of Youth Day – Talent Show	15 June 2017
Celebration of Mandela Day	18 July 2017
Incoming Soccer Match	12 August 2017
Fun Walk	1 September 2017
Mr & Miss Brits Campus	8 September 2017
Mr & Miss Heritage	29 September 2017
Appreciation Day	20 October 2017

MANKWE CAMPUS	
ACTIVITY	DATE
Celebration of Human Rights Day	21 March 2017
Fresher's Ball	May 2017
Spelling B Competition	May 2017
Campus Academic Day	4 August 2017
Mr & Miss Mankwe Campus	8 September 2017
Farewell for NCV Level4 and N6 students	13 October 2017
SRC team building activity	October 2017
Campus Prayer Day	23 October 2017

RUSTENBURG CAMPUS	
ACTIVITY	DATE
Campus Academic Day	23 May 2017
Campus Awards Ceremony	1 June 2017
Campaign against Woman Abuse	15 June 2017
Celebration of Youth Day	16 June 2017
Fresher's Ball	29 June 2017
Community outreach programme	3 July 2017
Health and Wellness Awareness Campaign	10 July 2017
Celebration of Mandela Day	18-20 July 2017
Campus Sports Cup Championships	29 July 2017
Mr & Miss Rustenburg Campus	1 September 2017
Fun Walk	16 September 2017
Celebration of Heritage Day	September 2017

#### 7.4.9 CONCLUSION

The Student Representative Council supports the College in its vision, as embodied in strategic documents, and in its journey of improved service delivery to the students of the College.

#### 7.4.10 APPRECIATION

The SRC expresses its sincere appreciation to the Council, Accounting Officer, Management, Student Support Officials, Lecturers and Support Staff and all students of the College for their support to the SRC during the year under review.

RABOTHATA P  
SRC PRESIDENT 2017





**PART C**  
**PERFORMANCE INFORMATION**

## 8. REPORT BY PRINCIPAL ON MANAGEMENT AND ADMINISTRATION

The ORBIT College Strategic Plan took into account the following priority areas to ensure more effective teaching and learning and improvement of student achievement and success.

The strategic priority focus areas were:

1. Growth and expansion of access and articulation opportunities for the youth;
2. Improvement of quality and success in terms of the academic achievement and certification of students;
3. Partnerships and linkages with industry, sector education and training authorities (SETAs) and/or other professional bodies and/or institutions of Higher Education to adequately prepare student graduates to enter the labour market and/or further and higher learning opportunities;
4. Systemic capacity building and efficiency;
5. Institutional governance, management and leadership;
6. Monitoring and evaluation of college performance; and
7. Any other pertinent strategic focus for the College.

This report on management and administration serves to provide an overview of the extent in which College Management managed to address the strategic priority focus areas listed above. This is done by highlighting compliance with as well as improvement of all strategic management and administrative processes, procedures, systems and activities during 2017.

Significant progress was made in respect of reviewing and implementing changes to business operations, not only to ensure compliance with the requirements of government but also to support and enhance the delivery of our services. Improvements to connectivity, infrastructure, risk management and internal control, curriculum support, occupational health and safety, staff development and student support services were all planned and introduced with a considered approach to achieve maximum impact.



## 8.1 PROGRAMME APPROVAL

ORBIT College maintained sound relations with the MQA, MerSETA, Services SETA, ETDP SETA, CATHSSETA and the TETA with the result that we had programme approvals for a variety of programmes from the above SETAs. These included 6 approvals from the MQA for levels 2 - 4 Jewellery Manufacturing, Setting and Design; 2 approvals from the ETDP SETA for levels 4-5 Early Childhood Development; 10 approvals from the MerSETA for levels 2- 4 in Automotive Repair and Maintenance, Welding and Engineering Fabrication and Fitting and Machining; 3 approvals from the EWSETA for Levels 2-4 in Electrical Engineering; 3 approvals from the CETA for levels 2-4 for Plumbing, Community House Building and Building and Civil; approval from the PSETA for the FET Certificate in Public Administration and lastly 3 approvals from the Services SETA for levels 2-4 for Hairdressing.

Within the framework of the 2017 Strategic Plan, the College reviewed its strategic objectives and annual priorities to reflect changes in the external environment. Strategic planning sessions with members of the Management Board and Council were held in September 2017. At these sessions the importance of implementing the White Paper and the imperatives of the National Development Plan and on delivery expectations in terms of the White Paper, MTSF, NDP and other directives was emphasised.

### 2017 HIGHLIGHT

#### RAPID INCUBATOR LAUNCHED AT ORBIT TVET COLLEGE, MANKWE CAMPUS

The Centre for Entrepreneurship at ORBIT TVET College and the Small Enterprise Development Agency (SEDA), have entered into an exciting partnership, which saw a Rapid Incubator being launched at Mankwe Campus, Mogwase in March 2017. The Incubator was the fourth to be launched country-wide since the Rapid Incubation Programme came into being in 2013.

Minister of Small Business Development (SBD), Honourable Lindiwe Zulu, officially opened the Centre, which will provide students and graduates with an entrepreneurial platform to commercialise their vocational skills and will see them move from being “job seekers to job creators”. CEO of SEDA, Ms M Tshikwatamba said the programme is aimed at bringing another dimension to institutions of learning. “With this new model, we are bringing an element of conceptualisation. Rapid Incubators should serve as solution providers, which will encourage and promote an entrepreneurship culture while providing the student incubates with the necessary tools and techniques to create their own Small Medium and Micro Enterprises (SMMEs), thus contributing to economic growth and job creation in economically depressed areas, Ms Tshikwatamba said.

The Rapid Incubator at Mankwe Campus will focus on the Automotive Industry. Through the ongoing relationship between the College and Ford SA, the Incubator is expected to create opportunities for young people while also assisting with job creation in the country. Twenty Mechanical Engineering students at Mankwe Campus will take partake in the programme. Upon graduation, they will be given mobile repair panel vans which will give them a head-start in launching their own businesses.

Department of Higher Education and Training Director General (DG), Mr GF Qonde, said partnerships between government departments and institutions of higher learning and training enable government to serve its citizens better. "Through this programme, the College will be able to equip students with the necessary skills that will prepare them in becoming skilled employees. Therefore we are appealing to students to focus and work hard," Mr Qonde said. The DG commended ORBIT College for its continued work in creating opportunities for the youth. He also expressed his gratitude towards Ford SA for its financial contribution as well as employment opportunities it continues to give to the College students.

One of the Incubates, Karabo Moloisane, said being part of the Rapid Incubation Programme will give his business and those of other aspiring young entrepreneurs the much-needed exposure to promote their businesses. "We are truly grateful for the exposure this platform has afforded us. This means people will finally get to see our products and experience our art."

The Rapid Incubation Programme is the first incubation programme in South Africa to offer seed-funding to the incubatees through structured pitching sessions which the incubates can apply for. SEDA plans to open Rapid Incubators



Automotive Lecturer, Mr Trust Makanuko, takes the Minister of SBD, Honourable Lindiwe Zulu, through the ins and outs of how to disassemble and assemble an engine during a tour of the automotive workshop. Also in the picture is Mr G Qonde, (DG at the DHET), Ms M Tshikwatamba (CEO at SEDA) and Mr S Taele (ORBIT College- Centre for Entrepreneurship Manager)



Minister of Small Business Development, Honourable Lindiwe Zulu (left) after unveiling the plaque. She is pictured with Ms M Marais, Principal of ORBIT TVET College and Mr G Qonde, Director General at the Department of Higher Education and Training.



## 8.2 RESPONSIVE CURRICULUM DELIVERY

The North West Province is one of the smaller provinces of South Africa and is totally landlocked and still maintains strong social and economic links with the Gauteng Province. The Province has a total population of roughly 3.6 million inhabitants of which only 1.4 million are economically active.

The following five main economic sectors in the North West Province are experiencing significant and almost crippling demand for appropriately qualified human resources:

- Agriculture
- Mining
- Manufacturing
- Tourism
- Infrastructure and construction.

In order to remain relevant and responsive to the needs of our community, ORBIT TVET College continued to offer a diverse range of vocational and occupational programmes in 2017. The Programmes Qualifications Mix (PQM) of the College included, amongst others, the following:

- Business Studies programmes such as Office Administration, Finance and Economics, Management and SMME development
- Engineering related programmes such as electrical and mechanical engineering and related design (fitting and turning/machining and boiler-making), civil construction and ICT
- Accredited occupational programmes that empower individuals for self-employment and enhance employability
- All programmes offered at the respective campuses are registered on the National Qualifications Framework and are fully accredited and certified by the Department of Higher Education and Training, UMALUSI and the QCTO in the case of learnerships and skills programmes or an International Accreditation Body.
- All National Certificate (Vocational) Programmes are quality assured by UMALUSI (the ETQA for Education)
- Report 191 (N1-N3) programmes are quality assured by UMALUSI and Report 191 (N4-N6) programmes are quality assured by QCTO

Staff is one of our most valuable assets. In order to meet set targets staff were assisted to compile personal development plans to determine training needs and support needed. In addition to this various forms of training was organised to assist staff to improve their qualifications and skills in order to comply with the requirements of the TVET College landscape.

The experience, competencies and skills of staff are fully utilised and skills obtained by the WIL were fully employed to the benefit of the College.

## 2017 HIGHLIGHT

### MANAGERS AND EXPERTS IN THE TVET SECTOR VISIT CHINA

A delegation of seventeen Managers and experts in the Technical Vocational Education and Training sector, including Mankwe Campus Manager, Mr Zakes Nkomo, jetted off to China in June 2017 to participate in an intensive capacity building and reform training programme.

The programme was initiated and commissioned by the Ministry of Commerce from the People's Republic of China in collaboration with the Minister of the Department of Higher Education and Training (DHET), Dr Blade Nzimande. The seminar essentially comprised of lectures, accomplished academics, and experts who shared best practices and also conducted field surveys and case studies.

Presidents of the Chinese demonstrative vocational colleges, as well as educational experts who are actively involved in the Chinese vocational education system, were also invited to share their knowledge with delegates.

The following topics were covered:

- An overview of China's vocational education development
- Policy, curriculum and reform of vocational education
- Best practices and achievements in school-enterprise collaboration
- Global challenges faced by TVET Colleges and
- Sustainable development of vocational institutions.

The visit to China included a tour of vocational institutions around Chengdu as well as a study of the construction and development of Shanghai, amongst others.

Delegates were based at Ningbo Polytechnic; a full-time public higher polytechnic educational institution located in Beilun, New Zone. It is one of the 1388 Vocational Education Institutions in China, with an enrolment of 10 000 full time students and 20 000 part time students. The institution also boasts a state-of-the-art hotel.



*Mankwe Campus Manager, Mr Zakes Nkomo at West Lake in Hangzhou, China. The place is also known as 'Paradise on earth'. It is the most famous tourist attraction in China.*

### 8.3 PROVISION OF STUDENT SUPPORT SERVICES

Our College mandate is clear. On the demand side, the College must deliver on the skills needed to drive our country's economic growth and social development at an increasing rate, because available, quality skills will enhance both investment and service delivery. On the supply side, the system must serve a growing number of both young people and adults; it must provide different entry points into, and pathways through the learning system; it must provide quality learning wherever learning takes place – be it at a college or in the workplace; and, importantly, it must provide easy pathways across the different learning sites. To support the above goal, we established fully functional Student Support Centres at each campus with Academic Support and Social Support Officials, Academic Support Labs, study areas, internet cafés, job portals, etc. Mankwe Campus is the only campus with student residences and substantive amounts are annually allocated for the maintenance, refurbishment, etc. of these residences so that students live in conducive conditions.

By investing in our students, we invest in the future of our country. To this end, the necessary academic support was provided to students with a specific focus on exit level soft skills that would enable them to successfully enter the world of work or create self-employment opportunities. The fully functional Student Support Centres at all campuses and sound partnerships with Business and Industry such as the mining industry, automotive industry, business sectors and the construction industry assisted in developing and improving student pass and certification rates.

The Student Support Services provided to students in 2017 also focused on holistically addressing students' different socio-economic backgrounds. The approval and implementation of a holistic Student Support Plan for the College assisted management to respond to the geographical challenges of each delivery site, and to deal with the different economic and sociological profiles of students.

An aggressive College marketing strategy was also implemented with the aim of:

- Increasing access.
- Informing the community of the services rendered by the college.
- Establishing links with local, provincial, national and international entities to the benefit of our learners.

## HIGHLIGHTS OF STUDENT CALENDAR FOR 2017

### 2017 COSACSA TRACK & FIELD CHAMPIONSHIPS ACTION

Seven Provinces (North West, Kwa-Zulu Natal, Mpumalanga, Limpopo, Free State, North West, Eastern Cape and Western Cape) were represented by a number of TVET Colleges at the 2017 College Sports, Arts & Culture SA Track & Field Championships, which took place from 17-19 March 2017 in Bloemfontein.

Team North West, represented by athletes from ORBIT College & Taletso College (in Mahikeng), performed very well and managed to scoop up a total of 17 medals (6 gold, 4 silver and 7 bronze), placing them at position 5.

Our appreciation goes out to Mr J Mothibi (Student Support Extra Curricular Coordinator), Mr P Tekana (Student Support Officer- Brits Campus), Ms Q Tabane (Lecturer- Rustenburg Campus), Ms L Morare (Lecturer- Brits Campus), Mr C Mothibatsela (Lecturer- Mankwe Campus), Mr K Nkosi (2017 SRC President) and Mr T Motlhabane (COSACSA President), for accompanying the students to the Championships.



*Team North West, comprising ORBIT College & Taletso College athletes, dazzled at the COSACSA Track & Fields Championships in Bloemfontein*

### STUDENTS REAP BENEFITS FROM ABSA READY-TO-WORK PROGRAMME

One hundred and twenty eight (128) students from Brits, Mankwe and Rustenburg Campuses, attended the ABSA Ready-To-Work Programme workshops carried out in May 2017 at Rustenburg Campus. The initiative, spearheaded by the Student Support and Academic Programmes Unit in conjunction with ABSA, is aimed at providing students with insight that will prepare them for the world of work.

Participating students were trained on the following modules:

- Work skills: Students were guided and taught on how to find their dream jobs with the work skills needed to prepare them for work / job applications, interview skills and CV writing.
- Money skills: Students learnt how to manage their own money and financial skills, deal effectively with credit, debt management and managing their

financial future.

- Entrepreneurial skills: Students were taught how to start, setup and grow their own businesses
- People skills: The module focused on the skills students need to know in order to work well with others in the workplace, by understanding, applying and improving people skills

The co-ordinators of the programme, Vocational Programmes Manager at ORBIT TVET College, Ms M Maja; Former Academic Support Coordinator at ORBIT TVET College, Ms R Mampye; CEO of Inlook Company, Mr C Nkabinde and ABSA Public Sector Relationship Executive, Mr Brian Bogopa went out of their way to ensure that the two-day workshops were a great success.

The programme was concluded with each student receiving four certificates in: entrepreneurial skills, people skills, money skills and work skills respectively.

The ABSA Ready-To-Work programme is an initiative started by ABSA in 2016. The partnership between ORBIT College and ABSA dates back to July 2016, when 50 Financial Economics and Accounting (FEA) students were placed at various ABSA branches for a week, to enable them to gain Work-Based Exposure (WBE).



*Some of the recipients of the ABSA Ready-TO-Work Programme after completion of the two-day workshops*

## EIGHT “MADE-IN-SA” ENGINEERING COLLEGE GRADUATE JET OFF TO CHINA ON A 12 MONTH INTERNSHIP

Seven ORBIT TVET College students jetted off to Beijing, China in March 2017, on a 12 month internship programme which forms part of a collaboration between the Chinese Culture and International Exchange Centre and Manufacturing, Engineering and Related Services SETA (MerSETA). They were later joined by another ORBIT College Engineering graduate, Thabo Lesejane in April 2017, after arriving with the second group of students from other SA TVET Colleges and Universities in Beijing. The Chinese Culture and international Exchange Centre is a leading official Chinese Education Institution in South Africa, which focuses on educational collaborations between China and SA. The programme is aimed at bridging the skills gap and contributing positively towards the growth and development plan of the country.

Oarabile Marumula, Olerato Tshenye, Phemelo Selelo, Bokamoso Cwienyane, Piet Seloba, Boikhutso Makati, Buyelani Mgcina and Thabo Lesejane- all NC (V) Level 4 Engineering graduates from ORBIT College Mankwe Campus in Mogwase, were among the 200 students who were selected from various TVET Colleges and Universities of Technologies, to take part in an 'all expenses paid' internship programme which saw them further their studies while being exposed to actual workplace experience. The eight proved that they are worthy of being part of the 'cream of the crop', after making it into the top 200 from the 1748 applications received.

During their stay in China, they enrolled as students at Beijing Union University, for a period of six months, coupled with six months of manufactory/work-based training at some of the top 500 Chinese companies. Upon completion of the 12 months long internship in March 2018, they were awarded with a University Certificate of Achievement and a Manufacturing Intern Certificate.



**Pictured from left to right:** ORBIT College Engineering students- Mr O Marumola, Ms B Mgcina, Ms P Selelo, Ms B Cweinyane, Mr T Lesejane, Ms O Tshenye, Ms B Makati, Mr P Seloba are currently in China for a 12 month internship programme

## 2017 HEAIDS CONFERENCE IN DURBAN, ICC

**A**bstracts from Track 1: "Emerging good practices among the youth: Peer Education programmes, and community engagement. What works and what doesn't work", compiled by the Student Support Unit at ORBIT College, were among those selected to be presented at the 2017 HEAIDS Conference. The event was held at Durban ICC- Events & Entertainment venue in June 2017. The theme was "Ukuhlonyiswa Kwabasha"- Empowering our youth in South Africa-Sharing innovative practices towards health education, health promotion, knowledge generation and capacity building amongst our youth within the post school sector"

The aim of the conference was to bring a wide range of delegates together to interact and share emerging good practices on HIV, STIs, TB, general health

and wellness issues as they are cross cutting to the achievement of the core educational outcomes in South Africa.

Student Support Social Coordinator, Ms Yvonne Shilowa, delivered a presentation on the Wellness Peer Mentor (WPM) programme, themed 'The power of life skills and peer education'. The dialogue session was broadcast live on national news channel, SABC (channel 404). Panel members included the first lady, Ms Tobeka Madiba Zuma; Chairperson of She Conquers, Ms Lerato Morulane; Director General of Murray Trust Activate, Ms Mandisa Ntombela and former Deputy Minister of Higher Education & Training, Honourable Mduduzi Manana.

Some of the issues raised by the students in attendance included: domestic violence, the 'blesser'/sugar-mama phenomenon, HIV prevention and/or treatment, youth-friendly services at health care centres, unavailability of clinics in TVET Colleges, amongst others. Media personality, Ms Criselda Kananda-Dudumashe was the Programme Director for the event.

Student Support Social Coordinator, Ms Yvonne Shilowa from ORBIT TVET College, delivered a presentation on the Wellness Peer Mentors Programme, under the theme 'The power of life skills and peer education'.



*Student Support Social Coordinator, Ms Yvonne Shilowa from ORBIT TVET College, delivered a presentation on the Wellness Peer Mentors Programme, under the theme 'The power of life skills and peer education'*

## **TOURISM STUDENTS ATTEND THE TOURISM INDABA 2017**

The Tourism Indaba 2017 took place in May 2017, with thousands of exhibitors, travel buyers, visitors and media representatives from all over the world converging at the Inkosi Albert Luthuli International Convention Centre in Durban to experience the dynamic African travel industry in all its diverse glory.

The Tourism Department at Mankwe Campus was determined not to be left out, as NC (V) Level 4 students, accompanied by their Lecturer, Ms J Senoelo and senior lecturer, Mr P Gaborone, embarked on an educational excursion to Durban to become part of the World's biggest Tourism Trade Show.



*Level 4 Tourism students with Mr P Gaborone (Senior Lecturer) and Ms J Senoelo (Lecturer) attended the Tourism Indaba in*

Upon arrival in Durban, the Mankwe Campus team visited the King uShaka International Airport, where students learned about: airport check-in points, clearing customs, immigration procedures and the different types of airlines amongst other things. On day two and three, they attended the show. The Indaba was highly educational and informative; and students got to interact with exhibitors from all walks of life, whilst learning about different cultures, countries and the tourism industry as a whole.

Amongst the exhibitors, was the Tourism North West team, who were thrilled to see students from the province attending the trade show.

## STUDENTS EXPOSED TO THE EXCITING WORLD OF HOSPITALITY & TOURISM AT THE NATIONAL TOURISM CAREER EXPO 2017 IN BLOEMFONTEIN, FREE STATE

Eight ORBIT TVET College, Mankwe Campus Tourism students were invited by the Bojanala District Municipality to be part of the ninth National Tourism Careers Expo (NTCE), which took place at the Performing Arts Centre of the Free State (PACOFs) in Bloemfontein in September 2017. The students formed part of the forty five (45) students from twenty two (22) schools across the North West Province selected to attend the expo.

Under the theme “Tourism alive with opportunities”, the expo was aimed at driving South Africa’s National Tourism Strategy’s goal of creating 225 000 tourism job opportunities by 2020. Over 9000 learners, tourism students, graduates and educators from across the country attended the exhibition which showcased various and exciting career opportunities available in the tourism and hospitality sector.

Amongst some of the guests in attendance was, the Deputy Minister of Small Business Development (SBM), honourable Lindiwe Thabethe, who encouraged learners and students to push hard and focus in building their careers, as the future of this country is in their hands. North West Tourism MEC, Ms Desbo Mohono also attended and pleaded with the youngsters to make the most of the information they acquired during the expo.



*Mankwe Campus students pictured with North West Tourism MEC, Ms Desbo Mohono (2nd from left- front row) and Deputy Minister of Small Business Development, Ms Elizabeth Thabethe (3rd from left= front row) and other officials at the NTCE*

## TVET COLLEGE MONTH CELEBRATED WITH FLAIR!

Over 1500 Grade 9 – 12 learners and Out-of-School Youth from the Bojanala District Municipality took an educational step in the right direction when they made their way to ORBIT College during the month of August 2017 for the annual Open Day events, as part of celebrating TVET College Month

759 youth and educators from schools in the Moses Kotane Municipality, visited Mankwe Campus, while Rustenburg Campus welcomed more than 400 learners. Brits Campus wrapped up TVET College Month celebrations, as they hosted a total number of 351 visitors from the Madibeng Local Municipality.

Open Days present an ideal opportunity for prospective students to come & explore a wide range of study options available at the College. They get to experience campus life from the people who know it best... the staff & students!

Open Day activities included an interactive tour of the facilities such as workshops, simulation rooms and Student Support Centres. Principals and LO educators attended Liaison Functions that were held at all three sites for information sharing-purposes. The main focus of these sessions was to highlight the role that schools can play in ensuring that learners are equipped with relevant and up-to-date knowledge related to the different options available at TVET Colleges when seeking post-school opportunities.



*Students who are part of the one-year programme offered by the Samsung Electronics Academy, demonstrate to prospective students what their daily activities in the classroom entail*



*An Electrical Engineering student at Brits Campus shows learners the different components used in the Electrical workshops*



*Hairdressing and Beauty Therapy students at Rustenburg Campus interact with interest learners on their exciting field of study*

## ACADEMIC EXCELLENCE RECOGNISED AT 13<sup>TH</sup> ANNUAL AWARDS & CERTIFICATION CEREMONY AT ORBIT COLLEGE

The much anticipated Annual Awards & Certification Ceremony of ORBIT TVET College, took place in May 2017 at the Rustenburg Civic Centre, where approximately 900 graduates' achievements were celebrated. Owing to the huge number of graduates, two respective sessions were held for National Certificate (Vocational) and Report 191 (NATED) graduates. This prestigious event has become the biggest highlight on the College calendar. No fewer than 400 NC (V) Level 4 graduates were acknowledged during the first session, followed by an afternoon session recognising approximately 500 Report 191 graduates.

Mr Sphiwe Sharp, one of the top achievers and an Electrical Infrastructure and Construction Level 4 graduate, did a sterling job as the motivational speaker for both sessions. Mr Sharp, who represented the College at the first and second Work Skills South Africa Competitions in 2015 and 2017 respectively, urged his fellow graduates to always strive to excel in every task they do, whether big or small.

The cream-of-the-crop were the 15 top achievers who were duly awarded with certificates, trophies and cash prizes for their outstanding academic excellence across the various programmes. However, it was Ms M Mnguni and Mr J Medupe who outclassed their fellow graduates when they were named the NC (V) and Report 191 DUX students respectively. Ms Mnguni, an NC(V) Transport & Logistics graduate from Mankwe Campus, was recognised for her consistent academic performance after obtaining an average of 84.33% and pocketing an unbelievable 16 distinctions over her three-year period of study. Mr Medupe, on the other hand, obtained an average of 85.5%, with 10 distinctions during his period of study in Engineering Studies at Brits Campus. The College would like to sincerely thank ABSA and Standard Bank for their generous contribution, participation and sponsorship of the Top Achiever and DUX Students Awards.

Principal of ORBIT College, Ms Maryna Marais, congratulated the graduates on their achievements. "No doubt that your lives have been transformed in more ways than



*Mr J Medupe (3rd from left) obtained an average of 85.5%, with 10 distinctions during his period of study in Engineering Studies at Brits Campus, making him the DUX student for Report 191 (NATED) programmes. He is pictured here with Deputy Chairperson of the College Council, Dr MG Nkagisang (left), Principal of ORBIT College, Ms M Marais, EVB Manager at Standard Bank (Barongwa Branch), Mr L Nchochoba and Deputy Principal: Academic Programmes & Students Support Services, Mr T Mosito*

one during the time you have been students at ORBIT College. The College opened your mind to a world of possibilities, now open your mind to the impossible! It is now your turn to transform lives in your family, your communities, our country and even in our shrinking global village,” Ms Marais said.



Standard Bank Head of Public Sector NW, Mr W Mogotsi hands Ms M Mnguni, a Transport & Logistics graduate from Mankwe Campus the NC(V) DUX student trophy after she had obtained an average of 84.33%, pocketing an unbelievable 16 distinctions. Also pictured here is Chairperson of the College Council, Mr C Mabe (left) and Deputy Principal: Academic Programmes & Students Support Services, Mr T Mosito (right)



Motivational speaker for both sessions, Mr Sphiwe Sharp and also one of the top achievers on the day, receives his Top Achiever awards from ABSA Public Sector Relationship Manager, Mr Brian Bogopa.

### 8.3 STAKEHOLDER FRAMEWORK

ORBIT TVET College understands its stakeholder base and seeks to work with everyone who has interest in creating a vibrant College system. The following stakeholders were key to the delivery of the College's Vision and Mission in terms of partnerships in 2017.

#### PARTNERSHIPS

**ORBIT TVET College has signed Memorandums of Understanding (MoUs) with the following Business, Industry, Government, SETAs and Community partners:**

PARTNERP	URPOSE OF PARTNERSHIP
<b>BUSINESS AND INDUSTRY</b>	
Ford SA	Placement and Training of Students / Workshop Support
Four Tops Engineering	Placement and Training of Students
Seda Platinum Incubator	Incubator Business Support
Magalies Water	Internships
Impala Platinum Mines	Training of lecturers / Placement of Students
Laundrie Engineering and Mining	Placement and Training of Students
Immelman Electrical	Placement and Training of Students
JS Lourens Building	Placement and Training of Students
Sun City	Placement of Students
Maseve Mining Investment	Training of Students
Samsung	Placement and Training of Students
ABSA Bank	Placement and Training of Students
AECI	Artisan Development Training / Funding for Training
Glencore Mining	Artisan Development Training
Electro Diesel	Artisan Development Training
Platinum Group Metal	Artisan Development Training
Universities/Universities of Technology/FET Colleges	
University of South Africa (UNISA)	Music Examinations / Increased Access of TVET College Students to HE
Tshwane University of Technology	Skills Development



## Government Departments

Department of Rural Development  
Department of Economic Development  
Department of Small Business Development  
Department of Education NW  
NSF

## Local Communities, NGOs and municipalities

Rustenburg Local Municipality  
Bojanala Platinum District Municipality  
Kgetleng Local Municipality  
JET Education Services  
Office of the Sherriff of the Magistrate Court

## Sector Education and Training Authorities (SETAs)

Transport SETA (TETA)  
Finance and Accounting SETA (FASSET)  
Services SETA  
Bank SETA  
ETDP SETA  
MQA  
merSETA  
SAGDA

ECD Training  
SMME Development / Centre for Entrepreneurship  
Centre for Entrepreneurship and Rapid Incubator  
ECD Training  
Training: Learnerships and Rural Development Programmes

## Use of Facilities and Student Placement

Placement of Students  
Placement of Students  
Training of Students  
Placement of Students

Internship programme & Training on Driver's Licence  
Brand Ambassadorship  
Internship Programme  
Internship Programme  
Internship Programme  
Jewellery Design and Manufacture  
Learnerships  
Internship Programme

## 2017 HIGHLIGHTS

### BUSINESS BREAKFAST WITH COLLEGE PARTNERS A GREAT SUCCESS!

**W**ith government having emphasised the importance of TVET College students being provided with work placement and work exposure opportunities, ORBIT TVET College hosted a Business Breakfast in August 2017 at the Central Office, which saw a significant number of decision-makers from various businesses and industries in the Bojanala District coming together. The event was aimed at maintaining and forging sustainable partnerships between the College and its current and new partners towards building and developing a skilled workforce; with the focus being on the following objectives:

- To source mutually beneficial projects to promote and enhance artisan development opportunities
- To increase work experience opportunities for College students
- To increase work placement opportunities for College graduates
- To Use the College as a centre for job seekers
- To increase work placement opportunities for College lecturers in collaboration with business partners to up-skill their knowledge of business and industry practices.

The College has been a beneficiary of funded training programmes ranging from short skills programmes, learnership programmes, learners' internship programmes and artisan development programmes. Funding received from the SETAs, Industry, municipalities, and government departments shows confidence in the College and is worth celebrating as successful partnerships. A few prominent partnerships that have been forged include the following:



*From left to right: Mr T Mosito (ORBIT TVET College Deputy Principal: Academic Programmes & Students Support Services), Mr C Kemp (Technical Training Manager Ford SA), Ms M Marais (Principal of ORBIT College), Mr G Motlou (Technical Training Manager at Tharisa Mine) and Mr P Matlou (Programme Director & Business Development & Innovation Manager at ORBIT College)*



*Stakeholders from various companies who attended the Business Breakfast hosted by ORBIT College on 31 August 2017*

- A highlight for years has been our long standing relationship with Ford SA. Ford has made ORBIT College a Centre of Training Excellence by donating engines, machines and a fully-fledged workshop to benefit students training in Automotive Repairs and Maintenance.
- Samsung SA donated a fully equipped training workshop for the College to train students in Refrigeration, Electronics and Air-conditioning.
- SASOL and ISFAP also signed a Service Level Agreement with the College to train 20 students in the field of Artisan Development Electrical and Boilermaking.
- AECI Education Trust signed a Service Level Agreement with the College to train 10 students as Artisans in Welding.
- The Rustenburg Local Municipality has also signed a Service level Agreement with the College to train their employees in different skills programmes

Ford SA Technical Training Manager, Mr C Kemp, substantiated the mutual benefits both the College and his organisation continue to enjoy through the partnership. Another partner of the College, Mr G Motlou, Training Manager at Tharisa Mine, echoed Mr Kemp's sentiments, and also encouraged other partners to come on board so as to assist the College in finding solutions to the evident shortage of potential employers for students.

Mr Peter Matlou, the Business Development and Innovation Manager, who was also the Programme Director for the day, summarised the importance of creating partnerships with Industries, government department, municipalities, private training providers, higher education institutions, and international partners.

“The partnerships we engage in are basically framed as a process to enhance the quality of learning and teaching, whilst also focusing on the students' readiness for the workplace. Our students have experienced support from your companies and one can only hope to turn these into rock solid relationships for the future of our students”, Mr Matlou said as he addressed the delegates.

After the presentations, delegates were taken on a campus tour to the Rustenburg Campus Engineering and Jewellery workshop facilities. This was followed by a scrumptious breakfast served during a networking session.

## RUSTENBURG LOCAL MUNICIPALITY SIGNS MOU WITH ORBIT TVET COLLEGE

The Rustenburg Local Municipality signed a ground breaking Memorandum of Understanding (MoU) and a Service Level Agreement with ORBIT TVET College in what we would like to refer to as an “unavoidable partnership”

The main purpose of the MoU is:

- To form a basis upon which the College will be able to provide RLM employees with further education & training in line with their developmental mandate guided by the Skills Development Act and related legislation.
- To forge a working relationship with ORBIT TVET College for the purpose of providing job specific courses and training depending on the need.

The Service Level Agreement, signed in October 2017, forms the basis on which training programmes at ORBIT TVET College will be offered to RLM employees.

Training commenced in November 2017. Courses such as Municipal Finance, Project Management, S.H.E REP, Customer Care Conflict Management. Basic Electricity, Bricklaying, Office Administration, Basic Plumbing etc. were offered to employees of the Municipality.

This relationship with the Municipality has also benefitted the College in many ways and we are hopeful that for the next three years we will be able to extend these benefits to many other activities:

- Students and lecturers from the College have been placed at the Municipality to gain work experience
- The Municipality has offered support to the College to establish an Agricultural Academy in Rustenburg. We hope that this project can commence in 2018/19
- The Municipality has offered the College access to its buildings at the Rustenburg Showground to be used for examination purposes and for training of unemployed youth in the community.



## 8.5 HUMAN RESOURCE MANAGEMENT

The approved staff establishment for ORBIT COLLEGE allowed for a total number of 484 posts to be filled in 2017.

By December 2017 there were still 49 posts vacant across the four sites:

VACANT POSTS AS AT DECEMBER 2017				
Central Office	Brits Campus	Mankwe Campus	Rustenburg Campus	Total vacant posts
10	12	15	13	49

Critical posts that were still vacant at December 2017 included a number of Management positions at Central Office:

Critical post	Site
Human Resource Manager	Central Office
Internal Audit and Assurance Manager	
Student Support Manager	
Artisan Development Manager	
Management Accounts Manager	

The non-appointment of managers in the above-mentioned positions placed a lot of strain on Senior Management and the Units involved as monitoring and proper implementation of activities within the affected units had to be delegated – either upwards or downwards, adding to existing workloads.

Critical posts in which people were acting at December 2017:

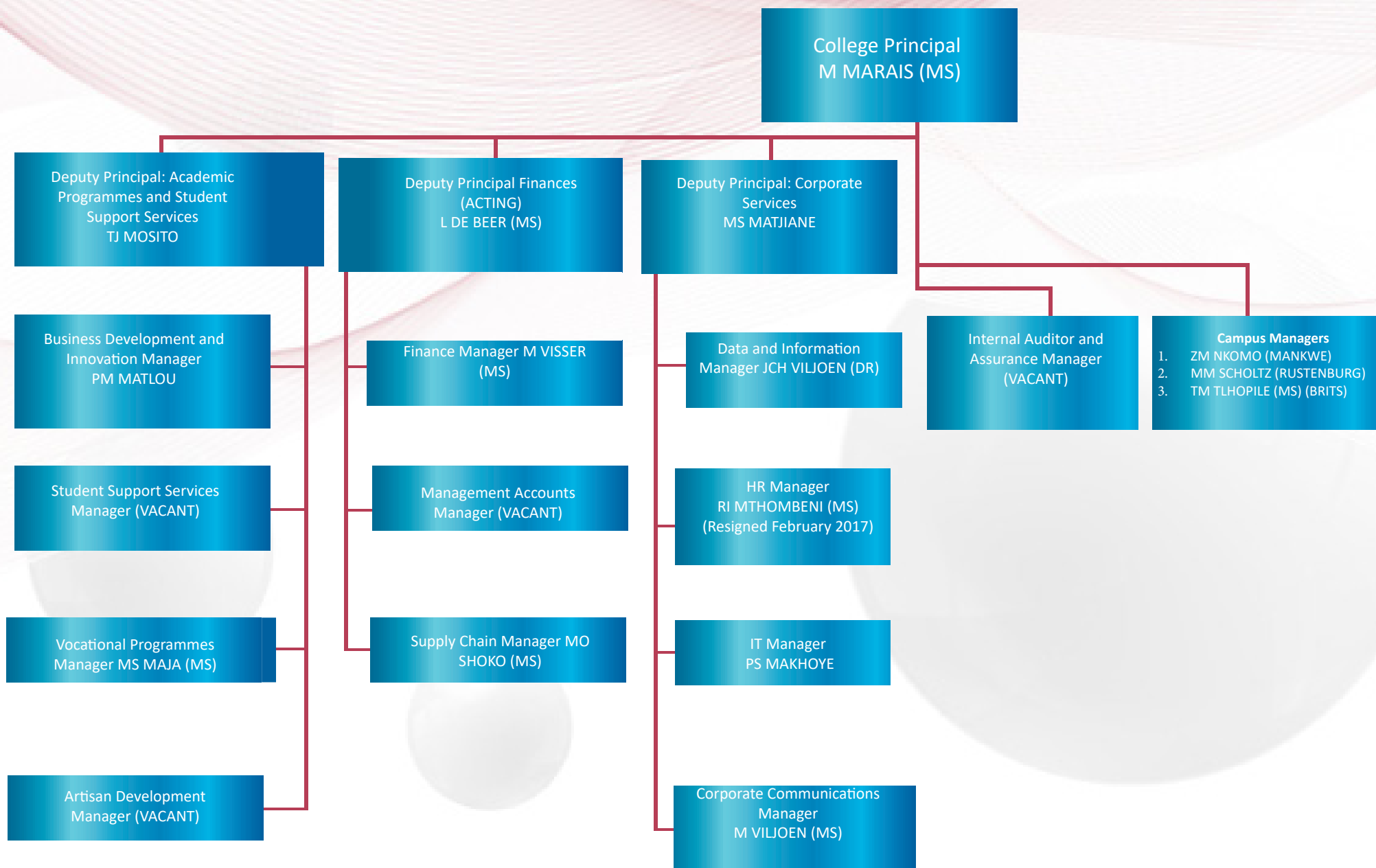
CRITICAL POST WITH ACTING PERSON	ACTING	SITE
Principal	Ms Marais had officially retired by 30 April 2017 but had signed an agreement with the DHET to remain in office until February 2018 or until the new Principal is appointed	Central Office
Deputy Principal Finance	Ms L de Beer has been acting in this position since 2016. Ms de Beer is deployed by SAICA.	

NUMBER OF LECTURING AND SUPPORT STAFF FOR 2017					
CATEGORY	BRITS	MANKWE	RUSTENBURG	CENTRAL OFFICE	ORBIT STAFF 2017
Management Staff				4	4
Lecturing Staff	68	84	106	3	261
Support Staff	33	55	34	61	183
<b>TOTAL</b>	<b>101</b>	<b>139</b>	<b>140</b>	<b>68</b>	<b>448</b>
Lecturing/Support Staff Ratio	1:0.49	1:0.65	1:0.32		1:0.70

*\*Staff appointed at Centre for Entrepreneurship were not included on staff establishment reported to the Council, but they were included on the report to DHET*



# High-level organisational organogram



## 8.6 FINANCES AND FUNDING

Since its establishment, the College has been operating in a constrained environment due to funding constraints.

The Acting Deputy Principal Finance and Finance Manager managed the finances of the College soundly by adhering to the general accounting principles, consolidating all budgets of campuses/units and by recording and keeping proper records of income and expenditure. Alternative funding secured through projects by the Business Development and Innovation Unit and value-added relations with potential investors, paying clients, donors, sponsors or partners in the private and public sectors were also managed well.

## 8.7 CONDUCTING EXAMINATIONS AND ASSESSMENT

The Deputy Principal Academics, Campus Managers and Academic Programmes Manager were responsible for managing and administering campus examinations and assessments in compliance with the applicable legislation and regulations. By making sure that proper systems, strategies and structures were in place, the Academic Unit promoted the education and training of students effectively and efficiently and in accordance with applicable policies.

## 8.8 GOVERNANCE, MANAGEMENT AND LEADERSHIP

Proper governance, management and leadership at College and campus level are preconditions for optimal institutional functionality. The development of common standards of governance, management and leadership provided the College with a common framework of monitoring and evaluating the level of governance in the college.

The College Council of ORBIT College is responsible for the overall governance of the Institution with the focus on the optimal utilisation of College resources through an effective and appropriate organisational structure, policies and systems. Full compliance to Governance Policies was effected by Council and Council Sub-committee meetings that took place regularly and as per required schedule.

The Academic Board was fully functional and met governance policy requirements to oversee the development and implementation of the Teaching and Learning Plan by meeting quarterly as per policy requirements.

The Management Board met regularly with the aim to establish and maintain an organisational culture and climate that resulted in effective teaching and learning as evident in the academic performance of students.



## 2017 HIGHLIGHTS

### EXCELLENCE IN TVET COLLEGE SECTOR CELEBRATED AT TVET IMBIZO

In addressing pressing issues within the Technical and Vocational Education and Training (TVET) Sector, the Department of Higher Education and Training (DHET) hosted an Imbizo in October 2017 in Benoni, Johannesburg.

TVET College Principals as well as various stakeholders including former Minister of Higher Education and Training, Dr Blade Nzimande, NEHAWU and other prominent individuals in Higher Education were invited to the three-day conference, pursuant of solutions to some of the biggest challenges facing TVET Colleges.

The purpose of the Imbizo according to the DHET was “to identify the challenges in the TVET system, and to analyse the underlying causes of systemic problems and collectively formulate mechanisms to resolve these challenges”.

Under the TVET Sector 2017 theme ‘Defining a shared vision, removing obstacles and charting a roadmap to our destination’, some of the key issues addressed during the Imbizo amongst others were: governance and management issues, lack of funding as well as the responsive and relevance of the TVET College curriculum.

The conference was concluded on a high note, as the former Minister, Dr Nzimande recognise and celebrated excelling Colleges and stakeholders during the ‘TVET Colleges Excellence Awards Ceremony’ which took place on day three of the Imbizo.

ORBIT College was amongst the crème of the crop, and received accolades for the following achievements:

- Centre for Specialisation for Diesel Trade at Mankwe Campus,
- Centre for Specialisation for Electrical at Brits Campus
- Ms M Marais, Principal of ORBIT College was awarded for her role and participation in the Professional Development of Campus Managers’ Training Project



*Principal of ORBIT TVET College, Ms Maryna Marais with the awards she received on behalf of the College for the Centre for Specialisation for Diesel Trade at Mankwe Campus and Centre for Specialisation for Electrical at Brits Campus. Ms Marais also received an award for her role as ‘Head of Trainers’ for the Campus Managers Training Project*

## ORBIT COLLEGE HOSTS PROFESSIONAL DEVELOPMENT OF CAMPUS MANAGERS' TRAINING

ORBIT College, Central Office hosted twenty six Campus Managers from various TVET Colleges and DHET officials in August 2017, as part of the Professional Development of Campus Managers' Project. The three day block training, was hosted across seven training centres, with the participation of approximately one hundred and fifty Campus Managers. Principal, Ms Maryna Marais, who was the head of Cluster 6 (Rustenburg), spearheaded the workshop, which covered the following themes: across the country for a three day block training which took place

- Planning and management of campus systems and processes; and
- Campus infrastructure, facilities and equipment management

Campus Managers from the following Colleges shared best practices and also participated in various team building activities: ORBIT TVET College, Eastcape Midlands TVET College, Central Johannesburg TVET College, Sedibeng College, South West TVET College, Tshwane South TVET College, Western TVET College, Taletso TVET College and Vuselela TVET College.

The second block training took place in December 2017. ORBIT College once again hosted two hundred and fifty (250) Campus Managers at Mankwe Campus. The gathering was aimed at focusing on the design and management of effective teaching and learning systems as well as developing good practices in Student Support Services.

During the three day training, Campus Managers engaged in break-away sessions, which saw them share strategies, techniques, resources and experiences on how to improve the management of the core function of Colleges, i.e. teaching and learning, which is ultimately. However, it wasn't a case of 'all work and no play'. Day two saw them 'trade' their suits and ties for sportswear, as they took part in a number of fun activities, including the Zumba



*The Campus Managers from twenty six TVET Colleges with Principal of ORBIT College, Ms M Marais during the three day block training held at ORBIT College, Central Office*



*Deputy Minister of Higher Education and Training, Honourable Buti Manamela delivering a keynote address*

dance and the 'Amazing Race'.

Deputy Minister of Higher Education and Training (DHET), Honourable Buti Manamela, graced the occasion on day three and delivered a keynote address. He emphasised the important role TVET Colleges play in the country, pointing out that the TVET College Sector is a national priority in our post-school education and training system. "Mid-level skills, offered by TVET colleges are critical for the development of our country. We have to underscore the importance of an effective, well governed and responsive TVET College Sector, Mr Manamela said. He added that it is the responsibility of the sector to ensure that TVET Colleges are sought after and that students should not simply seek space at Colleges because of the availability of student grants. "We understand that getting a student grant to study at a post school institution is critically important for the majority of our youth. However, a young person should choose to enrol at a TVET College because she or he wants to pursue a career in a technical field and not because they could not get into a university", he added.

In closing, the Deputy Minister congratulated the Campus Managers for being "the women and men who are at the coal face of making that transition - a transition in providing quality, relevant technical and vocational education for the 21<sup>st</sup> Century". He urged them to build communities inside their campuses, which will elevate Colleges, not only amongst internal stakeholders and community, but also in the eyes of the surrounding college community in order to become institutions of first choice. The Deputy Minister's visit included a tour of the Campus facilities.

The event was concluded with a prize giving ceremony, in which the DM acknowledged and awarded the winning teams, as well as the key stakeholders who ensured that the training was a great success.

## 8.9 RISK MANAGEMENT

Risk identification and evaluation sessions were conducted with all ORBIT College Management in 2017. The process involved the confirmation of objectives, identification of events, setting of the risk scoring matrix and identification and evaluation of new risks, the identification and evaluation of existing controls and identification of future actions and timeframes to mitigate the identified risks. The process was informed by the DHET Risk Management Policy.

Senior Management prioritised 11 risks for quarterly reporting to DHET. These risks included:

- Asset and stock losses
- Turnaround time of Supply Chain processes
- Insufficient funding
- Spending budgets on time
- Recruitment, selection, retention and succession planning of staff
- Bursary administration and management
- Non-compliance to policies
- Data Management
- Leave administration
- Performance Management of employees
- Strikes and or mass actions of staff and students

The delegated risk officer, with the assistance of the internal audit and assurance unit is expected to monitor the implementation of existing controls, future actions and to report quarterly in order to update the College risk register.

## 8.10 OCCUPATIONAL HEALTH AND SAFETY

During the months of July/August 2017 a comprehensive and detailed Hazard Identification and Risk Assessment was conducted across all sites of ORBIT College. The assessment identified several health, safety and environmental hazards, and the associated risks with consequences that had to be addressed by College management.

This baseline assessment was carried out as per legal mandate in Section 8 (1) of the Occupational Health and Safety Act 85 of 1993 which requires every employer to provide and maintain, as far as is reasonably practicable, a working environment that is safe and without risk to the health and safety of the employees.

The risk assessment focused on the location of activities, types of activities, responsibilities, competencies and pure hazards related to dangerous substances and equipment, amongst others. The assessment was successfully concluded as the main objectives of the exercise were achieved, i.e to:



- Ensure compliance with the legal requirements.
- Minimize the costs associated with implementing controls.
- Provide a healthy and safe working environment for employees, students, visitors and contractors.
- Minimize the impact on environmental commodities shared with the community.

2017 also saw the Internal Audit and Quality Assurance Unit rolling out training sessions for the Health and Safety Committee members across all four sites (Central Office, Brits Campus, Mankwe Campus and Rustenburg Campus) during the first and second quarter of the year.

Properly managed safety programmes show commitment to safety by management, in turn creating a great safety culture where everyone 'wants' to be safe. The committee members were trained thoroughly in the following: first-aid, fire-fighting and health and safety in general, to name but a few.

As per Section 16.2, Deputy Principal: Academic Programmes and Student Support Services, Mr T Mosito, formally appointed the trained committee members in order to kick-start the activities as set out by the Occupational Health and Safety Act 85 of 1993 and its regulations.

The training was done to promote a safe and healthy working environment for all ORBIT College employees, students, visitors, contractors/service providers and the community at large.

## 8.11 CONCLUSION

As the Accounting Officer/Principal of ORBIT TVET College I committed myself and the resources of the college to achieving the targets outlined in the College Strategic and Operational Plans. This Annual Report is a reflection of the extent to which the College managed to achieve these targets. In most instances, targets were met or exceeded. However, there were also targets that were not met; some of which were due to reasons beyond our control.

Although we are justifiably proud of the initiatives and achievements accomplished over the past year, it is ultimately our ability to adapt and change our services to meet each client's unique need within the landscape for the TVET College Sector, which will determine our success in the future.

In the instances where the College can still improve, and I am of the opinion that the Management and Council of ORBIT College will remain committed to keep improving, growing and sustaining the College, steering it to even greater heights, going forward.

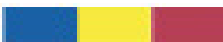
The fundamental principle and vision of ORBIT TVET College is that it is a global institution of excellence, surpassing community needs. This is a principle that commits everyone involved with the College to tirelessly strive to make sure that our students enjoy the same quality learning environment, opportunities and stimulation, regardless of the campus where they are enrolled.

We will continue to embrace our core values of Transformation, Accountability, Respect and Teamwork. For us, meeting and exceeding the expectations of the communities we serve is not a process but rather an ethos.



M MARAIS (MS)

ACCOUNTING OFFICER/PRINCIPAL



## 9. COLLEGE PERFORMANCE AND ORGANISATIONAL ENVIRONMENT

ORBIT College mainly serves the Madibeng, Moses Kotane and Rustenburg communities. By being actively involved in communities, and by making sure that the College is included in relevant structures and plans, ORBIT College becomes a significant role player in growing the economy of the North West Province.

As part of our strategy to reach out to these communities the College engages with local municipalities and enter into MoUs with them. In addition, partnerships are forged with local business and industry, business forums and engagement with tribal authorities, such as the Royal Bafokeng and Bakgatle Ba Kgafela tribal authorities takes place on a continuous basis.

Partnerships such as the above-mentioned enable ORBIT College to respond meaningfully to the requirements of the economy, assist in addressing rural development challenges and contribute to the development of an informed and educated citizenry. Empowerment of out-of-school youth and alleviating poverty by skilling the youth and advancing their employability levels, are strategic goals that ORBIT TVET College strive to achieve on an annual basis. Hence the Programme Qualification Mix that is offered comprises:

- National Certificate Vocational NC(V) programmes
- Report 191 (NATED) programmes (Engineering Studies, Business Studies and General Studies)
- Learnerships and skills programmes – The College has programme approval from various SETAs which implies compliance to Industry standards and can therefore offer occupational/skills programmes

In addition to offering training that is responsive to the needs of Business and Industry, the College also has a responsibility to support students by means of a comprehensive exit strategy. Such a strategy includes vastly expanded access to workplace-based experiential learning and strong links between colleges, employers and employers' organisations.

Students face many obstacles when entering the job market. In some fields supply outstrips demand, which has the effect of graduates ending up in jobs fields they did not train for. In other cases, graduates lack the minimum of three to four years of work experience in their field of study, which is often a requirement for jobs advertised. Without support from their colleges, students generally struggle to break into the job market and frequently end up in employment that is unrelated to their training. This is directly reflected in the low number of National N Diplomas that are issued annually. At least in 2017, ORBIT TVET College managed to produce a much higher number of compliant graduates who qualified for their National N Diploma.

The Performance Report provided in the next section details the active and real contribution that ORBIT TVET College has made across various spheres, including accessibility, academic performance, producing compliant graduates and achieving strategic annual targets and objectives as set out in the College Strategic Plan.

## 10. PERFORMANCE REPORTING

The graphical information displayed in this section of the Annual Report aims at providing a visual presentation of the performance of ORBIT TVET College during 2017 in terms of:

- **Enrolment targets**

A growth analysis has been done, based on comparative headcounts covering 2015 – 2017. This graph provides an indication of the growth rate per campus over a period of three years.

A breakdown of the total FTEs for Vocational/Ministerial funded programmes is also provided per campus. Occupational learning programmes are only calculated in terms of enrolment numbers and are not based on FTEs. All FTEs indicated in this section exclude exemptions, cancellations and exam-only enrolments.

- **Academic Compliance**

The graphs presented in this section focuses on certification rates, pass rates and retention rates for NCV and Report 191 (Semester and Trimester) programmes respectively. Certification rates were calculated based on the number of students who enrolled for a full qualification. Pass rates were calculated based on subject enrolments.

- **Graduation Compliance**

A comparative analysis of graduation statistics was done for the period 2016-2017 for exit level qualifications only, i.e. NCV Level 4 and National N Diploma. The compliance of NCV Level 4 graduates with the admission requirements of Higher Education Institutions such as Universities and Universities of Technology is also presented as this provides an indication of articulation of NCV graduates into Higher Education as one of the exit level options.



## 10.1 STUDENT ENROLMENTS

10.1.1 Growth Analysis (Comparative Headcount: 2015-2017)

CAMPUS / YEAR	2015	2016	2017	% Growth / Campus
BRITS	3321	3246	3348	3%
MANKWE	2869	3223	4741	32%
RUSTENBURG	4996	4369	4931	11%
<b>ORBIT College Totals</b>	<b>11186</b>	<b>10838</b>	<b>13020</b>	
<b>% College Growth / Year</b>		<b>-3%</b>	<b>17%</b>	

Head Count Totals: 2015-2017

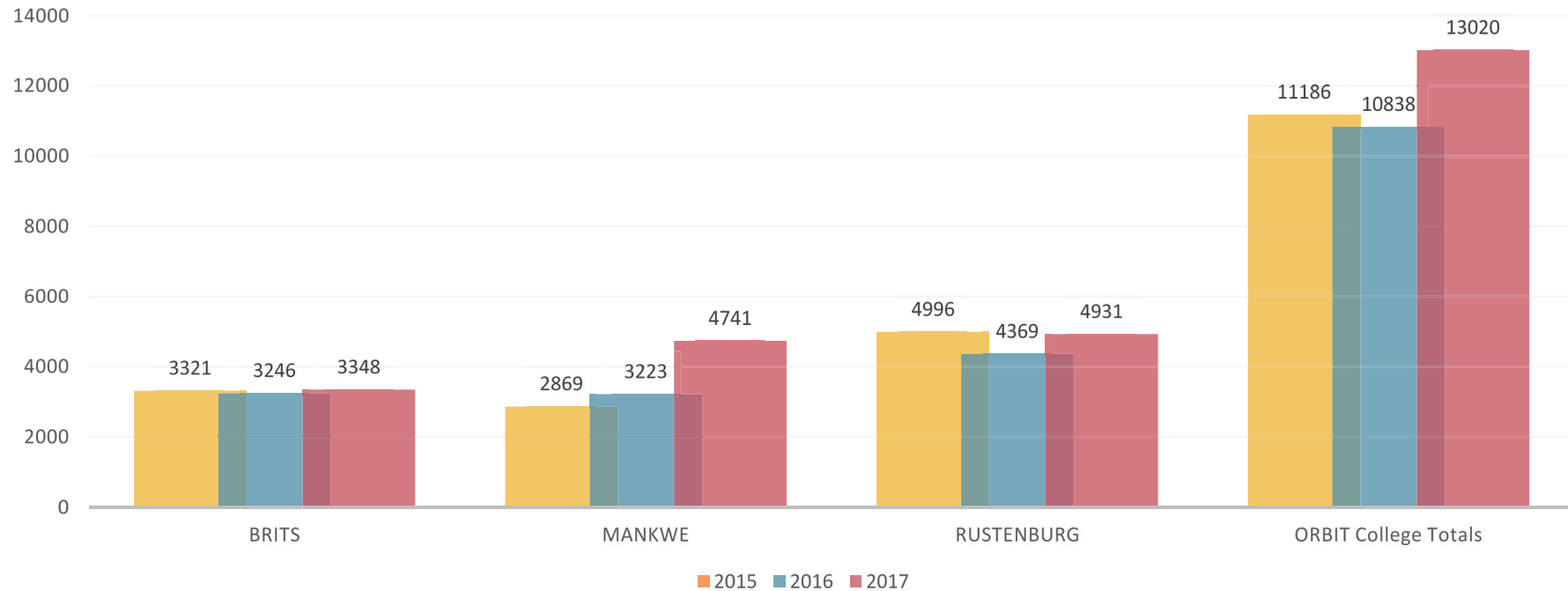


Figure 10.1.1

## 10.1.2 Full Time Equivalents (Ftes) For Vocational / Ministerial Funded Programmes 2015-2017

### A) FTEs NC(V) Programmes - 2015-2017

Campus	FTEs 2015	FTEs 2016	FTEs 2017
Brits	966.39	874.20	805.38
Mankwe	1167.45	1136.36	1088.64
Rustenburg	1350.35	1297.55	1107.25
<b>College NC(V) Totals</b>	<b>3484.19</b>	<b>3308.11</b>	<b>3001.26</b>
<b>NC(V) % Growth / Year</b>	<b>-17%</b>	<b>-5%</b>	<b>-9%</b>

### C) Total FTEs per Campus - 2015 -2017

Campus	FTEs 2015	FTEs 2016	FTEs 2017	% Growth / Campus
Brits	2256.81	2047.59	1889.10	-8%
Mankwe	2213.86	2237.24	2174.12	-3%
Rustenburg	3084.35	2845.63	2636.93	-7%

### B) FTEs Report 191 Programmes - 2015-2017

Campus	Programme	FTEs 2015	FTEs 2016	FTEs 2017
Brits	Engineering Studies	571.29	554.77	527.10
	Business Studies	719.13	618.63	556.63
	<b>Sub-Total</b>	<b>1290.41</b>	<b>1173.39</b>	<b>1083.72</b>
Mankwe	Engineering Studies	530.54	559.25	525.36
	Business Studies	515.88	541.63	560.13
	<b>Sub-Total</b>	<b>1046.41</b>	<b>1100.88</b>	<b>1085.49</b>
Rustenburg	Engineering Studies	1059.25	974.58	867.18
	Business Studies	674.75	573.50	662.50
	<b>Sub-Total</b>	<b>1734.00</b>	<b>1548.08</b>	<b>1529.68</b>
<b>College Report 191 Totals</b>		<b>4070.82</b>	<b>3822.34</b>	<b>3698.89</b>
<b>Report 191 % Growth / Year</b>		<b>-7%</b>	<b>-6%</b>	<b>-3%</b>

### A) Total FTEs For Programmes 2015 - 2017

Programme	FTEs 2015	FTEs 2016	FTEs 2017
NC(V)	3484.19	3308.11	3001.26
Report 191	4070.82	3822.34	3698.89
College Total FTEs	7555.01	7130.45	6700.15
% Growth / Year	-12%	-6%	-6%

### TOTAL FTEs for College 2015 -2017

■ FTEs 2015     
 ■ FTEs 2016     
 ■ FTEs 2017

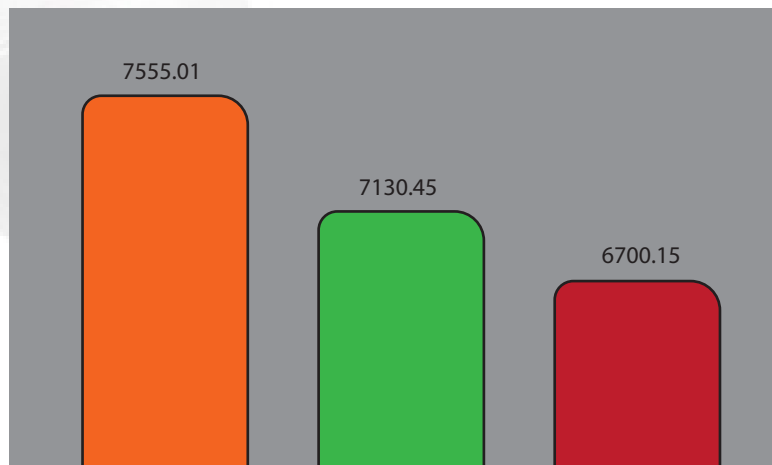


Figure 10.1.2.1

### TOTAL College FTEs Distribution 2017

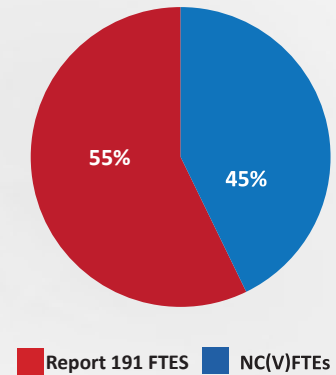


Figure 10.1.2.2

## 10.2 STUDENT ACADEMIC PERFORMANCE

### 10.2.1 NCV: CERTIFICATION RATE: 2014 – 2017 (Based on number written vs number passed)

	2014					2015					2016					2017				
	CERTIFICATION RATE					CERTIFICATION RATE					CERTIFICATION RATE					CERTIFICATION RATE				
	Enrolled	Written	Passed	% Pass	Retention	Enrolled	Written	Passed	% Pass	Retention	Enrolled	Written	Passed	% Pass	Retention	Enrolled	Written	Passed	% Pass	Retention
Level 2	1864	1219	630	51.68	65.40	1265	778	445	57.20	61.50	1566	563	437	77.62	35.95	1404	677	586	86.56	48.22
Level 3	817	723	500	69.16	88.49	583	524	396	75.57	89.88	441	384	322	83.85	87.07	422	360	309	85.83	85.31
Level 4	417	399	254	63.66	95.68	497	482	367	76.14	96.98	426	404	289	71.53	94.84	325	308	203	65.91	94.77

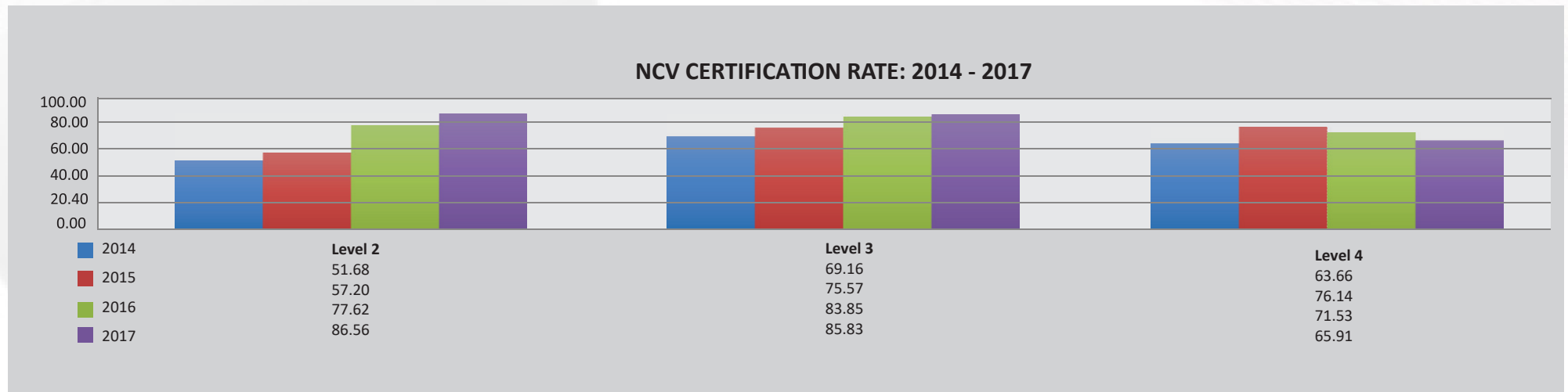


Figure 10.2.1

10.2.2 NCV: PASS RATE: 2014 - 2017 (based on subject enrolments)

	2014					2015					2016					2017				
	SUBJECT ENROLMENTS					SUBJECT ENROLMENTS					SUBJECT ENROLMENTS					SUBJECT ENROLMENTS				
	Enrolled	Written	Passed	% Pass	Retention	Enrolled	Written	Passed	% Pass	Retention	Enrolled	Written	Passed	% Pass	Retention	Enrolled	Written	Passed	% Pass	Retention
Level 2	15072	10513	7357	69.98	69.75	10906	7188	5059	70.38	65.91	12443	6465	5408	83.65	51.96	11379	7439	6628	89.10	65.37
Level 3	8784	7407	6120	82.62	84.32	7562	6227	5060	81.26	82.35	5688	4566	3843	84.17	80.27	5171	4161	3802	91.37	80.47
Level 4	5174	4644	3747	80.68	89.76	5857	5251	4606	87.72	89.65	5043	4419	3642	82.42	87.63	3893	3414	2661	77.94	87.70

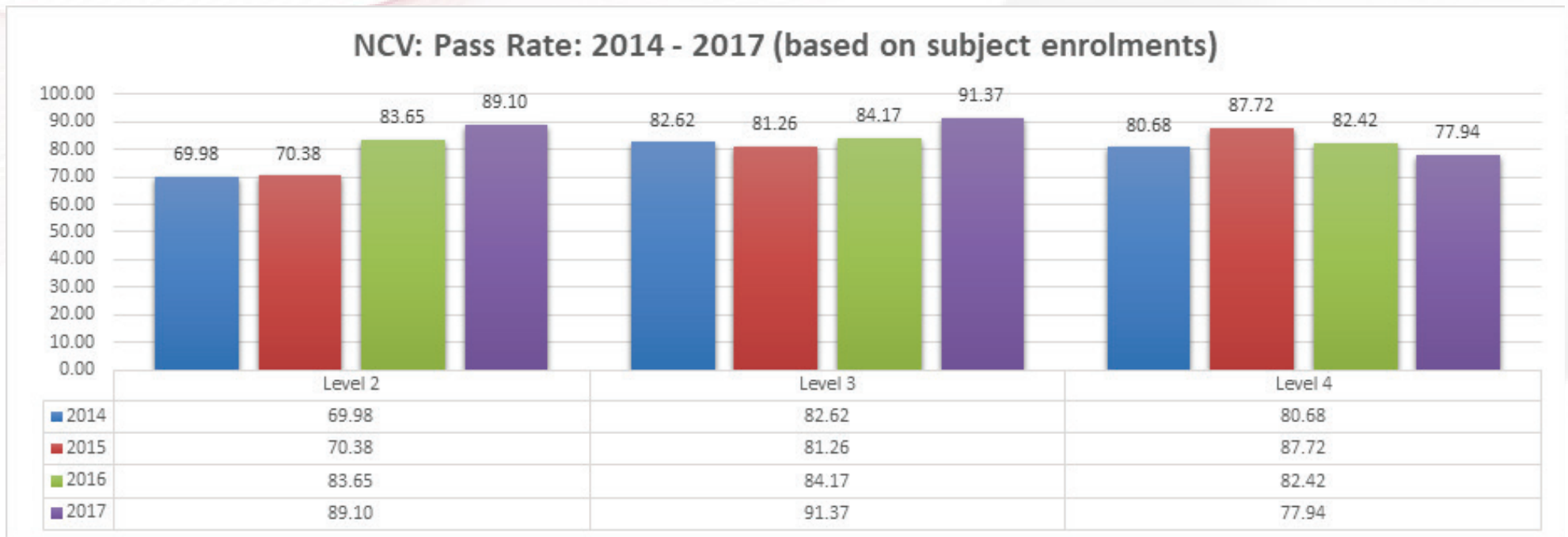


Figure 10.2.2

10.2.3 NCV: RETENTION RATE: 2014 - 2017 (based on subject enrolments)

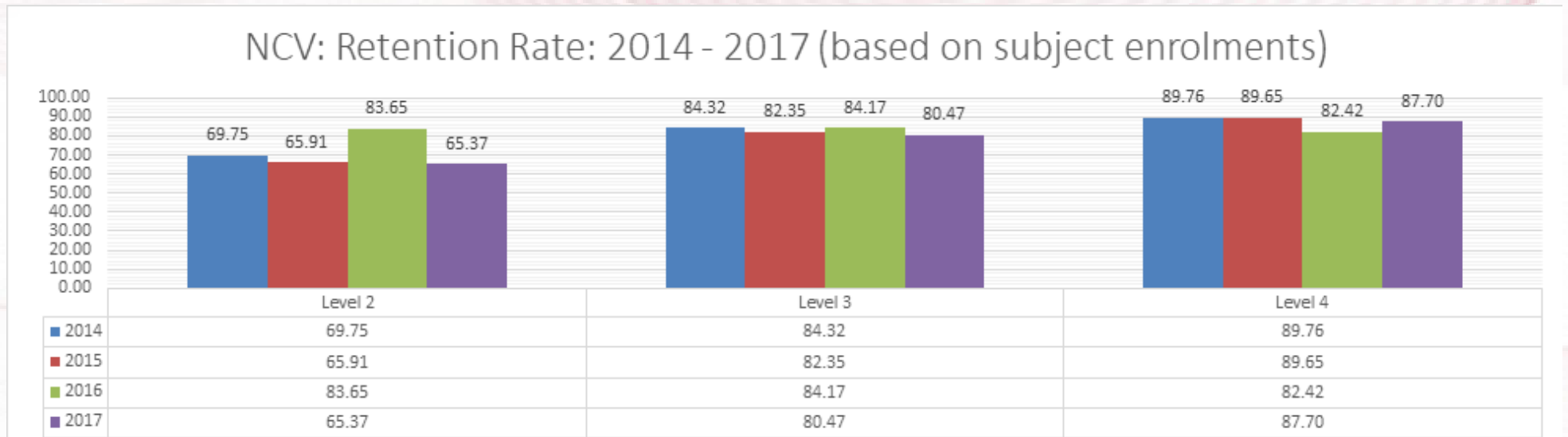


Figure 10.2.3



10.2.4 REPORT 191: BUSINESS & GENERAL STUDIES CERTIFICATION RATE: 2017 (Based on number written vs number passed)

	SEMESTER 1: 2017					SEMESTER 2: 2017				
	CERTIFICATION RATE					CERTIFICATION RATE				
	Enrolled	Written	Passed	% Pass	Retention	Enrolled	Written	Passed	% Pass	Retention
<b>N4</b>	642	458	300	65.50	71.34	603	436	361	82.80	72.31
<b>N5</b>	324	248	114	45.97	76.54	326	261	167	63.98	80.06
<b>N6</b>	168	149	93	62.42	88.69	150	134	101	75.37	89.33



Figure 10.2.4



	SEMESTER 1: 2017					SEMESTER 2: 2017				
	SUBJECT ENROLMENTS					SUBJECT ENROLMENTS				
	Enrolled	Written	Passed%	Pass	Retention	Enrolled	Written	Passed%	Pass	Retention
<b>N4</b>	2957	2327	1966	84.49	78.69	3021	2427	2186	90.07	80.34
<b>N5</b>	2679	2154	1343	62.35	80.40	2731	2252	1795	79.71	82.46
<b>N6</b>	1717	1449	1071	73.91	84.39	1581	1410	1158	82.13	89.18

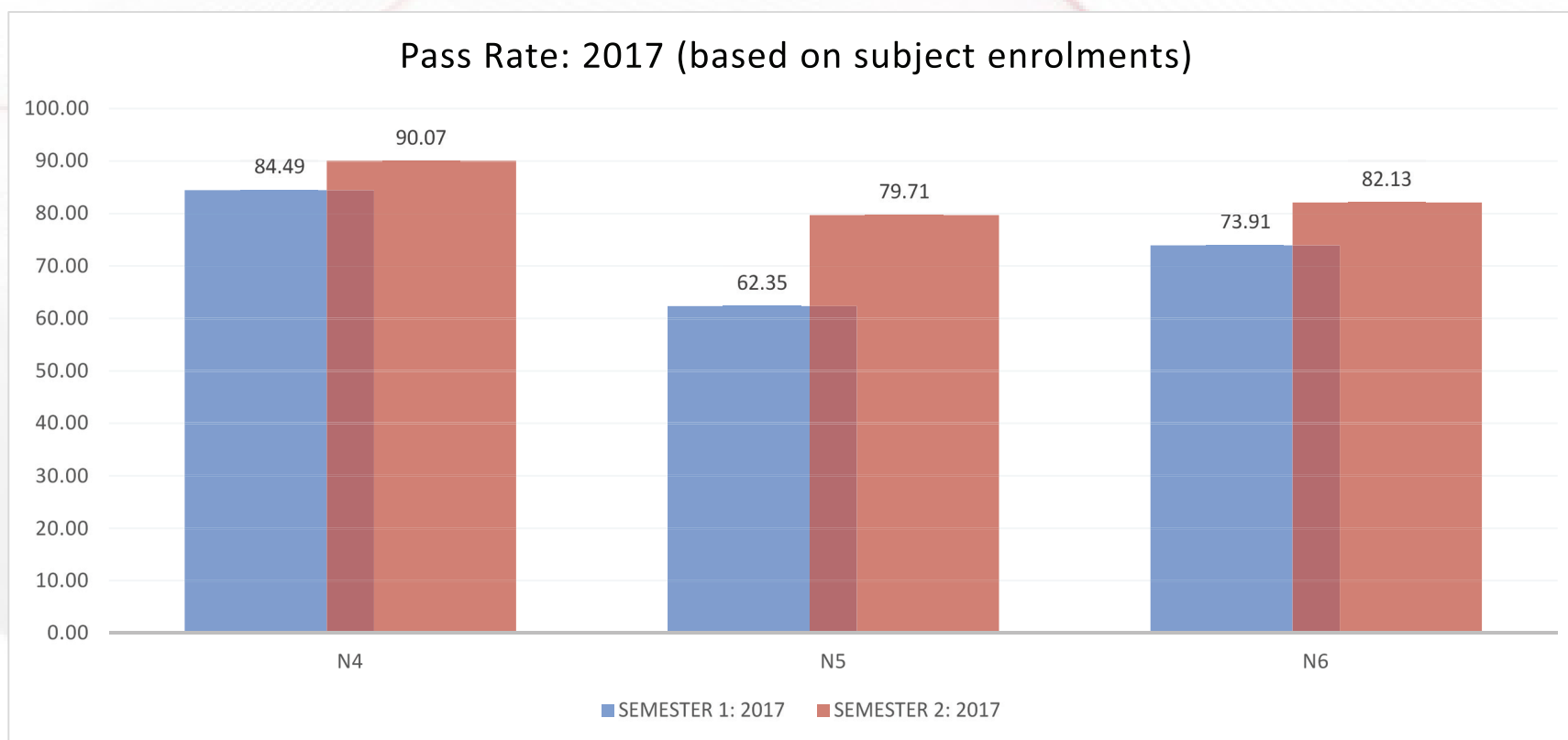


Figure 10.2.5



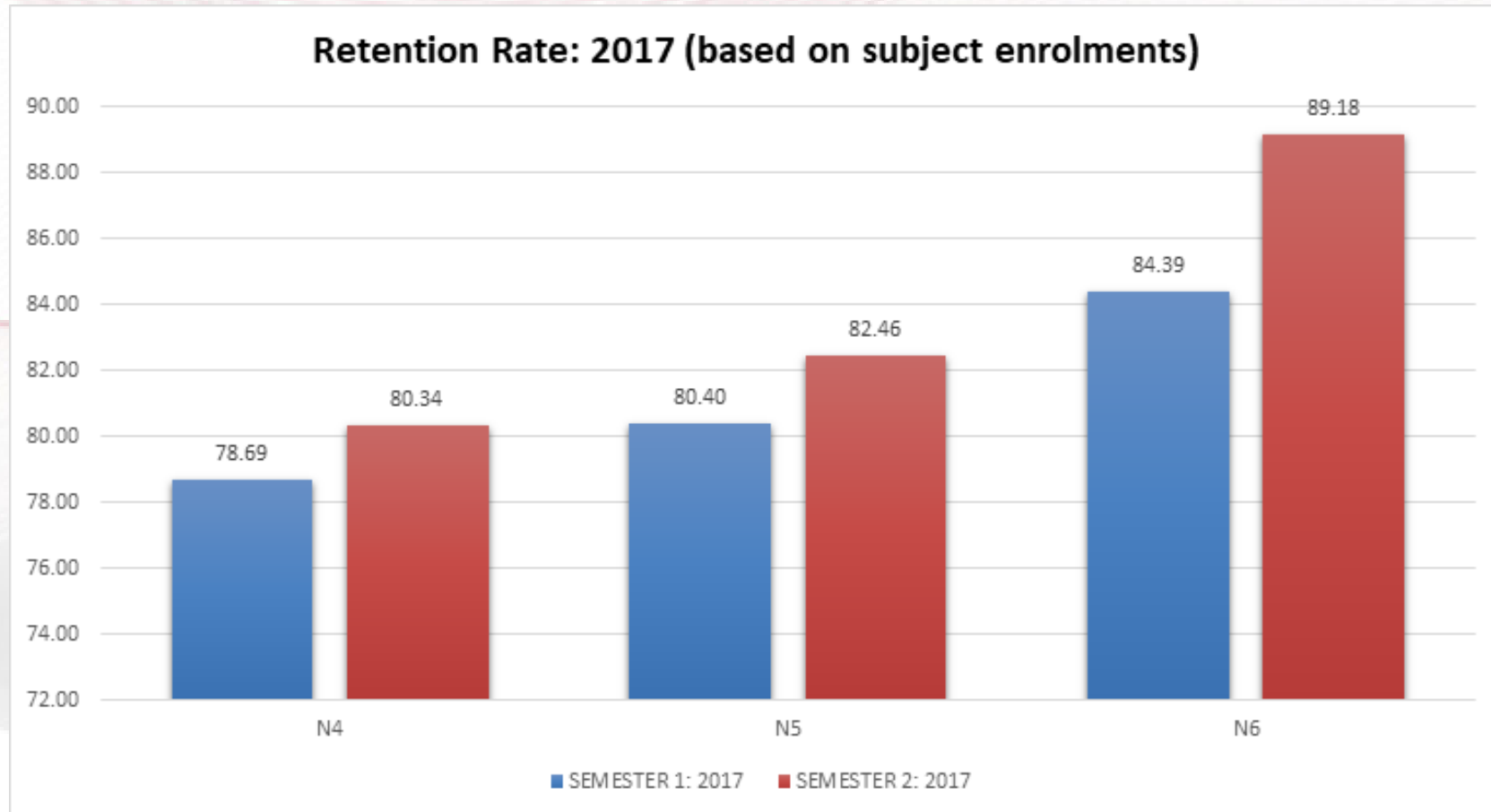


Figure 10.2.6



10.2.7 REPORT 191: ENGINEERING STUDIES CERTIFICATION RATE: 2017 (Based on the number written vs number passed)

	TRIMESTER 1: 2017					TRIMESTER 2: 2017					TRIMESTER 3: 2017				
	CERTIFICATION RATE					CERTIFICATION RATE					CERTIFICATION RATE				
	Enrolled	Written	Passed	% Pass	Retention	Enrolled	Written	Passed	% Pass	Retention	Enrolled	Written	Passed	% Pass	Retention
N1	286	210	176	83.81	73.43	312	218	192	88.07	69.87	204	140	106	75.71	68.63
N2	376	130	80	61.54	34.57	319	222	123	55.41	69.59	299	206	74	35.92	68.90
N3	267	85	57	67.06	31.84	149	96	53	55.21	64.43	177	136	81	59.56	76.84
N4	198	55	38	69.09	27.78	126	77	54	70.13	61.11	135	95	57	60.00	70.37
N5	182	100	39	39.00	54.95	84	47	27	57.45	55.95	89	55	33	60.00	61.80
N6	70	38	18	47.37	54.29	75	64	8	12.50	85.33	57	46	15	32.61	80.70

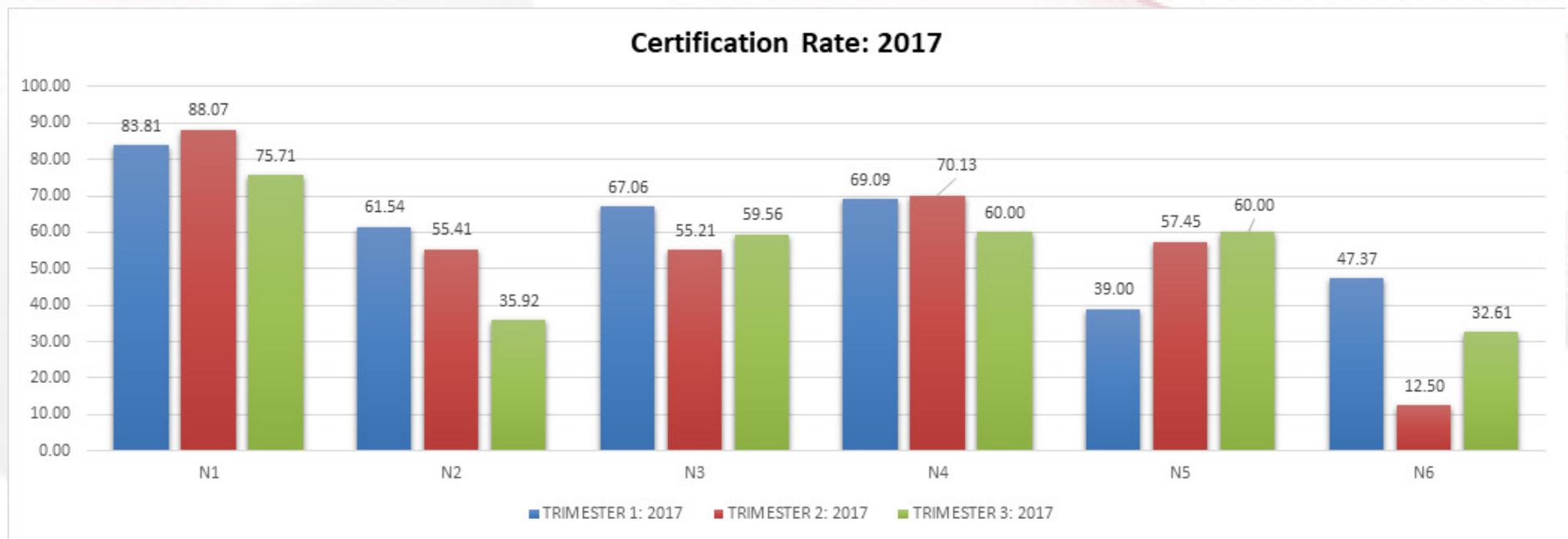


Figure 10.2.7



10.2.8 REPORT 191: ENGINEERING STUDIES PASS RATE: 2017

	TRIMESTER 1: 2017					TRIMESTER 2: 2017					TRIMESTER 3: 2017				
	SUBJECT ENROLMENTS					SUBJECT ENROLMENTS					SUBJECT ENROLMENTS				
	Enrolled	Written	Passed	% Pass	Retention	Enrolled	Written	Passed	% Pass	Retention	Enrolled	Written	Passed	% Pass	Retention
<b>N1</b>	1304	1063	950	89.37	81.52	1408	1142	1055	92.38	81.11	992	772	664	86.01	77.82
<b>N2</b>	2288	1311	942	71.85	57.30	2068	1671	1120	67.03	80.80	2175	1735	994	57.29	79.77
<b>N3</b>	2085	1064	801	75.28	51.03	1488	1129	817	72.36	75.87	1603	1246	917	73.60	77.73
<b>N4</b>	1274	523	404	77.25	41.05	1074	792	584	73.74	73.74	1206	922	668	72.45	76.45
<b>N5</b>	1328	835	525	62.87	62.88	859	643	382	59.41	74.85	886	662	439	66.31	74.72
<b>N6</b>	700	464	283	60.99	66.29	746	621	288	46.38	83.24	736	611	343	56.14	83.02

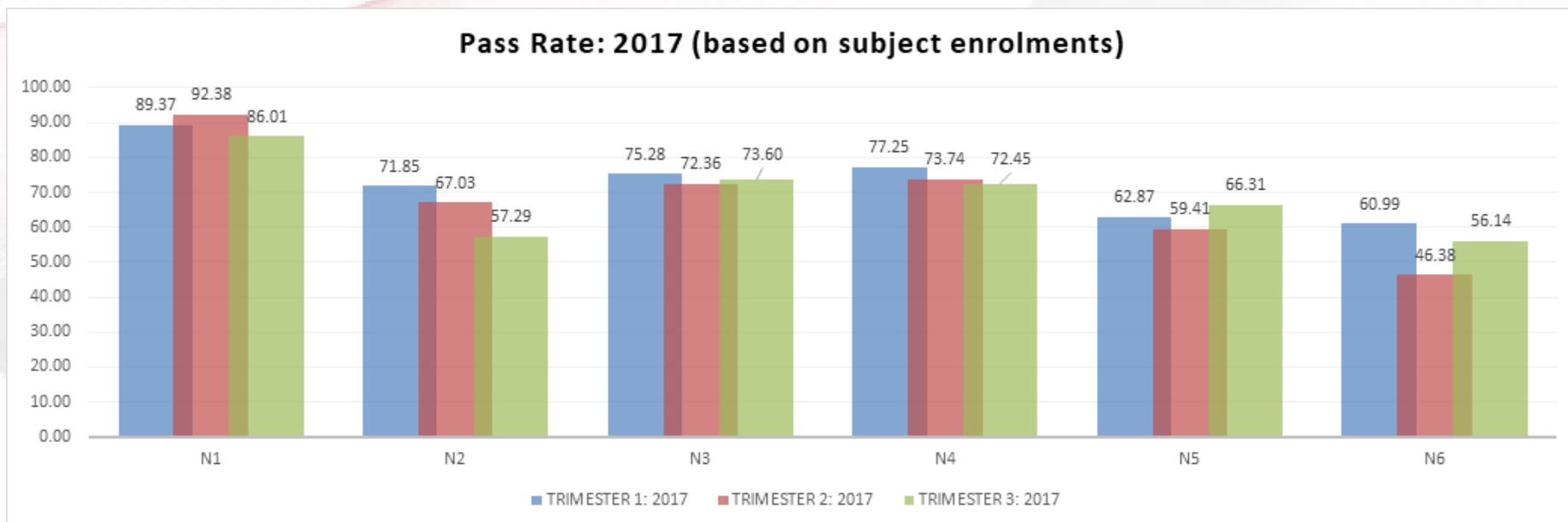


Figure 10.2.8



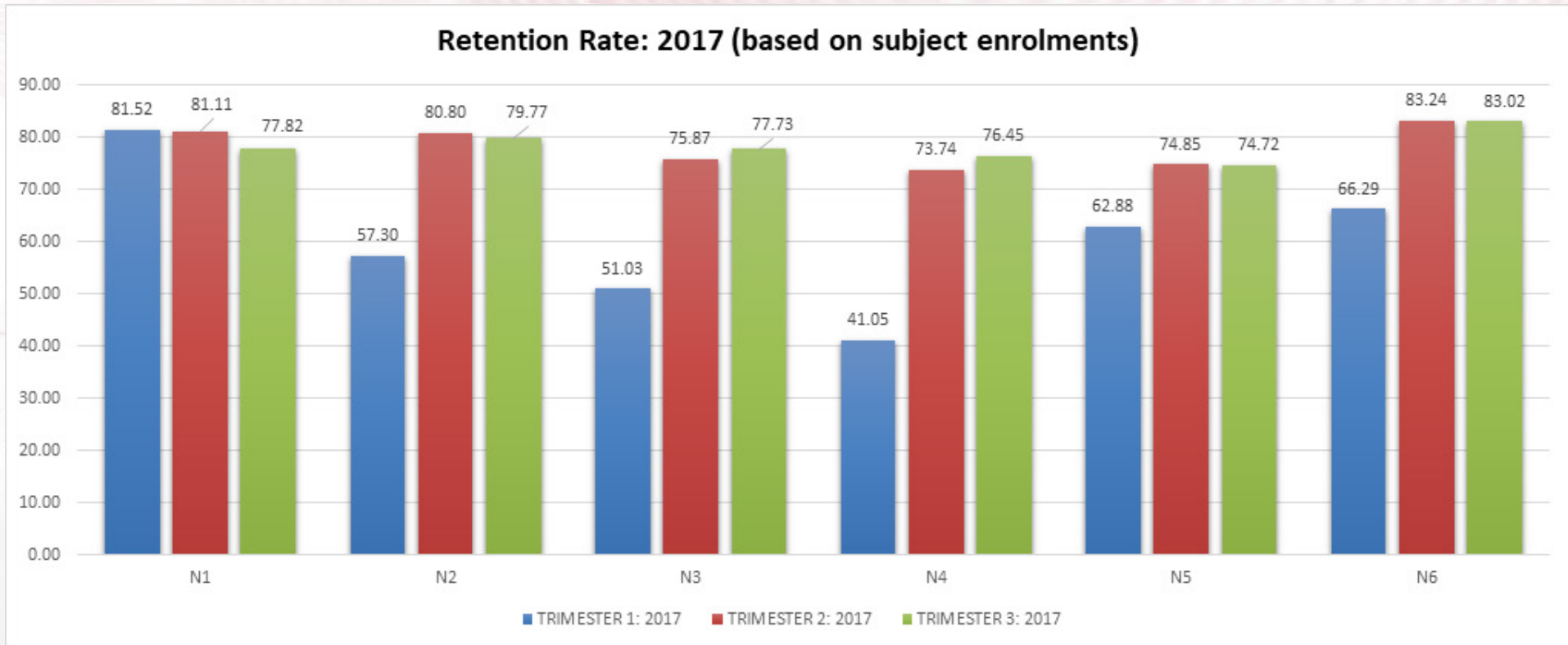


Figure 10.2.9



## 10.3. COMPLIANT GRADUATES

### 10.3.1. NC(V) COMPLIANT GRADUATES 2016 - 2017

NC(V) LEVEL 4 GRADUATES (PASSING ALL 21 SUBJECTS) 2016 - 2017	2016 - 2017 STUDENT COMPLIANCE TO HE INSTITUTIONAL ADMISSION REQUIREMENTS							
	PROGRAMME	2016 Graduates	2017 Graduates	2016 Higher Certificate	2017 Higher Certificate	2016 Diploma	2017 Diploma	2016 Bachelor's Degree
<i>Requires an NC(V) Level 4 Certificate to have been issued, passing all 21 subjects</i>				<i>Requires an NC(V) Level 4 Certificate having been issued with 50% in three fundamental subjects and 60% in 3 compulsory vocational subjects</i>		<i>Requires an NC(V) Level 4 Certificate having been issued with 60% in three fundamental subjects and 70% in four vocational subjects</i>		
Office Administration	92	100	82	79	9	18	1	3
Finance, Economics and Accounting	22	30	19	22	3	8	0	0
Management	28	7	23	6	5	1	0	0
Tourism	24	15	21	11	3	4	0	0
Hospitality	28	17	25	17	3	0	0	0
Transport & Logistics	36	26	35	22	1	4	0	0
ICT & Computer Science	8	10	7	9	1	1	0	0
Electrical Infrastructure Construction	46	39	43	39	3	0	0	0
Engineering & Related Design	49	36	41	36	8	0	0	0
Civil Engineering Construction	7	6	7	6		0	0	0
<b>TOTAL COMPLIANT GRADUATES</b>	340	286	303	247	36	36	1	3
<b>TOTAL</b>								<b>286</b>

### NC(V) LEVEL 4 COMPLIANT GRADUATES 2016 - 2017

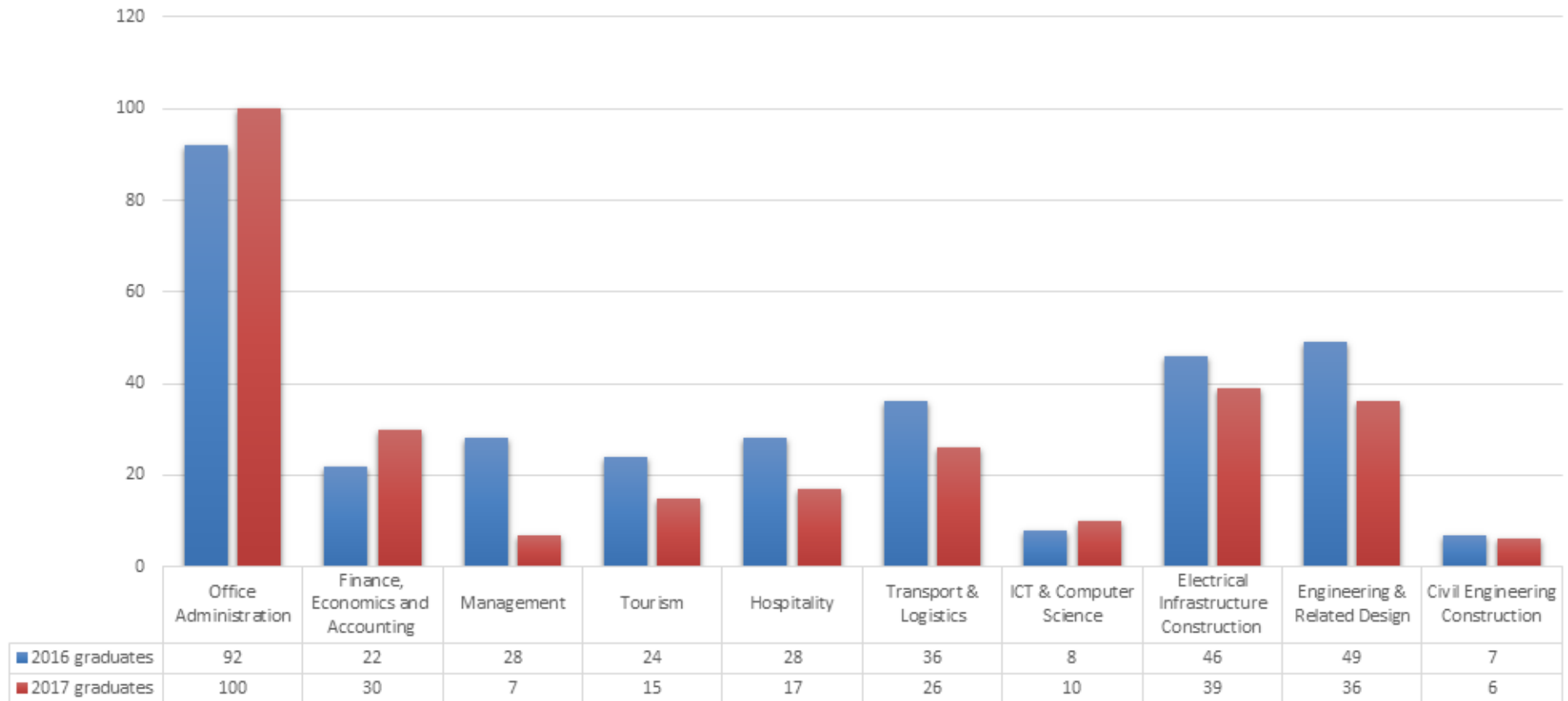


Figure 10.3.1



10.3.2 REPORT 191 NATIONAL N-DIPLOMA COMPLIANT GRADUATES 2016 - 2017

REPORT 191 NATIONAL N DIPLOMA GRADUATES 2016 - 2017		
Programme	2016 Graduates	2017 Graduates
Business Management	1	15
Educare	0	6
Engineering Studies	6	10
Financial Management	0	23
Human Resource Management	6	54
Management Assistant	2	28
Tourism	0	1
<b>TOTAL COMPLIANT GRADUATES</b>	<b>15</b>	<b>137</b>

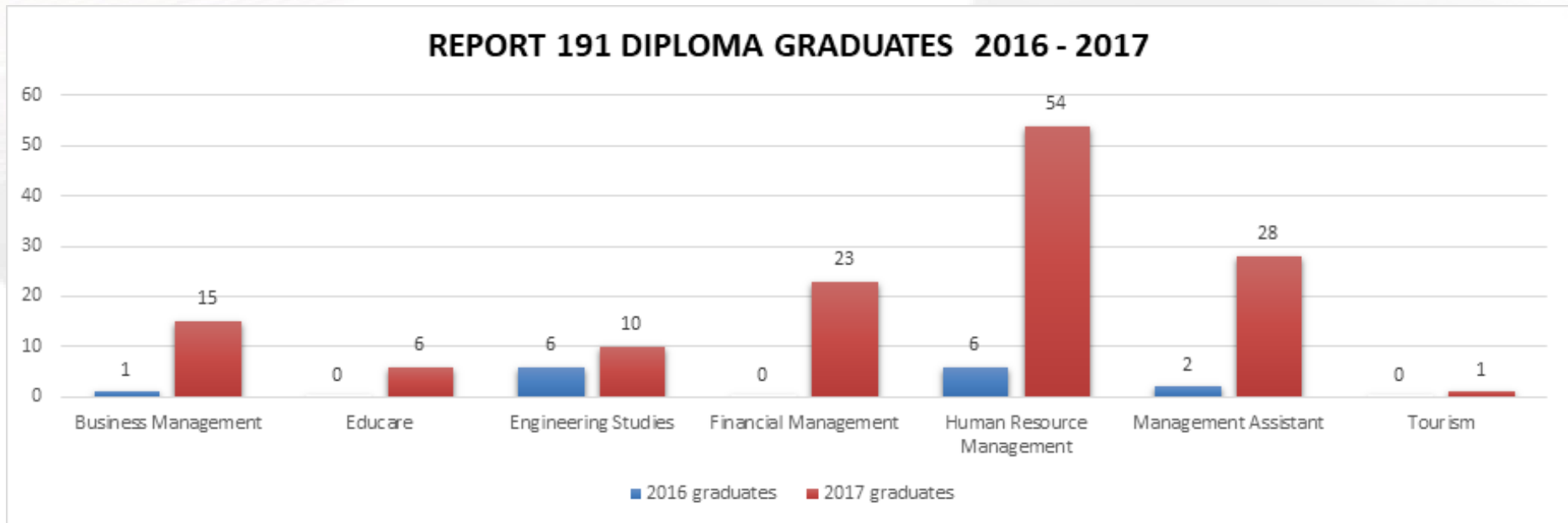


Figure 10.3.2

## 10.4 ANNUAL PERFORMANCE ACHIEVEMENTS

STRATEGIC OBJECTIVE	PERFORMANCE INDICATORS	2017 PLANNED TARGET	2017 ACTUAL ACHIEVEMENT	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION	
Provide quality technical and vocational education and training services and increase academic achievement and success of students	Appropriate teaching and learning support plan developed and implemented	1	1	0	The Teaching and Learning Plan was approved by DHET and was implemented	
	Appropriate student support plan developed and implemented	1	1	0	The Student Support Plan was approved by DHET and was implemented	
	Improved certification rates in:	69%	82%	+13%	Targets that were set were more realistic compared to previous years	
	NC(V) L4					
	N3	48%	65%	+17%		
		N6	49%	54%	+5%	
		Throughput rate	39%	53%	+14%	Proper implementation of the approved Teaching and Learning Plan resulted in increased pass rates
		Funded NC(V) L4 students obtaining qualification within stipulated time	63%	45%	-18%	Enrolment targets in the College Strategic and Operational Plans were reduced by 8.4% in order to be in line with the number of funded FTEs
	Students completing artisan-related programmes	15	0	-15	No artisan qualifications were introduced at any of the three campuses to allow for producing qualified artisans yet	



STRATEGIC OBJECTIVE	PERFORMANCE INDICATORS	2017 PLANNED TARGET	2017 ACTUAL ACHIEVEMENT	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION
Have adequate infrastructure and systems in place to increase access and provide effective services to students	Headcount enrolment	12496	13413	+917	<p>The enrolment of students is guided by FTEs and not by headcounts. When strategic planning is done, headcounts are based on the assumption that 1 headcount equals 7 subject enrolments in NCV programmes and 1 headcount equals 4 subject enrolments in Report 191 programmes.</p> <p>However, this is not a true reflection of enrolment practices and trends because targets may be exceeded in terms of FTEs but may not be met in terms of headcounts.</p> <p>FTEs are more accurate.</p>
	Students accommodated in public TVET college owned or administered accommodation	560	480	-80	Renovations at the student residences at Mankwe Campus are still in progress. In addition to this some spaces in the hostels are reserved for students who are part of projects rolled out at the campus
	Qualifying students obtaining financial assistance	5800	4206	-1594	Delayed processing of applications by NSFAS impacts on funding process
	Approved maintenance plan for facilities and infrastructure	1	1	0	There was no formal maintenance plan for ORBIT College for 2017, but there was a budget that provided for maintenance at each site. Council approved a Capex budget which included replacement of equipment etc.

STRATEGIC OBJECTIVE	PERFORMANCE INDICATORS	2017 PLANNED TARGET	2017 ACTUAL ACHIEVEMENT	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION
Have adequate infrastructure and systems in place to increase access and provide effective services to students	Engineering workshops fully equipped to offer approved programmes	12	8	-4	Building H at Brits Campus is still being renovated. Once the upgrades have been concluded all Engineering workshops will be fully functional. All simulation rooms at campuses are currently well-equipped and fully functional
	Simulation rooms fully equipped to deliver approved programmes	8	12	4	
	Fully functional Business Management System implemented and maintained	1	1	0	Business Management System is fully functional at all sites
	Connectivity up-time	95%	95%	0	WAN and LAN uptime was maintained
	Lecturing & other staff trained to support curriculum	53	101	48	MQA and SERVICES SETA funded additional training for lecturing staff. These training interventions were not part of the initial training plan, hence the increased number of lecturing staff who were trained
	Management & administrative staff trained to support curriculum	19	7	-12	Training interventions for Management and administrative staff were hampered by the AG Audit that lasted from January until June. Preparations for exams took priority in June, September and November, leaving very little time for training. The non-availability of sufficient, credible service providers on the database also posed challenges
	Strategic and Operational Plans approved within stipulated timeframes and implemented	1	1	0	All Strategic and Operational Plans were submitted to DHET within the required timeframe. These plans were approved and implemented.



STRATEGIC OBJECTIVE	PERFORMANCE INDICATORS	2017 PLANNED TARGET	2017 ACTUAL ACHIEVEMENT	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION
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	Beneficial and functional college partnerships	40	30	-10	Relationship progression with public entities and state departments is very slow in comparison with SETA and Business & Industry relationship progression
	TVET lecturers placed in workplaces for specified periods	23	18	-5	Lecturing staff are continuously involved in internal exams, marking, assessment and moderation activities. This limits their availability to participate in skills development programmes
	TVET students placed in workplaces/industry for specified periods for work exposure, experiential learning and/or certification purposes	650	598	-52	A number of students were placed by SETAs, but a challenge was still experienced in terms of finding workplaces that are willing to take students in for workplace exposure; more specifically for Engineering-related qualification. However, the work placement rate of students improves every year.
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	Compliance to governance standards	100%	100%	0	There was 100% compliance with Council and Council Sub-committee governance requirements. All meeting for the Academic Board, Council and Council Sub-committees have taken place since quorums were present for all meetings
	Compliance to policies and regulations applicable to the TVET College Sector	100%	100%	0	The Annual Financial Statements were submitted to the Auditor-General within the required timeframe which resulted in the Auditor-General being able to finalise the Audit Report within the required timeframe

STRATEGIC OBJECTIVE	PERFORMANCE INDICATORS	2017 PLANNED TARGET	2017 ACTUAL ACHIEVEMENT	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION
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	Obtaining unqualified audits or assessments	1	0	1	The College obtained a qualified audit opinion. This was mainly due to incorrect application of the GRAP requirement for impairment of debtors, NSFAS undisbursed funds not confirmed by NSFAS and liabilities that prescribed. These items were audited in prior years without significant findings raised. However the need for improvement is noted and prior year information will be corrected and presented for audit
	Compliance with national policy of college examination centres conducting examinations and assessments	100%	100%	0	All examinations centres have applied 100% to the National Policy applicable to exams
	Compliance in submitting TVETMIS data	100%	100%	0	All TVETMIS reports were submitted to DHET within the required timeframes and as per schedule
	College Council fully constituted and effective	100%	100%	0	The College Council was fully constituted although there were two vacancies. This information was submitted to DHET with a request that the vacancies be filled
To monitor and evaluate all college processes in terms of the TVET College Monitoring and Evaluation (M&E) Framework and report quarterly on college performance in this regard	Accurate M&E quarterly reports submitted	100%	100%	0	All M & E reports were submitted to DHET within the required timeframes and as per schedule
	Optimally functional systems and governance structures	75%	70%	-5%	Continuous monitoring of all systems in use took place. Where gaps were identified, non-conformances were issued in an attempt to close the gaps



## 10.5 COLLEGE ACHIEVEMENT IN TERMS OF TVET SYSTEM TARGETS SUB-OUTCOME 2 & 4 TARGETS

**Sub-outcome 2:** Increase access and success in programmes leading to intermediate and high level learning.

**Sub-outcome 4:** Increase access to occupationally-directed programmes in needed areas and thereby expand the availability of intermediate level skills with a special focus on artisan skills.

NO	OUTCOME INDICATOR	2019/20 NATIONAL TARGET	2017 PLANNED TARGET	2017 ACTUAL ACHIEVEMENT	DEVIATION FROM TARGET	REASON FOR DEVIATION
1	Headcount enrolments (n)	1 238 000	12 496	13413	+917	<p>The enrolment of students is guided by FTEs and not by headcounts. When strategic planning is done, headcounts are based on the assumption that 1 headcount equals 7 subject enrolments in NCV programmes and 1 headcount equals 4 subject enrolments in Report 191 programmes.</p> <p>However, this is not a true reflection of enrolment practices and trends because targets may be exceeded in terms of FTEs but may not be met in terms of headcounts.</p> <p>FTEs are more accurate.</p>
2	Certification rates in TVET qualifications (%)	NC(V) L4: 65%	NC(V) L4: 69%	82%	+13%	Targets that were set were more realistic compared to previous years.
		N3: 65%	N3: 48%	65%	+17%	
		N6: 65%	N6: 49%	54%	+5%	
3	Compliance with national policy of college examination centre/s conducting national examinations and assessments (%)	100%	100%	100%	0	All examinations centres have applied 100% to the National Policy applicable to exams

NO	OUTCOME INDICATOR	2019/20 NATIONAL TARGET	2017 PLANNED TARGET	2017 ACTUAL ACHIEVEMENT	DEVIATION FROM TARGET	REASON FOR DEVIATION
4	Throughput rate (%)	None set	39%	53%	+14%	Proper implementation of the approved Teaching and Learning Plan resulted in increased pass rates
5	Students accommodated in public TVET college accommodation (n)	None set	560	480	-80	Renovations at the student residences at Mankwe Campus are still in progress. In addition to this some spaces in the hostels are reserved for students who are part of projects rolled out at the campus
6	Qualifying TVET students obtaining financial assistance (n)	1 000 000	5,800	4206	-1594	Delayed processing of applications by NSFAS
7	Funded NC(V) L4 students obtaining qualification within stipulated time (%)	60%	63%	45%	-18%	Enrolment targets in the College Strategic and Operational Plans were reduced by 8.4% in order to be in line with the number of funded FTEs
8	Compliance to governance standards (%)	100%	100%	100%	0	There was 100% compliance with Council and Council Sub-committee governance requirements. All meeting for the Academic Board, Council and Council Sub-committees have taken place since quorums were present for all meetings
9	TVET lecturers placed in workplaces for specified periods (n)	None set	23	18	-5	Lecturing staff are continuously involved in internal exams, marking, assessment and moderation activities. This limits their availability to participate in skills development programmes
10	TVET students placed in workplaces/industry for specified periods for work exposure, experiential learning and/or certification purposes (n)	None set	650	598	-52	A number of students were placed by SETAs, but a challenge was still experienced in terms of finding workplaces that are willing to take students in for workplace exposure; more specifically for Engineering-related qualification. However, the work placement rate of students improves every year.
11	Students completing artisan-related programmes (n)		15	0	-15	No artisan qualifications were introduced at any of the three campuses to allow for producing qualified artisans yet



## 10.6 STRATEGY TO DEAL WITH UNDERPERFORMANCE

Pass rates for the respective Vocational/Ministerial funded Programmes have been graphically presented in Section 10.2. Although pass rates reflect a positive picture and significant improvement since 2016 is clearly noticeable, it does not indemnify College Management from putting measures in place to maintain good performance.

The Academic Unit has put in place a number measures, strategies and interventions to main good academic standards and to deal with underperformance of students. These interventions are aimed at consistently improving academic performance of students in an effort to achieve annual performance targets as outlined in the strategic plan of the College.

The following interventions/measures and strategies were put in place in 2017 to improve academic performance and to deal with underperformance:

- The monitoring and support provided to lecturing staff was improved
- Follow-ups were done on post-moderation reports and in-depth reviews of tasks were conducted
- Results were meticulously analysed after each task and related intervention strategies to improve performance were developed and implemented
- Students who underperformed were interviewed
- Campus interaction was improved with the aim of encouraging best practices in dealing with underperformance
- Group study with the involvement of PALs was encouraged
- Peer tutoring for challenging modules was encourages
- Students who did not do well were encouraged to sit for a second assessment in as far as possible

The consistent implementation and monitoring of the above-mentioned strategies and interventions went a long way to finally reflect the positive academic picture as presented in Section 10.2.



**PART D**  
**FINANCIAL INFORMATION**

## 11. FINANCIAL REPORTING

### 11.1 REPORT OF THE AUDITOR –GENERAL TO THE MINISTER OF HIGHER EDUCATION AND TRAINING AND THE COUNCIL OF ORBIT TVET COLLEGE

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

Report on the audit of the financial statements



#### Qualified opinion

1. I have audited the financial statements of the ORBIT TVET College set out on pages 116 to 208 (Annexure A), which comprise the statement of financial position as at 31 December 2017, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the ORBIT TVET College as at 31 December 2017, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and the requirements of the Continuing Education and Training Act of South Africa, 2006 (Act No. 16 of 2006) (CETA).

#### Basis for qualified opinion

##### TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

3. I was unable to obtain sufficient appropriate audit evidence for the impairment of trade and other receivables from exchanges transactions, in terms of GRAP 104, *Financial Instruments*, as receivables from exchange transactions were not individually or based on risk profile assessed for possible impairment. I was unable to confirm the impairment of trade and other receivables from exchange transactions by alternative means. Consequently, I was unable to determine whether any further adjustments relating to the trade and other receivables from exchange transactions of R21430 975 (2016: R7 294 353) as disclosed in note 7 or the debt impairment expense of R30229902 (2016: R72 004 177) as disclosed in note 25 to the financial statements were necessary.

##### PAYABLES FROM EXCHANGE TRANSACTIONS

4. I was unable to obtain sufficient appropriate audit evidence for the NSFAS liability and PED creditor included in payables for exchange transactions. This was due to a lack of proper supporting records to substantiate the PED creditor and the NSFAS funds received not being timeously allocated to student debtors, while unclaimed payables that prescribed were not appropriately dealt with. I was unable to confirm these payables from exchange transactions

by alternative means. In addition, the NSFAS liability was overstated by R605 901 due to a difference between the calculation for disbursements made to students and the disbursement list received from NSFAS. Consequently, I was unable to determine whether any further adjustment relating to payables from exchange transactions of R74 323 646 (2016: R59 641 740) as disclosed in note 11 and to other income of R905 000 (2016: R645 000) to the financial statements was necessary.

### **Context for the opinion**

5. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
6. I am independent of the College in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Emphasis of matter**

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

#### **RESTATEMENT OF CORRESPONDING FIGURES**

9. As disclosed in note 31, to the financial statements, the corresponding figures for 31 December 2016 have been restated as a result of an error in the financial statements of the College at, and for the year ended, 31 December 2017.

### **Other matter**

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

### **UNAUDITED SUPPLEMENTARY SCHEDULES**

11. The dashboard report from Council included on pages 122 to 124 of the financial statements does not form part of the financial statements and is presented as additional information. I have not audited this and, accordingly, I do not express an opinion on it.



## Responsibilities of Council for the financial statements

12. The council, which constitutes the accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with SA Standards of GRAP and the requirements of the CETA, and for such internal control as the Council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
13. In preparing the financial statements, the accounting authority is responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting authority either intends to liquidate the college or to cease operations, or has no realistic alternative but to do so.

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

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

### Report on the audit of the annual performance report

16. The College is not required to prepare a report on its performance against predetermined objectives, as it does not fall within the ambit of the PFMA and such reporting is also not required in terms of the CETA.

### Report on the audit of compliance with legislation

#### Introduction and scope

17. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the council with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
18. The material findings on compliance with specific matters in key legislations are as follows:

## ANNUAL FINANCIAL STATEMENTS

19. The financial statements submitted for auditing were not prepared in accordance with SA Standards of GRAP and supported by complete accounting records, as required by section 25(1)(b) and 25(3) of the CETA. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected and the supporting records could not be provided subsequently, which resulted in the financial statements receiving a qualified opinion.

### Other information

20. The Council is responsible for the other information. The other information comprises the information included in the annual report, which includes the principal's report, council chairperson's report, performance report and the council subcommittee reports.
21. My opinion on the financial statements and findings on compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
22. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
23. Based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that I have nothing to report in this regard.

### Internal control deficiencies

24. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, and the finding on compliance with legislation included in this report.
- There was inadequate oversight to ensure that the financial statements were not materially misstated. Sound financial controls were not implemented, and policies and procedures were not fully implemented and effective.
  - Internal audit and the audit committee did not adequately review the financial statements for reliability and accuracy prior to the submission to the auditors.

||



*Auditor-General*

Rustenburg  
31 MAY 2018

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## **ANNEXURE – AUDITOR-GENERAL’S RESPONSIBILITY FOR THE AUDIT**

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

### **Financial statements**

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

### **Communication with those charged with governance**

3. I communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the Council that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.



**ANNEXURE A:**  
**AUDITED ANNUAL FINANCIAL STATEMENTS**



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**ORBIT TVET COLLEGE**  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2017



## ABBREVIATIONS

<b>COID</b>	Compensation for Occupational Injuries and Diseases
<b>CRR</b>	Capital Replacement Reserve
<b>DBSA</b>	Development Bank of South Africa
<b>SA GAAP</b>	South African Statements of Generally Accepted Accounting Practice
<b>GRAP</b>	Generally Recognised Accounting Practice
<b>GAMAP</b>	Generally Accepted Municipal Accounting Practice
<b>IAS</b>	International Accounting Standards
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>SRC</b>	Student Representative Council
<b>SARS</b>	South African Revenue Service
<b>GEPF</b>	Government Employee Pension Fund
<b>DHET</b>	Department of Higher Education and Training



## 12. ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 REPORT FROM COUNCIL

### 12.1 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 represent 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 safeguarding of assets and compliance with relevant legislation. To enable the Council to meet the responsibilities, the Council sets standards for internal control aimed to 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 approach. The of risk management 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 2018 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 presented with these financial statements.

The annual financial statements set out on pages 121 to 206, which have been prepared on the going concern basis, were approved by the Council on 31 March 2018 and were signed on its behalf by:



C.S. MABE  
CHAIRPERSON  
INDEPENDENT ( Ministerial Appointee)



# ORBIT TVET COLLEGE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

## 12.2 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 their report for the year ended 31 December 2017.

### 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 Educational and Training Collage, constituted in terms of the Continuing Educational and Training Act no. 16 of 2006 and operates within the Republic of South Africa and operates principally in South Africa.

- Net surplus of the college was R 1 689 972 (2016: deficit R 28 572 878).
- Accumulated surplus / (deficit) at 31 December 2017 amounted to R 284 502 775 (2016: R 282 812 804).
- Cash balances at 31 December 2017 amounted to R 118 798 650 (2016: R 98 070 436).
- Revenue for the year amounted to R 264 475 594 (2016: R259 487 611).

### 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 members are 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

## 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-racism 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.

## 10. HEADCOUNT REPORT - STRATEGIC OBJECTIVE

Refer to pages 123 - 125 of the Annual Financial Statements for the Dashboard - Strategic Enrolment Targets of ORBIT for the period ending 31 December 2017.



# ORBIT TVET COLLEGE

## Dashboard - Strategic Enrolment Targets 2017

Strategic Goal	Strategic Objective	Performance Indicator	Planned target for 2017	Actual Achievement for 2017	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.	To improve recruitment, placement and selection processes.	Target	2017				
		Headcount enrolment in TVET College programmes:					
		Headcounts enrolled in NC(V) Level 2	1 585	2019	Target exceeded by 434 HC	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.	
		Headcounts enrolled in NC(V) Level 3	980	967	Target shortfall of 13 HC		
		Headcounts enrolled in NC(V) Level 4	735	703	Target shortfall of 32 HC		
		Headcounts enrolled in Report 191 Trimester programmes	5 290	5 498	Target exceeded by 208 HC	The enrolment of students is guided by FTEs and not headcounts. A unique Head Count enrolment equates to 1 student even if he or she has enrolled for 3 Trimesters.	
		Headcounts enrolled in Report 191 Semester programmes	3 165	3 606	Target exceeded by 441 HC	It needs to be noted that for Trimesters one student can be enrolled for 3 Trimesters and that equates to 1 FTE.	

Strategic Goal	Strategic Objective	Performance Indicator	Planned target for 2017	Actual Achievement for 2017	Deviation from planned targets to actual achievement	Comment on deviation
						<p>The Headcount totals were based on the assumption that one headcount equals 4 subject enrolments as per DHET Planning Guidelines.</p> <p>There is a strong trend for a bigger demand for Report 191 as opposed to NC(V) programmes</p>
		Students enrolled in Occupational and other programmes	741	227	Target shortfall of 514 HC	Not all Occupational programmes were rolled out as planned in 2017. Enrolment for programmes not offered as planned in 2017 were rolled over to 2018.
	1.2. To achieve the targets for expansion as set out in the college operational plans and Delivery Agreement	Number of FTEs enrolled in Level 2	1 585	1 488.058	Target shortfall of 96.94 FTEs	<p>The FTE data used for this report was extracted from the 2017 TVETMIS which includes cancellations which results in a difference between HC and FTEs.</p> <p>Enrolment trends and tendencies for Level 3 and 4 were used as a basis to do projections for 2017. Projections are influenced, amongst other things, by pass rates and retention rates which is difficult to project 100% correctly.</p> <p>The Level 4 FTE target was exceeded due to a number of Level 4 students enrolling for individual subjects in order to complete their Level 4 qualification.</p>
		Number of FTEs enrolled in Level 3	980	839.553	Target shortfall of 140.44 FTEs	
		Number of FTEs enrolled in Level 4	735	749.657	Target exceeded by 14.65 FTEs	



Strategic Goal	Strategic Objective	Performance Indicator	Planned target for 2017	Actual Achievement for 2017	Deviation from planned targets to actual achievement	Comment on deviation
		Number of FTEs enrolled in N1	308.33	370.30	Target exceeded by 61.96 FTEs	Enrolment planning variations due to the results being released long after closing date for examinations.
		Number of FTEs enrolled in N2	533.33	568.13	Target exceeded by 34.80 FTEs	
		Number of FTEs enrolled in N3	366.66	496.9	Target exceeded by 130.254 FTEs	
		Number of FTEs enrolled in N4	853.33	931.46	Target exceeded by 78.13 FTEs	
		Number of FTEs enrolled in N5	777.5	839.02	Target exceeded by 61.52 FTEs	
		Number of FTEs enrolled in N6	506.66	583.00	Target exceeded by 76.33 FTEs	
	1.3. To minimise the unfunded enrolments	Number of unfunded FTEs in NC(V)	307.45	84.71	Target shortfall of 222.73 FTEs	NCV Enrolment targets were not met, thus minimising the unfunded enrolments
		Number of unfunded FTEs in Report 191	311.72	754.74	Target exceeded by 443.02 FTEs	Report 191 experienced over enrolment, therefore the set target was exceeded

## 12.3 STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note(s)	2017	2016 Restated*
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	118 798 650	98 070 436
Inventories	4	16 002 000	11 278 899
Other financial assets	5	58 500 000	58 500 000
Projects	6	469 017	-
Trade and other receivables from exchange transactions	7	21 430 975	7 294 353
Trade and other receivables from non-exchange transactions	41	48 618 203	56 932 416
		<b>263 818 845</b>	<b>232 076 104</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	129 648 582	133 330 228
Intangible assets	9	102 070	33 448
Projects	6	516 651	463 517
		<b>130 267 303</b>	<b>133 827 193</b>
<b>Total Assets</b>		<b>394 086 148</b>	<b>365 903 297</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Projects	6	13 937 250	213 991
Finance lease obligation	10	511 332	226 402
Payables from exchange transactions	11	74 323 641	59 641 740
Provisions	12	5 284 909	5 329 553
Unspent conditional grants and receipts	13	5 703 000	-
		<b>99 760 132</b>	<b>65 411 686</b>
<b>NON-CURRENT LIABILITIES</b>			
Projects	6	9 449 699	17 480 074
Finance lease obligation	10	373 542	198 734
		<b>9 823 241</b>	<b>17 678 808</b>
<b>Total Liabilities</b>		<b>109 583 373</b>	<b>83 090 494</b>
<b>Net Assets</b>		<b>284 502 775</b>	<b>282 812 803</b>
Accumulated surplus		284 502 775	282 812 803



## STATEMENT OF FINANCIAL PERFORMANCE

	Notes	2017	2016 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Tuition and related fees	15	60 526 252	60 202 842
Rentals	16	387 283	682 374
Project income	42	4 895 619	7 249 265
Business unit income		48 780	20 930
Other income	17	905 000	645 000
Interest received - investments	18	8 868 353	8 568 461
<b>Total revenue from exchange transactions</b>		<b>75 631 287</b>	<b>77 368 872</b>
<b>Revenue from non-exchange transactions</b>			
<b>TRANSFER REVENUE</b>			
Government grants & subsidies	19	184 675 000	173 387 856
Public contributions and donations	20	66 668	782 242
Project income	42	3 330 786	3 590 508
Administration fees received		753 800	640 500
Insurance claim received		18 053	13 714
<b>Total revenue from non-exchange transactions</b>		<b>188 844 307</b>	<b>178 414 820</b>
<b>Total revenue</b>	14	<b>264 475 594</b>	<b>255 783 692</b>
<b>Expenditure</b>			
Employee related costs	21	(146 579 233)	(129 700 329)
Remuneration of councillors		(274 630)	(216 836)
Depreciation and amortisation	22	(13 092 006)	(16 341 038)
Impairment loss / reversal of impairments		-	(313 677)
Finance costs	24	(112 557)	(60 292)
Lease rentals on operating lease		(201 894)	(244 878)
Debt impairment	25	(30 229 902)	(72 004 177)
Repairs and maintenance	8	(5 852 184)	(2 756 360)
Contracted services	23	(232 777)	(30 433)
General expenses	28	(68 069 858)	(65 970 522)
<b>Total expenditure</b>		<b>(264 645 041)</b>	<b>(287 638 542)</b>
<b>Operating deficit</b>		<b>(169 447)</b>	<b>(31 854 850)</b>

## STATEMENT OF FINANCIAL PERFORMANCE

	Notes	2017	2016 Restated*
(Loss) / gain on disposal of assets and liabilities		(1 050)	(45 229)
Gain/(Loss) on completed projects	26	135 077	7 303
Inventories gains / (write-downs)		1 725 392	3 319 898
		<b>1 859 419</b>	<b>3 281 972</b>
<b>Surplus (deficit) for the year</b>		<b>1 689 972</b>	<b>(28 572 878)</b>

## 12.4 STATEMENT OF CHANGES IN NET ASSETS

	Accumulated Surplus	Total Net Assets
Opening balance as previously reported	311 812 085	311 812 085
Correction of errors	(426 404)	(426 404)
<b>Balance at 01 January 2016 as restated*</b>	<b>311 385 681</b>	<b>311 385 681</b>
Surplus/(deficit) as previously reported	(27 858 647)	(27 858 647)
Correction of errors	(714 231)	(714 231)
<b>Restated* Balance at 01 January 2017</b>	<b>282 812 803</b>	<b>282 812 803</b>
Surplus for the year	1 689 972	1 689 972
<b>Balance at 31 December 2017</b>	<b>284 502 775</b>	<b>284 502 775</b>



## 12.5 CASH FLOW STATEMENT

	Note(s)	2017	2016 Restated*
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Tuition fees		24 473 941	8 976 640
Transfers, public contributions, sponsorships and donations		66 668	782 242
Government grants and subsidies		184 675 000	173 387 856
Interest income		8 868 353	8 568 461
Other receipts		15 618 132	23 186 006
		<b>233 702 094</b>	<b>214 901 205</b>
<b>Payments</b>			
Employee costs		(146 898 507)	(129 693 075)
Suppliers		(56 942 518)	(64 358 241)
		(203 841 025)	(194 051 316)
<b>Net cash flows from operating activities</b>	29	<b>29 861 069</b>	<b>20 849 889</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	8	(9 366 810)	(23 632 672)
Proceeds from sale of property, plant and equipment	8	15 774	38 283
Purchase of other intangible assets	9	(129 000)	-
Proceeds from sale of financial assets		-	30 000 000
<b>Net cash flows from investing activities</b>		<b>(9 480 036)</b>	<b>6 405 611</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Finance lease net movement		347 181	(488 302)
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>20 728 214</b>	<b>26 767 198</b>
Cash and cash equivalents at the beginning of the year		98 070 436	71 303 238
<b>Cash and cash equivalents at the end of the year</b>	3	<b>118 798 650</b>	<b>98 070 436</b>

## 12.6 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 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The use of judgement, estimates and assumptions is inherent to the process of preparing annual financial statements. These judgements, estimates and assumptions affect the amounts presented in the annual financial statements.

Uncertainties about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the relevant asset or liability in future periods.

#### JUDGEMENTS

In the process of applying these accounting policies, management has made the following judgements that may have a significant effect on the 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.

The programme funding is paid out to the College partly in cash tranches and partly through the PERSAL system of the DHET, directly to the employees of the College. 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 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.



## 1.2 PRESENTATION CURRENCY

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

## 1.3 GOING CONCERN ASSUMPTION

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

## 1.4 PROPERTY, PLANT AND EQUIPMENT

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

### 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.

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 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 years
Furniture and fixtures	Straight line	3-12 years
Motor vehicles	Straight line	3-5 years
IT equipment	Straight line	2-5 years
Other property, plant and equipment	Straight line	5-10 years
Training equipment	Straight line	5-10 years
Small items (Minor Assets)	Straight line	1 Year

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.

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.

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

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.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 8).

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 8).



## 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.

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	Depreciation Method	Average Useful Life
Patents, trademarks and other rights	Straight line	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.

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

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

A financial asset is:

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

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

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

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

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



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

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

Loans payable are financial liabilities, other than **short-term payables on normal credit terms**.

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

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

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

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

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

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

Financial instruments at 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 thereto:

Class	Category
Other financial asset - Investments	Financial asset measured at amortised cost

### Initial recognition

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

The entity recognises financial assets using trade date accounting.

### 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.

### 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 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.

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 IMPAIRMENT OF CASH-GENERATING ASSETS

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

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).

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

## 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.

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.

### 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 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.

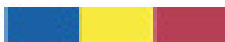
In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- 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.



## 1.8 IMPAIRMENT OF NON-CASH-GENERATING ASSETS

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

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

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

### 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 oversized or overcapacity asset. Oversized 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 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.



## 1.9 LEASES

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

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

### 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.

## 1.10 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

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.

## 1.11 SHARE CAPITAL / CONTRIBUTED CAPITAL

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

## 1.12 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.

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
- 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 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 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”.

## 1.13 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.

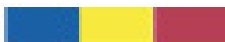
Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

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.

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.

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.

## 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.

## 1.14 REVENUE FROM EXCHANGE TRANSACTIONS

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

An exchange transaction is one in which the 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;
- 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 and dividends

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

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

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

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

Tuition fees are recognised over the period of instruction.

## 1.15 REVENUE FROM NON-EXCHANGE TRANSACTIONS

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

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

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

### Recognition

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

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.

### Measurement

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

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

When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

### Transfers

Apart from Services in kind, which are not recognised, 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”.

## 1.16 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 COMPARATIVE FIGURES

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.

## 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 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.

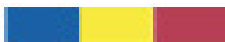
## 1.20 PROJECTS

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.

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.



## 12.7 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 2. NEW STANDARDS AND INTERPRETATIONS

#### 2.1 Standards and interpretations effective and adopted in the current year

In the current year, the college has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date:	Expected impact
<ul style="list-style-type: none"> <li>GRAP 108: Statutory Receivables</li> </ul>	Years beginning on or after 01 April 2016	The impact of the standard is not material.

#### 2.2 Standards and Interpretations early adopted

The college has chosen not to early adopt any standards and interpretations.

#### 2.3 Standards and interpretations issued, but not yet effective

The college has not applied the following standards and interpretations, which have been published and are mandatory for the college's accounting periods beginning on or after 01 January 2018 or later periods:

Standard/ Interpretation:	Effective date:	Expected impact:
	<b>Years beginning on or after</b>	
GRAP 12 (as amended 2016): Inventories	01 April 2018	Unlikely there will be a material impact
GRAP 17 (as amended 2016): Property, Plant & Equipment	01 April 2018	Unlikely there will be a material impact
GRAP 20: Related parties	No effective date has been determined by the Minister of Finance.	Not expected to impact results but may result in additional disclosure
GRAP 21 (as amended 2016): Impairment of non-cash-generating assets	01 April 2018	Unlikely there will be a material impact
GRAP 26 (as amended 2016): Impairment of cash-generating assets	01 April 2018	Unlikely there will be a material impact
GRAP 31 (as amended 2016): Intangible Assets	01 April 2018	Unlikely there will be a material impact
GRAP 109: Accounting by Principals and Agents	No effective date has been determined by the Minister of Finance.	Unlikely there will be a material impact
GRAP 110 (as amended 2016): Living and Non-living Resources	No effective date has been determined by the Minister of Finance.	Unlikely there will be a material impact
IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land	01 April 2019	Unlikely there will be a material impact

Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities

01 April 2018

Not expected to impact results but may result in additional disclosure

GRAP 32: Service Concession Arrangements: Grantor

No effective date has been determined by the Minister of Finance.

Unlikely there will be a material impact

IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset

Contingent on effective date of GRAP 32

Unlikely there will be a material impact

2017

2016

### 3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand	20 300	20 300
Bank balances	30 316 109	63 441 887
Call deposits	88 462 241	34 608 249
	<b>118 798 650</b>	<b>98 070 436</b>

The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	31 December 2017	31 December 2016	31 December 2015	31 December 2017	31 December 2016	31 December 2015
ABSA Bank: Brits Acc Nr - 640830867	962 145	1 224 453	644 400	962 145	1 224 453	644 400
ABSA Bank: Rustenburg Acc Nr - 4056719229	27 868 975	57 690 696	35 392 850	27 868 975	57 690 696	35 392 850
ABSA Bank: Rustenburg Ac Nr - 4070607280	275 372	128 521	845 008	275 372	128 521	845 008
ABSA Bank: Rustenburg Acc Nr - 4065336975	613 044	2 743 510	975 011	613 044	2 743 510	975 011
ABSA Bank: Rustenburg Acc Nr - 1220831201	447 861	1 651 645	753 007	447 861	1 651 645	753 007
ABSA Bank: Johannesburg Acc Nr - 4079665578	148 842	1 374	312	148 842	1 374	312
ABSA Bank: Rustenburg Acc Nr - 9184899180	88 462 241	34 608 249	32 672 350	88 462 241	34 608 249	32 672 350
ABSA Bank: Rustenburg Acc Nr - 4088842020	118	1 954	-	118	1 954	-
ABSA Bank: Rustenburg Acc Nr. 4088841286	(248)	(266)	-	(248)	(266)	-
<b>Total</b>	<b>118 778 350</b>	<b>98 050 136</b>	<b>71 282 938</b>	<b>118 778 350</b>	<b>98 050 136</b>	<b>71 282 938</b>

	2017	2016
<b>4. INVENTORIES</b>		
Inventory	16 002 000	11 278 899
<b>4.1 Inventory includes:</b>		
Text books	12 744 515	9 802 145
Stationery and paper	1 844 237	695 796
Other learning materials	1 413 248	780 958
	<b>16 002 000</b>	<b>11 278 899</b>
Carrying value of inventory items disclosed at current replacement cost	2 916 095	2 852 429
Inventories recognised as an expense during the year	11 086 320	14 344 685

Consumable inventory consist of text books, other learning materials, stationery and paper.

#### Inventory pledged as security

No Inventory was pledged as security for liabilities by the college.

## 5. OTHER FINANCIAL ASSETS

**Designated at fair value**

Investec Fixed Deposit - (1100/440317/452) Interest rate: 8.26% (2016: 8.46%) Term of deposit: 180 days ( 2016: 185 days) Effective date: 17 November 2017 (2016: 30 July 2016) Maturity date: 16 May 2018 (2016: 30 January 2017)	20 000 000	20 000 000
Investec Fixed Deposit - (1100/440317/450) Interest rate: 8.13% Term of deposit: 153 days Effective date: 1 December 2017 Maturity date: 2 May 2018	10 000 000	-
Investec Fixed Deposit - (1100/440317/451) Interest rate: 7.91% Term of deposit: 180 days Effective date: 27 September 2017 Maturity date: 26 March 2018	8 500 000	-
Nedbank Fixed Deposit- (03/7881085347/000024) Interest rate: (2016: 8.5%) Term of deposit: (2016: 183 days) Effective date: (2016: 26 September 2016) Maturity date: (2016: 27 March 2017)	-	8 500 000
Nedbank Fixed Deposit- (03/7881085347/000030) Interest rate: 8.01% Term of deposit: 184 days Effective date: 31 July 2017 Maturity date: 31 January 2018	20 000 000	-
Nedbank Fixed Deposit- (03/7881085347/000025) Interest rate: (2016: 8.60%) Term of deposit: (2016: 180 day) Effective date: (2016: 26 October 2016) Maturity date: (2016: 26 April 2017)	-	10 000 000



	2017	2016
Nedbank Fixed Deposit- (03/7881085347/000014)	-	20 000 000
Interest rate: (2016: 7.65%)		
Term of deposit: (2016: 185 days)		
Effective date: (2016: 17 November 2016)		
Maturity date: (2016: 17 May 2017)		
	58 500 000	58 500 000
Impairments	-	-
	<b>58 500 000</b>	<b>58 500 000</b>
Current assets Designated at fair value	58 500 000	58 500 000

	2017	2016
<b>6. PROJECTS</b>		
Non-current assets	516 651	463 517
Current assets	469 017	-
Non-current liabilities	(9 449 699)	(17 480 074)
Current liabilities	(13 937 250)	(213 991)
	<b>(22 401 281)</b>	<b>(17 230 548)</b>
<b>Projects</b>		
<b>Projects from exchange transactions</b>		
Transactions relating to exchange transaction (Assets)	898 668	463 517
Transactions relating to exchange transaction (Liability)	(20 341 124)	(15 041 177)
<b>Projects from non-exchange transactions</b>		
Transactions relating to non-exchange transaction (Assets)	87 000	-
Transactions relating to non-exchange transaction (Liability)	(3 045 825)	(2 652 888)
	<b>(22 401 281)</b>	<b>(17 230 548)</b>
<b>Project balances consist of the following projects:</b>		
AAT Bank SETA	(1 223 063)	(886 781)
AECI Apprenticeship	(334 937)	(471 181)
BECI Apprenticeship	(880 800)	-
BankSeta 1045	(170 880)	(153 170)
CATHSSETA Interns	-	(93 000)
DEDECT	(1 982 520)	-
ECD - 130	(138 069)	(138 989)
ECD - 294	(2 685 551)	(2 685 551)
ECD - E153	(862 395)	(862 395)
ECD - E97	(1 850 948)	(1 850 948)
ECD 14 - (NarySec)	(315 446)	(315 446)
Entrepreneurship	(588 441)	(831 803)
Ford SA	(5 223 590)	(4 453 748)
INSETA Interns	(238 500)	-
INSETA Training	(161 522)	-
ISFAP	429 651	-
LGSETA Interns	(22 900)	(16 300)
merSeta Apprenticeship	469 017	463 517
NSF - Phase 2	(2 836 516)	-
Provincial Department of Economic Development - 1043	-	(1 982 520)
RPL Commdev	(947 949)	(918 304)
Rapid Incubator	(1 690 167)	(1 912 938)
Rustenburg Local Municipality	(1 232 755)	-
Services SETA Interns	87 000	-
TETA Drivers	-	(114 691)
TETA Interns	-	(6 300)
	<b>(22 401 281)</b>	<b>(17 230 548)</b>



2017

2016

## 7. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

**Gross balances**

Student debtors	163 503 593	124 978 375
Employee debtors	481 877	326 592
Prepaid expenses	5 426 925	2 512 027
Other receivables - Projects	7 880 260	5 379 804
Other receivables - Other debtors	1 383 279	1 018 133
Accrued income	1 441 576	1 312 382
NSFAS - Debtor	-	223 675
NSFAS - Student debtor	4 375 716	4 375 716
	<b>184 493 226</b>	<b>140 126 704</b>

**Less: Allowances for impairment**

Student debtors	(152 168 484)	(123 963 622)
Employee debtors	(295 406)	(169 925)
Other receivables - Projects	(5 494 746)	(4 496 935)
Other receivables - Other debtors	(727 899)	(541 996)
NSFAS - Student debtor	(4 375 716)	(3 659 873)
	<b>(163 062 251)</b>	<b>(132 832 351)</b>

**Net balances - Trade and other Receivables**

Student debtors	11 335 109	1 014 753
Employee debtors	186 471	156 667
Prepaid expenses	5 426 925	2 512 027
Other receivables - Projects	2 385 514	882 869
Other receivables - Other debtors	655 380	476 137
Accrued income	1 441 576	1 312 382
NSFAS - Debtor	-	223 675
NSFAS - Student debtor	-	715 843
	<b>21 430 975</b>	<b>7 294 353</b>

	2017	2016
<b>Student debtors: Ageing</b>		
Current (0 - 30 days)	-	-
31 - 60 days	1 449 100	-
61 - 90 days	4 376 873	-
91 - 120 days	4 216 267	1 014 753
121 - 150 days	1 292 869	-
	<b>11 335 109</b>	<b>1 014 753</b>
<b>Employee debtors: Ageing</b>		
Current (0 - 30 days)	11 089	14 688
31 - 60 days	19 817	8 043
61 - 90 days	7 861	7 321
> 90 days	147 704	126 615
	<b>186 471</b>	<b>156 667</b>
<b>Prepaid expenses: Ageing</b>		
Current (0 - 30 days)	3 573 695	357 301
> 180 days	1 853 230	2 154 726
	<b>5 426 925</b>	<b>2 512 027</b>
<b>Other receivables - Projects: Ageing</b>		
Current (0 - 30 days)	2 262 304	-
31 - 60 days	123 210	475 300
61 - 90 days	-	248 640
> 90 days	-	158 929
	<b>2 385 514</b>	<b>882 869</b>



	2017	2016
<b>Other receivables - Other debtors: Ageing</b>		
Current (0 - 30 days)	(4 545)	-
31 - 60 days	190	99 320
61 - 90 days	215 085	10 130
> 90 days	444 650	366 687
	<b>655 380</b>	<b>476 137</b>
 <b>Accrued Income: Ageing</b>		
Current - 180 days	1 441 576	1 312 382
 <b>NSFAS - Debtor: Ageing</b>		
Current - 180 days	-	223 675
 <b>NSFAS - Student Debtor: Ageing</b>		
Current - 180 days	-	715 843
 <b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the period	(132 832 351)	(95 237 337)
Contributions to allowance	(30 229 900)	(37 595 014)
	<b>(163 062 251)</b>	<b>(132 832 351)</b>

## 8. PROPERTY, PLANT AND EQUIPMENT

	2017			2016		
	Cost/ Valuation	Accumulated deprecoation and accumulated impairment	Carrying Value	Cost/ Valuation	Accumulated deprecoation and accumulated impairment	Carrying Value
Land	19 136 803	(612 028)	18 524 775	19 136 803	(612 028)	18 524 775
Buildings	99 446 317	(10 003 506)	89 442 811	91 658 842	(8 128 186)	83 530 656
Buildings under construction	872 642	-	872 642	5 088 697	-	5 088 697
Furniture and fixtures	7 324 292	(6 295 179)	1 029 113	7 131 393	(5 801 125)	1 330 268
IT equipment	20 234 953	(15 153 138)	5 081 815	18 904 144	(12 817 752)	6 086 392
Other equipment	19 444 547	(16 590 875)	2 853 672	18 689 709	(13 429 096)	5 260 613
Motor vehicles	6 435 805	(3 759 081)	2 676 724	6 141 414	(2 882 287)	3 259 127
Training equipment	15 144 364	(11 250 791)	3 893 573	13 809 030	(9 344 859)	4 464 171
Work in Progress - IT equipment	3 566 762	-	3 566 762	4 524 040	-	4 524 040
Furniture and fixtures (Small items)	14 298 118	(13 820 252)	477 866	13 576 938	(13 177 838)	399 100
IT equipment (Small items)	8 775 259	(8 651 070)	124 189	8 550 703	(8 421 957)	128 746
Other Equipment (Small items)	4 141 778	(4 073 955)	67 823	4 035 568	(3 900 329)	135 239
Training Equipment (Small items)	4 652 348	(4 450 530)	201 818	3 855 333	(3 654 669)	200 664
Finance lease assets	1 628 923	(793 924)	834 999	680 994	(283 254)	397 740
<b>Total</b>	<b>225 102 911</b>	<b>(95 454 329)</b>	<b>129 648 582</b>	<b>215 783 608</b>	<b>(82 453 380)</b>	<b>133 330 228</b>



## Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Transfers to IT Equipment	Transfers to buildings	Depreciation	Total
Land	18 524 775	-	-	-	-	-	18 524 775
Buildings	83 530 656	7 787 474	-	-	-	(1 875 319)	89 442 811
Buildings under construction	5 088 697	1 582 423	-	-	(5 798 478)	-	872 642
Furniture and fixtures	1 330 268	192 898	-	-	-	(494 053)	1 029 113
IT equipment	6 086 392	1 356 097	(12 394)	-	-	(2 348 280)	5 081 815
Motor vehicles	3 259 127	294 391	-	-	-	(876 794)	2 676 724
Other equipment	5 260 613	772 556	(4 429)	-	-	(3 175 068)	2 853 672
Training equipment	4 464 171	1 335 335	-	-	-	(1 905 933)	3 893 573
Work in Progress - IT equipment	4 524 040	344 835	-	(1 302 113)	-	-	3 566 762
Furniture and fixtures (Small items)	399 100	721 181	-	-	-	(642 415)	477 866
IT equipment (Small items)	128 746	229 057	(1)	-	-	(233 613)	124 189
Other Equipment (Small items)	135 239	106 210	-	-	-	(173 626)	67 823
Training equipment (Small items)	200 664	797 015	-	-	-	(795 861)	201 818
Finance lease assets	397 740	947 929	-	-	-	(510 670)	834 999
	<b>133 330 228</b>	<b>16 467 401</b>	<b>(16 824)</b>	<b>(1 302 113)</b>	<b>(5 798 478)</b>	<b>(13 031 632)</b>	<b>129 648 582</b>

## Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Transfers to IT equipment	Transfers to buildings	Transfer to major	Depreciation	Impairment loss	Total
Land	18 524 775	-	-	-	-	-	-	-	18 524 775
Buildings	65 965 419	19 150 689	-	-	-	-	(1 585 452)	-	83 530 656
Buildings under construction	12 651 835	11 587 551	-	-	(19 150 689)	-	-	-	5 088 697
Furniture and fixtures	2 135 927	581 284	-	-	-	-	(1 386 504)	(439)	1 330 268
IT equipment	7 117 437	3 663 912	(18 762)	-	-	-	(4 547 407)	(128 788)	6 086 392
Motor vehicles	1 977 911	2 119 122	(23 622)	-	-	-	(738 686)	(75 598)	3 259 127
Other equipment	8 011 120	847 870	(3 809)	-	-	-	(3 515 193)	(79 375)	5 260 613
Training equipment	5 429 161	1 370 845	-	-	-	-	(2 307 925)	(27 910)	4 464 171
Work in Progress - IT equipment	3 016 474	3 096 046	(37 000)	(1 551 480)	-	-	-	-	4 524 040
Furniture and fixtures (Small items)	178 408	933 825	(261)	-	-	-	(712 732)	(140)	399 100
IT equipment (Small items)	117 115	449 975	(33)	-	-	(16 748)	(420 319)	(1 244)	128 746
Other equipment (Small items)	104 901	233 281	(12)	-	-	-	(202 912)	(19)	135 239
Training equipment (Small items)	287 708	302 687	(13)	-	-	-	(389 693)	(25)	200 664
Finance lease assets	806 221	14 502	-	-	-	-	(422 983)	-	397 740
	<b>126 324 412</b>	<b>44 351 589</b>	<b>(83 512)</b>	<b>(1 551 480)</b>	<b>(19 150 689)</b>	<b>(16 748)</b>	<b>(16 229 806)</b>	<b>(313 538)</b>	<b>133 330 228</b>

### Pledged as security

Except for finance lease assets, no property, plant and equipment were pledged as security for any financial liability.

A register containing the information required by Continuing Education and Training 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.

Assets were inspected and found to be useful for longer than their estimated useful life. This resulted in a change in accounting estimate of which such impact is disclosed in note 32.



## Depreciation rates

2017

2016

Land	Straight line	Indefinite life
Buildings	Straight line	50 years
Furniture and fixtures	Straight line	3-12 years
Motor vehicles	Straight line	3-5 years
IT equipment	Straight line	2-5 years
Other property, plant and equipment	Straight line	5-10 years
Training equipment	Straight line	5-10 years
Small items (Minor Assets)	Straight line	1 year

Compensation received for losses on property, plant and equipment – included in operating profit.

Motor vehicles	-	25 900
IT equipment	15 774	63 592
Other equipment	-	11 765
	15 774	101 257

## Reconciliation of Work-in-Progress 2017

### Opening balance

Additions/capital expenditure

Transferred to completed items or disposed

Buildings under Construction	WIP - IT equipment	Total
5 088 697	4 524 040	9 612 737
1 582 423	344 835	1 927 258
(5 798 478)	(1 302 113)	(7 100 591)
<b>872 642</b>	<b>3 566 762</b>	<b>4 439 404</b>

## Reconciliation of Work-in-Progress 2016

### Opening balance

Additions/capital expenditure

Transferred to completed items or disposed

Buildings under Construction	WIP - IT equipment	Total
12 651 835	3 016 474	15 668 309
11 587 551	3 059 046	14 646 597
(19 150 689)	(1 551 480)	(20 702 169)
<b>5 088 697</b>	<b>4 524 040</b>	<b>9 612 737</b>

## Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Furniture and fixtures	618 031	236 736
IT Equipment	252 588	185 509
Land and Buildings	4 531 244	2 050 230
Motor vehicles	395 961	267 470
Training equipment	54 360	16 415
	<b>5 852 184</b>	<b>2 756 360</b>

## Capital commitments

Capital commitments are disclosed in a separate note to the Annual Financial Statements, refer to note 34.



## 9. INTANGIBLE ASSETS

	2017			2016		
	Cost/ Valuation	Accumulated deprecoation and accumulated impairment	Carrying Value	Cost/ Valuation	Accumulated deprecoation and accumulated impairment	Carrying Value
Copy rights	424 356	(322 286)	102 070	295 356	(261 908)	33 448

### Reconciliation of intangible assets - 2017

	Opening balance	Additions	Amortisation	Total
Copy rights	33 448	129 000	(60 378)	102 070

### Reconciliation of intangible assets - 2016

	Opening balance	Amortisation	Total
Copy rights	144 677	(111 229)	33 448

#### Pledged as security

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

## 10. FINANCE LEASE OBLIGATION

#### Minimum lease payments due

- within one year	579 234	257 663
- in second to fifth year inclusive	399 445	208 774
	978 679	466 437
less: future finance charges	(93 805)	(41 301)
<b>Present value of minimum lease payments</b>	<b>884 874</b>	<b>425 136</b>
<b>Present value of minimum lease payments due</b>		
- within one year	511 332	226 402
- in second to fifth year inclusive	373 542	198 734
	<b>884 874</b>	<b>425 136</b>
Non-current liabilities	373 542	198 734
Current liabilities	511 332	226 402
	<b>884 874</b>	<b>425 136</b>

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 linked to the prime lending rate 10.50% (2016: 10.25%).

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

The entity's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 8.

	2017	2016
<b>11. PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Accrued bonus	84 534	79 241
Accrued expense	3 729 755	4 848 159
Accrued leave pay	42 761	52 193
CET Procurement	15 735 664	13 092 188
NSFAS – Historic student payables	15 728 227	-
NSFAS - Liability	11 897 050	-
NSFAS - Student liability	7 325 279	19 511 930
Other payables	13 103 381	13 574 880
PED creditor	5 592 134	5 592 134
Pay progression accrual	-	1 642 857
Payroll accruals	1 084 856	1 248 158
	<b>74 323 641</b>	<b>59 641 740</b>



## 12. PROVISIONS

### Reconciliation of provisions - 2017

	Opening Balance	Additions	Reversed during the year	Total
Provision - GEPF	1 178 098	229 906	(274 550)	1 133 454
Provision - Old Mutual Provident Fund	4 151 455	-	-	4 151 455
	<b>5 329 553</b>	<b>229 906</b>	<b>(274 550)</b>	<b>5 284 909</b>

### Reconciliation of provisions - 2016

	Opening Balance	Additions	Total
Provision - GEPF	951 008	227 090	1 178 098
Provision - Old Mutual Provident Fund	4 151 455	-	4 151 455
	<b>5 102 463</b>	<b>227 090</b>	<b>5 329 553</b>

### Government Employee Pension Fund R 1 133 454

% used: 13.5%

ORBIT TVET College contributes 13.5% on pensionable earnings 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.

### Old Mutual Provident Fund R4 151 455

% used: 3.5%

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.

	2017	2016
<b>13. UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
DHET Funding - Missing middle students	5 703 000	-
<b>Movement during the year</b>		
Additions during the year	190 378 000	173 387 856
Income recognition during the year	(184 675 000)	(173 387 856)
	<b>5 703 000</b>	<b>-</b>

See note 19 for reconciliation of grants. These amounts are invested in a ring-fenced investment until utilised.

#### 14. REVENUE

Business unit income	48 780	20 930
Government grants & subsidies	184 675 000	173 387 856
Insurance claim received	18 053	13 714
Interest received - investment	8 868 353	8 568 461
Other income	905 000	645 000
Administration fees received	753 800	640 500
Project income (Exchange)	3 330 786	3 590 508
Project income (Non-Exchange)	4 895 619	7 249 265
Public contributions and donations	66 668	782 242
Rental of facilities and equipment	387 283	682 374
Tuition and related fees	60 526 252	60 202 842
	<b>264 475 594</b>	<b>255 783 692</b>

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

Business unit income	48 780	20 930
Interest received - investment	8 868 353	8 568 461
Other income	905 000	645 000
Project income	4 895 619	7 249 265
Rental of facilities and equipment	387 283	682 374
Tuition and related fees	60 526 252	60 202 842
	<b>75 631 287</b>	<b>77 368 872</b>

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

##### Transfer revenue

Government grants & subsidies	184 675 000	173 387 856
Insurance claim received	18 053	13 714
Project income	3 330 786	3 590 508
Public contributions and donations	66 668	782 242
Administration fees received	753 800	640 500
	<b>188 844 307</b>	<b>178 414 820</b>



	2017	2016
<b>15. TUITION AND RELATED FEES</b>		
Examination fees	1 188 950	1 597 550
Residential fees	3 869 300	3 976 263
Tuition fees - NSFAS Bursaries (NCV)	18 694 450	20 253 517
Tuition fees - NSFAS Bursaries (Report 191)	8 484 168	3 290 575
Tuition fees - Skills occupational	3 312 600	1 226 140
Tuition fees - Students (NCV)	12 064 441	12 568 557
Tuition fees - Students (Report 191)	12 912 343	17 290 240
	<b>60 526 252</b>	<b>60 202 842</b>
<b>16. RENTAL OF FACILITIES AND EQUIPMENT</b>		
<b>Premises</b>		
Hire of venue	76 455	376 690
Housing - Rental income	310 828	305 684
	<b>387 283</b>	<b>682 374</b>
<b>17. OTHER INCOME</b>		
Skills development training fees received	905 000	645 000
<b>18. INVESTMENT REVENUE</b>		
<b>Interest revenue</b>		
Bank	3 977 849	2 084 351
Other financial assets - Investments	4 890 504	6 484 110
	<b>8 868 353</b>	<b>8 568 461</b>

The amount included in Investment revenue arising from non-exchange transactions amounted to R 8 868 353 (2016: R 8 568 461).

19. GOVERNMENT GRANTS AND SUBSIDIES

**Operating grants**

	2017	2016
DHET Programme funding: Grants paid in cash	34 147 000	26 797 000
DHET Programme funding: Grants paid via PERSAL	150 528 000	146 590 856
DHET Programme funding: Missing middle students	-	-
	<b>184 675 000</b>	<b>173 387 856</b>

**Conditional and Unconditional**

Included in above are the following grants and subsidies received:

**DHET Programme funding: Grant paid cash**

Balance unspent at beginning of year	-	-
Current year receipts	34 147 000	26 797 000
Conditions met - transferred to revenue	(34 147 000)	(26 797 000)
	-	-

**DHET Programme funding: Grants paid via PERSAL**

Balance unspent at beginning of year	-	-
Current-year receipts	150 528 000	146 590 856
Conditions met - transferred to revenue	(150 528 000)	(146 590 856)
	-	-

**DHET Programme funding: Missing middle students**

Current-year receipts	5 703 000	-
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Conditions still to be met and will remain as a unspent grant liability . Refer to note 13.



	2017	2016
<b>20. PUBLIC CONTRIBUTIONS AND DONATIONS</b>		
Public contributions and donations - FORD SA	-	782 242
Public contributions and donations - Other	66 668	-
	<b>66 668</b>	<b>782 242</b>

## 21. EMPLOYEE RELATED COSTS

Employee related costs		
Salaries and wages	5 113 481	3 985 602
Employee related costs - Contributions for UIF, pensions and medical aids	24 570	20 596
Travel, motor car, accommodation, subsistence and other allowances	325 644	376 505
Overtime payments	18 585	31 743
Performance and other bonuses	129 250	187 787
Other - Bonus & leave movement	(4 140)	57 877
Other - pay progression	488 499	445 103
Other - GEPF provision	229 905	227 089
Other employee and related cost	4 610 846	4 745 396
DHET management fee cost		
Salaries and wages	100 614 807	88 937 874
Employee related costs - Contributions for UIF, pensions and medical aids	18 753 518	15 928 301
Travel, motor car, accommodation, subsistence and other allowances	2 443 790	3 108 551
Housing benefits and allowances	4 899 712	5 201 400
Overtime payments	-	-
Performance and other bonuses	8 424 082	7 075 655
Other - bonus & leave movement	409 654	(629 151)
Other employee and related cost	97 029	-
<b>Total employee related costs and DHET management fee</b>	<b>146 579 232</b>	<b>129 700 328</b>
<b>Expenses paid via Persal from college programme funding:</b>		
Lecturers engaged in Report 191 and NCV courses	48 218 508	42 180 126
Support staff engaged in Report 191 and NCV courses	84 867 439	76 081 750
Other - bonus & leave movement	409 654	(629 151)
Management remuneration	2 146 990	1 989 905
	<b>135 642 591</b>	<b>119 622 630</b>

	2017	2016
<b>Expenses paid via college payroll:</b>		
Lecturers and support staff engaged in Report 191 and NCV courses	2 329 878	2 474 010
Support staff engaged in Report 191 and NCV Courses	1 724 158	2 164 203
Management remuneration	1 047 025	754 708
Lecturers not engaged in Report 191 and NCV courses	2 835 357	1 447 009
Support staff not engaged in Report 191 and NCV courses	2 285 959	2 507 699
Other Bonus and leave movement	(4 140)	57 877
Other - pay progression	488 499	445 103
Other - GEFP provision	229 905	227 089
	<b>10 936 641</b>	<b>10 077 698</b>

**Total employee cost and DHET management fee:**

Total funded		
Lecturers and support staff engaged in Report 191 and NCV courses	50 548 386	44 654 135
Support staff engaged in Report 191 and NCV Courses	86 591 597	78 245 954
Management remuneration	2 185 315	2 038 913
Other - Bonus and leave movement	409 654	(629 151)
	<b>139 734 952</b>	<b>124 309 851</b>

Total non-funded		
Management remuneration	1 008 700	705 700
Lecturers not engaged in Report 191 and NCV courses	2 835 357	1 447 009
Support staff not engaged in Report 191 and NCV courses	2 285 959	2 507 699
Other - Bonus and leave movement	(4 140)	57 877
Other - pay progression	488 499	445 103
Other - GEFP provision	229 905	227 089
	<b>6 844 280</b>	<b>5 390 477</b>

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.

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†	13 031 628	16 229 809
Intangible assets	60 378	111 229
	<b>13 092 006</b>	<b>16 341 038</b>

	2017	2016
<b>23. CONTRACTED SERVICES</b>		
Legal fees	232 777	30 433
<b>24. FINANCE COSTS</b>		
Finance leases	112 557	60 292
<b>25. DEBT IMPAIRMENT</b>		
Debt impairment	30 229 902	72 004 177
<b>26. GAIN/(LOSS) ON COMPLETED PROJECTS</b>		
CATHSSETA Inters	111 000	-
ECD - 194	-	(33)
ECD - E300	-	642 000
H4W Seta NCV	-	(4 500)
JET	-	(23 245)
SACPO	-	(606 919)
TETA Drivers	19 577	-
TETA Interns	4 500	-
	<b>135 077</b>	<b>7 303</b>
<b>27. AUDITORS' REMUNERATION</b>		
Fees	2 241 991	1 008 211
<b>28. GENERAL EXPENSES</b>		
Advertising	960 049	751 910
Audit committee fees	65 087	89 310
Auditors remuneration	2 241 991	1 008 211
Bank charges	172 495	140 689
Business integrator fees	72 340	82 206
Cleaning	1 904 068	1 965 338
Computer expenses	1 451 689	713 917
Conferences and seminars	15 120	27 037
Consulting and professional fees	3 219 170	1 435 268
Consumables	123 783	51 769
Council functions	5 865	800
Diploma ceremony expenses	547 700	361 524
Examination expenses	139 886	135 274

	2017	2016
Fuel and oil	860 615	740 183
Function and catering expenses	779 622	2 578 681
Gifts	47 344	18 429
Honoraria	4 158	-
Insurance	2 123 648	1 819 605
Licence fees - IT and Software	1 795 732	1 501 952
Marketing	1 193 035	1 248 556
Membership fees	169 765	121 634
Municipal expenses	5 585 689	6 524 969
Placement fees	120 450	151 274
Postage and courier	33 317	42 659
Printing and stationery	3 214 111	2 642 962
Protective clothing	723 000	790 206
Security	4 473 217	3 676 936
Staff welfare	394 924	712 357
Stipends	4 914 920	5 314 900
Student support services	7 769 755	7 556 384
Subscriptions fees	24 243	31 155
Telephone, postage, network and communication expenses	3 127 821	2 921 431
Text books and learning materials	18 143 552	18 833 070
Training	668 182	1 174 660
Travel - overseas	11 611	22 475
Travel and accommodation	885 823	741 393
Uniforms and overalls	86 081	41 398
	<b>68 069 858</b>	<b>65 970 522</b>

## 29. CASH GENERATED FROM OPERATIONS

Surplus (deficit)	1 689 972	(28 572 878)
<b>Adjustments for:</b>		
Depreciation and amortisation	13 092 006	16 341 038
(Loss) gain on sale of assets and liabilities	(134 027)	37 926
Finance costs - Finance leases	112 557	60 292
Impairment of debtors/assets	30 229 902	72 631 392

	2017	2016
Movements in provisions	(44 644)	227 090
Movement in projects	5 305 811	3 703 918
Inventory gains	(1 752 392)	3 319 898
Other non-cash items	-	122 585
<b>Changes in working capital:</b>		
Inventories	(2 970 709)	(1 126 926)
Trade and Other receivables (Non-exchange and exchange transactions)	(36 052 309)	(51 226 205)
Payables from exchange transactions	14 681 902	5 331 759
Unspent conditional grants and receipts	5 703 000	-
	<b>29 861 069</b>	<b>20 849 889</b>

## 30. RELATED PARTIES

### Relationships

#### 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”). Therefore 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.

#### Councillors

CS Mabe [Chairperson] - Independent (Ministerial appointee)  
 MP Madoda - (Secretary of Council) - Independent (Ministerial appointee)  
 A Saffy - Independent (Ministerial appointee)  
 TC Dubuzana - Independent (Ministerial appointee)  
 SJ Mokotedi - Independent (Ministerial appointee)  
 MG Nkagisang [Deputy Chairperson] -Independent - Donor

K Moloantoa - Independent  
 APC Mangoma - Independent (Resigned in 2017)  
 JJ Erasmus - Independent  
 SE Xipu - Independent  
 M Marais - Accounting Officer  
 M Maja - Academic Board Representative  
 RD Baloyi - Lecturer Representative  
 R Marakalala - Support Staff Representative  
 P Rabothata - SRC President  
 M Maje - SRC Secretary

#### Audit Committee

I Carrim - Group Financial Controller at Glencore (Appointed August 2016)  
 WS Fourie - Audit and Risk Sub-Committee Member (DVS Chartered Accountants) Chartered Accountant  
 I Klynsmith - Attorney Van Velden-Duffy Inc  
 APC Mangoma - Chairperson (Resigned in 2017)  
 MG Mathye - Audit and Risk Sub-Committee Member (Romotshere Moila Local Municipality : Chief Audit Executive)

#### Members of key management

M Marais - Accounting Officer/Principal  
 SM Matjiane - Deputy Principal: Corporate Services  
 TJ Mosito - Deputy Principal: Academic  
 LC De Beer - Acting Deputy Principal: Finance

#### ORBIT TVET College

##### TVET College

Capricon  
 Central Johannesburg  
 Coastal  
 Ehlanzeni  
 Ingwe  
 King Sabatha  
 Taletso  
 Thekwini  
 Tswane North  
 Umgungundlovu  
 Vhembe  
 Vusulela  
 Waterberg  
 ETDP SETA

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

##### Business

Conference fees  
 Conference fees  
 Conference fees  
 Conference fees  
 Conference fees  
 Conference fees  
 Shared fees for student activities  
 Conference fees  
 Conference fees  
 Conference fees  
 Conference fees  
 Conference fees  
 Shared fees for student activities  
 Conference fees  
 Conference fees

## Related party transactions

### Government grants and subsidies received

Department of Higher Education and Training

(184 675 000)

(173 387 856)

## Remuneration of key management, councillors and audit committee members

### Key management remuneration

2017

Name	Basic salary	Bonus and adwards	Company Contributions (UIF, Medical Aid & Pension)	Travel, Motor Car, Accommodation Subsistence And Other Allowances	Leave Accrual	Bonus Accrual	Total
M Marais	858 974	67 631	35 375	395 811	84 416	65 281	1 507 488
SM Matjiane	553 021	58 164	71 973	80 427	50 814	27 934	842 333
TJ Mosito	590 443	68 286	76 838	194 193	29 416	34 240	993 416
LC De Beer	-	-	-	21 757	-	-	21 757
	<b>2 002 438</b>	<b>194 081</b>	<b>184 186</b>	<b>692 188</b>	<b>164 646</b>	<b>127 455</b>	<b>3 364 994</b>

Name	Basic salary	Bonus and adwards	Company Contributions (UIF, Medical Aid & Pension)	Travel, Motor Car, Accommodation Subsistence And Other Allowances	Leave Accrual	Bonus Accrual	Total
M Marais	723 709	165 736	94 155	233 015	9 708	44 497	1 270 820
SM Matjiane	461 476	56 351	60 065	81 102	5 965	19 598	684 557
TJ Mosito	538 017	67 455	70 015	115 802	7 503	23 008	821 800
LC De Beer	-	-	-	7 699	-	-	7 699
	<b>1 723 202</b>	<b>289 542</b>	<b>224 235</b>	<b>437 618</b>	<b>23 176</b>	<b>87 103</b>	<b>2 784 876</b>

## External councillors remuneration

### 2017

Name	Meetings attended for period	Meeting fees	Travel and subsistence	Total
CS Mabe	10	-	1 113	1 113
OM Nkagisang	8	28 455	10 655	39 110
JJ Erasmus	4	11 254	-	11 254
MP Madoda	5	23 407	3 435	26 842
SJ Mokotedi	5	14 747	-	14 747
K Moloantoa	19	59 154	14 390	73 544
SE Xipu	22	85 150	2 780	87 930
TC Dubuzana - Appointed July 2017	4	-	20 090	20 090
		<b>222 167</b>	<b>52 463</b>	<b>274 630</b>

### 2016

Name	Meetings attended for period	Meeting fees	Travel and subsistence	Total
OM Nkagisang	7	43 072	19 328	62 400
JJ Erasmus	4	14 048	-	14 048
MP Madoda	5	16 160	6 633	22 793
SJ Mokotedi	6	19 456	-	19 456
K Moloantoa	15	42 208	11 289	53 497
MKG Ramorwesi - Resigned March 2016	1	-	514	514
SE Xipu	12	44 128	-	44 128
		<b>179 072</b>	<b>37 764</b>	<b>216 836</b>

### 2017



### External audit committee members remuneration

Name	Meetings attended for period	Meeting fees	Travel and subsistence	Total
I Klynsmith	5	17 204	-	17 204
APC Mangoma - Resigned 31 March 2017	4	12 928	1 385	14 313
I Carrim	5	16 943	-	16 943
WS Fourie - Appointed July 2017	2	6 986	-	6 986
MG Mathye - Appointed July 2017	5	-	9 640	9 640
		<b>54 061</b>	<b>11 025</b>	<b>65 086</b>

### 2016

Name	Meetings attended for period	Meeting fees	Travel and subsistence	Total
I Klynsmith	6	19 392	-	19 392
APC Mangoma	6	59 360	4 094	63 454
I Carrim - Appointed August 2016	2	6 464	-	6 464
		<b>85 216</b>	<b>4 094</b>	<b>89 310</b>

### 31. PRIOR PERIOD ERRORS

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

#### Statement of financial position

Increase in Property, plant and equipment	-	198 536
Increase in Cash and cash equivalents	-	1 687
Decrease in Trade and other receivables from exchange transactions	-	(351 207)
Decrease in Projects (Liability)	-	337 898
Decrease in Trade and other payables	-	4 066 609
Increase in Accumulated surplus	-	(4 865 229)
Increase in inventories	-	9 993
Increase in provisions	-	(112 515)
	-	<b>(714 228)</b>

#### Statement of financial performance

Increase in Other income	-	(645 000)
Decrease in Project income (Exchange and Non-exchange)	-	4 903 918
Interest received - Investments	-	(608 065)
Increase in Depreciation and amortisation	-	75 365
Decrease in Repairs and maintenance	-	(4 447 304)
Increase in Contracted services	-	17 147
Increase in General expenditure	-	404 379
Increase in Gain/(Loss) on disposal of assets	-	23 622
Decrease in Gain/(Loss) on completed projects	-	609 318
Increase in Employee related costs	-	380 848
	-	<b>714 228</b>

Prior period errors - 2016 breakdown of errors

**1. CET Bank account**

Increase in General expenditure (Bank Charges)		-	267
Decrease in Cash and cash equivalents	-		(267)
	-		-

Account for CET Bank account (Acc. Nr. 4088841286), recording of balance and movement for the period ending 31 December 2016.

**2. Rapid Incubator Bank account**

Increase in General expenditure (Bank Charges)	-		418
Increase in Investment income (Interest Received)	-		(2 372)
Increase in Cash and cash equivalents	-		1 954
	-		-

Account for Rapid Incubator Bank account (Acc. Nr. 4088842020), recording of balance and movement for the period ending 31 December 2016.

**3. Accrued income - Interest on call account (2015)**

Increase in Trade and other receivables (Accrued Income)	-		61 092
Decrease in Trade and other receivables (Accrued Income)	-		(46 040)
Increase in Accumulated Surplus	-		(15 052)
	-		-

Correction of accrued interest received on call account, reversal of accrued income for period ending 31 December 2014 and recording of accrued income for the period ending 31 December 2015.

**4. Accrued income - Interest on call account (2016)**

Increase in Trade and other receivables (Accrued Income)	-		72 108
Decrease in Trade and other receivables (Accrued Income)	-		(61 092)
Increase in Investment income (Interest received)	-		(11 016)
	-		-

Correction of accrued interest received on call account, reversal of accrued income for period ending 31 December 2015 and recording of accrued income for the period ending 31 December 2016



	2017	2016
<b>5. Accrued income - Interest on investments (2016)</b>		
Increase in Trade and other receivables (Accrued Income)		594 677
Increase in Investment income (Interest received)		(594 677)
	-	-
Correction of accrued interest received on Other Financial Assets (Investments) for the period ending 31 December 2016.		
<b>6. Property, Plant and Equipment - Depreciation on motor vehicles</b>		
Decrease in Motor Vehicles - Accumulated Depreciation		2 145
Decrease in depreciation (Motor Vehicles)	-	(2 145)
	-	-
Correction of depreciation and accumulated depreciation on motor vehicles disposed of due to incorrect depreciation calculation in the period ending 31 December 2016.		
<b>7. Property, Plant and Equipment - Disposal of motor vehicles</b>		
Decrease in Motor Vehicles - Accumulated Depreciation	-	48 938
Decrease in Motor Vehicles - Cost	-	(72 560)
Decrease in Gains/(Loss) on disposal of assets	-	23 622
	-	-
Recognition of motor vehicles (Chico Golf 1.4 (FHS640NW)) disposal and gain/(loss) on disposal of assets, correction was made for the period ending 31 December 2016.		
<b>8. Property, Plant and Equipment - IT Equipment</b>		
Increase in IT Equipment (Major) - Cost	-	20 098
Decrease in IT Equipment (Minor) - Cost	-	(20 098)
Increase in IT Equipment (Major) - Accumulated Depreciation	-	(3 349)
Decrease in IT Equipment (Minor) - Accumulated Depreciation	-	3 349
	-	-
Correction of IT Equipment (Major) assets incorrectly recognised as IT Equipment (Minor) and also correcting the accumulated depreciation on these assets for the period ending 31 December 2016.		



	2017	2016
<b>9. Trade and other payables - Accrued expenses</b>		
Decrease in Trade and other payables (Other payables)	-	4 998
Increase in Trade and other payables (Accrued expenses)	-	(4 998)
	-	-
Correction of accrued expenses for the period ending 31 December 2016 recognised as other payables.		
<b>10. Trade and other payables - Accrued expenses</b>		
Decrease in Trade and other payables (Accrued expenses)	-	9 257
Decrease in Repairs and maintenance	-	(9 257)
	-	-
Correction of accrued expenses for the period ending 31 December 2016 recognised as repairs and maintenance.		
<b>11. Property, Plant and Equipment - Furniture and fittings</b>		
Increase in Furniture and fittings - Cost	-	3 560
Increase in Furniture and fittings - Accumulated depreciation	-	(3 559)
Increase in Accumulated Surplus	-	(1)
	-	-
Recognition and correction of asset Havana 1 Seater purchased in the period ending 31 December 2009.		
<b>12. Trade and other payables - CET Procurement</b>		
Decrease in Trade and other payables (CET Procurement)	-	640 500
Increase in Accumulated Surplus	-	(640 500)
	-	-
Correction of admin fees received on CET Procurement project incorrectly recognised directly against Accumulated Surplus account and not against the CET Procurement account for the period ending 31 December 2016.		
<b>13. Projects - Rapid Incubator</b>		
Decrease in Trade and other receivables (Projects debtor)	-	(1 200 000)
Decrease in Project income	-	1 200 000
Decrease in Project (Liability)	-	1 200 000
Increase in Accumulated Surplus	-	(1 200 000)
	-	-

Invoice regarding Rapid Incubator project was accounted for twice in the period ending 31 December 2016, correction of project balance (Liability), project debtor and project income for the period ending 31 December 2016.

	2017	2016
<b>14. Trade and other payables - Accrued expenses</b>		
Decrease in Trade and other payables (CET Procurement)	-	3 924 897
Decrease in Trade and other payables (Accrued expenses)	-	589 331
Decrease in Repairs and maintenance	-	(4 438 047)
Increase in Contract services	-	17 147
Decrease in General expenditure	-	(93 328)
	-	-

Correction of accrued expenditure incorrectly allocated to expenditure accounts, correction of CET Procurement project and expenditure accounts for the period ending 31 December 2016.

#### **15. Property, Plant and Equipment - Minor Asset recognised**

Increase in Training equipment (Minor) - Cost	-	43 974
Increase in Training equipment (Minor) - Accumulated depreciation	-	(43 922)
Increase in Furniture and fittings (Minor) - Cost	-	105 938
Increase in Furniture and fittings (Minor) - Accumulated depreciation	-	(105 662)
Increase in Other equipment (Minor) - Cost	-	12 698
Increase in Other equipment (Minor) - Accumulated depreciation	-	(12 692)
Increase in IT equipment (Minor) - Cost	-	11 117
Increase in IT equipment (Minor) - Accumulated depreciation	-	(11 109)
Increase in Accumulated Surplus	-	(342)
	-	-

Correction of Minor assets not recognised in the period ending 31 December 2016, cost price and accumulated depreciation corrected and adjusted accordingly for the periods.

#### **16. Property, Plant and Equipment - Major Asset recognised**

Increase in Training equipment (Major) - Cost	-	263 221
Increase in Training equipment (Major) - Accumulated depreciation	-	(113 724)
Increase in Furniture and fittings (Major) - Cost	-	192 864
Increase in Furniture and fittings (Major) - Accumulated depreciation	-	(80 502)
Increase in Other equipment (Major) - Cost	-	112 693
Increase in Other equipment (Major) - Accumulated depreciation	-	(87 420)
Increase in IT equipment (Major) - Cost	-	23 158
Increase in IT equipment (Major) - Accumulated depreciation	-	(11 869)
Increase in Accumulated Surplus	-	(298 421)
	-	-

Correction of Major assets not recognised in the period ending 31 December 2016, cost price and accumulated depreciation corrected and adjusted accordingly for the periods.



**17. Property, Plant and Equipment - Depreciation on Major assets**

Increase in Depreciation (Training equipment)	-	28 202
Increase in Training equipment (Major) - Accumulated depreciation	-	(28 202)
Increase in Depreciation (Furniture and fittings)	-	27 930
Increase in Furniture and fittings (Major) - Accumulated depreciation	-	(27 930)
Increase in Depreciation (Other equipment)	-	4 704
Increase in Other equipment (Major) - Accumulated depreciation	-	(4 704)
Increase in Depreciation (IT equipment)	-	4 452
Increase in IT equipment (Major) - Accumulated depreciation	-	(4 452)
	-	-

Correction of Major assets not recognised in the period ending 31 December 2016, depreciation and accumulated depreciation corrected and adjusted accordingly for the period ending 31 December 2016.

**18. Property, Plant and Equipment - IT Equipment (Cost price)**

Decrease in IT equipment (Major) - Cost	-	(108 303)
Decrease in IT equipment (Major) - Accumulated depreciation	-	73 533
Decrease in Accumulated Surplus	-	34 770
	-	-

Correction of laptops that were double accounted for during the asset count and GRAP conversion, Toshiba laptops were incorrectly recorded in the prior years, correction was done for the prior periods.

**19. Property, Plant and Equipment - IT Equipment (Depreciation)**

Decrease in IT equipment (Major) - Accumulated depreciation	-	18 856
Decrease in Depreciation (IT equipment)	-	( 18 856)
	-	-

Correction of laptops that were double accounted for during the asset count and GRAP conversion, correction of depreciation on Toshiba laptops for the period ending 31 December 2016.

	2017	2016
<b>20. Property, Plant and Equipment - IT Equipment (Cost price &amp; WIP)</b>		
Increase in IT equipment (Major) - Cost	-	31 500
Increase in IT equipment (Major) - Accumulated depreciation	-	(22 520)
Increase in Depreciation (IT equipment)	-	22 520
Decrease in WIP - IT Equipment	-	(31 500)
	-	-

Correction of 7 Samsung laptops these laptops were already in use for the period ending 31 December 2016 and the correction was made to transfer these assets out of WIP to IT equipment, also depreciation was calculated for the period ending 31 December 2016.

### 21. Property, Plant and Equipment - Other Equipment (Cost price & WIP)

Increase in Other equipment (Minor) - Cost	-	2 800
Increase in Other equipment (Minor) - Accumulated depreciation	-	(184)
Increase in Depreciation (Other equipment)	-	184
Decrease in WIP - Other	-	(2 800)
	-	-

Correction of assets that were ready for use for the period ending 31 December 2016 and the correction was made to transfer these assets out of WIP to Other equipment, also depreciation was calculated for the period ending 31 December 2016.

### 22. Other Income - Skills development fees received

Increase in Other Income	-	(645 000)
Increase in General expenses (Training)	-	645 000
	-	-

Correction of income incorrectly disclosed as training expenditure for the period ending 31 December 2016. Funds were received from Skills development fund for training and corrected to other income.

### 23. Projects - Gains/(Loss) on completed projects

Decrease Gains/(Loss) on completed projects	-	2 399
Increase in Projects (Liability)	-	(2 399)
	-	-

Correction of Gain/(Loss) on completed projects, project E 300 was completed in the period ending 31 December 2016 however project was incorrectly closed off and therefore Gain/(Loss) on completed project was correct for the period ending 31 December 2016.



	2017	2016
<b>24. Projects - Gains/(Loss) on completed 2016 projects</b>		
Decrease in Projects (Liability)	-	5 632 423
Increase in Accumulated Surplus	-	(5 632 423)
		-

The gains/(loss) on completed projects was incorrectly closed off against accumulated Surplus, the gain should have been closed off against Projects (Liability) as these projects were completed during the period 31 December 2016 and therefore closed off to Gains/(Loss) on completed projects.

#### 25. Projects - Project income

Decrease in Projects (Liability)	-	65 990
Increase in Accumulated Surplus	-	(65 990)
	-	-

Income (Class fee) was incorrectly closed off against the Projects (Liability) account, the income does not relate to a project and was correct accordingly for the period ending 31 December 2016.

#### 26. Projects - Project movement for 2016

Increase in Projects (Liability)	-	(5 812 205)
Decrease in Accumulated Surplus	-	5 812 205
	-	-

Cost centres of projects and aslo the movement for the Projects (Liability) account was incorrectly recorded against accumulated surplus for the period ending 31 December 2016. The system of the college records the movement correctly during the period however incorrect amounts have been taken to accumulated surplus to adjust the movement for the period ending 31 December 2016 regarding Projects (Liability).

	2017	2016
<b>27. Property, Plant and equipment - Training equipment</b>		
Decrease in general expenditure (Consumables)	-	(70 706)
Increase in Depreciation (Training equipment)	-	7 871
Increase in Training equipment (Major) - Cost	-	70 706
Increase in Training equipment (Major) -Accumulated Depreciation	-	(7 871)
Increase in Projects (Liability)	-	(70 706)
Decrease in Accumulated Surplus	-	70 706
	-	-

Training equipment (Multi-Purpose Electrical training panel) was incorrectly disclosed under project expenditure for the period ending 31 December 2016. Depreciation and the project balance (Liability) were corrected accordingly.

**28. Property, Plant and equipment - Work in Progress**

Increase in Work in Progress (Other Property, Plant and equipment)	-	68 286
Decrease in general expenditure (Consumables)	-	(68 286)
Increase in Projects (Liability)	-	(68 286)
Decrease in Accumulated Surplus	-	68 286
	-	-

Training equipment was incorrectly disclosed under project expenditure for the period ending 31 December 2016 however these assets were not yet in used and are reallocated to the Work in Progress balance as at 31 December 2016. Also the project balance (Liability) was adjusted accordingly.

**29. Property, Plant and equipment - Other equipment**

Increase in Other equipment (Minor) - Cost	-	181
Increase in Other equipment (Minor) - Accumulated depreciation	-	(180)
Increase in Accumulated Surplus	-	(1)
	-	-

Other equipment (Motorola V365) incorrectly recorded, cost price and accumulated depreciation was recording accordingly for the period ending 31 December 2016.

**30. Property, Plant and equipment - Work in Progress**

Decrease in Accumulated Surplus	-	152 464
Increase in Work in Progress (Other Property, Plant and equipment)	-	(152 464)
	-	-

IT equipment that was accrued was incorrectly recorded on the WIP register in the period ending 31 December 2016. The IT equipment was accounted for twice and this was corrected accordingly.



	2017	2016
<b>31. Trade and other Receivables - Prepayments</b>		
Increase in Trade and other Receivables (Prepayments)	-	228 048
Increase in Accumulated Surplus	-	(228 048)
	<u>-</u>	<u>-</u>

Assets were bought and paid in the period ending 31 December 2016 however these assets were not yet delivered to the college as at yearend, The prepayment was not disclosed and was accordingly corrected to ensure that the prepayment were correctly disclosed.

**32. Trade and other Payables - Payroll accruals**

Decrease in Accumulated Surplus	-	63 893
Increase in Trade and other Payables (Payroll accruals)	-	(63 893)
	<u>-</u>	<u>-</u>

Payroll rollback of transactions occurred for transactions regarding the period ending 31 December 2015. These corrections were made accordingly to ensure that the payroll transactions are recorded in the correct financial period.

**33. Trade and other Payables - Pay progression accrual**

Decrease in Accumulated Surplus	-	674 293
Increase in Employee related costs	-	337 475
Increase in Trade and other Payables (Pay progression accrual)	-	(1 011 768)
	<u>-</u>	<u>-</u>

The pay progression accrual for the period ending 31 December 2015 and 2016 were incorrectly disclosed. The corrections were made accordingly to ensure that the accrual was disclosed at the correct value as at 31 December 2015 and 31 December 2016.

**34. Inventory - Stock adjustment**

Increase in Inventories	-	9 993
Decrease in General expenses (Text books and learning materials)	-	(9 993)
	<u>-</u>	<u>-</u>

Inventory was incorrectly recorded and the adjustment was made accordingly to record the inventory on text books not recorded for the period ending 31 December 2016.

	2017	2016
<b>35. Property Plant and Equipment - Other equipment additions</b>		
Increase in Accumulated Surplus	-	(84 000)
Increase in Other equipment (Major) - Cost	-	84 000
Increase in Other equipment (Major) - Accumulated Depreciation	-	(503)
Increase in Depreciation (Other equipment)	-	503
	-	-

Account for assets(Titanium aircons) bought and incorrectly recorded in the period ending 31 December 2016. Also depreciation was calculated accordingly and recorded for the period 31 December 2016.

### 36. Trade and other Payables - Accrued expenses

Decrease in Accumulated Surplus	-	7 708
Increase in Trade and other Payables (Accrued expenses)	-	(7 708)
Increase in General expenses (Licence fees)	-	1 007
Increase in Trade and other Payables (Accrued expenses)	-	(1 007)
	-	-

Recording of TV licence accrual for the 2015 and 2016 financial period. The corrections were made accordingly to ensure that the accrual was disclosed at the correct value as at 31 December 2015 and 31 December 2016.

### 37. Projects - Gain/(Loss) on completed projects

Decrease Gains/(Loss) on completed projects	-	606 919
Increase in Projects (Liability)	-	(606 919)
	-	-

Correction of SACPO project, this project was completed in 2016 and correction was done to record the Gain/(Loss) on the project in the correct financial period.

### 38. Property, plant and equipment - Work in Progress

Decrease in Accumulated Surplus	-	37 000
Decrease in Work in Progress (Other Property, Plant and equipment)	-	(37 000)
	-	-

IT equipment that was not in use by the college was stolen in 2016 financial period also the IT equipment was accounted for twice and this was corrected accordingly.



	2017	2016
<b>39. Provision - GEPF</b>		
Increase in Employee related costs	-	43 373
Decrease in Accumulated Surplus	-	69 142
Increase in Provisions (GEPF)	-	(112 515)
	-	-

The GEDF provision was incorrectly calculated in 2016, this was accordingly corrected and correction was made to employee related costs and provisions for the period 31 December 2016.

#### 40. Trade and other payables - Accrued expenses

Increase in Trade and other Payables (Accrued expenses)	-	(13 000)
Decrease in Accumulated Surplus	-	13 000
	-	-

Correction of lecturing claims for the period ending 31 December 2015, these claims will only be paid during 2018 financial period and therefore accordingly recorded as accruals.

#### 41. Revenue - Project income

Decrease in Project income (Exchange)	-	1 937 483
Decrease in Project income (Non-exchange)	-	1 766 435
Increase in Accumulated Surplus	-	(3 703 918)
	-	-

Correction of movement on projects for the period ending 31 December 2016, the profit and loss movement was incorrectly recorded to the Statement of changes in net assets. Project income (Exchange and Non-exchange) has been adjusted with the 31 December 2016 year profit and loss on projects until such date that all deliverables relating to such project is met.

## 32. CHANGE IN ESTIMATE

### Property, plant and equipment

The useful life of certain property, plant and equipment was estimated in prior years however in the current period management have revised some useful life's estimates. The effect of this revision has decreased the depreciation charges for the current period by R 782 533.

The change in useful life has the following effect

- Training equipment (Major) - Increase in depreciation R 265 321
- Furniture & fixtures (Major) - Decrease in depreciation (R 127 085)
- Other equipment (Major) - Increase in depreciation R 93 577
- IT Equipment (Major) - Decrease in depreciation (R 1 014 346)
- Total decrease in depreciation - (R 782 533)

## 33. COMPARATIVE FIGURES

Certain comparative figures have been reclassified in the Statement of Financial Position and Statement of Financial Performance. The effects of the reclassification are as follows:

### 1. Investment income - Bank Interest

Increase in Investment income (Bank)	-	(136 158)
Decrease in Investment income (Investments)	-	136 158
	-	-
	-	-

Interest received account for bank interest was remapped to interest received on investments as it contributes to the understandability of the annual financial statements and provides clarity for the users thereof.

### 2. Admin fees received - CET Procurement

Decrease in Project income	-	640 500
Increase in Admin Fees received	-	(640 500)
	-	-
	-	-

Admin fees received account on CET Procurement project was remapped as this income does not relate to project income and as it contributes to the understandability of the annual financial statements and provides clarity for the users thereof.



	2017	2016
<b>3.General expenditure - E-Toll</b>		
Decrease in Repairs and maintenance	-	(36 399)
Increase in General expenditure (Travel)	-	36 399
	-	-

E-Toll expenditure accounts were mapped as repairs and maintenance however these accounts were remapped to general expenditure (Travel) as it contributes to the understandability of the annual financial statements and provides clarity for the users thereof.

#### 4. Trade and other payables - CET Procurement

Decrease in Projects (Liability)	-	17 657 585
Increase in Trade and other payables (CET Procurement)	-	(17 657 585)
	-	-

CET Procurement account was incorrectly mapped in the prior year under Projects, the balance as at 31 December 2016 was R 17 657 585 and the balance as at 31 December 2015 was R 3 827 700 and the amounts for both years were reclassified. CET Procurement is not a project therefore this account was remapped to trade and other payables as it contributes to the understandability of the annual financial statements and provides clarity for the users thereof.

#### 5. Projects (Assets & Liability) - Current and Non-current

Decrease in Projects (Assets) - Current	-	(845 113)
Decrease in Projects (Assets) - Non-Current	-	(138 991)
Increase in Projects (Liability) - Current	-	(4 750 651)
Decrease in Projects (Liability) - Non-Current	-	5 734 755
	-	-

Amounts were reclassified to ensure that the split between Non-current and current balances for Projects (Assets & Liabilities) are correct and as it contributes to the understandability of the annual financial statements and provides clarity for the users thereof.

#### 6. Project Income - Exchange and Non-exchange

Decrease in Project income (Exchange)	-	1 168 295
Increase in Project income (Non-exchange)	-	(1 168 295)
	-	-

Project income amounts were reclassified to ensure that the split between income from non-exchange and exchange is correct and as it contributes to the understandability of the annual financial statements and provides clarity for the users thereof.

	2017	2016
<b>7. Government grants and subsidies - PERSAL grant</b>		
Increase in Government grants and subsidies (Paid in Cash)	-	(3 445 144)
Increase in Government grants and subsidies (Paid vir PERSAL)	-	3 445 144
	-	-

Grants received from DHET were revised during the period 31 December 2016, the government grants and subsidies were adjusted accordingly to ensure that the split between grants paid in cash and grants paid via PERSAL is corrected as it contributes to the understandability of the annual financial statements and provides clarity for the users thereof.

#### **8. Trade and other payables - Payroll control accounts**

Increase in Trade and other receivables (Prepaid expenses)	-	781 826
Increase in Trade and other payables (Payroll accounts)	-	(781 826)
	-	-

Correction of Payroll accounts that were incorrectly classified as Payroll accruals as these amounts are in a debit and therefore these Payroll accounts have been reclassified to Trade and other receivables for the period 31 December 2016 and as it contributes to the understandability of the annual financial statements and provides clarity for the users thereof.

#### **9. Trade and other payables - NSFAS Liability**

Decrease in Trade and other receivables (NSFAS - Debtor)	-	(48 959)
Decrease in Trade and other payables (NSFAS Liability)	-	48 959
	-	-

Correction of NSFAS Liability as this amount should have been disclosed together with the NSFAS debtor amount for the period 31 December 2016 and as it contributes to the understandability of the annual financial statements and provides clarity for the users thereof.

#### **10. Trade and other receivables from exchange transactions - DHET debtor**

Decrease in Trade and other receivables from exchange transactions	-	(56 932 416)
Increase in Trade and other receivables from non-exchange transactions	-	56 932 416
	-	-

Correction of the DHET debtor classification from Trade and other receivables from exchange transactions to Trade and other receivables from non-exchange transactions. The correction of the classification contributes to the understandability of the annual financial statements and provides clarity for the users thereof.



## 34. COMMITMENTS

## Authorised capital expenditure

**Approved and contracted for**

- Property, plant and equipment

6 115 67

2 440 854

**Approved but not yet contracted for**

- Property, plant and equipment

4 450 995

13 464 000

**Total capital commitments**

Approved and contracted for

6 115 670

2 440 854

Approved but not yet contracted for

4 450 995

13 464 000

10 566 665

15 904 854

**The capital commitments will be financed from**

Own resources

10 566 665

15 904 854

## 35. RISK MANAGEMENT

### Financial risk management

#### Liquidity risk

The College's risk to liquidity is a result of the funds available to cover future commitments. The College manages liquidity risk through an ongoing review of future commitments, credit facilities and to balance between actual and budgeted operating expenses.

#### Maximum credit risk exposure

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 expose the College to credit risk. The value of the maximum exposure to credit risk are as follows for each of classes of financial assets:

#### Financial instrument

	2017	2016
Cash and cash equivalents	118 798 650	98 070 436
Trade and other receivables from exchange transactions	21 430 975	7 294 353
Trade and other receivables from non-exchange transactions	48 618 203	56 932 416
Other financial assets	58 500 000	58 500 000
Projects - Asset	985 668	463 517

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.



### Market risk

#### Interest rate risk

As the College has no significant interest-bearing assets or liabilities, the College'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, Finance leases and Bank overdraft.

#### Currency risk

The College only operates locally in South Africa and therefore is not exposed to currency risk.

#### Price risk

The College is not exposed to price risk since no listed securities are held by the college and the college has no financial assets available for sale.

## 36. FINANCIAL INSTRUMENTS DISCLOSURE

### Categories of financial instruments

**2017**

#### Financial assets

	At amortised cost	Total
Cash and cash equivalents	118 798 650	118 798 650
Other financial assets	58 500 000	58 500 000
Projects (Asset)	985 668	985 668
Trade and other receivables from exchange transactions	21 430 975	21 430 975
Trade and other receivables from non-exchange transactions	48 618 203	48 618 203
	<b>248 333 496</b>	<b>248 333 496</b>

#### Financial liabilities

	At amortised cost	Total
Projects (Liability)	(23 386 949)	(23 386 949)
Trade and other payables from exchange transactions	(74 323 646)	(74 323 646)
	<b>(97 710 595)</b>	<b>(97 710 595)</b>

**2016**

#### Financial assets

	At amortised cost	Total
Cash and cash equivalents	98 070 436	98 070 436
Other financial assets	58 500 000	58 500 000
Projects (Asset)	463 517	463 517
Trade and other receivables from exchange transactions	7 294 353	7 294 353
Trade and other receivables from non-exchange transactions	56 932 416	56 932 416
	<b>221 260 722</b>	<b>221 260 722</b>

**Financial liabilities**

	<b>At amortised cost</b>	<b>Total</b>
Projects (Liability)	(17 694 065)	(17 694 065)
Trade and other payables from exchange transactions	(59 641 740)	(59 641 740)
	<b>(77 335 805)</b>	<b>(77 335 805)</b>

**37. GOING CONCERN**

We draw attention to the fact that at 31 December 2017, the College had accumulated surplus of R 284 502 775 and that the College's total assets exceed its liabilities by R 284 502 775.

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

The ability of the College to continue as a going concern is dependent on a number of factors. The most significant of these is that the College is dependent on programme funding received from DHET at a level which, when combined with other revenue generated by the College, is sufficient to fund the operations of the College.

**38. SERVICES IN-KIND**

Both the DHET SAICA HR and CFO Support Projects are funded by the National Skills Fund and managed by SAICA for DHET. SAICA appoints and manages the Project teams in accordance with the Project Business Plans. In the HR Support Project, support is provided directly to DHET by the placement of Project team members at DHET to fulfil certain functions. HR Business Partners (HRBPs) are also allocated to Colleges, with each HRBP supporting more than one College. In the CFO Support Project, there is a Project management team which assists DHET to coordinate the financial management in the sector. For the CFO Support Project, SAICA has also seconded a team member to DHET and DHET has placed the Project Team member as Acting DPF in each College that is directly supported by the Project. In some cases there are additional Project team members allocated to a College, in addition to the ADPF. SAICA supports DHET with these Projects on a cost recovery basis, as part of SAICA's Nation Building initiative.

**39. EVENTS AFTER THE REPORTING DATE**

No material non-adjusting or adjusting events occurred after the reporting date.

**40. TAX EXEMPTION**

The College is exempt from normal taxation in terms of section Section 10(1)(cN) (confirm) of the Income Tax Act, 1962 (Act No.58 of 1962).

	2017	2016
<b>41. TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
<b>Gross balances</b>		
DHET - Debtor	48 618 203	91 341 580
	<b>48 618 203</b>	<b>91 341 580</b>
<b>Less: Allowances for impairment</b>		
DHET - Debtor	-	(34 409 164)
		<b>(34 409 164)</b>
<b>Net balances</b>		
DHET - Debtor	48 618 203	56 932 416
		<b>56 932 416</b>
<b>DHET - Debtor: Ageing</b>		
Current - 180 days	48 618 203	56 932 416
		<b>56 932 416</b>
<b>Reconciliation of provision for impairment of trade and other receivables from non-exchange transactions</b>		
Balance at beginning of the period	(34 409 164)	-
Contributions to allowance	34 409 164	(34 409 164)
	-	<b>(34 409 164)</b>
<b>42. PROJECT INCOME</b>		
<b>Project income: Exchange</b>		
Project income (Gross)	10 627 996	9 186 748
Current year profit and loss adjustment - Exchange	(5 732 377)	(1 937 483)
	<b>4 895 619</b>	<b>7 249 265</b>
<b>Project income: Non-exchange</b>		
Project income (Gross)	2 904 220	5 356 944
Current year profit and loss adjustment - Non-exchange	426 566	(1 766 436)
	<b>3 330 786</b>	<b>3 590 508</b>

Project income has been adjusted with current year profit and loss on projects as accumulated in project balances until such date that all deliverables relating to such project is met.



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