



higher education  
& training

Department:  
Higher Education and Training  
REPUBLIC OF SOUTH AFRICA



**Free State  
CET College**  
Community Education  
and Training College

# ANNUAL REPORT 2021/22





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CET College**  
Community Education  
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# FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE

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## ANNUAL REPORT 2021/22





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# 1. MESSAGE FROM THE COUNCIL CHAIRPERSON

It gives me great pleasure to submit this annual report which records the achievements of the College against our mission: "to widen participation and access to community education, skilling, training, and educating for employment and entrepreneurship, and providing second chance learning opportunities". I am also pleased to report that this year was yet another successful chapter for the College, during which the Council demonstrated its commitment to its governance oversight role, as informed by the principles of transparency, accountability, responsibility, fairness, and social responsibility in the King III Report on Corporate Governance. Compliance with these principles was monitored closely by Management and Council, and any perceived or proven deviations were addressed effectively and expediently in terms of the relevant College rules, policies, and procedures. We adopted the College Statute and relevant policies to guide Management in their endeavours to run the College efficiently and effectively, we filled positions of additional Council members, and we engaged relevant stakeholders to improve the conditions in which the College operates. The Council also undertook visits to various Community Learning Centres (CLCs) and noted with great concern the poor infrastructure, the acute shortage of facilities, and how overloaded and overburdened the teaching staff of the College is. Despite these challenges, the Free State CET College received another unqualified audit with respect to its quality of financial management.

I would also like to thank key stakeholders who supported the College during this difficult and challenging year. In particular, I would like to single out the Department of Higher Education and Training for their leadership and support, and the MEC of Basic Education in the Free State, for assisting the College to have a mutually beneficial relationship with schools the College's activities are accommodated in, and the various Sector Education and Training Authorities (SETAs) for their support of the College's programmes. As we look back to the year 2021, I want to assure our stakeholders that we have learned a lot and we are better positioned to perform even better in the future. We will continue to work hard to deserve your trust and support. In conclusion, I wish to pay tribute to all the members of the Council, who serve without financial reward, and in particular, the chairpersons and members of the Council Committees, I express not only my thanks and appreciation but also the collective thanks of the Management of the Free State CET College.



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Dr WK De Wee  
College Council Chairperson  
Date: 30 September 2022



## 2. OVERVIEW BY THE ACCOUNTING OFFICER

The Annual Report reflects the activities, successes, challenges, achievements, growth, and development of the Free State CET College during 2021/22. The year 2021 marked the second year of the Covid-19 pandemic, and for us, the Free State CET College, it was characterised by a continued commitment from all role-players to ensure that students are put at the centre. The College makes an extra effort to focus on widening participation and access to community education, skilling, training, and educating for employment and entrepreneurship and to provide expanded access to its programmes. The College worked hard to re-focus on its core business, teaching and learning, at both Community and Satellite Learning Centres. The College's strategy to diversify the programme to include non-formal and occupational programmes was central to the academic services and the focus was on seeking support from identified partners.

Sharing of infrastructure with the hosting schools improved as the memorandums of understanding were signed with schools hosting centres and this assisted in providing a conducive teaching environment for our students and academic staff. The complexity of the management of the College's operations continued to be the biggest challenge as there was limited capacity for administration due to a lack of approved organograms. The College focused on ensuring stability and functionality of the CLCs and Satellite Learning Centres (SLCs) despite the disruptions related to the unintended consequences of the implementation of pay and benefits for the academic staff.

The Free State CET College managed to successfully implement all the plans. The 2021 academic year was possible due to the unconditional support of the College Council, Management, Centre Managers, Lecturers, and the commitment of all stakeholders.

I am humbled and honoured to be part of this committed team with a clear vision and mandate of providing second chance opportunities to South Africans. It remains a great privilege to lead one of the greatest CET Colleges in the country. With our incredible staff, students, and valued stakeholders, I look forward to continuing to build a strong institution that belongs to everyone, bringing quality, impact, and care to our wider community in the Free State Province.

This annual report highlights the performance of the College using the following objectives:

- Expanded access to CET opportunities
- Improved success and efficiency in CET programmes and qualification
- Improved quality of provision in CET Colleges
- Improved responsiveness of the CET College system
- Improved business operations within the College



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Ms MA Matlawa  
Accounting Officer  
Date: 30 September 2022



### 3. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF THE ACCURACY OF THE ANNUAL REPORT

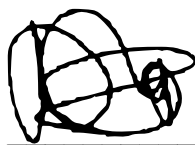
I, the undersigned, MA Matlawa, hereby declare that the information contained in the Annual Report is to the best of my knowledge and belief, true and correct as on the date set forth hereinbelow my signature.

I further certify that:

- As the Accounting Officer, I am 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, human resource information, and Annual Financial Statements.
- I am responsible for and take full responsibility for the preparation of this Annual Report and Annual Financial Statements and any decision made in connection therewith.
- All information and amounts disclosed throughout the Annual Report are consistent.
- The Annual Report is complete, accurate, and free from any omissions.
- The Annual Report has been prepared in accordance with the guidelines and prescripts issued by the National Treasury and 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 external auditors expressed 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 the Free State CET College for the financial year that ended 31 March 2021.

I acknowledge and understand that any intentional or negligent misrepresentation of the information contained in the aforesaid Report and Annual Financial Statements constitutes an act of misconduct and may result in the institution of disciplinary action, as well as criminal or civil proceedings, against me in terms of the relevant legislation.



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Ms MA Matlawa  
Accounting Officer  
Date: 30 September 2022



## 4. STRATEGIC OVERVIEW



### VISION

Uplifting and empowering communities with relevant knowledge and skills.



### MISSION

To widen participation and access to community education, skilling, training, and educating for employment and entrepreneurship and providing second chance learning opportunities.



### VALUES

- Respect
- Loyalty
- Integrity
- Honesty
- Teamwork
- Innovation
- Transparency
- Responsiveness



### STRATEGIC OBJECTIVES

- Expanded access to CET opportunities
- Improved success and efficiency in CET programmes and qualifications
- Improved quality of provision CET Colleges
- Improved responsiveness of the CET College system
- Improved business operations within the College



## 5. LEGISLATIVE AND OTHER MANDATES



## 5. LEGISLATIVE AND OTHER MANDATES

### 5.1. CONSTITUTIONAL MANDATE

The Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), Section 29(1)-(4), states as follows:

- 1) Everyone has the right-
  - a) to a basic education, including adult basic education; and
  - b) to further education, which the state, through reasonable measures, must make progressively available and accessible.
- 2) Everyone has the right to receive education in the official language or languages of their choice in public educational institutions where that education is reasonably practicable. In order to ensure the effective access to, and implementation of, this right, the state must consider all reasonable educational alternatives, including single medium institutions, taking into account-
  - a) equity;

- b) practicability; and
- c) the need to redress the results of past racially discriminatory laws and practices.
- 3) Everyone has the right to establish and maintain, at their own expense, independent educational institutions that -
  - a) do not discriminate on the basis of race;
  - b) are registered with the state; and
  - c) maintain standards that are not inferior to standards at comparable public educational institutions.
- 4) Subsection (3) does not preclude state subsidies for independent educational institutions.

Section 22 states that every citizen has the right to choose a trade, occupation, or profession freely. The practice of a trade, occupation, or profession may be regulated by law.

### 5.2. LEGISLATIVE AND POLICY MANDATES

Further sets of legislation that impact the CET Colleges sector and its strategic and national imperatives are listed below:

#### 5.2.1. Continuing Education and Training Act (No 16 of 2006)

Continuing Education and Training Act, 2006, provides for the regulation of continuing education and training through the establishment, governance, and funding of public colleges, including community education and training colleges, and the promotion of quality in continuing education and training.

#### 5.2.2. Skills Development Levies Act (No 9 of 1999)

To provide for the imposition of the levy with regard to improvement of workforce skills where every employer is obliged to pay a skills development levy at a certain rate of percentage of the leviable amount.

#### 5.2.3. Skills Development Act (No 97 of 1998)

To provide an institutional framework to devise and implement national, sector, and workplace strategies to develop and improve the skills of the South African workforce, learnerships that lead to recognised occupational qualifications, and regulate employment services.

#### 5.2.4. General and Further Education and Training Quality Assurance Act (No 58 of 2001)

To provide for the establishment, composition, and functioning of the General and Further Education and Training Quality Assurance

Council, quality assurance, to provide for the norms and standards for the curriculum and assessment, issue of certificates, and conduct of examinations.

#### 5.2.5. National Qualifications Framework (NQF) Act (No 67 of 2008)

To provide the National Qualification Framework and to provide for the responsibilities of the Minister of Higher Education and Training, South African Qualification Authority, as well as Quality Councils.

#### 5.2.6. Promotion of Access to Information Act (No 2 of 2000)

To give effect to the constitutional right of access to any information held by the State and any information that is held by another person and that is required for the exercise or protection of any rights, and to provide for matters connected therewith.

#### 5.2.7. Promotion of Administrative Justice Act (No 3 of 2000)

To give effect to the right to administrative action that is lawful, reasonable, and procedurally fair and to the right to written reasons for administrative action as contemplated in section 33 of the Constitution of the Republic of South Africa, 1996; and to provide for matters incidental thereto.

#### 5.2.8. Labour Relations Act (No 66 of 1995)

To advance economic development, social justice, labour peace, and the democratisation of the workplace by fulfilling the primary objectives of the Act.

### 5.2.9. Employment Equity Act (No 55 of 1988)

To achieve equity in the workplace by promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination and implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups, in order to ensure equitable representation in all occupational categories and levels in the workplace.

### 5.2.10. Occupational Health and Safety Act (No 85 of 1993)

The Occupational Health and Safety Act provides for the health and safety of persons at work as well as the protection of persons other than persons at work, against hazards to health and safety arising out of or in connection with the activities of persons at work.

### 5.2.11. Public Finance Management Act (No 1 of 1999) and its Regulations

The Public Finance Management Act (as amended by Act 29 of 1999), deals with funding and spending of the State monies. The Act promotes the objective of good financial management in order to maximise delivery through the efficient and effective use of limited resources.

### 5.2.12. Public Service Act of 1994

To provide for the organisation and administration of public service of the republic, the regulation of condition of employment, terms of office, discipline, retirement, and discharge of members of the public service and matters connected therewith.

### 5.2.13. Disaster Management Act (No 57 of 2002)

This act provides for an integrated and coordinated disaster management policy in South Africa that focuses on preventing and reducing the risk of disasters, mitigating the severity of disasters, emergency preparedness, rapid and effective response to disasters, and post-disaster recovery.

### 5.2.14. Other Policy and Legislative Mandates

- National Policy on Community Colleges, 2015
- South African Council of Educators Act - collective agreements of the relevant Bargaining Councils
- Higher Education and Training Management Information Systems Policy
- Human Resource Development Strategy
- National Skill Development Plan

- National Student Financial Aid Act
- Examinations and assessment policies
- Curriculum Policies
- National Development Plan: Vision 2030
- Electoral Mandate of the Sixth Administration
- National Norms and Standards for Funding \ Community Education and Training Colleges
- DHET Strategic Plan:2020/21-2024/25
- Sector Skills Plans
- White Paper for Post-School Education and Training, 2014
- National Trade Testing Regulations
- SETA Grant Regulations
- Presidential Infrastructure Coordinating Commission Report, 2012
- Skills for and through SIPs, 2014
- Free State Growth and Development Strategy (2013). Free State Vision 2030 – The future we want
- Integrated Development Plans (IDPs) – Mangaung Metropolitan Municipality, Xhariep District Municipality, Thabo Mofutsanyana District Municipality, Lejweleputswa District Municipality, and Fezile Dabi District Municipality

### 5.2.15. Institutional Policies

- Language Policy
- Admission Policy
- Student Code of Conduct
- SRC Constitution
- Bereavement Policy
- Risk Management Policy
- Unauthorised, Irregular and Fruitless & Wasteful Expenditure Policy
- Control of Gifts, Donations, and Sponsorship Policy
- Accounting Records Policy
- Asset Management Policy
- Bank Reconciliation Policy
- Borrowing Policy
- Credit and Garage Card Policy
- Creditors Management Policy
- Debt Managing Policy
- Tuition Fee Policy
- Payroll Administration Policy
- Subsistence and Travel Policy
- Vehicle Rental Policy
- Cash Management Policy
- Petty Cash Policy
- Facility Hire Policy
- Use of Telephone Policy
- Cellular Telephone and Mobile Device Reimbursement Policy
- Supply Chain Management Policy

# 6. HIGH-LEVEL ORGANISATIONAL STRUCTURE



**PRINCIPAL**

Ms. Mpopolele Agnes Matlawa



**PERSONAL ASSISTANT**

Ms. Dimpho Irene Nonyane



**DEPUTY PRINCIPAL ACADEMIC**

Mr. Thabo Patrick Khambule



**DEPUTY PRINCIPAL CORPORATE SERVICES**

Mrs. Motshidisi Cynthiah Adeline Sebeela



**ACTING DEPUTY PRINCIPAL FINANCE**

Me AN Khwinana

NB: Lack of approved organogram for the CET Colleges impacted the performance of the College negatively.



## 6.1. PERFORMANCE REPORT

The General Education and Training Certificate Ceremony is always the pride of the College. Due to a lack of human capacity in the College's finance section, this annual event was not celebrated in 2021 as it has been the practice. The purpose of the event was to promote a culture of excellent performance in the community learning centres. The ceremony recognises the best performing lecturers, centre managers, and students who were awarded trophies and certificates.

### 6.1.1. Significant achievements during the academic year

It is expected of the Academic Board to establish sub-committees. This has been a challenge due to the vastness of the geographical location of centres. In 2021, the Academic Board managed to establish the following sub-committees:

- Curriculum Committee
- Policy Committee
- Student and Community Support Services

### 6.1.2. Programme Qualification Mix

In addition to AET Levels 1 to 4 and ASC, the College has introduced non-formal and occupational part qualifications in the Community Learning Centres.

In addition to the six pilot centres, programme diversification is visible and is summarised as follows:

Table A: Occupational Part Qualifications

NO	NAME OF CLC/SLC	ENROLMENT	PROGRAMME	SUC-CESS RATE	PARTNERSHIP
1.	Menyatso SLC	35	Automotive Spray Painter	100%	LGSETA (fund-ing) C3 Training Academy
2.	Ikatametseng SLC	46	Automotive Body Repair	100%	LGSETA (fund-ing) C3 Training Academy
3.	Mpumalanga SLC	8	Business Practices	100%	FASSET (Funding)
4.	Ponelopele CLC	9	Business Practices	100%	FASSET (Funding)
5.	Katlehong CLC	9	Business Practices	100%	FASSET (Funding)
6.	Tumahole CLC	20	Business Practices	100%	FASSET (Funding)

### 6.1.3. College Accreditation

The College is required to deliver accredited occupational skills programmes in order to achieve its targeted qualification mix. Since the migration to DHET in 2015, the Free State CET College has been struggling to get accreditation in these programmes. The Quality Council for Trades and Occupation (QTCO) came to board during the previous financial year to assist the college with the accreditation of the two pilot centres. Both Tumahole and Rutegang CLCs have been accredited in Computer and Digital Support Assistant.

## 6.1.4. Piloting the CET concept in our College

The six pilot CLCs in line with the CET plan were as follows

Table B: Pilot Centers Programme diversification

NO.	NAME OF CLC	ENROLMENT	PROGRAMMES OFFERED	PARTNERSHIP	RESOURCES	ASSISTANCE NEED-ED FROM DHET
1	Rutegang	333	AET Sub Level 1= 9 (Special needs) AET Sub Level 3=22+14 (Special Needs) GETC=60+8 (Blind and 4 partially sighted) ASC=189+8 (Special Needs) Skills=19	Blind SA WRSETA		Post for an admin clerk
2	Letjhabile	614	AET Sub-level 3=13 AET level 4=230 ASC=371		-30 computers -data projector -data projector screen and 5 printers -Welding equipment -Workshops	Post for an admin clerk
3.	Tumahole	300	AET Sub-level 3=13 AET level 4=14 ASC=103 Occupational=20 Non formal programmes: K53 Learners' license=150	FASSET	-30 computers -data projector -data projector screen and 5 printers	Post for an admin clerk
4.	Zakhele Ikusasa	216	AET Sub-level 1=32 (special needs) AET Sub-level 2=25 (special needs) AET Sub-level 3=25+10 (special needs) AET level 4=52 ASC=23 Non-formal programmes=49	SANCB CWP (Community Work Programme)	-Braille paper -Braille ma-chines -Assistive de-vices -LTSM in Braille	Post for an admin clerk
5.	Boitumelo	171	AET Sub-level 2=19 AET Sub-level 3=35 AET Sub-Level 4=39 ASC=78		-30 computers -data projector -data projector screen and 5 printers	Post for an admin clerk
6.	Tjheseho	68	AET Sub-level 3=6 AET Sub-level 4=24 ASC=29 Non-formal=9 (K53)		-30 computers -data projector -data projector screen and 5 printers	Post for an admin clerk  Farming equipment



**a) FASSETA: Business Practices**

Forty-seven (47) learners from Katlehong CLC in Phuthaditjhaba, Tumahole CLC in Parys, Pamelopele CLC in Mangaung, and Mpumalanga SLC in Phillipolis completed training. Statements of results were received and the pass rate is 100%. Students were paid the last stipends of one thousand five hundred rands (R1500) per month for the duration of training (three months) which made a huge impact on their livelihoods.

**b) WRSETA: Business Practices**

One hundred (100) learners were recruited to participate in the Business Practices skills programme which is funded by WRSETA. Learners were from Lesedi la Setjhaba SLC in Edenburg, Rutegang CLC in Thaba'Nchu, Boitumelo CLC in Kroonstad, Itsoseng SLC in Botshabelo, and Seinodi SLC in Qwaqwa. Training started on 9 May 2022 at all five of these venues and

there are ninety-four learners (94) participating as six (6) students dropped out.

**c) Services SETA: Carpenter, joiner, and hairdresser**

Ten (10) lecturers from Seinodi, Zakhele Ikusasa, and Katlehong CLCs, all from Phuthaditjhaba, were recruited for this training. These trainees were divided into two (2) groups of five (5).

**d) WRSETA: Reitz Project**

The College received funding for the construction of the Tjheseho Community Learning Centre as Agricultural Skills Hub. The process of appointing the Principal Agent with a multidisciplinary team of engineers has started.

**e) W&RSETA Tjheseho Project**

Reitz Project meeting of Free State CET College, W&RSETA, and Nketoana Local Municipality in Reitz:





A site visit meeting at Reitz on the land where Tjheseho Agricultural Skills Hub will be built. Below are officials from Nketoana Local Municipality, W&RSETA, and the Free State CET College:

The land where the Tjheseho Agricultural Skills Hub will be constructed:



**f) ETDP-SETA**

**•Bursary**

The College has received funding from ETDP-SETA for five (5) lecturers to further their studies at the university of their choice.

**•Maths and Science**

The College has received funding from ETDP SETA for the training of five (5) lecturers in Mathematics and Natural Sciences.

**•Skills programmes**

The College has received funding from ETDP SETA for the training of lecturers in three skills programmes, i.e. Arc Welding, automotive spray painter, and automotive body repair.

**g) merSETA**

A total of 48 students were trained in Automotive Body Repair and another 45 were trained in Automotive Spray Painting. The College collaborated with C3 Training Academy and was funded by merSETA. Each student was paid a once-off stipend. Twenty-two (22) students who were trained, were employed by the workshops where they did their work experience training in Bloemfontein. One (1) student took part in the National Artisan Competition and won the competition. This student represented the country at the World Skills Competition on the international stage in China. Six students from the same group were awarded bursaries by Hollard Insurance Company to do a full qualification, and this has been the greatest achievement for the College.

**h) LGSETA**

•Seventy (70) students participated in the Automotive Body Repair skills programme. Training took place in Lindley and was completed in December 2021. They were found to be competent.

•Sixty-eight (68) students participated in the Automotive Spray Painter skills programme. Training took place in Petrus Steyn. It was completed in November 2021 and fifty (50) were found competent.

**i) WRSETA:ICT**

**•Mobile ICT**

A mobile ICT lab was procured and installed at Letjhabile CLC in Welkom.

**•Renovations**

At Boitumelo CLC, the identified classrooms' floors were tiled, the walls were painted, and burglar bars were installed on the windows and doors.

At Letjhabile CLC in Welkom, the identified classrooms' floors were tiled, the walls were painted, and burglar bars were installed on the windows and doors. A ceiling was constructed in both classrooms.

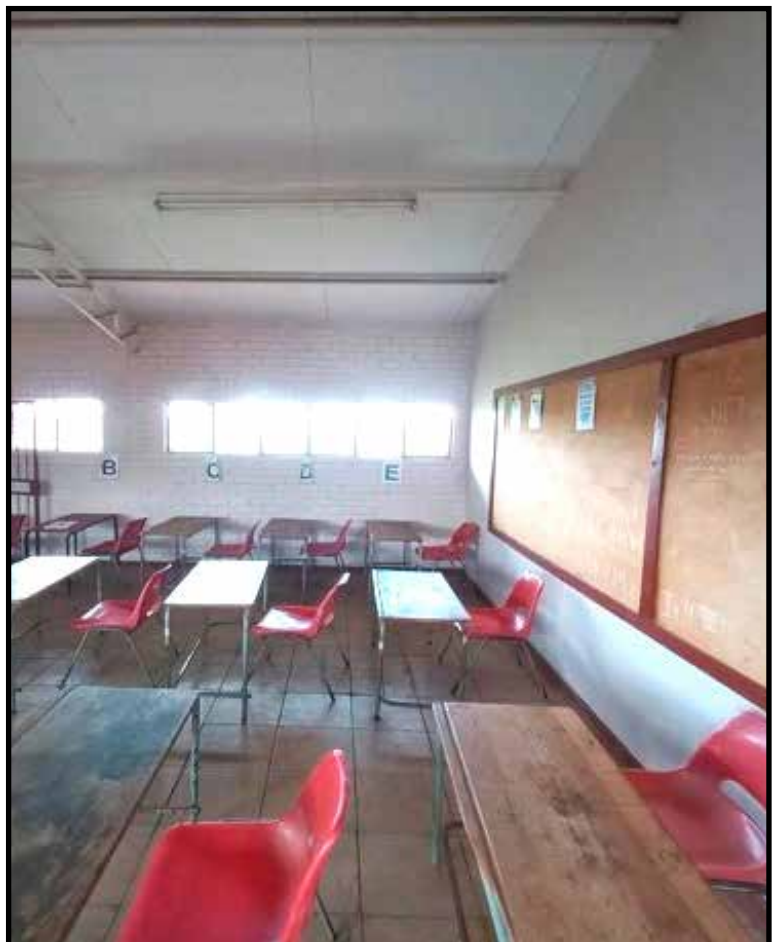
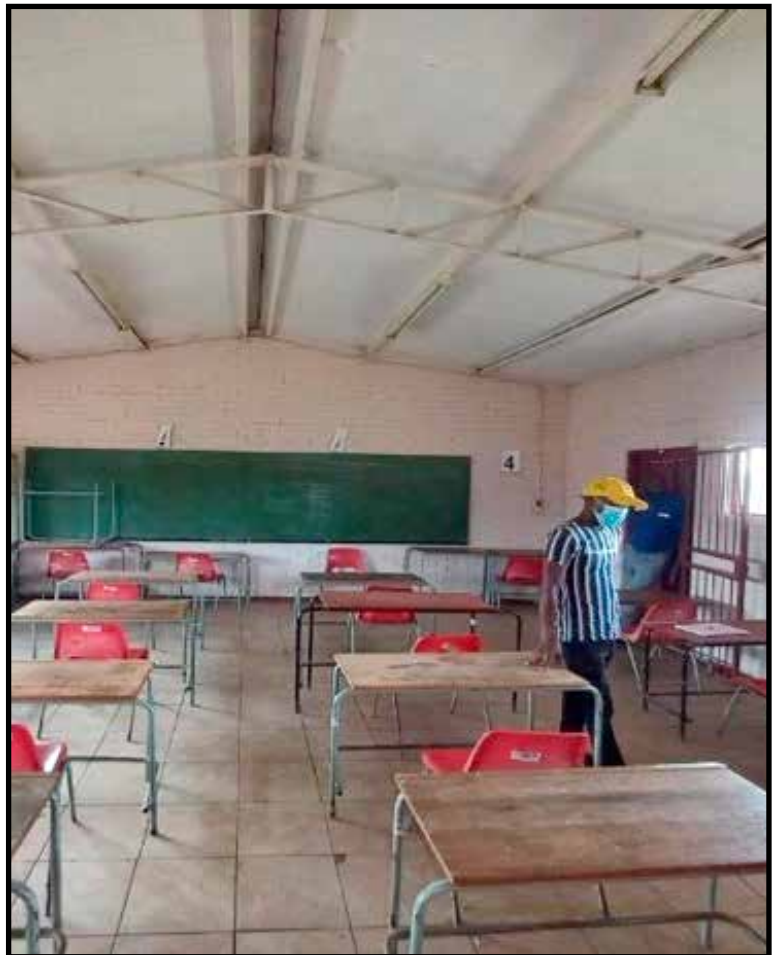
**•Furniture**

Furniture for the labs at Boitumelo and Letjhabile was procured and it was delivered.

**•Letjhabile CLC**

College Management procured a mobile classroom. The centre has identified a classroom that has been converted into a computer lab.

Below are pictures of the classroom that was identified at Letjhabile CLC, for the Wholesale and Retail Sector Education and Training ICT Project before the renovations:



Below are pictures of the classroom after it was renovated



Below are pictures of the mobile classroom that was installed at Letjhabile Community Learning Centre:





Below are pictures of the classroom that was identified at Boitumelo CLC, for the Wholesale and Retail Sector Education and Training ICT Project before the renovations:



Below is a picture of the classroom at Boitumelo CLC after it was renovated:



## 6.2. ANNUAL PERFORMANCE ACHIEVEMENTS

During the period of reporting, the College managed to achieve as per the table below:

Table C: Targets

Output Indicator	Planned Target for 2021/22	Actual Achievement 2020/21
Number of students enrolled in CET programmes increased	15 785	Not achieved
AET Level 1-4	7 732	Not achieved
NQF Level 4	5 305	Achieved
Occupations	2 368	Not achieved
Entrepreneurship	380	Not achieved
Equity targets		Not achieved
Women (60%)	9 471	Not achieved
Disabilities	316	
African (88.7%)	15 454	
Whites (8.9%)	15	
Coloured (2%)	316	
Indians (0.4%)	0	Not achieved
Percentage of certification programmes and qualifications improved	30.3%	Not achieved
AET L1-L3	70%	Over-achieved
GETC	49%	Not achieved
Occupations	50%	Over-achieved
Entrepreneurship:	60%	Over-achieved
Number of signed MoAs for infrastructure utilisation by annum	61	Over-achieved
Number of lecturers trained	200	Achieved
Number of CLCs piloted	6	Achieved
Number of Maths/Science supported	1	Achieved
Number of accredited qualifications offered in CLCs and SLCs	1	Achieved
Number of Pilot Centres using blended learning mode by 31 March	1	Not achieved
Number of students receiving learning and teaching support material	15 785	Achieved
Number of lecturers provided with LTSM	281	Achieved
Number of students receiving student support services	15785	Achieved

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Output Indicator	Planned Target for 2021/22	Actual Achievement 2020/21
Number of SRC members trained	12	Achieved
Number of College Management and Council Members provided with leadership and institutional governance programmes biannually College Management Council Members Centre management	0 16 50	Over-achieved
Percentage of examination centres complying with the standards for the conduct, administration, and management of examination	100%	Achieved
Number of teaching and learning improvement plans implemented per annum	2	Achieved
Number of new qualifications and programme offering diversified	4	Achieved
Number of financial management systems fully implemented	1	Achieved
Number of revised Supply Chain Management Policies	1	Achieved
Number of Internet Connections in-stalled	15	Not achieved
Number of effective record management systems	1	Achieved
Percentage of Compliance with HRD and HR Administration policies	100%	Achieved

As per the table above, the College achieved 68.75% of its objectives. The under-achievement could be attributed to the Covid-19 pandemic that hit South Africa. The academic staff did not do intensive recruitment of students as they were demoralised due to the unintended consequences of the implementation of standardisation of pay and benefits, where in some instances they did not get their salaries. There were a lot of centre evictions by hosting schools and that led to the delays in the reopening of centres.



## 7. COLLEGE PERFORMANCE IN TERMS OF STRATEGIC OBJECTIVES



## 7. COLLEGE PERFORMANCE IN TERMS OF STRATEGIC OBJECTIVES

Strategic Objective	Output	Output Indicator	Planned Target	Actual Achievement	Deviation	Comment on deviation
1. Expanded access to CET opportunities	Access to CET opportunities in terms of enrolment is expanded	Number of students enrolled in CET programmes increased	15 785	13 005	-2 780	The College will work on an advocacy strategy.
		AET Level 1-4	7 732	7 021	711	The College will work on an advocacy strategy.
		NQF Level 4	5 305	5 662	357	There are more students interested in the Senior Certificate.
		Occupations	2 368	127	-2 241	Success depends on funding from SETAs.
		Entrepreneurship	380	195	-185	Success depends on funding from SETAs.
		Equity targets				
		Women (60%)	9 471	7 803	-1 668	
		Disabilities	316	195	-121	
		African (88.7%)	15 454	12 768		
		White (8.9%)	15	68		
		Coloured (2%)	316	164	-2 686	
		Indian (0.%)	0	5		
	Success and efficiency in CET programmes and qualifications improved	Percentage of certification pro-grammes and qualifications improved				
		AET L1-L3	70%	83.1%		
		GETC	49%	30.3%	-18,7%	The college will develop and implement the improvement plan.
		NQF Level 4	60%			Results not available.
		Occupations	50%	100%	50%	Students are motivated by payments of stipends/ allowances.



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Strategic Objective	Output	Output Indicator	Planned Target	Actual Achievement	Deviation	Comment on deviation
		Entrepreneurship	60%	100%	40%	
	Signed MoAs for infrastructure utilisation	Number of signed MoAs for infrastructure utilisation by annum	61	81	20	Free State Department of Education provided support.
2. Improved quality of provision CET Colleges	Number of lecturers trained	Number of lecturers trained	200	116	-84	More training sessions will be organised.
	CET concept piloted in CLCs to improve quality of provision in CET	Number of CLCs piloted	6	6	0	
	Maths/Science centres supported	33.Number of Maths/Science supported	1	1		Achieved
	The number of accredited qualifications increased	34.Number of accredited qualifications offered in CLCs and SLCs	1	1	1	Achieved
	Centres using blended learning mode piloted	35.Number of Pilot Centres using blended learning mode	1	0	-1	Two pilot centres have been prepared for blended learning.
	Students provided with LTSM	Number of students receiving learning and teaching support material	15 785	13 005	-2 235	LTSM is provided to registered students.
	Lecturers provided with LTSM	Number of lecturers provided with LTSM	200	200		Achieved
	Student Support Services provided to students	Number of students receiving Student Support Services	15 785	13 005	2 235	Student Support Services are provided to all registered students.
	Members of SRC capacitated through induction and training	Number of SRC members trained	12	12		Achieved
	College Management and Council members provided with leadership and institutional governance biannually	Number of College Management and Council members provided with leadership and institutional governance programmes biannually				
College management			0	4	4	Achieved
Centre management			50	50		Achieved
	Members of Council		16	15		

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Strategic Objective	Output	Output Indicator	Planned Target	Actual Achievement	Deviation	Comment on deviation
	Compliance of Centres with the standards for the conduct, administration, and management of examination	Percentage of examination centres complying with the standards for the conduct, administration, and management of examination	100%	100%		Achieved
	Teaching and learning improvement plans implemented per annum	Number of teaching and learning improvement plans implemented per annum	2	2	1	There are two examinations per year.
Improved responsiveness of CET College system	New qualifications and programme offering introduced	Number of new qualifications and programme offering diversified	4	5		The SCM policy is still effective
Improved business operations within the college	Financial management systems fully implemented	Number of financial management systems fully implemented	1	1		
	Revised Supply Chain Management Policies	Number of revised Supply Chain Management Policies	1	1		
	Internet Connections installed	Number of Internet Connections in-stalled	15	0	-15	
	Effective record management systems	Number of effective record management systems	1	1		The record management system is still effective.
	Compliance with HRD and HR Administration policies	5.5.Percentage of Compliance with HRD and HR Administration policies	100%	100%		Achieved

## 7.1. STRATEGY TO DEAL WITH UNDERPERFORMANCE

Strategic Objective	Output	Output Indicator	Planned Target	Actual Achievement	Deviation	Strategy to deal with underperformance
1. Expanded access to CET opportunities	Access to CET opportunities in terms of enrolment is expanded	Number of students enrolled in CET programmes increased	15 785	13 005	-2 780	More aggressive marketing, advocacy, and recruitment campaign will be developed and implemented. Student verification with the support of the CET regional office will be conducted quarterly.
	Success and efficiency in CET programmes and qualifications improved	Percentage of certification programmes and qualifications improved	49%	30.3%	18.7%	The College will develop and implement academic improvement plans.
	Centres using blended learning mode piloted	3.5.Number of Pilot Centres using blended learning mode.	1	0	1	The target has been included in the 2022/23 APP targets and Operational Plan.
2. Improved quality of provision CET Colleges	Students provided with LTSM	Number of students receiving learning and teaching support material	15 785	13 005	-2 780	All enrolled students have been provided with LTSM.
Improved business operations within the college	Internet connections installed	Number of Internet connections installed	15	0		The target has been included in the 2022/23 APP and operational plan.



## **8. CONSTITUTION OF THE COLLEGE COUNCIL AND GOVERNANCE STRUCTURES**



## 8.1. COLLEGE COUNCIL

The governance structures of the college are as follows:

Table D: Council Members

NO.	TITLE	INITIALS	SURNAME	POSITION	NATURE OF APPOINTMENT
1.	Dr	Khotso	De Wee	Chairperson	Section 10(4)(b)
2.	Adv.	Thato	Moeeng	Deputy Chairperson	Section 10(4)(b)
3.	Ms	Agnes	Matlawa	Principal	Accounting Officer
4.	Adv.	Maphuti	Komape	Council Member	Section 10(4)(b)
5.	Mr	Godfrey	Mothate	Council Member	Staff Representative
6.	Mr	Trevor	Mokeyane	Council Member	Section 10(4)(b)
7.	Mr	Thabo	Khambule	Secretary	Academic Board Representative
8.	Mr	Mandla	Maleka	Council Member	Section 10(6)
9.	Mr	Lefa Ben	Mabaso	Council Member	Section 10(6)
10.	Ms	Ntokozo	Dlamini	Council Member	Section 10(4)(b)
11.	Ms	Patricia	Makofane	Council Member	Section 10(6)
12.	Ms	Victoria	Koma	Council Member	Section 10(6)
13.	Mr	Eurest	Tseole	Lecturer Representative	Lecturer Representative
14.	Ms	Stompie	Jumba	SRC President	SRC Representative
15.	Ms	Ntombizandile	Zweni	SRC Secretary	SRC Representative

## 8.2. THE ACADEMIC BOARD

Table E: Academic Board Members

NO.	SURNAME	INITIALS	POSITION
1.	Matlawa	A.M	Accounting Officer - Principal
2.	Khambule	T. P	Acting Deputy Principal
3.	Segwe	N. G	Regional Office Official
4.	Mabaso	L	Council Member
5.	Hlole	M.C	Centre Manager
6.	Mothudi	A	Centre Manager
7.	Mahalapa	M	Centre Manager
8.	Mothijoa	P. A	Centre Manager
9.	Nkomo	P. P	Lecturer
10.	Motshale	M	Lecturer
11.	Motseng	M	Lecturer
12.	Cupido	G.H	Centre Manager
13.	Letoane	M.S	Lecturer
14.	Mqekane	N. G	Centre Manager
15.	Malo	K. E	Centre Manager
16.	Putsoane	S	Centre Manager
17.	Phumo	T. S	Centre Manager
18.	Charles	V.I	Lecturer
19.	Tseole	EM	Lecturer
20.	Jumba	S	SRC Chairperson

## 8.3. COMMITTEES OF THE COUNCIL

The Council managed to establish the following committees and their functionality was in terms of the CET Act:

### 8.3.1 EXECUTIVE COMMITTEE

Table F: Executive Committee Members

NO.	TITLE	INITIALS	SURNAME	POSITION
1.	Dr	Khotso	De Wee	Chairperson
2.	Adv.	Thato	Moeeng	Member
3.	Ms	Agnes	Matlawa	Principal
4.	Adv.	Maphuti	Komape	Member
5.	Mr	Trevor	Mokeyane	Member
6.	Mrs	Ntokozo	Dlamini	Member

### 8.3.2 PARTNERSHIP AND LIAISON COMMITTEE

Table G: Partnership and Liaison Committee Members

NO.	TITLE	INITIALS	SURNAME	POSITION
1.	Mr	Trevor	Mokeyane	Chairperson
2.	Ms	Agnes	Matlawa	Principal
3.	Mrs	Motshidisi	Sebeela	Member
4.	Mr	Thabo	Khambule	Secretary
5.	Mr	Godfrey	Mothate	Member
6.	Mr	Lefa	Mabaso	Member
7.	Ms	Ntombizandile	Zweni	SRC Representative

### 8.3.3 CONDITIONS OF SERVICE COMMITTEE

Table H: Condition of Service Committee Members

NO.	TITLE	INITIALS	SURNAME	POSITION
1.	Ms.	Ntokozo	Dlamini	Chairperson
2.	Adv.	Maphuti	Komape	Council Member
3.	Mrs	Motshidisi	Sebeela	Member
4.	Mr	Godfrey	Mothate	Council Member
5.	Mrs	Pinky	Moroane	Member
6.	Ms	Patricia	Makofane	Council Member
7.	Mr	Modupe	Tseole	Lecturer Representative

## 8.3.4 PLANNING AND RESOURCE COMMITTEE

Table I: Planning and Resource Committee Members

NO.	TITLE	INITIALS	SURNAME	POSITION
1.	Adv.	Maphuti	Komape	Chairperson
2.	Mr	Trevor	Mokeyane	Member
3.	Mrs	Motshidisi	Sebeela	Member
4.	Mrs	Tshoane	Moroane	Member
5.	Mr	Thabo	Khambule	Secretary
6.	Ms	Patricia	Makofane	Member
7.	Mr	Modupe	Tseole	Lecturer Reprе-sentative
8.	Ms	Stompi	Jumba	SRC Representative

## 8.3.5 FINANCE COMMITTEE

Table J: Finance Committee Members

NO.	TITLE	INITIALS	SURNAME	POSITION
1.	Mr	Mandla	Maleka	Chairperson
2.	Ms	Agnes	Matlawa	Principal
3.	Adv.	Maphuti	Komape	Member
4.	Mr	Josias	Mofokeng	Member

## 8.3.6 AUDIT AND RISK MANAGEMENT COMMITTEE

Table K: Audit and Risk Management Committee Members

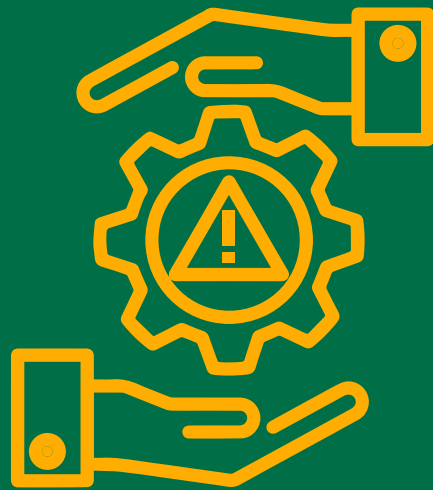
NO.	TITLE	INITIALS	SURNAME	POSITION
1.	Adv.	Thato	Moeeng	Chairperson
2.	Ms	Agnes	Matlawa	Principal
3.	Mr	Thabo	Khambule	Secretary
4.	Ms	Motshidisi	Sebeela	Member
5.	Mrs	Victoria	Koma	Member



## 8.3.7. MEMBERS OF SRC

Table L: SRC Members

PORTFOLIOS	NAME AND SURNAME
PRESIDENT	Stompie Jumba
1. Deputy President	Aletta Modiko
2. General-Secretary	Ntombizandile Zweni
3. Deputy Secretary	Rapelang Mokoena
4. Treasurer	Tumelo Tsotetsi
5. Sports, Arts, and Culture Officer	Godfrey Tekenya
6. Partnership and Community Liaison Officer	Malehlohonolo Sekhopa
7. Education and Academic Support Officer	Ntsoaki Kalane
8. Moral and Ethic Officer	Sello Masiu
9. Student Welfare, Gender and Disability Officer	Teboho Sithole
10. Additional Member	Keneiloe Makoanyane
11. Additional Member	Thapelo Motseki



## 9. RISK MANAGEMENT



## 9. RISK MANAGEMENT

In recognition of its role as an integral component in the oversight of the risk management process, the committee reviewed the activities of the risk management function.

**Significantly, the committee:**

- had oversight of the strategic risks of the organisation, where it monitored the implementation of the mitigations agreed with management to manage the risks to an acceptable level, as well as approved the strategic risk profile for the 2021-22 performance period;
- had oversight of the assurance received from the internal auditors on the risk management function; and
- reviewed issues raised by internal audit functions and the corrective action committed to and undertaken by management to address the associated exposure.

The Committee was satisfied with the effectiveness of its oversight of the governance of risk and the effectiveness of the design and implementation of the internal controls

to address organisational risks. Furthermore, the committee considered the information presented to it relating to the control environment as reported by the various assurance providers, and was pleased to report that while there are areas requiring improvement, the internal controls in place were largely adequate and effective, with an overall risk rating of “medium”.

The risk register aimed to identify the risks associated with the College and try to analyse its impact and eventually mitigate these risks. Each and every unit within the College should identify its risks and then mitigate them. The role of finance was to coordinate these risks and compile a risk register for the entire College.

These risks were frequently evaluated to see if responsible units at the College have tried to mitigate them so that the impact is minimised. The following were identified as risks and tabled to the Audit and Risk Committee of the College quarterly:

Risk ID	Description of risk	Impact	Response	Section	Risk owner	Progress
22	Poor controls around monitoring of staff attendance at CLCs	There are no controls in place to monitor the lack of attendance by lecturers. There is a possibility of lecturers being compensated for not executing their duties. This might affect service delivery	There should be attendance registers signed by students, lecturers, and Center managers. These registers should be monitored weekly by Center managers and monthly by HR. Due to logistical challenges, Center manager may scan and email those registers to HR once a month. Non-attendance should be investigated and disciplinary action taken where applicable.	HR	Mrs Sebeela	There are time registers for the academic staff and attendance registers for students which serves as control measures in place to ensure attendance. Centre managers have the responsibility of monitoring attendance at the Centres. The risk still exists but is being addressed.
23	Ineffective Internal Audit Unit due to lack of financial resources	Insufficient assurance provided to the audit and risk committee on the matter of risk management, Control Effectiveness and Governance due to resources only limited to Head Office. Internal Audit can not fully execute its responsibilities due to budget constraints.	There should be a budget allocation for the Internal Audit Unit to function effectively.	Executive	Ms Matlawa	There is no human resources for Internal Audit Unit. This might have adverse effects on the functionality of the Audit and Risk Committee. The risk still exist.
24	No IT department established in the College	This might result in data loss - Information stored in multiple computers, may not be recovered in case of a disaster	Use of personal storage components (such as USB, and external hard drives) is encouraged, up to a period when resources are available and provided to staff. Alternatively, Microsoft Cloud is used to store information.	Executive	Ms Matlawa	There is no IT Department established in the College. The risk still exist.

Risk ID	Description of risk	Impact	Response	Section	Risk owner	Progress
25	SAICA contracts are expiring as of 31 August 2021	<p>Fraud and manipulation of controls due to lack of segregation of duties.</p> <p>Misstatements in the reported financial information, due to inexperienced personnel (Interns)</p> <p>Non-compliance with CET Act 16 of 2006 and the requirements set in the Gazette, issued by the Minister of DHET. This may lead to a regression in the College's audit opinion.</p>	No response	Executive	Ms Matlawa	No risk mitigation strategy in place to mitigate the risk
26	Lack of staff in SCM and Finance Unit	<p>Fraud and manipulation of controls due to lack of segregation of duties.</p> <p>Misstatements in the reported financial information, due to inexperienced personnel (Interns)</p> <p>Non-compliance with CET Act 16 of 2006 and the requirements set in the Gazette issued by the Minister of DHET. This may lead to a regression in the colleges audit opinion.</p>	The Department of Higher Education and Training is looking at alternative solutions to address the staffing of the College.	Executive	Ms Matlawa	No risk mitigation strategy in place to mitigate the risk



## 10. REPORT OF COMMITTEES OF THE COUNCIL



## 10.1 EXECUTIVE COMMITTEE

The Executive Committee of the Council has adopted the College Statute and that has been approved by the College Council. They ensured that they submit it for council consideration

and recommendation, which will implement the college strategic plan, monitor the college operations and financial performance, and address other matters as necessary.

## 10.2. ACADEMIC BOARD

The Board was accountable to the Council for the academic functions of the college, the participation of women, and disabled persons in the learning programmes. The highlight of the Board was the development and implementation of a Student Placement Test/Tool. The Academic Board has been functional as per the CET Act.

The meetings of the Academic Board were held in accordance with the prescripts of the law, which is at least one meeting per quarter. At those meetings, crucial decisions were made and

they were later tabled to the ordinary meetings of the College Council for approval.

**The following were reviewed by the Academic Board and approved by the Council:**

- Review of the language policy
- Review of an admission policy

The Academic Board managed to establish three (3) sub-committees, namely the Curriculum, Policy Review, and Student and Community Support Services Sub-committees.

## 10.3 STUDENT REPRESENTATIVE COUNCIL

In line with the CET Act, students have representation in all Free State CET College governance structures. As an institution, the Free State CET College recognises and values our Student Representative Council (SRC) as the umbrella representative body of students.

The election processes of the SRC usually start every January up to February. The trained official conducts all the elections, ensuring that the election processes were fair, transparent, and done democratically.

The newly elected SRC members attended an induction programme. The programme covered different topics which include, amongst others, the SRC Constitution, including the Code of Conduct, and the role of the SRC in the Council.

The student leadership development not only assists student leaders through an experiential approach that is grounded in a theoretical framework, but it also communicates to student leaders that they are valued, appreciated, and considered integral to the governing structures at the Free State CET College.

## 10.4 FINANCE COMMITTEE

The Finance Committee has performed its duties diligently by ensuring that the annual financial statements of the College for the 2021 financial year are audited and submitted to the Department of Higher Education and Training. The financial statements were compiled in accordance with GRAP standards and presented to the Finance Committee. It was eventually tabled to the Council and adopted by the College Council.

The management letter was presented to this Committee so that the audit action plan was drafted and approved by the Accounting Officer.

The budget was compiled and presented to the Finance Com-

mittee in line with the final budget allocation letters received from the Department of Higher Education and Training. After careful analysis, the Finance Committee recommended the comprehensive budget to the College Council for adoption, and thereafter the budget was captured on our business central financial management system to administer the day-to-day operational needs and procurement needs of the College. Quarterly finance management reports were presented to the Finance Committee and College Council and they portrayed an encouraging and healthy financial state of affairs in terms of the liquidity of the College.

## 10.5 CONDITIONS OF SERVICE COMMITTEE

### The Conditions of Service Committee has effectively and efficiently executed the following responsibilities:

- Periodically reviewed and approved new Human Resource policies of the College;
- monitored the College's performance against its HR or work-force plan;
- monitored the performance management and development systems and their impact on individual and organisational performance;
- monitored the College performance against defined strategic HR targets;

- monitored systems and procedures for all Council-approved Human Resources and Employment Equity policies;
- monitored the management development programmes of the College; and
- reviewed and reported to the full Council, with recommendations.

The Conditions of Service Committee fully supported the College in its vision, as embodied in the strategic documents, and its journey of improved service delivery to the students of the College.

### 10.5.1 Human Resource Management and Administration

- Academic staff

The number of academic staff was as follows:

Table N: Academic Staff

NO	DISTRICTS	CENTRE MANAGERS	ACTING- CENTRE MANAGERS	LECTURERS	CURRENT TOTAL
1.	Fezile Dabi	26	4	138	168
2.	Lejweleputswa	23	8	118	149
3.	Motheo	45	8	224	277
4.	Thabo Mofutsanyana	42	7	175	224
5.	Xhariep	12	5	73	90
TOTAL		148	32	728	908

- Support Staff

Table O: Support Staff

PRINCIPAL	DEPUTIES	ASD: ADMIN	SAO	PA	INTERNS	VACANCIES
1	3	1	1	1	0	1 Project Administrator



**• SAICA Staff**

The DHET/SAICA Financial Management Support project was terminated on 31 August 2021. The college lost the following staff members:

- 1 Senior Financial Advisor (ended in December 2021)
- 3 Managers: (Audit Manager, Supply Chain Manager, and Finance Manager)

**• Finance Interns**

**10.5.1.2 Recruitment and Selection**

The following positions were advertised and filled:

- Project Administrator
- 25 lecturers
- Four additional council members

**10.5.1.3. New Appointments**

- The Deputy Principal: Academic was appointed with effect from 1 August 2021.

**10.5.1.4. Terminations**

- The Deputy Principal: Finance resigned on 29 October 2021.
- There were 31 terminations for Academic Staff.

**10.5.1.5. Progress with the implementation of standardisation.**

- The Department of Higher Education and Training paid academic staff, and 607 Relative Education Qualification Value (REQV) alignment payments for academic staff were implemented on 9 December 2021. However, not all academic staff received the adjustment payment. The College worked with the department to implement the outstanding payments for those who qualified.
- The total number included the employees who have been terminated since 2021.

- The College has made numerous enquiries pertaining to the matter

**10.5.2. Human Resource Development**

**10.5.2.1. Performance Management and Development**

- o Annual Assessment Performance was conducted for all Support Staff of the College. The cycle ended on 31 March 2022.

**10.5.2.2. Training and Development**

- 11 College Head Office staff members were trained on Policy & Procedure on Incapacity Leave and Ill-Health Retirement by the Department of Higher Education and Training, Human Resource Management and Administration.
- 50 Centre Managers of the Thabo Mofutsanyana District were trained on Policy & Procedure on Incapacity Leave and Ill-Health Retirement by the Department of Higher Education and Training, Human Resource Management and Administration.
- The Government Employees Pension Fund (GEPF) workshop was conducted by the GEPF Liaison Officer for Lejweleputs-wa for 61 Lecturers and 22 Centre Managers.
- The office has received 180 certificates in Basic Computer Literacy for Centre Managers.
- Head Office staff members also received the Advanced Excel Certificate.

**10.5.2.3. Council Training**

- All Council Members were trained on Thursday 31 March 2022. The training was on the King Report IV.

**10.5.3. Labour Relations**

**Table P: Labour Relations**

Grievance	Type
Wesselsbron	Qualification of improvement
Lengau	Service Benefits
Rutegang	Improvement of Qualification
Misconduct	Type
Mpho Satellite	Excessive Absenteeism
BM Mokotjo	Excessive Absenteeism
Sekolo	Excessive Absenteeism
Tsamaiso	Excessive Absenteeism
Tikwe	Excessive Absenteeism
Mmuelli	Poor Performance
Dispute	Type
GPSSBC	Unfair Labour Practice
SAAEU	Lodged complaint at GBSSBC regarding implementation of standardisation

## 10.6. PLANNING AND RESOURCES COMMITTEE

The College had a functional Planning and Resources Committee. The functions of the committee included the development of the college strategic plan, annual performance plan, and

preparing an annual report for approval by the Council. The Committee also ensured that the College's operational plan has been developed in line with the approved Annual Performance Plan.

10.6.1. Schedule of 2021 meetings for ordinary council and committees of council

**Table Q: Council Meetings**

Type of meeting	TIME	1 2021	2 2021	3 2021	4 2021
Academic Board	09:00 -16:00	11 March 2021	9 June 2021	13 September 2021	22 November 2021
Planning and Resources Committee	09:00 - 12:00	15 March 2021	10 June 2021	14 September 2021	23 November 2021
Partnership Liaison Committee	13:00 - 16:00	15 March 2021	10 June 2021	14 September 2021	23 November 2021
Human Resources Committee	09:00 – 12:00	16 March 2021	14 June 2021	1 September 2021	24 November 2021
Finance Committee	13:00 -16:00	16 March 2021	14 June 2021	15 September 2021	24 November 2021
Risk Management and Audit Committee	09:00 - 16:00	17 March 2021	15 June 2021	15 September 2021	25 November 2021
Executive Committee	09:00 - 16:00	24 March 2021	22 June 2021	21 September 2021	2 December 2021
Ordinary Council	09:00 - 16:00	26 March 2021	24 June 2021	23 September 2021	6 December 2021

### 10.6.2. Marketing and Advocacy

The College does not have the personnel to work as marketing officers, however, the Department of Higher Education and Training has appointed four marketing interns.

Two of these interns have resigned with effect from 1 September 2021.

The main responsibility of the College is to assist and support the Centres with advocacy and marketing.

### 10.6.3. Adult Learners Week Celebration at Mpumalanga Satellite Learning Centre

- The Adult Learners' Week was celebrated by the Free State CET College at the Mpumalanga Satellite Learning Centre at Philippolis on 6-7 September 2021.
- The marketing team, together with College management and Centre staff members, have engaged the community of Philippolis about the following:
  - The importance of literacy
  - Programmes offered at Mpumalanga SCL
  - Non-formal skills programmes available at the Centre
  - Distribution of flyers at SASSA points, townships, shops, etc.

Gallery for Mpumalanga SLC Adult Learners' Week Celebration





#### 10.6.4. Adult Literacy Awareness at Sasolburg

- The Free State CET College, together with all Centres in Zamdela, Sasolburg, celebrated Adult Learners' Week, coupled with a marketing and advocacy drive on Saturday 18 September 2021.
- The importance of literacy was emphasised.

#### Gallery for Adult Literacy Awareness at Sasolburg





### 10.6.5. Nthabeleng SLC official opening and advocacy

On 24-25 January 2022, the opening and advocacy were done for the Nthabeleng SLC. This advocacy has made a huge impact where over 100 students were registered at the Centre within a week.

The Nthabeleng SLC has relocated from Glen to the Caleb Motshabi area. On 24-25 January 2022, the College team, together with the Nthabeleng SLC, embarked on advocacy and marketing of the Centre in that area.

The advocacy and marketing activities included the following:

- The distribution of flyers was done through a door-to-door campaign.
- An official opening of the SLC event was held at the local church near the Centre and three students were awarded sponsorships for driver's licenses through the efforts of the Centre Manager.
- This advocacy has made a huge impact where over 100 students were registered at the Centre within one week.

Other centres across the province also embarked on the advocacy and marketing of their centres. The Qwaqwa local radio station has been very supportive in advocating the CET College, including the Centres in and around the Thabo Mofutsanyana District.



## 10.7. PARTNERSHIP LIAISON COMMITTEE

The Partnership Liaison Committee met at least once per quarter. Resolutions and recommendations were made and presented at the ordinary Council meetings. As a result of the effectiveness and functionality of this Committee, the Free State CET College was able to enter into partnerships with strategic stakeholders. Such partnerships enabled students to acquire

skills by participating in skills programmes. Some students were absorbed by workplaces where they were doing practicals while others were given opportunities to study a full qualification.

Below is a partnership register of all the partnerships the College entered into during the period of reporting.

### 10.7.1. PARTNERSHIP REGISTER AS AT 31 MARCH 2022

#### Table R: Partnership Register

PARTNERSHIP REGISTER FROM 2015 TO 31 MARCH 2022	PARTNER	DESCRIPTION	VALUE OF THE AGREEMENT	SIGNATORY	DATE
1.	LGSETA	Automotive Repair and Maintenance	Fifty-six (56) unemployed at R7200 each which equals to R403 200	Ms Matlawa	15/06/2020
2.	LGSETA	Training in Automotive Body Repair programme	Sixty-nine (69) unemployed learners at R7200 each which equals R496 800	Ms Matlawa	01/07/2020
3.	LGSETA	Automotive Spray Painting	Sixty-nine (68) unemployed learners at R7200 each which equals R489 600	Ms Matlawa	15/06/2020
4.	CUTIS (PTY) LTD	Cooperative nature with the intention to work together	Cutis (Pty) Ltd will provide capacity building for the implementation of skills programmes.	Ms Matlawa	12 August 2020
5.	HWSETA	Adult Education and Training	90 unemployed students will be funded for R225 000	Ms Matlawa	15 December 2020
6.	SERVICES SETA	Other Skills Development interventions	R81 000	Ms Matlawa	16 February 2021
7.	WRSETA	Funding for Tjheseho CLC Agricultural Skills Hub (Reitz Project)	R60 million	Ms Matlawa	31 March 2021
8.	MICTSETA	Capacity Building and Accreditation of ICT programmes	N/A	Ms Matlawa	27 May 2021 31 March 2021
9.	WRSETA	Tjheseho CLC as an Agricultural Skills Hub	R60 million	Ms Matlawa	14 February 2022
10.	WRSETA	Business practices	R1 500 000	Ms Matlawa	4 March 2022
11.	Foodbev	Capacitation of CET colleges for accreditation	N/A	Ms Matlawa	3 March 2022
12.	Services SETA	Train lecturers in carpentry, joiner, and hair-dressing	R81 000	Ms Matlawa	
13.	MICTSETA	Career Development training	N/A	Ms Matlawa	
14.	merSETA	Artisan Recognition of Prior Learning Conversion of classrooms into workshops	R8 618 087	Ms Matlawa	
15.	CETA	Collaboration in skills development	N/A	Ms MA Matlawa	31 March 2022
16.	INSETA	Capacitation of CET college, skill programmes, and for accreditation	N/A	Ms MA Matlawa	25 May 2022



## 11. COUNCIL RESPONSIBILITY AND APPROVAL





## 11. COUNCIL RESPONSIBILITY AND APPROVAL

Council performed all its duties in terms of the Act. In terms of financial oversight, all budget approvals were done, and they made management account for the finances of the College. Council approved and submitted to the Minister the Annual Performance Plan 2022/23 and Annual Report 2020/21.

Council acknowledges that it is ultimately responsible for the system of internal financial control established by the College and places considerable importance on maintaining a strong control environment, which includes the safeguarding of assets and compliance with relevant legislation. During this period, the college managed its finances through the DHET/SAICA Project. The focus of risk

management in the college is on identifying, assessing, managing, and monitoring all known forms of risk across the college.

The Council has reviewed the College's cash flow forecast for the year to 31 December 2021 and, is satisfied that the College has adequate resources to continue in operational existence for the foreseeable future.

The External Auditors were responsible for independently auditing and reporting on the College's financial statements and this report is presented with these financial statements. For this reporting period, the College Council approved 2020 Annual Financial Statements and obtained an unqualified audit opinion.



## 12. REPORT OF THE ACCOUNTING OFFICER



## 12. REPORT OF THE ACCOUNTING OFFICER

The management of the College had to work hard to ensure that the strategic priorities were achieved for effective teaching and learning to take place and sought to improve student achievement and success by focusing on the following strategic objectives:

- Expanded access to CET opportunities
- Improved success and efficiency in CET programmes and qualifications
- Improved quality of provision by CET Colleges
- Improved responsiveness of the CET College system

- Improved business operations within the College

The management and staff have contributed immensely to the improved audit opinion by ensuring that they provide all the supporting documents to the external auditors. They also recommended the reprioritisation of the budget to cater for Personal Protective Equipment for both lecturers and students, including head office staff members. The management also had to work hard during Covid-19 lockdown to ensure the safe return of employees and students to the college.



## **13. REPORT OF AUDIT AND RISK COMMITTEE**



## 13. REPORT OF AUDIT AND RISK COMMITTEE

The Committee met quarterly in accordance with the Council-approved, scheduled meetings. The objective was to look at the reports compiled by the SAICA-employed independent Internal Auditor running the affairs of the College in terms of auditing.

### 13.1. Internal Audit

- The Committee received and reviewed a three-year rolling internal audit plan;
- reviewed and approved the annual internal audit plan;
- evaluated the independence, effectiveness, and performance of the internal audit function in terms of the shortage of human capacity available; and
- received reports highlighting the risk of collapse of the internal audit function when the SAICA/DHET contract expires in August 2021 because there will be no one responsible for the internal audit.

### 13.2. External Audit

The College requested quotes from audit firms around Bloemfontein to conduct the external audit for the College for the year 2021. SAB&T Nexia was awarded the work to conduct the external audit for the College. It is worth noting

that they have been auditing the College from 2015 -2020 and they have shown that they are independent and not conflicted by Section 39(2)(c) of the PAA.

### 13.3. Annual Financial Statements

The annual financial statements were reviewed and recommended to the College Council for approval. This process was done before the financial statements could be submitted to an external audit for auditing.

After the audit, an unqualified audit opinion was received again by the College, which simply means that we have maintained an improved audit opinion compared to the 2019 financial year.

However, this audit opinion is an improved one from the disclaimer that we received for the financial period 2015-2018.

However, with the challenges that we are about to face with regard to the expiry of the SAICA/DHET contract, the anticipation is that the College might regress in terms of the financial gains we have received from the project. This is because there will be no more segregation of duties as there will be no staff in both finance and supply chain management, except the Deputy Principal: Finance.



## 14. AUDITED FINANCIAL STATEMENTS



## Independent auditor's report to Council on Free State Community and Training College

### Report on the audit of the financial statements

#### Opinion

1. We have audited the financial statements of The Free State Community Education and Training College set out on pages 3 to 34, which comprise the statement of financial position as at 31 December 2021, the statement of financial performance, statement of changes in net assets, cash flow statement and Statement of Comparison of Budget and Actual Amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In our opinion, the financial statements present fairly, in all material respects, the financial position of The Free State Community Education and Training College as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practise (SA Standards of GRAP) and the requirements of the Continuing Education Act 16 of 2016 (CET Act).

#### Basis for opinion

3. We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.
4. We are independent of the College in accordance with Independent Regulatory Board for Auditors' *Code of Professional Conduct for Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (Including International Independence Standards)*.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Emphasis of matter**

6. We draw attention to the matters below. Our opinion is not modified in respect of this matter.

## **Restatement of Corresponding figure**

7. As disclosed in note 30 to the financial statements, the corresponding figures for 31 December 2020 were restated as a result of an error in the financial statements of the College at, and for the year ended, 31 December 2021.

## **Transfer of function**

8. Note 29 to the financial statements indicate that the property, plant and equipment disclosed therein are measured at provisional amounts in accordance with directive 13, which provides relief in applying the standards of GRAP on the effective date of the transfer of functions being 1 April 2015. Instead of the two-year measurement period in paragraph 71 of GRAP 106, the CET colleges are allowed a period until 31 December 2021 to recognise and measure assets acquired and liabilities assumed on acquisition date.

## **Responsibilities of Council for the financial statements**

9. The Council is responsible for the preparation and fair presentation of the financial statements in accordance with South African Standards of Generally Recognised Accounting Practise (SA Standards of GRAP) and the requirements of the Continuing Education Act 16 of 2016 (CET Act), 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.
10. In preparing the financial statements, the Council is responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting authority either intends to liquidate the college or to cease operations, or has no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

11. Our 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 our 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.
12. A further description of our 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

13. 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 entity's specific legislation.

## Report on the audit of compliance with legislation

### Introduction and scope

14. In accordance with the PAA and the general notice issued in terms thereof, we have a responsibility to report material findings on the College's compliance with specific matters in key legislation. We performed procedures to identify findings but not to gather evidence to express assurance.

### Annual Financial Statement

15. The financial statements submitted for auditing were not prepared in accordance with generally recognised accounting practice or supported by complete accounting records, as required by section 25(1) (b) of the CET Act.

Material misstatements of trade receivables from exchange transactions and trade receivables from non-exchange identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified audit opinion.

## Other information

16. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements and the auditor's report
17. Our opinion on the financial statements and compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion on it.
18. In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.
19. We did not receive the other information prior to the date of this auditor's report. When we do receive and read this information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, we may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

## Internal control deficiencies

20. We considered internal control relevant to our audit of the financial statements and compliance with applicable legislation; however, our objective was not to express any form of assurance on it.
21. The matters reported below are limited to the significant internal control deficiencies that resulted in opinion and the findings on compliance with legislation included in this report.
22. Internal audit function was not effective for the period under audit. This resulted in significant and recurring control deficiencies relating to the preparation of financial and compliance with legislation.
23. Audit committee was not effective for the period under audit. Lack on inputs from an oversight result in unidentified weaknesses in the financial reporting process, system of internal control, audit process and process for monitoring compliance with laws and regulations that leads to material exposure within the entity.
24. Senior management did not detect material misstatements in the financial statements during the preparation and review process. This is indicative of the weaknesses in monitoring and internal controls with regard to the review processes.

## Auditor tenure

25. In terms of the IRBA rule published in Government gazette number 39475 dated 4 December 2015, we report that Nexia SAB&T has been the auditor of Free State Community Education and Training College for 6 years.

**Nexia SAB&T**  
Gerrit Janse van Vuuren  
Director  
Registered Auditor

31 October 2022  
Bloemfontein

## **Annexure – Auditor’s responsibility for the audit<sup>1</sup>**

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

### **Financial statements**

2. In addition to our responsibility for the audit of the financial statements as described in this auditor’s report, we 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 our 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. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of The Free State Community Education and Training College to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify our opinion on the financial statements. Our conclusions are based on the information available to us at the date of this auditor’s report. However, future events or conditions may cause a College to cease operating as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

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

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



THE FREE STATE COMMUNITY EDUCATION AND  
TRAINING COLLEGE  
Notes to the Annual Financial Statements  
for the year ended 31 December 2021



# THE FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE

## Annual Financial Statements for the year ended 31 December 2021

### GENERAL INFORMATION

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<b>Controlling entity</b>	Department of Higher Education and Training (DHET)
<b>Financial Statements relate to</b>	THE FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE (Individual entity and not group)
<b>Domicile, legal form and jurisdiction</b>	The College is a Public Technical and Vocational Education and Training College, constituted in terms of the Continuing Education and Training Act No. 16 of 2006, as amended (CET Act), and operates within the Republic of South Africa.
<b>Nature of business and principal activities</b>	To provide continuing education and training to registered students for all learning and training programmes leading to qualifications or part qualifications at levels 1 to 4 of the National Qualifications Framework.
<b>Councillors</b>	Dr W K De Wee (Chairperson) Adv TG Moeeng Mr TMT Mokeyane Mr TP Khambule Adv MI Komape Mrs N Dlamini Mr T Mothate Ms MA Matlawa Ms V Koma Ms P Makofane Mr L Mabaso Mr M Maleka
<b>Principal</b>	Ms Matlawa MA
<b>Chief Financial Officer (CFO)</b>	Mr Mofokeng MJ
<b>Registered office</b>	Spitskop Building 86, Kellner street Westdene Bloemfontein 9301
<b>Bankers</b>	Absa Bank of South Africa
<b>Auditors</b>	Nexia Sab&T

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**THE FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE**  
**Annual Financial Statements for the year ended 31 December 2021**  
**INDEX**

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These reports and statements comprise the annual financial statements presented for audit:

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Statement of Changes in Net Assets	4
Cash Flow Statement	5
Statement of Comparison of Budget and Actual Amounts	6
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**ABBREVIATIONS**

Auditor General	AG
Accounting Standards Board	ASB
Department of Higher Education and Training	DHET
Generally Recognised Accounting Practice	GRAP
South African Revenue Services	SARS
Value Added Tax	VAT
CET Act No.16 of 2006, as amended	CET Act

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**THE FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE**  
**Annual Financial Statements for the year ended 31 December 2021**  
**Council's Responsibilities and Approval**

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

The financial statements have been prepared in accordance with the Standards of 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 financial statements are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

Council acknowledges that it is ultimately responsible for the system of internal financial control established by the College and places considerable importance on maintaining a strong control environment, which includes the safeguarding of assets and compliance with relevant legislation. To enable the council to meet these responsibilities, the council sets standards for internal control aimed at reducing risk in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting and other procedures, and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the College and employees and management are required to maintain the highest ethical standards in ensuring the College's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the College is on identifying, assessing, managing and monitoring all known forms of risk across the College. While operating risk cannot be fully eliminated, the College endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The council is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance 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 2022 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 external auditors are responsible for independently auditing and reporting on the College's financial statements and their report is presented with these financial statements.

The financial statements set out on page 2 to 35 were approved by the council on 30 June 2022 and were signed on its behalf by:



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Dr W K De Wee  
Chairperson of the Council  
30 June 2022

**THE FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE**  
**Annual Financial Statements for the year ended 31 December 2021**  
**Statement of Financial Position as at 31 December 2021**

	Note	2021 R	2020 R
<b>ASSETS</b>			
<b>Current assets</b>		<b>87,436,037</b>	<b>22,487,752</b>
Cash and cash equivalents	3	8,589,823	6,799,897
Trade and other receivables from exchange transactions	4	138,825	144,325
Other receivables from non-exchange transactions, including transfers	5	78,707,389	15,543,530
<b>Non-current assets</b>		<b>12,533,214</b>	<b>13,968,340</b>
Property, plant and equipment	6	12,533,214	13,968,340
<b>Total assets</b>		<b>99,969,251</b>	<b>36,456,092</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>11,661,827</b>	<b>11,734,441</b>
Trade and other payables from exchange transactions	7	2,186,415	2,074,926
Provisions	8	247,341	219,765
Unspent conditional grants and receipts	9	9,221,391	9,156,742
Finance lease liability	10	-	279,448
Bank overdraft	3	6,680	3,560
<b>Non-current liabilities</b>		<b>65,273,169</b>	<b>5,500,000</b>
Unspent conditional grants and receipts	9	65,273,169	5,500,000
<b>Total liabilities</b>		<b>76,934,996</b>	<b>17,234,441</b>
<b>Net assets</b>		<b>23,034,255</b>	<b>19,221,651</b>
Accumulated surplus		23,034,255	19,221,651
<b>Total net assets and liabilities</b>		<b>99,969,251</b>	<b>36,456,092</b>



**THE FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE**  
**Annual Financial Statements for the year ended 31 December 2021**  
**Statement of Financial Performance**

		2021	2020
	Note	R	R
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>		<b>982,155</b>	<b>654,838</b>
Sale of goods and rendering of services	11	974,655	650,308
Rental of facilities and equipment	12	7,500	1,750
Other income	13	-	2,780
<b>Revenue from non-exchange transactions</b>		<b>183,556,475</b>	<b>182,988,843</b>
Government grants and subsidies	14	16,316,000	11,184,000
Goods and services in kind	15	167,240,475	171,804,843
<b>Total revenue</b>		<b>184,538,630</b>	<b>183,643,681</b>
<b>Expenses</b>			
Employee related costs and DHET management fee	16	(167,626,025)	(172,502,904)
Depreciation and amortisation	17	(1,847,358)	(1,839,993)
Books and learning materials	18	(571,104)	(922,439)
Student support services	19	(261,650)	(163,100)
Repairs and maintenance	20	(897,608)	(728,353)
Operating lease expense	21	(1,214,308)	(1,100,320)
Travel, accommodation and entertainment		(1,838,946)	(1,142,589)
Security		(537,030)	(123,875)
External audit fees		(244,418)	(206,328)
Municipal services		(248,614)	(397,078)
Telephone, postage, internet, network and communication costs		(339,964)	(76,312)
Staff development and training		(354,746)	(115,133)
Printing and stationery		(602,252)	(1,118,525)
Finance costs	22	(9,529)	(73,522)
Other expenses	23	(4,132,474)	(3,513,874)
<b>Total expenses</b>		<b>(180,726,026)</b>	<b>(184,024,345)</b>
<b>Surplus/(Deficit) for the year</b>		<b>3,812,604</b>	<b>(380,664)</b>

**THE FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE**  
**Annual Financial Statements for the year ended 31 December 2021**  
**Statement of Changes in Net Assets**

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	Note	32
	<u>Accumulated Funds</u>	
	<u>Accumulated Surplus/ (Deficit)</u>	<u>Total: Net Assets</u>
	R	R
<b>Balance at 01 January 2020</b>	19,602,315	19,602,315
Surplus/(deficit) for the year	(380,664)	(380,664)
<b>Balance at 01 January 2021</b>	<b>19,221,651</b>	<b>19,221,651</b>
Surplus / (deficit) for the year	3,812,604	3,812,604
<b>Balance at 31 December 2021</b>	<b><u>23,034,255</u></b>	<b><u>23,034,255</u></b>

**THE FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE**  
**Annual Financial Statements for the year ended 31 December 2021**  
**Cash Flow Statement**

	2021	2020
Note	R	R
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
	<b>184,538,630</b>	<b>183,643,681</b>
Sale of goods and rendering of services	974,655	650,308
Rental of facilities and equipment	7,500	1,750
Government grants and subsidies	183,556,475	182,988,843
Other income	-	2,780
<b>Payments</b>		
	<b>(182,050,926)</b>	<b>(180,319,005)</b>
Employee costs	(167,626,025)	(172,502,904)
Suppliers	(11,243,425)	(9,610,447)
Finance costs	(9,218)	(71,001)
Other payments	(3,172,258)	1,865,347
<b>Net cash flows from operating activities</b>	<b>24 2,487,704</b>	<b>3,324,676</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(412,233)	(576,480)
<b>Net cash flows from investing activities</b>	<b>(412,233)</b>	<b>(576,480)</b>
<b>Cash flows from financing activities</b>		
Finance lease repayments	(279,447)	(1,013,119)
<b>Net cash flows from financing activities</b>	<b>(279,447)</b>	<b>(1,013,119)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,796,024</b>	<b>1,735,077</b>
Cash and cash equivalents at the beginning of the year	3 6,796,337	5,061,260
<b>Cash and cash equivalents at the end of the year</b>	<b>8,592,361</b>	<b>6,796,337</b>

**THE FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE**  
**Annual Financial Statements for the year ended 31 December 2021**  
**Statement of Comparison of Budget and Actual Amounts**

	2021	2021	2021	2021
	Approved	Final budget	Actual	Differences
	budget		amounts on a	between final
	R	R	comparable	budget and
	R	R	basis	actual
Note	R	R	R	amounts
	R	R	R	R
<b>Revenue</b>				
<b>Revenue from exchange transactions</b>	-	-	982,155	(982,155)
Sale of goods and rendering of services	-	-	974,655	(974,655)
Rental of facilities and equipment	-	-	7,500	(7,500)
<b>Revenue from non-exchange transactions</b>	<b>15,872,000</b>	<b>15,872,000</b>	<b>183,556,475</b>	<b>(167,684,475)</b>
Government grants and subsidies	15,872,000	15,872,000	16,316,000	(444,000)
Goods and services in kind	-	-	167,240,475	(167,240,475)
<b>Total revenue</b>	<b>15,872,000</b>	<b>15,872,000</b>	<b>184,538,630</b>	<b>(168,666,630)</b>
<b>Expenses</b>				
Employee related costs and DHET management fee	(1,137,500)	(1,137,500)	(167,626,025)	166,488,525
Depreciation and amortisation	-	-	(1,847,358)	1,847,358
Books and learning materials	-	-	(571,104)	571,104
Student support services	-	-	(261,650)	261,650
Repairs and maintenance	-	-	(897,608)	897,608
Operating lease expense	-	-	(1,214,308)	1,214,308
Travel, accommodation and entertainment	(837,100)	(837,100)	(1,838,946)	1,001,846
Security	(147,600)	(147,600)	(537,030)	389,430
External audit fees	(300,000)	(300,000)	(244,418)	(55,582)
Municipal services	(180,000)	(180,000)	(248,614)	68,614
Telephone, postage, internet, network and communication costs	-	-	(339,964)	339,964
Staff development and training	-	-	(354,746)	354,746
Printing and stationery	(374,116)	(374,116)	(602,252)	228,136
Finance costs	-	-	(9,529)	9,529
Other expenses	(12,895,684)	(12,895,684)	(4,132,474)	(8,763,210)
<b>Total expenses</b>	<b>(15,872,000)</b>	<b>(15,872,000)</b>	<b>(180,726,026)</b>	<b>164,854,026</b>
<b>Surplus/(Deficit) for the year</b>	<b>-</b>	<b>-</b>	<b>3,812,604</b>	<b>(3,812,604)</b>

The difference between the final budget and the actual amounts is due to the Persal salaries that are paid by DHET on behalf of the College for which the College does not receive actual cash. This represents an amount of R 166,488,525.

**THE FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE**  
**Notes to the Annual Financial Statements**  
**for the year ended 31 December 2021**

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**1. ACCOUNTING POLICIES**

**1.1 Presentation of Financial Statements and Basis of preparation**

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

These financial statements have been prepared using the accrual basis of accounting and are in accordance with the historical cost convention as the basis of measurement, unless specified otherwise.

In the absence of an approved 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, revenue 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 are disclosed below.

These accounting policies are consistent with the previous year.

**1.2 Presentation currency**

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

**1.3 Going concern assumption**

Management and council have made the assessment that the entity is a going concern and the financial statements have been prepared on a going concern basis.

**1.4 Significant judgements and sources of estimation uncertainty**

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

**Employee related costs and DHET management fee**

The College's staff consists of two groups:

- i) Employees and management staff appointed on PERSAL
- ii) Employees appointed in the College payroll

In terms of the CET Act and DHET Circular 1 of 2015, with effect from 1 April 2015, all non-management personnel of the College appointed on PERSAL migrated to DHET and became DHET employees. For the period 1 January to 31 March 2015, the management personnel were already DHET employees and non-management personnel were still employees of the College.

For the period 1 January to 31 March 2015 management personnel were remunerated from provincial funds and not from College funds. Thereafter management personnel were remunerated from DHET funds and not from College funds. This constitutes services in kind which are recognised by the College.

## THE FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE

### Notes to the Annual Financial Statements

for the year ended 31 December 2021

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#### ***ACCOUNTING POLICIES continued...***

For the period 1 January to 31 March 2015:

Management and other personnel appointed on Persal were remunerated by the provincial Department of Education, via Persal, on behalf of DHET, using College funds. Management personnel were not College employees and their remuneration cannot be classified as an employee expense of the College and is therefore classified as "DHET management fee". The non management personnel were College employees and their remuneration for this period is classified as an employee expense.

For the period from 1 April 2015 onwards:

All employees appointed on Persal and placed at the College were DHET employees and the related expense is classified as "DHET management fee".

#### **Community Learning Centres or other property used and controlled, but not owned by the College**

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

#### **Estimates**

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

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

#### **Debt impairment**

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

The impairment is considered first for individually significant financial assets and then calculated on a portfolio basis for individually insignificant financial assets, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to items in the portfolio and scaled to the estimated loss emergence period.

Refer to the respective notes for the carrying amounts of financial assets impaired.

#### **Non-financial asset Impairment**

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

Refer to the respective notes for the carrying amounts of non-financial assets impaired.

**THE FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE**  
**Notes to the Annual Financial Statements**  
**for the year ended 31 December 2021**

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**ACCOUNTING POLICIES continued...**

**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.

Refer to Note 8 for the carrying amounts of inventories affected.

**Useful lives and residual values of assets; depreciation and amortisation**

The College's management determines the estimated useful lives and residual values of all non-current, non-financial assets. These estimates are based on industry norms and then adjusted to be College specific. Management determines at reporting date whether there are any indications that the College's expectations of useful lives or residual values have changed from previous estimates. Where indications exist the expected useful lives or residual values are revised accordingly.

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

Refer to the respective notes for the carrying amounts of non-financial assets affected.

**Effective interest rate**

The College uses an appropriate interest rate, taking into account guidance provided in GRAP, and applying professional judgement to the specific circumstances, to discount future cash flows, to the present value of the item being discounted.

Refer to the respective notes for the carrying amounts of financial assets affected.

**1.5 Property, plant and equipment**

Property, plant and equipment include:

Land

Buildings

Furniture and Fittings

Office Equipment

Computer Equipment

Educational equipment

Property, plant and equipment is initially measured at cost and subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

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.

## THE FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE

### Notes to the Annual Financial Statements

for the year ended 31 December 2021

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#### **ACCOUNTING POLICIES continued...**

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or assets, or a combination of assets 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 College is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

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

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

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

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value. Refer to Note 6. for the estimated useful lives.

At reporting date it is assessed whether there are any indications that the College's expectations of useful lives or residual values have changed from previous estimates. Where indications exist the expected useful lives or residual values are revised accordingly.

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

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

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.

#### **Deemed cost**

When the College initially recognises an asset using the Standards of GRAP, it measures such assets using either cost or fair value at the date of acquisition (acquisition cost). Where the accounting for assets is incomplete at the start of the reporting year as the acquisition cost of an asset is not available at that time, acquisition cost is measured using a surrogate value (deemed cost) at the date the College adopted the Standards of GRAP (the measurement date). Deemed cost is determined as the fair value of an asset at the measurement date.

#### **Biological assets that do not form part of an agricultural activity**

Where a biological asset does not form part of an agricultural activity, the biological asset is classified as part of property, plant and equipment and measured accordingly.



**THE FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE**  
**Notes to the Annual Financial Statements**  
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**ACCOUNTING POLICIES continued...**

**1.6 Financial instruments**

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

<b>Class</b>	<b>Category</b>
Trade and other receivables from non-exchange transactions	Financial asset at amortised cost
Other receivables from non-exchange transactions	Financial asset at amortised cost

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

<b>Class</b>	<b>Category</b>
Trade and other payables from exchange transactions	Financial liability at amortised cost
Unspent conditional grants and receipts	Financial liability at amortised cost
Finance lease liability	Financial liability at amortised cost

The College recognises financial assets using trade date accounting.

The College measures a financial asset and financial liability initially at its fair value plus transaction costs (for financial instruments at amortised cost) that are directly attributable to the acquisition or issue of the financial instrument.

The College first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the College analyses a concessionary loan into its component parts and accounts for each component separately. The College 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.

The College measures all financial instruments after initial recognition as follows:

- Financial instruments at fair value: Fair-value at reporting date
- Financial instruments at amortised cost: Amortised cost using the effective interest rate method, less any impairment losses.
- Financial instruments at cost. Cost, less any impairment 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 uncollectability of financial assets**

The College 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.

## THE FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE

### Notes to the Annual Financial Statements

for the year ended 31 December 2021

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#### **ACCOUNTING POLICIES continued...**

##### *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 (debt impairment provision). 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 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 College 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 College 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 College obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the College 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 College has retained substantially all the risks and rewards of ownership of the transferred asset, the College continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the College 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.

# THE FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE

## Notes to the Annual Financial Statements

for the year ended 31 December 2021

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### **ACCOUNTING POLICIES continued...**

#### **Financial liabilities**

The College 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 College 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**

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the College 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 College does not offset the transferred asset and the associated liability.

### **1.7 Statutory receivables**

Funding receivable from DHET arise from non-contracted arrangements as the basis for DHET funding is found in the Division of Revenue Act. Cash receivable from DHET as part of programme funding is regarded as a "statutory receivable".

The statutory receivable is initially measured at the transaction amount and subsequently measured using the cost-method, which changes the initial measurement to reflect any impairment or amounts derecognised. An explanation on when the DHET programme funding and any related receivables or payables are recorded is provided in note 1.4 and 1.11.

The College derecognises statutory receivables upon receipt of the grant from DHET.

The statutory receivable is included in Other receivables from non-exchange transactions. Refer to note 5..

### **1.8 Leases**

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

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

#### **Finance leases - lessee**

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

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

**THE FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE**  
**Notes to the Annual Financial Statements**  
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**ACCOUNTING POLICIES continued...**

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.

**Cash and cash equivalents**

Cash and cash equivalents consist of the following:

- i) cash;
- ii) cash in current bank accounts;
- iii) cash in interest bearing bank accounts or money market accounts where the funds are available immediately; and
- iv) fixed term deposits used to deposit funds until it is needed for the operations of the College, where the maturity date does not exceed three [period to be determined by the College, but 3 months is the example used in GRAP 2] months from the reporting date. Longer term fixed deposits are classified as other financial assets.

**1.9 Impairment of non-cash-generating assets**

Non-cash-generating assets are assets other than cash-generating assets. Refer to note 1.4 for criteria developed to distinguish non cash-generating assets from 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).

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

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

Irrespective of whether there is any indication of impairment, the College also tests 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.

**THE FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE**  
**Notes to the Annual Financial Statements**  
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**ACCOUNTING POLICIES continued...**

**1.10 Revenue from exchange transactions**

**Rendering of services**

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

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

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

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

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

**1.11 Revenue from non-exchange transactions**

When the College receives an asset or a service as part of a non-exchange transaction and the definition and recognition criteria of an asset is met, the College recognises the asset and initially measures it at its fair value as at the date of acquisition.

When there are conditions on transferred assets or services received by the College which result therein that the College has a present obligation on initial recognition, which meets the definition and recognition criteria of a liability, the College recognises a corresponding liability, initially measured as the best estimate of the amount required to settle the present obligation at the reporting date.

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

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

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

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

**THE FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE**  
**Notes to the Annual Financial Statements**  
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**ACCOUNTING POLICIES continued...**

**Government funding**

The portion of the government funding retained by DHET for paying salaries through Persal is recognised to the extent that DHET has incurred Persal payroll expenditure for employees placed at the College up to the reporting date and to the extent that the conditions in the Funding Norms have been met at the reporting date.

The government funding received through Persal is measured at the amount of expenditure incurred by DHET, inclusive of all accruals and provisions, e.g. leave and bonus accruals. The related revenue is recognised as programme funding revenue as per note 14.. The related expense is recognised as a DHET management fee expense as per note 16..

The amount of programme funding revenue retained by DHET for Persal salaries, but not paid by DHET through Persal by year end, recognised as programme funding revenue is measured at the value of the expenses already contracted for and approved by DHET as per note "Government Grants and Subsidies".

**1.12 Comparative figures**

When the presentation or classification of items in the 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.

**1.13 Related parties**

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

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

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

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

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

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

**THE FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE**  
**Notes to the Annual Financial Statements**  
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***ACCOUNTING POLICIES continued...***

**1.14 Events after the reporting date**

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

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

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

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

**THE FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE**  
**Notes to the Annual Financial Statements**  
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Note	2021 R	2020 R
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**2. Standards, amendments to Standards, Directives and Interpretations issued but not yet effective**

The following Standards of GRAP and / or amendments thereto have been approved by the Accounting Standards Board, but will only become effective in future periods or have not been given an effective date by the Minister of Finance. The College has not early-adopted any of these new Standards or amendments thereto, but has referred to them for guidance in the development of accounting policies in accordance with GRAP 3 as read with Directive 5:

<b>Title of the standard and nature of impending changes in accounting policy and expected impact</b>	<b>Effective date (Periods starting on or after)</b>	<b>Financial year in which the College plans to apply the Standard initially</b>
GRAP 25 Employee Benefits	Not yet set	Not yet set
GRAP 104 (Amended) Financial Instruments	01 April 2025	31 December 2026
GRAP20 Related Party Disclosures: Currently use it as guidance for accounting policies, therefore no impact expected on initial adoption.	01 April 2020	31 December 2022
GRAP 110 Living and non-living Resources	01 April 2020	31 December 2020
IGRAP 20 Accounting for Adjustments to Revenue	01 April 2020	31 December 2022
IGRAP 18 Recognition and derecognition of Land	01 April 2021	31 December 2022
IGRAP 17 Interpretation of the Standard of GRAP on Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset: None	01 April 2021	31 December 2022
IGRAP 19 Liabilities to pay Levies	01 April 2021	31 December 2022
IGRAP 21 The effect of Past Decisions on Materiality	01 April 2023	31 December 2024
GRAP 2020 Improvements to the Standards of GRAP 2020	01 April 2023	31 December 2024
GRAP 1 (Amended) Presentation of Financial Statements	01 April 2023	31 December 2024



**THE FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE**

**Notes to the Annual Financial Statements**

**for the year ended 31 December 2021**

	Note	2021 R	2020 R
<b>3. Cash and cash equivalents</b>			
Cash and cash equivalents consist of the following:			
Cash on hand		-	-
Cash at bank		8,583,143	6,796,337
		<b>8,583,143</b>	<b>6,796,337</b>
The College has the following bank accounts:			
<b>ABSA</b>			
<b>Main Cheque Account number: 40-8867-3869</b>			
Cash book balance at beginning of year		6,799,896	5,061,700
Cash book balance at end of year		8,589,824	6,799,896
Bank statement balance at beginning of year		6,799,896	5,061,700
Bank statement balance at end of year		8,589,824	6,799,896
<b>ABSA</b>			
<b>Lejweleputswa District, Savings Account:93-4742-6900</b>			
Cash book balance at beginning of year		(890)	(110)
Cash book balance at end of year		(1,670)	(890)
Bank statement balance at beginning of year		(890)	(110)
Bank statement balance at end of year		(1,670)	(890)
<b>ABSA</b>			
<b>Fezile Dabi District, Savings Account: 93-4742-7710</b>			
Cash book balance at beginning of year		(890)	(110)
Cash book balance at end of year		(1,670)	(890)
Bank statement balance at beginning of year		(890)	(110)
Bank statement balance at end of year		(1,670)	(890)
<b>ABSA</b>			
<b>Motheo District, Savings Account: 93-4742-7079</b>			
Cash book balance at beginning of year		(890)	(110)
Cash book balance at end of year		(1,670)	(890)
Bank statement balance at beginning of year		(890)	(110)
Bank statement balance at end of year		(1,670)	(890)
<b>ABSA</b>			
<b>Thabo Mofutsanyana District, Savings Account: 93-4742-7304</b>			
Cash book balance at beginning of year		(890)	(110)
Cash book balance at end of year		(1,670)	(890)
Bank statement balance at beginning of year		(890)	(110)
Bank statement balance at end of year		(1,670)	(890)
Total cash and cash equivalents		8,583,144	6,796,336
<b>Total bank overdraft</b>		<b>(6,680)</b>	<b>(3,560)</b>

**THE FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE**  
**Notes to the Annual Financial Statements**  
**for the year ended 31 December 2021**

Note	2021 R	2020 R
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**4. Trade and other receivables from exchange transactions**

**31 December 2021**

Deposits

**Total trade and other receivables**

Gross Balances	Provision for Doubtful Debts	Net Balance
R	R	R
138,825	-	138,825
<b>138,825</b>	<b>-</b>	<b>138,825</b>

**31 December 2020**

Deposits

**Total trade and other receivables**

Gross Balances	Provision for Doubtful Debts	Net Balance
R	R	R
144,325	-	144,325
<b>144,325</b>	<b>-</b>	<b>144,325</b>

**Trade and other receivables past due but not impaired**

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

Neither past due nor impaired

Less than 30 days

31 to 60 days

61 to 90 days

91 to 120 days

Greater than 120 days

-	-
-	-
-	-
-	-
-	-
78,846,214	15,687,855
<b>78,846,214</b>	<b>15,687,855</b>

**Trade and other receivables from exchange transactions pledged as security**

No trade and other receivables have been pledged as security.

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Note	2021 R	2020 R
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**5. Other receivables from non-exchange transactions, including transfers**

Statutory receivable: Government grants and subsidies (Refer also note 14)	3,968,000	1,829,000
SETA project conditional grant receivable	74,739,389	13,714,530
<b>Total other debtors</b>	<b>78,707,389</b>	<b>15,543,530</b>

**Terms and conditions of other receivables**

Statutory receivable: Government grants and subsidies

The statutory receivable relates to the fourth tranche relating to the year under review but that is only disbursed in January of the following financial year.

**Credit quality of other receivables from non-exchange transactions**

The credit quality of other receivables from non-exchange transactions is always high as DHET always disburses the fourth tranche in January of the following financial year without fail.

**Method of determining credit quality of other receivables from non-exchange transactions**

We internally assess the quality of the receivables based on the number of factors such as delinquency and financial strength of the individual borrowers and guarantors. Because many of these indicators are difficult to apply to an entire class of receivables, we evaluate individual loans on a quarterly basis and classify these loans into three categories based on the key credit quality indicators of individual loan. These three categories are performing, watchlist and non-accrual. We measure delinquency based on the contractual payment terms of our finance receivables. In determining the delinquency aging category of an account, any/all principal and interest received is applied to the most past due-principal and/or interest amounts due. If the balance is reported in accordance with the most past-due delinquency aging category.

**The credit quality of other receivables from non-exchange transactions**

Internally determined credit quality (weighted average credit quality of the balance)	Externally determined credit quality (weighted average credit quality of the balance)
---	---

Statutory receivable: Government grants and subsidies	3,968,000	1,829,000
	<b>3,968,000</b>	<b>1,829,000</b>

**Fair value of other receivables from non-exchange transactions**

The carrying value of trade and other receivables approximates their fair value. The approach used to determine the fair value is as follows:

The amount paid to the College as per the payment stubs received from DHET will substantiate the statutory receivable.

**THE FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE**

**Notes to the Annual Financial Statements  
for the year ended 31 December 2021**

	2021		2020	
	R	R	R	R

**6. Property, plant and equipment**

	2021		2020	
	Cost	Accumulated Depreciation and Impairment	Cost	Accumulated Depreciation and Impairment
Land	3,848,016	-	3,848,016	-
Buildings	9,941,455	(3,355,242)	9,941,455	(2,858,170)
Furniture and Fittings	4,753,640	(3,398,512)	4,396,208	(2,812,373)
Office Equipment	4,189,613	(3,617,011)	4,177,968	(3,064,692)
Computer Equipment	1,312,298	(1,153,112)	1,284,123	(944,195)
Educational equipment	14,982	(2,913)	-	-
<b>Total</b>	<b>24,060,004</b>	<b>(11,526,790)</b>	<b>23,647,770</b>	<b>(9,679,430)</b>

**Reconciliation of Property Plant and Equipment - 2021**

	2021		2020	
	Cost	Accumulated Depreciation and Impairment	Cost	Accumulated Depreciation and Impairment
Land	3,848,016	-	3,848,016	-
Buildings	7,083,285	(3,355,242)	7,083,285	(2,858,170)
Furniture and Fittings	1,583,835	(3,398,512)	1,583,835	(2,812,373)
Office Equipment	1,113,276	(3,617,011)	1,113,276	(3,064,692)
Computer Equipment	339,928	(1,153,112)	339,928	(944,195)
Educational equipment	-	(2,913)	-	-
<b>Total</b>	<b>13,968,340</b>	<b>(11,526,790)</b>	<b>13,968,340</b>	<b>(9,679,430)</b>

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	2021		2020	
	R	R	R	R

**Property, plant and equipment continued...**

Reconciliation of Property Plant and Equipment - 2020

	Carrying Value Opening Balance		Additions	Acquisitions through entity combinations		Disposals	Depreciation		Transfers	Impairment loss	Impairment reversal	Other movements	Carrying Value Closing Balance	
	R	R		R	R		R	R					R	R
Land	3,848,016	-	-	-	-	-	-	-	-	-	-	-	-	3,848,016
Buildings	7,580,377	-	-	-	-	-	(497,092)	-	-	-	-	-	-	7,083,285
Furniture and Fittings	1,861,943	269,310	269,310	-	-	-	(547,418)	-	-	-	-	-	-	1,583,835
Office Equipment	1,460,816	202,115	202,115	-	-	-	(549,655)	-	-	-	-	-	-	1,113,276
Computer Equipment	480,767	105,055	105,055	-	-	-	(245,894)	-	-	-	-	-	-	339,928
<b>Total</b>	<b>15,231,919</b>	<b>576,480</b>	<b>576,480</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,840,059)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,968,340</b>

**Estimated useful lives**

The annual depreciation rates are based on the following estimated asset useful lives:

Class	Useful Life Range in Years
<i>Land and Buildings</i>	
Land	Indefinite Life
Buildings	20 years
<i>Furniture and Fittings</i>	
Office Equipment	8 years
Computer Equipment	3 years
<i>Educational equipment</i>	
	3 years

**Property, plant and equipment pledged as security**

Carrying value of assets pledged as security:

Land	-
Buildings	-
Furniture and fittings	-
Computer Equipment	-
Educational Equipment	-

**THE FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE**  
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	2021	2020
	R	R

**Property, plant and equipment continued...**

**Repairs and maintenance incurred**

Buildings

897,608	728,353
<b>897,608</b>	<b>728,353</b>

**PPE for which the College does not have the legal title, but has control**

Legal title vests in

The College operates in some Community Learning Centres for which it does not have legal title but exercises control. The properties on which the College operates are operating as standalone centres meaning that they are hosted by the hosting schools. An independent appraiser was appointed to determine the market values of those properties as at 30 September 2021. During the year, the College was renting 9 machines through a finance lease agreement entered between Motheo TVET College and Sunlyn Geroux on behalf of the College. The College exercises control over those machines and in turn has accounted for them as Property, Plant and Equipment.

Terms and conditions

The properties that are valued by the Independent Appraiser were brought in the Annual Financial Statements at Fair Value at acquisition date that is 1 April 2015. The Fair value was derived in discounting the market value as determined by valuer using the prime interest rate. The same terms and conditions per the finance lease agreement between Motheo TVET College and Sunlyn were used to calculate the present value of the lease and accordingly to recognise the related assets and liabilities.

THE FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE

Notes to the Annual Financial Statements

for the year ended 31 December 2021

	Note	2021 R	2020 R
<b>7. Trade and other payables from exchange transactions</b>			
Trade creditors		1,605,077	1,620,861
Accruals		581,338	-
Other payables		-	454,065
<b>Total creditors</b>		<b>2,186,415</b>	<b>2,074,926</b>

**8. Provisions**

Reconciliation of Movement in Provision - 2021

	Provision for Audit fees R	Provision for Leave Pay R	Total R
<b>Opening Balance</b>	219,765	-	219,765
Audit fees underprovision	27,576	-	27,576
<b>Closing Balance</b>	<b>247,341</b>	-	<b>247,341</b>
Current portion provisions	247,341	-	247,341

Reconciliation of Movement in Provision - 2020

	Provision for Audit fees R	Provision for Leave Pay R	Total R
Audit fees provision	219,765	-	219,765
<b>Closing Balance</b>	<b>219,765</b>	-	<b>219,765</b>
Current portion provisions	219,765	-	219,765

**9. Unspent conditional grants and receipts**

<b>Unspent Conditional Grants from other spheres of Government</b>	<b>74,494,560</b>	<b>14,656,742</b>
Unspent unconditional grant	74,494,560	14,656,742
<b>Total Unspent Conditional Grants and Receipts</b>	<b>74,494,560</b>	<b>14,656,742</b>
<b>Non-current portion of unspent conditional grants and receipts</b>	<b>65,273,169</b>	<b>5,500,000</b>
<b>Current portion of unspent conditional grants and receipts</b>	<b>9,221,391</b>	<b>9,156,742</b>
<b>Movements during the year</b>		
Balance at the beginning of year	14,656,742	7,281,500
Additions during the year	60,812,473	8,025,550
Income recognised during the year	(974,655)	(650,308)
	<b>74,494,560</b>	<b>14,656,742</b>

**THE FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE**  
**Notes to the Annual Financial Statements**  
**for the year ended 31 December 2021**

	Note	2021 R	2020 R
<b>10. Finance lease liability</b>			
		<b>Future Minimum lease payments R</b>	<b>Future finance charges R</b>
			<b>Present value of future minimum lease payments R</b>
<b>2021</b>			
<b>Amounts payable under finance leases</b>			
Within one year		-	-
Within two to five years		-	-
Later than five years		-	-
<b>Total future minimum lease payments</b>		<b>-</b>	<b>-</b>
Less: Amount due for settlement within 12 months (current portion)		-	-
<b>Non-current future minimum lease payments</b>		<b>-</b>	<b>-</b>

		<b>Future Minimum lease payments R</b>	<b>Future finance charges R</b>	<b>Present value of future minimum lease payments R</b>
<b>2020</b>				
<b>Amounts payable under finance leases</b>				
Within one year		288,666	9,218	279,448
Within two to five years		-	-	-
Later than five years		-	-	-
<b>Total future minimum lease payments</b>		<b>288,666</b>	<b>9,218</b>	<b>279,448</b>
Less: Amount due for settlement within 12 months (current portion)		(288,666)	(9,218)	(279,448)

**Finance Leases consists of the following:**

The College entered into a finance lease agreement with ITEC for a period of 2 years ending 30/09/2021. The lease agreement entered into between Motheo TVET College and Sunlyn Gerox came to an end in March 2021. As at year end, the College did not have any finance lease agreement in effect.

**11. Sale of goods and rendering of services**

**Rendering of services**

SETA projects	755,055	650,308
Partnership projects	219,600	-
	<b>974,655</b>	<b>650,308</b>
<b>Total sale of goods and rendering of services</b>	<b>974,655</b>	<b>650,308</b>

**Details**

During the year, the College received additional conditional grants from Services SETA, FASSET and WRSETA, HWSETA and MICSETA. The College entered into a Memorandum of Agreement with the South African Institute of Chartered Accountants where the latter agreed to reimburse the total cost of employment of interns up to the value of R220,000 for the extension period of the project for 6 months ending October 2021. Partnership project revenue relates to the amount. The SETA project revenue has been recognised to the extent that the College incurred any expenses in relation to carrying out SETA related projects.



THE FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE

Notes to the Annual Financial Statements

for the year ended 31 December 2021

	Note	2021 R	2020 R
<b>12. Rental of facilities and equipment</b>			
Rental of facilities		7,500	1,750
- Straight-lined operating lease income		7,500	1,750
<b>Total rentals</b>		<b>7,500</b>	<b>1,750</b>

**13. Other income**

**From exchange transactions**

Insurance pay-outs		-	2,780
		-	<b>2,780</b>

**14. Government grants and subsidies**

**Reconciliation of Movement - 2021**

	Balance unspent at beginning of year R	Current year receipts R	Conditions met - transferred to revenue R	Conditions still to be met - remain liabilities R
Programme funding: Grants paid cash	-	-	(15,872,000)	(15,872,000)
Grant [specify]	-	-	(444,000)	(444,000)
<b>Total Government Grant and Subsidies</b>	-	-	<b>(16,316,000)</b>	<b>(16,316,000)</b>

**Reconciliation of Movement - 2020**

	Balance unspent at beginning of year R	Current year receipts R	Conditions met - transferred to revenue R	Conditions still to be met - remain liabilities R
Programme funding: Grants paid cash	-	-	(10,979,000)	(10,979,000)
Grant [specify]	-	-	(205,000)	(205,000)
<b>Total Government Grant and Subsidies</b>	-	-	<b>(11,184,000)</b>	<b>(11,184,000)</b>

**15. Goods and services in kind**

**Goods in kind**

Services in kind - Persal salaries	167,240,475	171,804,843
<b>Total goods and services in kind</b>	<b>167,240,475</b>	<b>171,804,843</b>

**THE FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE**  
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	Note	2021 R	2020 R
<b>16. <u>Employee related costs and DHET management fee</u></b>			
<b>Employee related costs</b>			
Employee related costs - Salaries and Wages		385,550	698,061
		<b>385,550</b>	<b>698,061</b>
<b>DHET management fee cost</b>			
Employee related costs - Salaries and Wages		167,240,475	171,804,843
		<b>167,240,475</b>	<b>171,804,843</b>
<b>Total employee related costs and DHET management fee</b>		<b>167,626,025</b>	<b>172,502,904</b>
<b>17. <u>Depreciation and amortisation</u></b>			
Property, plant and equipment		1,847,358	1,839,993
		<b>1,847,358</b>	<b>1,839,993</b>
<b>18. <u>Books and learning materials</u></b>			
Books and learning materials: Lecturing materials, ISAT, LTSM		-	(885,021)
Books and learning materials : student materials textbooks		(571,104)	(37,305)
Books and learning materials : lecturer books		-	(113)
		<b>(571,104)</b>	<b>(922,439)</b>
<b>19. <u>Student support services</u></b>			
Student prizegivings and graduation ceremonies		-	(163,100)
Sports, arts and culture		-	-
SRC events		-	-
Stipends paid to students		(261,650)	-
		<b>(261,650)</b>	<b>(163,100)</b>
<b>20. <u>Repairs and maintenance</u></b>			
Land, Buildings and infrastructure		897,608	728,353
		<b>897,608</b>	<b>728,353</b>
<b>21. <u>Operating lease expense</u></b>			
Rental of buildings		(1,137,031)	(1,100,320)
Venue rental		(11,160)	-
Rental of Equipment		(66,117)	-
Please specify		-	-
Please specify		-	-
		<b>(1,214,308)</b>	<b>(1,100,320)</b>

THE FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE

Notes to the Annual Financial Statements

for the year ended 31 December 2021

	Note	2021 R	2020 R
<b>22. Finance costs</b>			
Finance leases		(9,218)	(71,004)
Other financial liabilities		(311)	(2,518)
		<b>(9,529)</b>	<b>(73,522)</b>
<b>23. Other expenses</b>			
Advertising		(47,912)	(153,565)
Bank charges		(30,852)	(29,016)
Cleaning		(2,535,776)	(2,203,337)
Council claims		(7,387)	-
Consulting fees		-	(34,200)
Council fees		(329,512)	(227,504)
Fuel and oil		(4,228)	-
Professional fees		(822,642)	(650,307)
Uniforms, protective clothing and health & safety		(75,570)	(74,067)
Cash shortages		-	5
Fines and penalties		(1,900)	(4,750)
Catering and refreshments		(276,695)	(137,133)
		<b>(4,132,474)</b>	<b>(3,513,874)</b>

**THE FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE**  
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	Note	2021 R	2020 R
<b>24. Cash flows from operating activities</b>			
Surplus/(deficit) for the year		3,812,604	(380,664)
Adjustment for:			
Depreciation and amortisation		1,847,358	1,839,993
Movement in provisions		27,576	219,765
Finance costs (non cash)		9,218	71,001
		<b>5,696,756</b>	<b>1,750,095</b>
<b>Changes in working capital:</b>			
(Increase) / decrease in trade and other receivables from exchange transactions		5,500	(6,577,355)
Decrease in other receivables from non-exchange transactions		(63,163,859)	(335,784)
Increase in unspent conditional grants and receipts		59,837,818	7,375,242
Increase in trade and other payables from exchange transactions		111,489	1,112,478
<b>Net cash flows from operating activities</b>		<b>2,487,704</b>	<b>3,324,676</b>

**25. Operating leases**

At the reporting date the College has outstanding commitments under operating leases which fall due as follows:

**Operating lease arrangements**

**Lessee**

The operating lease relates to the lease of offices that is a non-cancellable lease over a period of five years starting 1 May 2019 and expiring 30 April 2023.

At the reporting date the College had outstanding commitments under non-cancellable operating leases, which fall due as follows:

Up to 1 year	1,130,680	1,046,960
1 to 5 years	1,638,060	2,768,740
	<b>2,768,740</b>	<b>3,815,700</b>

Operating Leases consists of the following:

Leases are negotiated for an average term of five years and rentals are fixed at an initial rental of R76,705 (inclusive of VAT) from 1 May 2019 with escalation of 8% on anniversary of lease. No contingent rent is payable. The lease is a non-cancellable lease.

**26. In-kind donations and assistance**

The College received the following in-kind donations and assistance:

**DHET / SAICA CFO Support Project**

The Project provides support to the College through the provision of a full time Senior Financial Advisor (SFA), as well as central project management support, including technical, policy development, governance and business management systems support. The project management support also includes a provincial management and performance management support, to assist the College in managing the SFA's performance. The Project that was funded by the National Skills Fund (NSF) was completed on 28 February 2021, however a six month extension was granted where the project finally concluded on 31 August 2021 in the CET Colleges. The project was provided by SAICA as part of its Nation Building Initiative on a recovery of cost basis, which is well below fair value.

**THE FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE**  
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	Note	2021 R	2020 R
<b>27. Related parties</b>			
Members of key management			<i>Members of Council, Principal and Deputy Principals</i>
Close family member of key management			<i>Close family members of Council, Principal, Deputy Principals and Council</i>
DHET			<i>Umbrella Body, has control</i>
Other CET Colleges			<i>Fellow colleges under DHET</i>
SETAs			<i>Institutions under control of DHET</i>
TVET Colleges			<i>Institutions under control of DHET</i>
<b>Related party balances</b>			
<b>Loan accounts - Owing (to) by related parties</b>			
DHET grant receivable		3,968,000	1,829,000
<b>Amounts included in Receivable (Payable) regarding related parties</b>			
<b>Related party transactions</b>			
Key management personnel employee cost		4,125,250	3,891,745
DHET management fee cost		167,240,475	171,804,843

**28. Events after the reporting date**

**Adjusting events**

There were no adjusting events noted after the reporting date.

**Non-adjusting events**

There were no non-adjusting events noted after the reporting date

**THE FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE**  
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	2021	2020
Note	R	R

**29. Transfer of functions**

The transfer of functions was done to give effect to:

- i) The proclamation No 44 of 2009 which was published in the government gazette No 3237 of 1 July 2009. The proclamation transferred the Administration of the Adult Education Training 2000 (Act No 52 of 2000) and the Continuing Education and Training Act No.16 of 2006 to the Minister of Higher Education and Training and,
- ii) The Higher Education and Training Amendment Laws Act, 2010 (Act No. 25 of 2010) which transferred the legislative responsibility for the Adult Education and Training (AET) sector to the Minister of the Department of Higher Education and Training (DHET)

There was no consideration transferred between the Provincial Department of Education, the National Department of Higher education and Training and CET College relating to transfer of functions.

No receivables were acquired by the College on the transfer of functions.

Directive 13 Transitional Provisions for the Adoption of Standards of GRAP by Community Education and Training (CET) Colleges describes the measurement period for the purpose of complying with GRAP 106 as extending to 31 December 2021 in contrary to the two year period after acquisition date as per GRAP 106

During the measurement period, the acquirer retrospectively adjusts the provisional amounts recognised at acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date.

The CET Colleges are required to present financial statements that comply in all material respects with the Standards of GRAP as at 31 December 2021. The measurement period does not apply to transactions or other events that occur after the acquisition date.

The College has managed to gather all information regarding the amounts of Property, Plant and Equipment before the Acquisition date and has retrospectively disclosed in full such amounts in the Annual Financial Statements, in accordance with Directive 13 as promulgated by the Accounting Standards Board.

**THE FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE**  
**Notes to the Annual Financial Statements**  
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Note	2021 R	2020 R
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**30. Restatement of comparative information**

**The following comparative information have been restated**

Property, Plant and Equipment: To comply with Directive 13 that expired on 31 December 2021, the College had to recognise and measure all its assets and liabilities before and after acquisition date (1 April 2015)

Depreciation expense: Increase in depreciation expense as a result of recognition and measurement of fixed assets not previously recognised to comply with Directive 13 that has since expired.

Reclassification of unspent grants to disclose the current and non-current portion of unspent grants.

**The restatements resulted in the following adjustments:**

**Statement of Financial Position**

Property, Plant and Equipment	12,181,081
Trade and other receivables from exchange transactions	(13,714,530)
Trade and other receivables from non-exchange transactions	13,714,530
	<u>12,181,081</u>

**Statement of Financial Performance**

Depreciation expense	(1,139,361)
	<u>(1,139,361)</u>

**31. Going concern**

We draw attention to the fact that at 31 December 2021, the College had accumulated profits of R 23 034 255 (2020: 19 221 651) and that the College's total assets exceed its liabilities by R 23 034 255 (2020: 19 221 651).

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 DHET continues to procure funding for the ongoing operations for the College. Management has prepared a cash flow forecast for 12 months after the financial year end and for 2023 respectively, taking into account the impact of Covid-19. Management has concluded that there are no material uncertainties that may cast doubt about the ability of the College to continue as a going concern and whether the college will realise its assets and settle liabilities in the ordinary course of business at the amounts recorded in the annual financial statements.

**32. Net Assets**

In terms of the CET Act, the Minister of Higher Education and Training may close a public College subject to certain conditions. In such a case, the net assets of the College, comprising the accumulated surplus and reserves, will vest in the Minister of Higher Education and Training after the settlement of all liabilities.

**THE FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE**  
**Notes to the Annual Financial Statements**  
**for the year ended 31 December 2021**

Note	2021 R	2020 R
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**33. Risk management and other financial instrument disclosures**

**Maximum credit risk exposure**

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

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:
Cash and cash equivalents
Trade and other receivables from exchange transactions
Other financial assets
Other receivables from non-exchange transactions, including transfers

8,589,818	6,799,897
138,825	144,325
-	-
78,707,389	15,543,530

**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 and credit facilities.

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

The table below analyses the College's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

**2021**

**Not later than one month**      **Later than one month and not later than three months**

Gross finance lease obligations
Borrowings
Trade and other payables
Bank overdraft
Unspent conditional grants

-	-
-	-
-	-
-	-
-	-

**2021**

**Later than three months and not later than one year**      **Later than one year and not later than five years**

Gross finance lease obligations
Borrowings
Trade and other payables
Bank overdraft
Unspent conditional grants

-	-
-	-
(2,433,756)	-
(6,680)	-
(9,221,391)	(65,273,169)



**THE FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE**  
**Notes to the Annual Financial Statements**  
**for the year ended 31 December 2021**

	Note	2021 R	2020 R
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*Risk management and other financial instrument disclosures continued...*

2020

Not later than one month      Later than one month and not later than three months

Gross finance lease obligations	-	-
Borrowings	-	-
Trade and other payables	-	-
Bank overdraft	-	-
Unspent conditional grants	-	-

2020

Later than three months and not later than one year      Later than one year and not later than five years

Gross finance lease obligations	(279,448)	-
Borrowings	-	-
Trade and other payables	(2,294,691)	-
Bank overdraft	(3,360)	-
Unspent conditional grants	(9,156,742)	(5,500,000)

**Interest rate risk**

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

**Other price risk**

*The College faces price risk as a result of inflation provoked by the Covid-19 pandemic and its related economic crisis. However, the overall economic climate of the country has improved and the price risk has declined significantly after year end*

**34. Tax exemption**

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

## 15. DECLARATION OF AUTHENTICITY AND ACCURACY OF INFORMATION CONTAINED IN THE ANNUAL REPORT

I, the undersigned, MA Matlawa, hereby declare that the information contained in the Annual Report is to the best of my knowledge and belief, true and correct as at the date set forth hereinbelow my signature.

I further certify that:

- As the Accounting Officer, I am 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, human resource information, and Annual Financial Statements.
- I am responsible for and take full responsibility for the preparation of this Annual Report and Annual Financial Statements and any decision made in connection therewith.
- All information and amounts disclosed throughout the Annual Report are consistent.
- The Annual Report is complete, accurate, and free from any omissions.
- The Annual Report has been prepared in accordance with the guidelines and prescripts issued by the National Treasury and 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 the National Treasury.
- The external auditors expressed 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 the Free State CET College for the financial year that ended 31 March 2022.

I acknowledge and understand that any intentional or negligent misrepresentation of the information contained in the aforesaid Report and Annual Financial Statements constitutes an act of misconduct and may result in the institution of disciplinary action as well as criminal or civil proceedings against me in terms of the relevant legislation.



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Dr WK De Wee  
College Council Chairperson  
Date: 30 September 2022





higher education  
& training

Department:  
Higher Education and Training  
REPUBLIC OF SOUTH AFRICA



**Free State  
CET College**  
Community Education  
and Training College

# FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE

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## ANNUAL REPORT 2021/22