



higher education  
& training

Department:  
Higher Education and Training  
REPUBLIC OF SOUTH AFRICA



South Cape TVET College  
Suid-Kaap Kollege  
Ikholeji yaseMzantsi-Kapa

# South Cape TVET College

# ANNUAL REPORT 2018

# TABLE OF CONTENTS



---

<b>Abbreviations and Acronyms</b>	<b>03</b>
-----------------------------------	-----------

---

<b>College Profile</b>	<b>05</b>
------------------------	-----------

---

<b>College Strategic Overview</b>	<b>07</b>
-----------------------------------	-----------

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## **Part A:**

### **General Overview**

3. Message from the Council Chairperson	9
4. The Accounting Officer's Foreword	11
5. Statement of Responsibility and confirmation of Accuracy	13
5.1 Audits and Verification Time Frames	14
6. Legislation and other Directives	15
6.1 Legislative Framework	15
6.2 Legislative and Other Mandates	15

---

## **Part B:**

### **Governance**

7. Report of the Council Chairpersons	17
7.1 Names of Council Chairpersons, Members and their designated functions for the years 2014 - 2018	17
7.2 Number of Meetings held by Council Committees	18
7.3 Performance in Terms of the Statutory Functions	19
7.4 College performance in Terms of the Communitées it Serves	19



7.5 Reports by Committees of Council	20
7.5.1 Audit and Risk Committee	20
7.5.2 Finance Committee	22
7.5.3 Human Capital Committee	24
7.5.4 Innovation and Development Committee	27
7.6 Academic Board Report	31
7.7 Student Representative Council Report	32

---

## **Part C:**

### **Performance Information**

8. Report by the Principal on Management and Administration	34
8.1 Achievements during 2018	34
8.2 Report 191 Results for Semester 1, Trimester 1 and 2	35
8.3 UNISA Results	37
8.4 Implementation of Lecturer and Curriculum Delivery Support System	38
9. College Performance and Organisational Environment	40
9.1 Total Student Enrolments	41
9.1.1 Students by Academic Category	41
9.1.2 Overall Student Profile	41
9.1.3 Student Gender Profile	42
9.1.4 Overall Student Ethnicity Profile	42
9.1.5 Student Headcount Total	43
9.1.6 Comparative Headcount Enrolments 2007 - 2008	43
10. Performance Reporting	44
10.1 Achievement of Strategic Objectives	44
10.2 South Cape TVET College Strategic Objectives	49
10.3 Achievement in Terms of Strategic Targets	51
10.4 Strategy to Deal With Underperformance	55
10.5 TVET Lecturers Placed In Workplaces For Specified Periods	56
10.6 Internal Audit and Quality Management	57

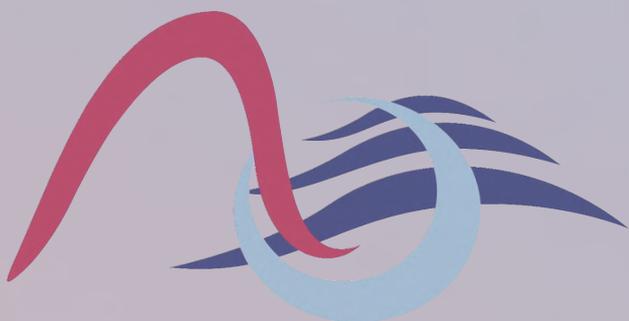
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## **Part D:**

<b>Annual Financial Statements</b>	<b>58</b>
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<b>APP:</b>	<b>Annual Performance Plan</b>
<b>CET Act:</b>	<b>Continuing Education and Training Act</b>
<b>CoS:</b>	<b>Centre of Specialisation</b>
<b>DEDAT:</b>	<b>Department of Economic Development and Tourism</b>
<b>DHET:</b>	<b>Department of Higher Education and Training</b>
<b>DRDLR:</b>	<b>Department of Rural Development and Land Reform</b>
<b>FTE:</b>	<b>Full Time Equivalent</b>
<b>HEI:</b>	<b>Higher Education Institution</b>
<b>HEAIDS:</b>	<b>Higher Education and Training HIV/AIDS Programme</b>
<b>HRDS-SA:</b>	<b>Human Resource Development Strategy for South Africa</b>
<b>ICT:</b>	<b>Information and Communication Technology</b>
<b>ISO 9001:</b>	<b>International Standards Organisation 9001 that specifies requirements for a quality management system</b>
<b>M&amp;E:</b>	<b>Monitoring and Evaluation</b>
<b>MIS:</b>	<b>Management Information System</b>
<b>MoU(s):</b>	<b>Memorandum of Understanding(s)</b>
<b>MTEF:</b>	<b>Medium Term Expenditure Framework</b>
<b>MTSF:</b>	<b>Medium Term Strategic Framework</b>
<b>NC(V):</b>	<b>National Certificate (Vocational)</b>
<b>NDP:</b>	<b>National Development Plan</b>
<b>NEET:</b>	<b>Not in Employment Education or Training</b>





<b>NSDS:</b>	<b>National Skills Development Strategy</b>
<b>NSF:</b>	<b>National Skills Fund</b>
<b>NSFAS:</b>	<b>National Student Financial Aid Scheme</b>
<b>OPS Plan:</b>	<b>Operational Plan</b>
<b>PFMA:</b>	<b>Public Finance Management Act</b>
<b>PMDS:</b>	<b>Performance Management and Development System</b>
<b>PQM:</b>	<b>Programme Qualification Mix</b>
<b>PSET:</b>	<b>Post-School Education and Training</b>
<b>SAOGA:</b>	<b>South African Oil &amp; Gas Alliance</b>
<b>SCC:</b>	<b>South Cape TVET College</b>
<b>SETA:</b>	<b>Sector Education and Training Authority</b>
<b>SNE:</b>	<b>Special Needs Education</b>
<b>SO:</b>	<b>Strategic Objective</b>
<b>SSP:</b>	<b>Sector Skills Plan</b>
<b>SWOT:</b>	<b>Strengths, Weaknesses, Opportunities, Threats</b>
<b>THETA</b>	
<b>SETA:</b>	<b>Tourism and Hospitality Sector Education and Training Authority</b>
<b>TVET:</b>	<b>Technical and Vocational Education and Training</b>
<b>WIL:</b>	<b>Work Integrated Learning</b>
<b>WPBL:</b>	<b>Workplace-based Learning</b>





# College Profile

The TVET sector has seen many changes through the last decade. For South Cape TVET College this has been no different.

The institution was established in 1994, with the amalgamation of the George Technical College (initially the George Technical Institute, founded in 1968), Oudtshoorn Technical College (initially the Technical Institute in Oudtshoorn, founded in 1981), the South Cape Technical Institute in George, which started its first activities in the early 1980's, and Mossel Bay which started operating in 1993 as a satellite of the Oudtshoorn Technical College. South Cape College was the pilot site for South Africa in this regard, and college mergers followed suit from 2002 onwards.

In 2007 a new study path, National Certificate Vocational (NCV), was introduced at the FET Colleges. These qualifications targeted the youth who obtained a grade 9 but left school before completing Grade 12. South Cape College started out with approximately 10 of these programmes with the largest intakes at the Oudtshoorn, George and Mossel Bay Campuses. With these new qualifications available, the National Diploma courses were phased out at all Campuses.

After just one year the College reduced their programme offerings down to nine courses to create niche campuses. This would lead to infrastructure being erected at certain campuses to focus on specific courses. Oudtshoorn Campus had industry kitchens built to serve as the number one choice for Hospitality Studies. Mossel Bay became known as the Engineering Campus with its large engineering workshops.

# More about South Cape TVET College

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In 2012 the College sector changed from Further Education and Training (FET) Colleges to Technical and Vocational Education and Training (TVET) Colleges.

South Cape College is now known as South Cape TVET College. The College also expanded its programme offerings. South Cape TVET College started offering Report 191 Business Studies at the George and Oudtshoorn Campuses and Report 191 Engineering Studies at the Mossel Bay Campus. This was a much needed change for the communities which these campuses serve as not many matriculants could afford to go to University. This offered an alternative and a very clear career path to the students. Even though it started only at two campuses, Report 191 courses are now offered across the six campuses of South Cape TVET College.

As from April 2014 Colleges started migrating to DHET with the final migration process in April 2016. This led to a percentage of staff being employed by DHET and the remainder by the College Council. Colleges then started to adopt the DHET policies and procedures in its management. The principal, Ms Elsie Potgieter took up office at South Cape TVET College on 01 August 2015.

Even though there have been many changes and challenges the past 13 years, South Cape TVET College is standing proud. Proud to serve the community of the Garden Route and Kannaland Karoo, proud of our staff who bring quality and excellent service to technical and vocational training. We are anticipating an exciting next decade!

# College Strategic Overview



Figure 1



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South Cape TVET College  
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# Part A

## General Overview



# 3. MESSAGE FROM THE COUNCIL CHAIRPERSON

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I take pleasure in presenting the Annual Report (AR) of South Cape TVET College for the year 2018. The aforementioned report takes into account that Technical and Vocational Education and Training (TVET) Colleges, as part of a dynamic Post-School Education and Training (PSET) system, should position themselves strategically in terms of the strategic vision and goals of the Department of Higher Education and Training (DHET). The Annual Report is a key platform for reporting on the implementation of the strategic vision and goals of the DHET including the strategic objectives and sub-outcomes that South Cape TVET College committed to.



South Cape TVET College has focused on the targets in two sub-outcomes of the Medium Term Strategic Framework (MTSF), namely:

- **Sub-Outcome 2:** Increased access and success in programmes leading to intermediate and high level learning; and
- **Sub-Outcome 4:** Increased access to occupationally directed programmes in needed areas and expansion of the availability of intermediate level skills with a specific focus on Artisan skills.

Moreover the Annual Report highlights specific objectives that the College focused on during 2018. These objectives were:

1. To provide quality Technical and Vocational Education and Training services and increase academic achievement and success of students.
2. To have adequate infrastructure and systems in place to increase access and provide effective services to students.
3. To develop partnerships and maintain good stakeholder relations to increase the number of students who are adequately prepared to enter the labour market or further and higher

- 
- learning opportunities.
4. To ensure continuous business excellence in terms of good corporate governance and effective management of all College resources as well as information and data reporting.
  5. To monitor and evaluate all College processes in terms of the TVET College Monitoring and Evaluation Framework and report quarterly on the College's performance in this regard.

With reference to sub-outcome 2, it is heartening to report that the student progression rate of NC(V) Level 3 was 75.18 in 2018. The subject pass rate of Report 191 Engineering Studies increased from 67.12% in 2017 to 79.88% in 2018. A total of 457 Report 191 Business and General Studies (N4 – N6) subject distinctions were achieved during 2018.

In the Occupational Delivery Branch, 184 Artisans commenced their training over a 3 year period as part of a successful partnership with PetroSA and the South African Oil and Gas Association, providing practical training and work-based-experience.

The College Council, Academic Board, Audit and Risk Committee, Finance Committee, Human Capital Committee, Innovation and Development Committee, and the Planning and Resources Committee attended to all Governance matters during the various quarterly meetings. Council wishes to congratulate all the College Council members, management and staff for achieving an unqualified audit opinion with no findings from the Auditor-General for 2018. My gratitude goes to the College Management, Council, Staff and students of South Cape TVET College for the work done and achievements during 2018.

The SRC is appreciated for their continuous support to Council and Management and for improved communication with stakeholders. Their leaders displayed good relationships with the students. All students are encouraged to focus on their studies to ensure success in their respective careers and society at large.



**Ms N Lichaba**  
**Chairperson of The College Council**

# 4. THE ACCOUNTING OFFICER'S FOREWORD

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The Annual Report reflects the activities, successes, challenges, achievements, growth and development of the College during 2018. The tables in the report provide comparative figures for the period 2007 – 2018.

South Cape TVET College is a complex institution delivering a diversity of programs to the students, communities, businesses and industry in the Eden, Kannaland and Karoo Districts of the Southern Cape Region.

The vision - to be a world class institution for Technical and Vocational Education and Training supported by the mission - commits the College to facilitate quality and relevant teaching and learning in a supportive environment as reflected in the Academic and the Innovation and Development Reports.

This Annual Report reflects the achievements of the College's staff and students. The Management Team wishes to express their sincere appreciation to all our staff and students for their continuous commitment and diligence.

The College Council, Academic Board, Student Representative Council, Management, Staff and Students' continuous commitment toward the successes achieved during 2018 is recognised.

During 2018 the College continued with its strategy to increase post-Grade 12 opportunities for the large cohort of students who wish to continue with their studies. This was achieved by expanding the Report 191 (N4 – N6) programme qualification mix on all campuses. The College also entered into a partnership with UNISA to offer the B. Ed. Degree Foundation Phase and the Higher Certificate in Adult Basic Education and Training Level 5 on a part time and full time basis at five campuses.



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The delivery model of these qualifications integrate online studies with scheduled contact sessions. The enrolment in the UNISA programmes exceeded the College's expectations and the successes achieved by students supports the expansion into higher education programmes. The College also experienced growth in Artisan Training.

The College was selected as a Centre of Specialisation (CoS) in Bricklaying at the Mossel Bay Campus. A training facility was erected at the Mossel Bay campus and renovations were done to existing facilities to ensure that the College will be ready to start with the project to enrol 30 artisans in bricklaying by January 2019.

The implementation of the 5-year College Maintenance Plan was supported by the DHET CIEG grant of R27 million in the 2017 financial year. The College could attend to the backlog in maintenance at the Oudtshoorn, Beaufort West and Bitou campuses. A more secure fence was also erected at the Oudtshoorn Campus to curb vandalism of the College property.

The balance between funded (NC(V) and Report 191 programs) and Occupational Programs (Learnerships, Artisan Training, etc.) was maintained with a small increase in Occupational programs. This is also reflected in the 2018 financial performance of the College.

The College received a Clean Audit Award for 2017 from the Auditor-General South Africa at a function held in Cape Town during March 2019.

Moreover, the College received an unqualified audit with no findings audit opinion from the Auditor-General for the Annual Financial Statements of 2018. This confirms our commitment to excellent financial management and reflects a healthy disciplined financial growth trajectory.

The Audited Financial Statements for 2018 are included in this Annual Report and are also available on the College Website.



**Ms ESCM Potgieter**  
**Principal**  
**Accounting Officer**

# 5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY

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

1. All information and amounts disclosed throughout the annual report are consistent.
2. The annual report has been prepared in accordance with the guidelines issued by the Department of Higher Education and Training.
3. The annual financial statements have been prepared in accordance with the relevant standards, frameworks and guidelines issued by National Treasury.
4. The accounting officer, i.e. the Principal, is responsible for the preparation of the annual financial statements and for the judgements made in this document.
5. The accounting officer, i.e. the Principal, is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.
6. The Auditor-General as the external auditors express an independent opinion on the annual financial statements.

**Ms ESCM Potgieter**  
**Principal**  
**Accounting Officer**

## 5.1 Audits and Verification Time Frames

External audit by Auditor-General	April to May annually
Internal audit by College appointed Auditors	Continually
Departmental Verification	February to March Annually
Annual Report submission with unaudited headcount (electronic copy)	31 March of year of audit
Annual Financial Statements (unaudited) submission	31 March of year of audit
Annual Financial Statements (audited) submission	31 May of year of audit
Annual Report submission with audited headcount	30 June of year of audit

Table  
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# 6. LEGISLATION AND OTHER DIRECTIVES

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## 6.1 Legislative Framework

A public college is enjoined by Act 16 of 2006, Section 25(3) of the Act, read in conjunction with section 25(3) of the same Act to prepare and submit to the Minister for Higher Education and Training with an annual report.

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

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

## 6.2 Legislative and Other Mandates

In terms of Sections 25(3) and 25(4) of the Continuing Education and Training (CET) Colleges Act, No 16 of 2006 (as amended), public technical and vocational education and training (TVET) colleges are required to produce annual financial reports and to comply with any reasonable additional reporting requirement established by the Minister. Moreover, Section 44 of the Act requires colleges to annually report to the Minister in respect of its performance and its use of available resources. In addition, these pieces of legislation govern and steer the college in terms of achievement of its strategic and performance objectives.

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

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



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# Part B

## Governance



# 7. REPORT OF THE COUNCIL CHAIRPERSON

The following section reflects on governance matters as steered by the College Council, The Academic Board and the various council Committees. This section includes:

- 7.1 Names of Council Chairpersons, Members and their designated functions for the years 2014 - 2018.
- 7.2 Number of meetings held by Council Committees.
- 7.3 The statement of Council on college functionality.
- 7.4 College Performance in Terms of the Communities it Serves.
- 7.5 The report of council committees and sub-structures.

## 7.1 Names of Council Chairpersons, Members and their designated functions for the years 2014 - 2018

First Name	Surname	Designation
Ms Nthabiseng	Lichaba	External Councillor: Council Chairperson
Mr Shaheed	Peters	EXCO Chairperson: Member Finance Committee (Business woman) External Councillor: Council Deputy Chairperson Chairperson: Finance Committee Chairperson: Audit and Risk Committee (Business: SPWM)
Mr Norman Mzukisi	Cona	External Councillor: Chairperson: I&D Committee (School Principal Themba lethu High School)
Mr Thamsanqa Sweetman	Dazela	External Councillor: Member of Academic Board (Bitou Municipality)
Ms Nombuso	Gumede	External Councillor: Representing donors; Member of I&D Committee Area Manager: Offsites & Utilities PetroSA)
Ms Elsie	Potgieter	Internal Councillor: Principal; Chairperson Academic Board (SCC)
Mr Hendrik Johannes	Cronje	Internal Councillor: Support Staff Representative (SCC Assistant Director: New Business)
Ms Carmen	Philips-Moorcroft	Internal Councillor: Academic Board Representative (Acting Campus Head at SCC Mossel Bay Campus)
Ms Anesipho	Qhakancu	Internal Councillor: SRC Executive President
Ms Mymie	De Beer	Internal Councillor: SRC Executive Deputy President
Mr Koos	Jonck	Internal Councillor: Academic Staff Representative

Table 2

## 7.2 Number of meetings held by Council Committees

Meeting Held	Meeting Date	
College Council	1. 17/03/2018 2. 19/06/2018	3. 28/09/2018 4. 16/11/2018
Executive Committee	No meetings were held in 2018	
Academic Board	1. 26/02/2018 2. 28/05/2018	3. 06/08/2018 4. 15/10/2018
Finance Committee	1. 09/03/2018 2. 15/05/2018	3. 03/09/2018 4. 22/10/2018
Audit and Risk Committee	1. 09/03/2018 2. 16/06/2018	3. 04/09/2018 4. 23/10/2018
Human Capital Committee	1. 15/03/2018 2. 04/06/2018	3. 18/09/2018 4. 07/11/2018
Innovation and Development Committee	1. 13/02/2018 2. 31/05/2018	3. 31/08/2018 4. 11/10/2018
Planning and Resource Committee	1. 08/02/2018 2. 04/06/2018	3. 04/08/2018 4. 07/11/2018
Special Meetings: • College Council • Strategic Planning	1. 25/05/2018 2. 17/11/2018	

Table 3

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## 7.3 Performance in Terms of the Statutory Functions

The College Council complied with the following requirements as explained in sections 10(1)-(3)

1. College Statute (section 10(1)s)).
2. The Strategic Plan approved by the MEC (section 10(2) (i-iv)).
3. The Language Policy (section 10(2) (b)).
4. Accreditation requirements according to standards and qualifications registered on the NQF (section 10(2) C)).
5. Student Support Services according to the DHET guidelines (section 10(3)).
6. Council membership (section 10(4)).
7. Council Chairperson, Vice-Chairperson and other office bearers are external members (Section 10(5)).

## 7.4 College Performance in Terms of the Communities it Serves

South Cape TVET College had a fully functional Council in 2018. Four Council meetings, one special meeting and one strategic planning meeting were held. All Committees met quarterly, and in doing so rendered support to the management to achieve the goals of the College. The South Cape TVET College Council performed all its functions which are necessary to govern a public College, subject to the Act and any applicable legislation. The Council, with the concurrence of the Academic Board strictly adheres to the strategic plan of the College that :

- incorporates the mission, vision, goals and planning for funding of the College;
- addresses past imbalances as well as gender and disability matters and
- adheres to safety measures for a safe learning environment for students, lecturers and support staff.

The College Council outsourced a Research Project in all the communities of the Eden, Kannaland and Karoo District to determine the training needs in these communities. The research findings will guide strategic planning for 2019.

The College has made a strategic shift towards Report 191 N4-N6 and Occupational Programmes and higher education programmes to meet the training needs as required by its target market. Most enquiries are from students who have completed their Grade 12 and wish to study further. By offering programmes to a more mature qualified student community, WIL and work placement of students become a key performance measure of the College's success in business and industry. This, however is an unfunded mandate for the year 2018. The Occupational PQM targets increased for 2018.

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## 7.5 Reports by Committees of Council

### 7.5.1 Audit and Risk Committee

All members of the Audit Committee appreciated the crucial role the committee plays in assisting the College Council to discharge its overall responsibility to protect as far as possible the long-term success of South Cape TVET College by appropriately managing the risks to the institution. We do this by monitoring, reviewing and challenging the effectiveness of the College systems of control and processes in areas such as financial reporting, risk management, business continuity, and business assurance on critical topics like ICT security, supply chain adherence, deviations, unauthorised, fruitless and wasteful expenditure, fraud and human resource key vacancies, to name a few. The committee also monitors and reviews the nature and scope of internal and external work together with their independence and effectiveness. It is vital that we as a committee assess what processes and systems make South Cape TVET College more effective, robust and sustainable in the long term, while preserving and fostering the institution's agility, adaptability and growth.

#### Audit Committee Composition

The Audit Committee currently comprises of the following Council members and their designations:

1. Mr. Shaheed Peters (Voting Member and Chairperson of the Committee).
2. Ms. Elsie Potgieter (Voting Member and Principal of the College).
3. Ms. Nomfundo Matroos (Non-Voting Member and Quality Manager).
4. Ms. Celesté Immink (Non-Voting Member and Internal Auditor).
5. Mr. Christian Bellingan (Non-Voting Member and Acting Deputy Principal: Finance).
6. Mr. Thamsanqa Dazela (Voting Member and External Councillor).

The committee has engaged the following external advisers to help it meet its responsibilities, both of whom are invited to attend committee meetings:

Auditor-General South Africa (AGSA) acts as our external auditors. The Audit committee chair and members also regularly meet with both the external and internal auditors, without the executive directors or members of the Finance team present.

The Audit Committee responsibilities are:

- Monitoring the integrity of South Cape TVET College's financial statements in relation to the institution's financial performance;
- Reviewing the effectiveness of the internal and external audit processes and
- Reviewing the effectiveness of the College's financial and internal controls, including the process for the evaluation, assessment and management of risk.

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The full Terms of Reference for the committee are available on our college website. The Audit Committee met four times for scheduled meetings during the year. Its activities included:

- Reviewing and approving the Annual Financial statements and refer it to Council for final approval;
- Considering reports from the external auditors and identifying any accounting or judgemental issues requiring attention;
- Overseeing the appointment of and relationship with the external auditors, including an assessment of their independence and also approve the external audit fees and refer it the Council for final approval;
- Reviewing and considering reports on the work of the internal audit function together with fraud prevention and whistle blowing;
- Reviewing and approving the College's quarterly report from the Quality department;
- Reviewing the progress on the internal audit plan and the robustness of the college ICT risk processes in place;
- Reviewing the progress on the audit action plan of prior year external and internal audit findings;
- Reviewing the College's risk register and the risk mitigation actions undertaken during the year;
- Considering reports on the financial budgeted amounts vs actuals spent till date and
- Reviewing the committee's Terms of Reference.

## **Audit and Risk Management Priorities for 2019**

During 2019, the committee will continue to focus on the integrity of the financial controls, risk management systems and robustness of the College's ICT security arrangements, to make sure they reflect the changing risks of our high-growth sector. The security of our debtor student data will be a key focus in the financial year ahead, and this will be regularly monitored by the committee. The committee will also oversee the governance of the various transformation projects that are ongoing across the college to ensure that those projects are being appropriately managed and sequenced, both from an individual and holistic perspective.

**Chairperson: Audit and Risk Management Committee**

**Mr Shaheed Peters**

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## 7.5.2 Finance Committee

### **The report of the College's financial position, financial performance and assets management**

Cash available to the College increased from R14,0m in 2017 to R34,8m in 2018, mainly as a result of DHET releasing the direct subsidy (Programme Funding) earlier than in 2017, before the end of the financial year, as well as the second tranche of the unutilized Compensation of Employees claim (PERSAL).

Student and other receivables increased by 68% to R27,2m. The increase is mainly due to outstanding NSFAS claims of R7,5m (2017: R3,6m), and monies due from Occupational Programme Funders. Outstanding student fees totaled R25,5m at the end of 2018. A debt collector is being appointed to oversee the collection of these monies.

Capital expenditure of R8,3m (2017: R12,0m) was incurred to increase classroom capacity, computers and other equipment for the benefit of students.

Investment property consists of a guest house in Oudtshoorn, classified as a heritage building in terms of the National Heritage Resources Act. A tender of R3m for the repair of the building was awarded. It is envisaged that it will be used again as a practical training venue for hospitality students while operating as a guest house.

### **Liabilities**

Apart from funds received in advance and normal trade creditors, the College is debt-free.

### **Financial Performance**

#### **Ministerial Programmes Revenue**

The DHET Programme Funding allocation increased by 10,6% to R107,7m of which R79,1m was for the Compensation of Employees and R28,5m to defray operational costs.

NSFAS tuition bursary allocation of R34,4m was made available to qualifying students, 15% more than 2017. However, only 60% (2017: 56%) of the available funding was utilized as a result of students not passing. The total amount funded by NSFAS was R20,5m, an increase of 22% from 2017. Tuition fees not funded decreased by 25% from 2017. In total, tuition, hostel and other fees increased by 7,4% in 2018, totaling R26,3m.

#### **Occupational Programmes Revenue**

Revenue from Occupational Programmes decreased by 12% from 2017 to R14,6m. A new partnership with UNISA in distance learning resulted in revenue of R2,3m.

Total revenue for the year was R172,5m compared to R149,0m in 2017.

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## **Expenditure**

Employee-related expenditure increased by 12,2% to R104m (2017: R92,7m) of which R58m (2017: R53,3m) was services-in-kind (PERSAL) and R46m (2017: R39,3m) incurred by the College. Salary cost incurred by the College, and funded by revenue from Occupational Programmes (R25m) and the unutilized portion of the Programme Funding (R21m), increased by 17% compared to 2017, totaling R46m.

Other operating expenditure increased by 15% from 2017 to R48,5m, excluding depreciation. Of this, nearly 50% consists of text book and other programme-related costs, security, software licensing/IT costs, and municipal charges.

Refer to the annual financial statements for further information. These financial statements reflect the economic reality of the College.

## **Other Matters**

### **Internal Controls**

The staff complement remained unchanged during 2018, however, two positions are currently being filled, namely one in supply chain management and the other in creditors' administration. The Finance Committee met five times during 2018.

### **Audit**

The College achieved a clean audit (unqualified opinion) for its 2018 financial statements, which means that these financial statements are fairly presented.

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### 7.5.3 Human Capital Committee

The College statute provides for the establishment of the Human Capital Committee to oversee governance matters pertaining to the provision of human resource services to College staff. The committee comprises of a split of external and internal Councillors. The committee held four mandatory pre-scheduled meetings in the year 2018. Generally all meetings of the Human Capital Committee have been attended by members to attain a quorum. However not all meetings enjoyed 100% attendance. The College has adopted various ways to avert non-attendance or poor attendance of meetings including holding meetings after hours to accommodate Council members. The committee has been playing a crucial role in oversight and report on matters such as:

- Recruitment, Selection and appointments;
- Employment Equity and Transformation;
- Conditions of Services;
- Performance Management;
- Training and Development;
- Staff establishment and
- Labour Relations.

### Human Resources Management

The 2018 staff establishment is presented in figure 4. Staff turnover mainly occurred due to natural attrition, resignations and medical retirements/boarding. Moreover the College employed graduate interns mainly to provide them with workplace experience in particular South Cape TVET College graduates.

### Staff Complement

- Four critical Campus Head positions were filled in the year;
- Four senior Lecturers were appointed during the year;
- 14 Contract Lecturers were appointed during the year;
- Nine Facilitators for Occupational programmes and
- Three Support staff.

Ten of these appointees are DHET permanent employees and the balance are College Council contract employees. All DHET and College Council staff underwent a verification process in order to certify them as employees working for and based at South Cape TVET College.

## Human Resources Development

The College has established a Human Capital Development Committee. This committee is mandated to guide the provision of staff development in the College and comprised of diverse membership of support and academic staff, derived from all campuses of the College.

Various training interventions were rolled out covering over 300 employees. Training covered all levels of staff and demographics.

Fifteen (15) staff members were allocated 100% bursary funding towards their formal studies. The College continues to strengthen its performance management systems to ensure that each employee reaches his/her maximum potential. There has been a remarkable improvement in terms of compliance though there is still a low level of non-compliance. The College will deploy other strategies to curb this behaviour and encourage staff to understand and own the process including briefing sessions and disciplinary actions.

In 2018 the College introduced a government wide staff performance management and development system for all support staff and HRD went on a roadshow to introduce and facilitate this tool throughout the College. The IQMS system will endure for academic staff until another system is introduced.

## Employment Equity Profile

The Human Resources Department with support from SMT continues to provide oversight on the implementation of the College employment equity strategy. The five year strategy had been developed in 2016.

<b>Occupational Levels</b>	<b>Male</b>				<b>Female</b>				<b>Foreign Nationals</b>		<b>Total</b>
	<b>A</b>	<b>C</b>	<b>I</b>	<b>W</b>	<b>A</b>	<b>C</b>	<b>I</b>	<b>W</b>	<b>Male</b>	<b>Female</b>	
Senior Management	0	0	0	0	0	0	0	1	0	0	1
Professionally qualified and experienced specialist and mid-management	1	0	1	0	0	1	0	0	0	0	3
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	10	13	0	9	15	29	0	24	0	0	100
Semi-skilled and discretionary decision making	3	5	1	2	12	27	0	8	0	0	58
Unskilled and defined decision making	11	17	0	0	8	14	0	0	0	0	50
<b>TOTAL PERMANENT</b>	<b>25</b>	<b>35</b>	<b>2</b>	<b>11</b>	<b>35</b>	<b>71</b>	<b>0</b>	<b>33</b>	<b>0</b>	<b>0</b>	<b>212</b>
Temporary employees	6	10	0	11	20	31	0	10	3	0	91
<b>GRAND TOTAL</b>	<b>31</b>	<b>45</b>	<b>2</b>	<b>22</b>	<b>55</b>	<b>102</b>	<b>0</b>	<b>43</b>	<b>3</b>	<b>0</b>	<b>303</b>

Table 4

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## Physical Resources

The College has an approved five year Infrastructure, maintenance and Security plan for each of the sites and campuses of the College.

- At the Oudtshoorn Campus, a new fence has been installed;
- At the Beaufort West Campus, SCC has secured land from the municipality to build a student residence and other relevant amenities;
- At the Mossel Bay Campus, the construction of seven additional classrooms was completed;
- At the George Campus, the College and George Municipality finalised negotiations for transfer of land to SCC for building a new Campus;
- At the Bitou Campus, negotiations with the Municipality has been re-opened to acquire additional land for expansion of the Campus;
- Foster's Manor renovations are under way and will be completed by July 2019;
- Shade ports in Beaufort West and Bitou campuses are erected and the date of completion is set to be June 2019 and
- The Mossel Bay Centre of Specialisation Building is well underway and is expected to be completed early in 2019.

Provision of security services remained unstable for the larger part of 2018 due to poor performance of the contracted service provider. A new tender will be issued in 2019 for a period of 3 years to ensure stability. There is also a plan to provide access control and CCTV security cameras in all our sites to mitigate unauthorised access and entry to College properties, assets, staff and students.

All College sites have been certified as Occupational Health and Safety compliant.

The College fleet remains stable though it is ageing and highly utilised and a new fleet system will be introduced in early 2019 to monitor usage, maintenance and control more effectively. The addition of three new vehicles purchased brought needed relief on the current fleet utilisation.

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## 7.5.4 Innovation and Development Committee

The Innovation and Development Committee oversees accreditation with SETAs, new business and Occupational Programme Delivery as well as Marketing and Communication. The main strategic objectives and key performance areas of the Branch are listed below.

### **Related to the College's Strategic Goal One:**

- Increase the number of skilled youth by expanding access to education and training of youth through the introduction of new business and the subsequent implementation of quality, accredited and relevant occupationally directed Education and Training interventions;

### **Related to the College's Strategic Goal One and Three:**

- Increase the number of students successfully entering the labour market through increased brand awareness (for recruitment and partnerships with Business and Industry) and relationship building through enhanced communication strategies both internally and externally;

### **Related to the College's Strategic Goal Three:**

- The administering and reporting on the findings of the Customer Satisfaction Survey, conducted twice annually;

### **Related to the College's Strategic Goal Three:**

- The successful hosting of both internal and external events and functions.

## **Marketing and Communication**

The purpose of the Marketing and Communication Department is broadly, among others, to reach the targets set for student numbers based on the Programme Qualification Mix (PQM). The targets, determined annually, determine the design of the strategy. The detailed marketing plan for 2018 was drawn up and implemented. The activities were as follows:

- Advertising;
- Career Exhibitions;
- Co-Marketing;
- Focused Customer Engagement;
- Open Days during TVET Month;
- Posters, Flyers and Loud Hailing;
- School Visits and Parent Evenings and
- Social Media.

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## **New Business and Occupational Delivery**

### **i) The Youth Focus Programme of the WCED**

The Youth Focus project, an innovative project funded by the WCED, is still successful, whilst there is a lack of demand at some Campus towns. The programme is meant to career path (in the occupational path-way) for Learners from Grade 9 and 10 who have failed multiple times. During 2018 the College trained 180 NQF Level 1 Learners for completion of the Learnership. Anecdotal feedback from the Facilitators and Learners suggests that the programme had a high socio-economic impact in the various communities where these students resided and worked.

### **ii) Department of Rural Development and Land Reform:**

The partnership that was established with the Department of Rural Development has grown to the extent that the College has entered into an agreement with the Beaufort West Municipality to lease the Beaufort West Hub (built by the DRDLR) as the anchor tenant. The lease period ending in 2018 will to be renewed. The occupational offerings funded were Business Administration, Early Childhood Development, Animal Production and End User Computing.

### **iii) Extended Public Works, WCED and Social Services:**

A substantial number of Learners were enrolled for the Early Childhood Development (ECD) Course in 2018. These participants were placed with various crèches to gain experiential learning. Upon completion, and being found competent, they will receive their official certificates from the ETDP SETA.

The ECD courses have a duration of 18 months and as such overlaps will occur year-on-year. The actual total figure for 2018 was 1121, of which 489 Learners were "roll-overs" from the previous year.

### **iv) National Skills Fund:**

The implementation of various Learnership, Skills programmes and Artisan Development programmes funded by NSF will be ongoing. The number of N4-N6 Learners placed in businesses is 80. An additional 124 Artisans were doing their workplace experience.

## **OCCUPATIONAL STUDENT HEADCOUNT ENROLMENTS 2007 - 2018**

The following tables illustrate teamwork with both internal and external role-players! It also indicates that the College is assisting the various needy communities in its catchment area. Moreover, the roll-out of Artisan Development programmes is gaining momentum.

The possibility of building various cutting edge trade related workshops in George subject to the negotiations with the George Municipality for designated land will take the Artisan Development programme to new levels. However, the DHET and other role-players need to assist with infrastructure development and supply of equipment.

## Registrations for 2018 and Growth Analysis

### OCCUPATIONAL STUDENT HEADCOUNT: 2007 - 2018

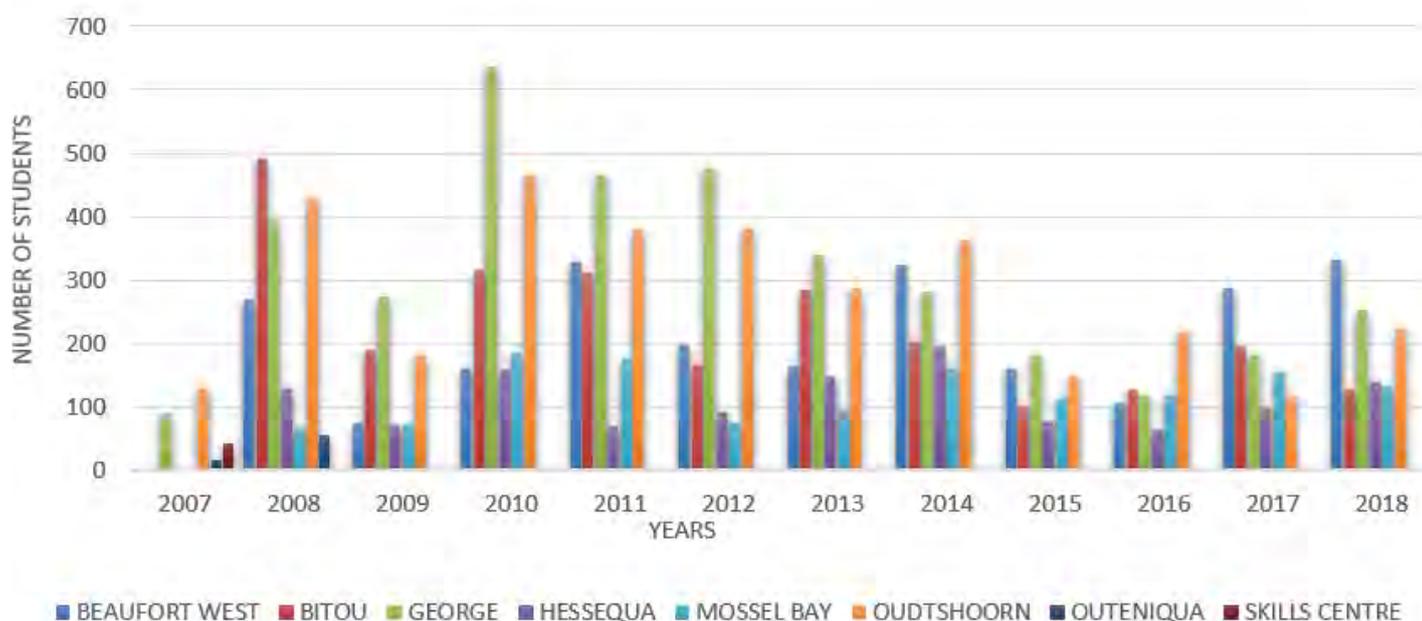


Figure 2

### OCCUPATIONAL ENROLMENTS: 2007 - 2018

CAMPUS	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2018	2018
BEAUFORT WEST	-	268	75	160	329	198	163	323	162	106	287	333
BITOU	-	493	189	317	310	167	284	202	100	126	194	127
GEORGE	89	395	273	636	466	477	341	282	182	118	181	254
HESSEQUA	-	130	73	159	68	92	147	195	78	65	99	139
MOSSEL BAY	-	67	75	184	176	75	96	161	115	119	157	131
OUDTSHOORN	129	429	183	465	380	381	288	363	149	218	116	224
OUTENIQUA	16	55	-	-	-	-	-	-	-	-	-	-
SKILLS CENTRE	42	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>276</b>	<b>1837</b>	<b>868</b>	<b>1921</b>	<b>1729</b>	<b>1390</b>	<b>1319</b>	<b>1526</b>	<b>786</b>	<b>752</b>	<b>1034</b>	<b>1208</b>

Table 5

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## Key Challenges Experienced in 2018

- The dire need for the delivery of a broader range of Occupationally Directed Courses funded by SETAs;
- There is still a dire need for finalizing a core key staffing structure. To ensure that the positive trajectory of the Branch is maintained and surpassed going forward;
- To further manage changes to meet the vision of the College and strategic direction of DHET, Council and the SMT;
- Availability of Artisan training and other competency based workshops, staff and equipment;
- Provide a comprehensive online presence that integrates formal and informal learning of students and staff. Inclusive of Monitoring and Evaluation via advanced analytics.

## Goals set for 2019

### Further improve on the aforementioned milestones:

- Setting, monitoring and achieving timely, attainable and sustainable student numbers as per the annual PQM. Appropriate funding is key to the success of the aforementioned;
- Encouraging support of staff and students through further improved internal communication to create good inter-relationships and publicity of the College;
- Broaden the scope of and continue to source new demand-led business and expand the service delivery of the Branch and College with a focus on quality teaching and Learning;
- Ensure that the College website and social media platforms serve as a communication and marketing tool for the College in an integrated manner;
- Improve on internal and external communication;
- Carry out specific research that informs the College as to the real needs of business and industry and the communities that it serves.

## Conclusion

The Innovation and Development Branch, as a key roleplayer in supporting the College's operations financially, Occupationally directed Education and Development delivery, student recruitment and events management is poised to confidently play a vital role in achieving the respective DHET aligned goals.

Onward to the Fourth Industrial Revolution!

**Mr N. Cona**

**Chairperson: Innovation and Development Committee**

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## 7.6 Academic Board Report

The Academic Board is well-structured and was fully functional during the 2018 academic year. The Academic Board is constituted and guided by prescript of the Continuous Education and Training Act No 16 of 2006 regarding its functions and membership composition. The members were duly elected from their various constituencies and the total membership comprise of 28 voting members: 16 lecturers from various study fields, 8 non-lecturing staff, 2 SRC representatives and 2 external Councilors. The seven non-voting members play a critical role in the academic delivery and support areas. The Principal is the Chairperson of the meeting and the Deputy Principal Academic is the Deputy Chairperson of the meeting. A duly elected secretary is responsible for all minute taking processes and audio recording take place during all meetings.

The meeting agenda is mainly standardized with key reporting functions under items for decision-making, recommendations based on presentations and discussions, as well as for noting items. The main agenda items during the four quarterly meetings include for instance: Teaching and Learning issues which include assessment and examination results; Lecturer- and curriculum delivery support and Higher Education programmes; Campus implementation reports on key challenges and successes; Approval of improvement strategies and innovations; Approval of research areas and the Programme Qualification Mix; Student Support and Development Services; Academic Support, Student retention, Student Job placement services; SRC reports; and Occupational programme accreditation and delivery; and other special projects.

The Academic Board met quarterly in 2018. An average of 71.5% meeting attendance by the members were recorded for 2018. The meeting agenda and documentation is distributed by email (electronically by drop-box) at least 7 working days before the meeting date to allow members to familiarize themselves with the content and to be well-prepared for quality discussions, recommendations and decisions.

The Academic Board is a highly respected body within the College structure who subscribe to high quality meeting procedures and conduct of members. The Academic Board add immense value to the overall governance of the College to remain in compliance with the applicable laws and other legislation that govern the TVET College sector. Lastly, the Academic Board is committed to the overall continuous quality improvement of teaching and learning and all the supporting functions that contribute to a conducive environment for students to be successful.

**Ms. ESCM Potgieter**

**Chairperson: Academic Board**

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## 7.7 Student Representative Council Report

The Student Representative Council (SRC) is considered to be a statutory structure as provided for in the CET Act. The SRC offers a variety of services to individual students and different student groupings. As such, the SRC is a critical structure of student governance in the College.

The Executive Elections took place on Friday, 24th February 2018, at George Campus. These elections were managed by the IEC, mainly to encourage and support free and fair elections. The annual Leadership Camp took place on the weekend of 10th-12th March 2018, at Eagle Falls in Uniondale. The SRC Policy and Constitution and all facets of it were thoroughly addressed and discussed. A special visit and lunch with the Principal and SMT members along with their meaningful input on all College related matters was well received and a lengthy question and answer session followed. The emphasis and overall theme of the camp was on Ethical and Moral Leadership. Various guest speakers approached the topic from different angles with some focussing on individual leadership styles, communication and the ability to influence students positively.

The SRC was active on all six of our Campuses and various activities take place which are driven by the members. The College has had successful student functions including Mr and Miss Valentine, Mr and Miss Fresher, Mr and Miss Campus, Inter-Campus Sport tournaments, the Intercampus Sports Day that took place in Plettenberg Bay and the finals at Nelson Mandela University. Both sports days were very successful.

The HEAIDS First Things First Campaign has been very successful at South Cape TVET College. The focus of this programme are on creating a lifestyle of health seeking behaviour and quality life enhancement in young people through regular testing and screening for major ailments including HIV/TB/STIs. The Provincial Activation took place at South Cape TVET College, Beaufort West Campus on 23rd May 2018, whereby various ministers attended this activation. Various external stakeholders, such as the Department of Health, WP Blood Transfusion, Partners in Sexual Health, Oral Hygienist, Dietician, etc. were invited to the Campuses on Activation Days. The Student Representative Council were involved in this process so that success can be ensured.

The SRC played an integral role in managing student challenges and have proven to be invaluable as a group in speaking as a collective. The aforementioned role of the SRC prevented protest action. Moreover, the SRC executives continually engaged with the rest of their members as well as the students mainly regarding the NSFAS Bursary Application Process, both online and manual. The expectations of the students in relation to their responsibilities were focused on. The effectiveness of the Student Representative Council in the College structures, is of utmost importance to ensure that students receive the necessary support from the Institution.

### **SRC President 2018**



higher education  
& training

Department:  
Higher Education and Training  
REPUBLIC OF SOUTH AFRICA



South Cape TVET College  
Suid-Kaap Kollege  
Ikholeji yasemZantsi-Kapa

# Part C

## PERFORMANCE INFORMATION



# 8. REPORT BY THE PRINCIPAL ON MANAGEMENT AND ADMINISTRATION

This section highlights the achievement of the College in attaining the objectives set for the period of 2018. The administrative achievements are measured in terms of the plans, goals and objectives set for 2018.

This is a summary detail of realised achievements and the following points are discussed.

- 8.1 High Level Organisational Chart.
- 8.2 Achievements during 2018.
- 8.3 Report 191 Results for Semester 1, Trimester 1 and Trimester 2.
- 8.4 UNISA Results.
- 8.5 Implementation of Lecturer and Curriculum Delivery Support System.

## 8.1 High Level Organisational Chart

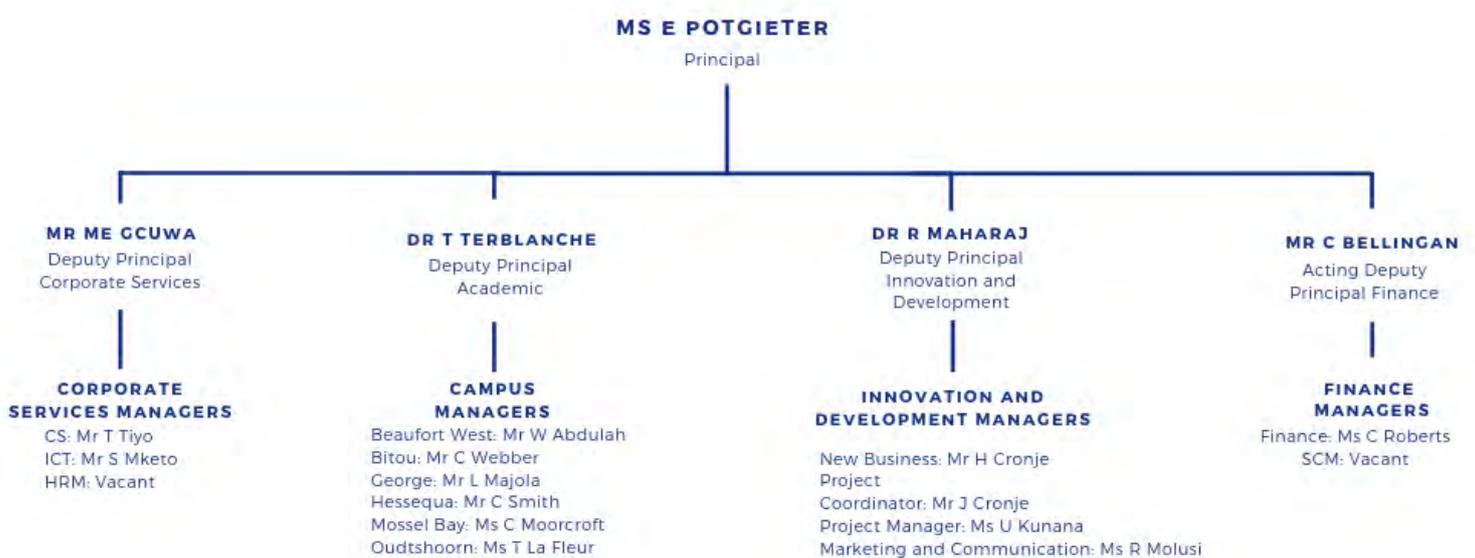


Figure 3

# South Cape TVET College Staff Establishment as at 31 December 2018



Figure 4

## 8.2 Achievements during 2018

- The College appointed the Campus Heads at the Beaufort West, Outdshoorn, Mossel Bay and Bitou campuses. An Acting Campus Head was appointed at George Campus. This brought the much needed stability at campuses. The vacant posts for the next level of the campus academic and support services structures were advertised;
- The College assessed the academic posts according to the Personnel Administration Measures (PAM) document and created additional post level 2 and post level 3 posts to improve the teaching and learning at campus level and to ensure that Campus Heads will receive the needed support to implement the Teaching and Learning Plans more effectively at campus level. These posts were advertised;
- The College completed the recruitment process for the vacant promotion posts on post levels 2 and 3 (Deputy Campus Head Academic, Deputy Campus Head Support, Heads of Divisions, Programme Managers and Senior Lecturers) to strengthen the academic and support management capacity on campus and programme level;
- Campus Heads were appointed at Beaufort West, Bitou, Oudtshoorn, Mossel Bay campuses and an Acting Campus Head at George Campus and
- The vacant Deputy Principal Finance post was advertised. The SAICA seconded acting Deputy Principal Finance is contracted until 30 June 2019.

- 
- The College staff establishment includes 83 lecturing staff and 74 support staff (including management) on PERSAL – employed by DHET, and 72 lecturing staff and 133 support staff members are employed by the College - a total of 362 lecturing and support staff members at the six campuses and the central office;
  - The College enrolled 4812 students in state funded and 2035 students in occupational qualifications funded by SETAs, the NSF, DEDAT and other sources;
  - A total of 1318 occupational students were placed in the workplace as part of the artisan or learnership qualification which requires a work placement component;
  - 54 artisans placed at PetroSA completed their trade testing. In addition to all our existing partners, NARYSEC and NSF, this was based on a 3-year partnership agreement that was signed with SA Oil and Gas and DEDAT for the delivery of artisanal programs;
  - Relationships with municipalities and regional industries enhance delivery of relevant programmes and facilitate placement of students;
  - The College continued with the improved financial management strategy and obtained an unqualified audit opinion of the 2018 annual financial statements;
  - The cash position of the College improved considerably through pro-active action taken by management. The Finance Department has been instrumental in adopting a number of new policies including the Supply Chain Management Policy as well as improving the internal control environment of the college as a whole;
  - Student Support Services successfully responded to the challenges inherent to the College sector:
    - Inter-campus sport competitions were successful. Trophies and medals were awarded to the teams.
    - The HEAIDS programmes were successfully implemented at all campuses;
    - Allocation of an increased amount of the DHET TVET Colleges Bursaries Scheme administered by NSFAS. The allowances provided access to previously disadvantaged students. A total of 2591 students received a bursary. The NSFAS administration process was problematic and added a huge workload to bursary officers and finance officers;
  - ACADEMIC SUPPORT: Continuous improvement of Mathematical Literacy, English and Mathematics Level 2 subject results is due to academic support services provided at foundational level. Two Academic Support Officers at Mossel Bay Campus were funded by DEDAT;
  - The College submitted its workplace skills plan (WSP) as mandated by the ETDP SETA.
  - The College is on course with its employment equity efforts and it reports annually to the Department of Labour and to DHET;
  - A college wide introduction of Performance Management and Development System (PMDS) has been finalised including staff workshops to ensure uniformity;
-

- 
- The college has re-introduced the staff bursary scheme and staff studying in 2018 received bursaries as per the policy;
  - The College's Whistle Blowing facility, established in 2017, was extended with the completion of a tender process and the appointment of an independent service provider to manage it;
  - Quality assurance of teaching and learning takes place continuously according to the Teaching and Learning Improvement Plan and includes moderation processes, class visits and evaluations, lecturer support and development, etc and
  - Student attendance and retention are being monitored on a weekly basis. Student results for internal assessment are monitored and intervention plans are developed for under-performing subjects. Targets are set annually and results are measured continuously against the set targets.

## **8.3 Report 191 Results for Semester 1, Trimester 1 and 2**

- The excellence in academic performance is reflected in the improved certification rate, subject pass rate and retention rate in various programs. These achievements included: In Engineering N1 to N3 nineteen A-aggregates and 130 distinctions (subject passes above 80 %) were achieved in 2018. Report 191 N4 – N6 achieved 23 A-aggregates and 457 distinctions (subject passes above 80 %) during 2018 Examinations. The N1 - N3 subject pass rate was 85.26 % in Trimester 1, 76.01 % in Trimester 2 and 85.18 % for Semester 1. The 2018 progression rate for NCV: Level 2 was 72.19% and NCV Level 3 was 75,18%. The overall subject pass rate increased from 83.39% in 2017 to 87.24% in 2018 in NCV. The progression rate in Engineering Studies: N1 was 88.03% and N2 was 64.63% with an increase in the subject pass rate from 67.12% in 2017 to 79.88% in 2018; The progression rate in Business and Utility Studies: N4 was 69.33% and N5 was 65.92%;
- In comparison with 2017 the 2018 certification rate for NCV Level 4 increased by 11.52%, Engineering Studies N3 increased with 9.44%, and Business and Utility Studies N6 increased by 9.76%. The subject pass rate for 58 subjects was above 80%, with a total of 15 subjects with a pass rate of 100%.

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## 8.4 UNISA Results

South Cape TVET College in collaboration with UNISA offered two UNISA accredited programmes, namely the Bachelor of Education Degree [B.Ed Foundation Phase] qualification code: 90102 and the L5 Higher Certificate (HC) in Adult Basic Education and Training qualification code: 98615 since January 2018. The College experienced an overwhelming interest in the UNISA programmes from the local communities which resulted in more than 800 applicants in 2017. A record total of 303 students were successful in their application: 129 B.Ed students and 174 Level 5 HC in ABET students were offered spaces by UNISA to register in 2018. Face-to-face contact sessions were offered from Mondays to Wednesdays for the unemployed youth and adults and Saturday classes catered for the employed students. These contact sessions ensured excellent success rates during the 2018 UNISA examination - 120 subject/module distinctions were achieved for the Level 5 Higher Certificate in Adult Basic Education and Training and 160 subject/module distinctions were achieved in the B. Ed Foundation Phase. The five subjects/modules pass rate for B.Ed was 80% in Semester 1 and 76% in Semester 2. The pass rate in the Level 5 Higher Certificate in ABET was 87% for both semester 1 and 2 for all students across the five campuses. Four students achieved A-aggregates in 2018 (J Anthony 84.20%, E Appels 77%, C Bowkers 75,40% and B Benn 74.60%).

## 8.5 Implementation of Lecturer and Curriculum Delivery Support System

The purpose of this unit is to increase the support to lecturers and curriculum delivery that could contribute to the enhancement of the quality of teaching and learning through the establishment of Professional Learning Communities (PLCs) through in-house training sessions which are conducted according to lecturer needs: e.g.

- Basic Computer skills training of lecturers;
- Programme/subject specific training;
- QMS; LSS and Smart Board Training per campus.

The PLCs are led and facilitated by selected college subject experts who share their knowledge and experience with their peers who have a need for upskilling in specific areas of teaching and learning. Upon implementation in the classroom of best practices learnt during the PLCs, lecturers received attendance certificates and facilitators received a certificate of appreciation.

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In conclusion, we shall continue to position South Cape TVET College as an institution of first choice for all who want to further their studies. The College shall continue to strive for excellence in all aspects and maintain good relationships with all stakeholders.

The College committed all available resources of the college to achieve the targets that were set in the Colleges Operational and Annual Performance Plans.

**MS E POTGIETER**  
**PRINCIPAL**

# 9. COLLEGE PERFORMANCE AND ORGANISATIONAL ENVIRONMENT

The College takes into account the following priority areas to ensure more effective teaching and learning and improvement of student achievement and success. These strategic priority focus areas are:

1. Improvement of access to previously disadvantaged students, quality, and success in terms of the academic achievement and certification of students.
2. To have adequate infrastructure and systems in place to increase access to the previously disadvantaged and provide effective services to students.
3. Partnerships and linkages with industry, Sector Education and Training Authorities (SETAs) and/or other professional bodies and/or institutions of Higher Education to adequately prepare student graduates to enter the labour market and/or further and higher learning opportunities.
4. To ensure continuous business excellence in terms of good corporate governance, leadership and effectual management of all College resources as well as information and data reporting.
5. To monitor and evaluate all College processes in terms of the TVET College Monitoring and Evaluation Framework and report quarterly on the College performance in this regard.
6. To improve the pass rate, throughput rate and certification rate of all students to sustain headcount enrolments and Full Time Equivalents (FTEs).
7. In addition to all our existing partners, NARYSEC and NSF, a new 3 year partnership agreement was signed with SA Oil and Gas and DEDAT for the delivery of Artisanal programs.
8. Relationships with municipalities and regional industries enhance delivery of relevant programmes and facilitate placement of students.

In conclusion, we shall continue to position South Cape TVET College as an institution of first choice for all who want to further their studies. The College shall continue to strive for excellence in all aspects and maintain good relationships with all stakeholders. The College committed all its available resources to achieve the targets that were set in the College's Operational and Annual Performance Plans.

## 9.1 Total Student Enrolments

South Cape TVET College registered a total of **7719** students during the 2018 academic year.

Totals are outlined in the tables below:

### 9.1.1 Students by Academic Category

Campus	Occupational	Higher Education	Semester 1	Semester 2	Trimester 1	Trimester 2	Trimester 3	NC(V)	Grand Total
BEAUFORT WEST	333	15	163	198	-	-	-	150	859
BITOU	127	14	216	196	-	-	-	167	720
GEORGE	254	62	951	726	-	-	-	498	2491
HESSEQUA	139	-	100	100	-	-	-	-	339
MOSSEL BAY	131	94	317	232	278	291	208	312	1863
LOUDTSHOORN	224	96	624	328	-	-	-	175	1447
<b>GRAND TOTAL</b>	<b>1208</b>	<b>281</b>	<b>2371</b>	<b>1780</b>	<b>278</b>	<b>291</b>	<b>208</b>	<b>1302</b>	<b>7719</b>

Table 5

### 9.1.2 Overall Student Profile

CAMPUS	FEMALE						MALE						GRAND TOTAL
	ASIAN	BLACK	COLOURED	INDIAN	WHITE	TOTAL	ASIAN	BLACK	COLOURED	INDIAN	WHITE	TOTAL	
BEAUFORT WEST	-	237	363	-	8	608	-	130	121	-	-	251	859
BITOU	-	436	123	-	1	560	-	127	33	-	-	160	720
GEORGE	1	1142	721	-	20	1884	-	367	234	1	5	607	2491
HESSEQUA	-	35	194	-	5	234	-	20	84	-	1	105	339
MOSSEL BAY	-	524	343	3	18	888	1	403	460	7	104	975	1863
LOUDTSHOORN	-	232	785	3	17	1037	-	102	296	1	11	410	1447
<b>GRAND TOTAL</b>	<b>1</b>	<b>2606</b>	<b>2529</b>	<b>6</b>	<b>69</b>	<b>5211</b>	<b>1</b>	<b>1149</b>	<b>1228</b>	<b>9</b>	<b>121</b>	<b>2508</b>	<b>7719</b>

Table 6

### 9.1.3 Student Gender Profile

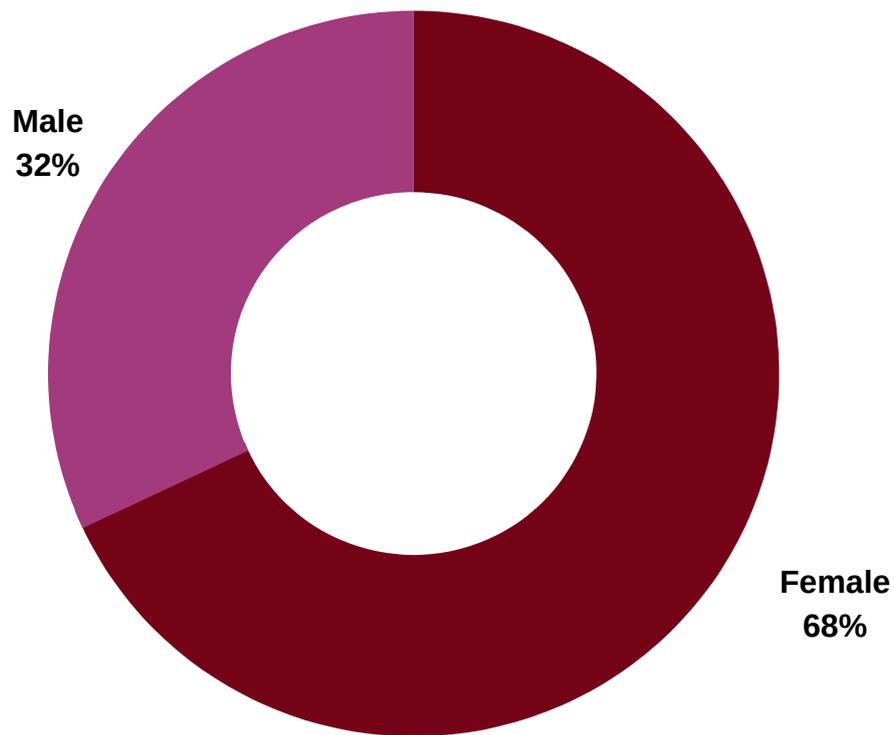


Figure 5

### 9.1.4 Overall Student Ethnicity Profile

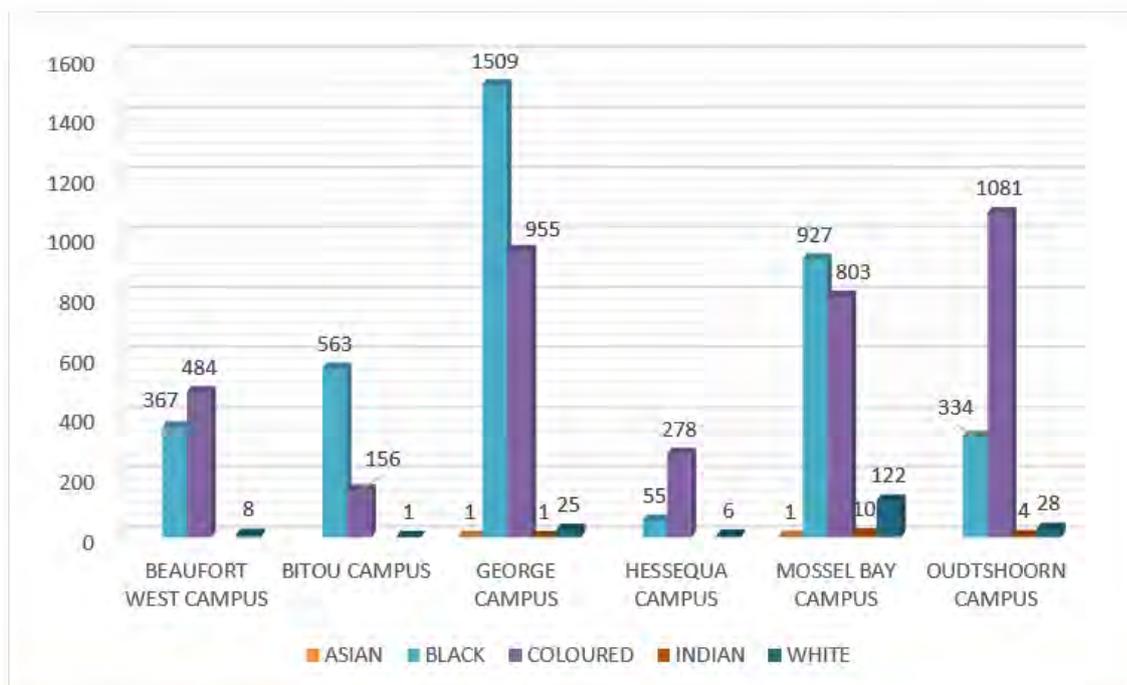


Figure 6

## 9.1.5 Student Headcount Total

STUDENT HEADCOUNT TOTAL: 2007 - 2018												
CAMPUS	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2018	2018
BEAUFORT WEST	262	531	326	367	597	627	564	739	456	478	707	859
BITOU	69	606	360	575	566	617	561	546	382	458	631	720
GEORGE	524	826	1209	1501	1362	1625	1456	1318	1317	1386	2045	2491
HESSEQUA	-	247	118	178	128	251	245	315	148	187	281	339
MOSSEL BAY	1126	874	1009	839	918	1136	1135	1111	1004	1104	1630	1863
OUDTSHOORN	484	761	774	1035	983	1221	1185	1261	1007	1128	1010	1447
OUTENIQUA	225	322	-	-	-	-	-	-	-	-	-	-
SKILLS CENTRE	188	19	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>2878</b>	<b>4186</b>	<b>3796</b>	<b>4495</b>	<b>4554</b>	<b>5477</b>	<b>5146</b>	<b>5290</b>	<b>4314</b>	<b>4741</b>	<b>6304</b>	<b>7719</b>

Table 7

## 9.1.6 Comparative Headcount Enrolments 2007 - 2018

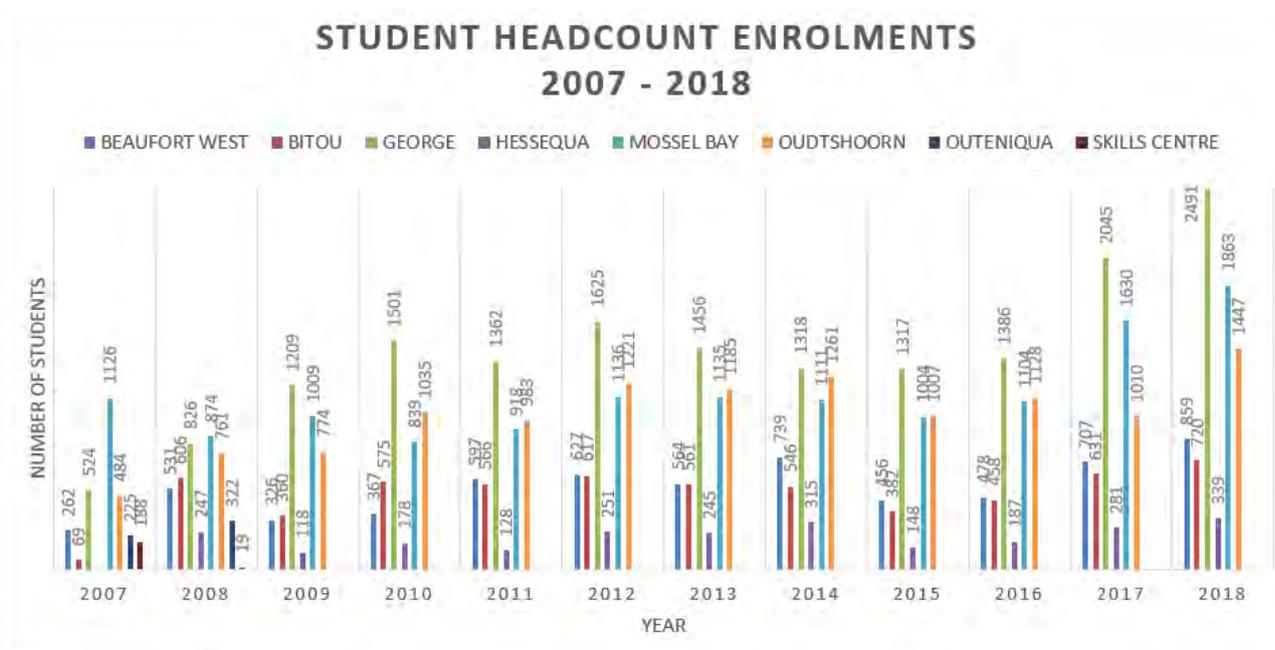


Figure 7

# 10. PERFORMANCE REPORTING

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The College's reporting on its performance for 2018 will be based on the following:

- 10.1** Colleges report on performance in terms of the strategic objectives and system targets captured in the strategic plans of the colleges for 2018.
- 10.2** Significant achievements as well as intervention strategies to deal with underperformances are to be highlighted.
- 10.3** Reference must be made to planned performance as recorded in the year n-1 i.e. the 2018 strategic annual performance and operational plans of the college.
- 10.4** Planned and achieved performance must correlate and be verified against what was reported and declared in quarterly performance reports submitted to the Department. The above mentioned refer to the monitoring and evaluation reports submitted on the DHET web-based system.

## 10.1 Achievement of Strategic Objectives

South Cape TVET College aims to provide quality technical and vocational education and training services and increase academic achievement and success of students. This is reflected in the first strategic objective. The College operates in a rural environment where high levels of unemployment and poverty prevails. Limited bursary funding inhibits growth and retention. The excellence in academic performance is reflected in the improved certification rate, subject pass rate and retention rate in various programs. These achievements included: 50 A-aggregate students and 873 distinctions (subject passes above 80 %). The subject pass rate in NC(V) Levels 2 - 4 was 87.24 %, the N1-N3 subject pass rate was 79.88 % and the N4-N6 subject pass rate was 83.97 %.

Since 2018 two UNISA programs were offered at five of the College campuses with the following exemplary Semester 2/2018 results on total written: L5 Higher Certificate in Adult Basic Education and Training [code 98615]: Average pass percentage of 87% with a total of 71 subject distinctions (subject passes 75% and more). Bachelor of Education (Early Childhood Development: Foundation Phase) code 02593: Average pass percentage of 76% and a total of 98 subject distinctions (subject passes 75% and more).

The second strategic objective of South Cape TVET College is to have adequate infrastructure and systems in place to increase access and provide effective services to students. This was

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achieved in 2018 by expanding access for students interested in technical and vocational education and training. Enrolment numbers for NC(V), Report 191 and Occupational programs are reflected in **Table 4**; South Cape TVET College 2018 Enrolments. Note the growth trends in the comparative figures from 2007 until 2018. Important to note that declines were mainly caused by changes in DHET policies and funding.

The College continues to increase lecturer support and improve curriculum delivery to enhance the quality of teaching and learning through Professional Learning Communities (PLCs) which includes workshops, training, cascading of information and sharing of best practices. PLCs are facilitated by selected college subject experts who share their knowledge and experience with their peers. Upon implementation of the best practices learnt during the PLCs, lecturers receive an attendance Certificate and facilitators receive a certificate of appreciation.

During the National DHET conference for Campus Managers, a video was played highlighting the implementation of South Cape TVET College's PLCs, the challenges encountered as well as successes. Inserts were included of lecturers and facilitators who attended PLCs. They respectively spoke about the positive impact that the PLCs had on them at a personal and professional level.

The College continually engages in partnerships and maintains good stakeholder relations with the aim of increasing the number of students who are adequately prepared to enter the labour market or further and higher learning opportunities (SO3). As indicated above, the College engaged into a new partnership with UNISA to offer UNISA programs at the various campuses. PetroSA is a major partner in the occupational delivery Branch to ensure practical and work based learning for students completing the Artisan route and to prepare students for their trade test. Fifty two (52) students were placed with PetroSA. The College was also identified as a Centre of Specialisation in Bricklaying and has made good progress to build relationships with the Building and Bricklaying industries mainly in George and Mossel Bay. Partnerships include the municipalities in the Eden, Karoo and Kannaland District, Higher Education institutions; mainly UNISA and NMU, SETAs, NSF, DEDAT and the Western Cape Government are the other partners of the College and NARYSEC remains a key partner of the College at the Beaufort West Youth Hub.

The College has ensured continuous business excellence in terms of good corporate governance and effectual management of all College resources as well as information and data reporting (SO4). Significant achievements for the year 2018 are as follows:

- The College continued its history in obtaining an unqualified audit opinion for the 2018 Annual Financial Statements;
- The cash position of the College improved considerably through proactive action taken by management. The Finance Department has been instrumental in adopting a number of new

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policies e.g. The Supply Chain Management Policy as well as improving the internal control environment of the College as a whole;

- Relationships with municipalities and regional industries enhance delivery of relevant programmes and facilitate placement of students;
- Student Support Services successfully responded to the challenges, inherent to the College sector: Sport has been re-activated and the inter-campus between campuses were successfully done. Nelson Mandela Centenary Celebration: Life of service celebrating the birth of a World Icon were successfully implemented throughout 2018 across campuses.
- HEAIDS programmes were successfully implemented at all 6 campuses;
- HEAIDS in collaboration with HIV and Social Diversity Curriculum Integration Project during 2018 was a huge success:
  - **Purpose:** Capacity Building and Sensitization of College Management, Staff and SRC on current Student Health and wellness programmes;
  - **Outcomes:** Train the trainer workshop to capacitate College in Response to challenges and recommendations on good practices in addressing student Health and Wellness Issues;
  - **Deliverables:** HIV, TB and STIs, EDEN District - HAST Manager, Gender Based Violence, Social Dialogues – Skills, Social Mobilisation, Role Play – Stereotypes, Stigma and Confidentiality, Networking.
- The College successfully submitted its Workplace Skills Plan (WSP) as mandated by the ETDP SETA and received its 1% skills levy fund for training and development of staff;
- The College is on course with its employment equity efforts and reports annually to the Department regarding progress;
- A College wide introduction of the Performance Management and Development System (PMDS) has been finalised including staff workshops to ensure uniformity;
- The College has re-introduced the staff bursary scheme and staff studying in 2018 were eligible for 100% bursaries funding as per the policy;
- The College and George Municipality have agreed to adopt a long term process and a strategic relationship towards the exchange of properties. This means the College will acquire 23 hectares of land in exchange for the current George Campus;
- The College and Bitou Municipality have re-opened negotiations to acquire additional portion of land for future expansion of the Campus;
- The College was successful in submitting proposals and the Maintenance plan to DHET towards funding of College Maintenance projects to bring infrastructure of the College to suitable levels;

- 
- The College has successfully introduced and implemented a College wide ICT Disaster Recovery Plan to protect and back up its information systems and
  - All College sites have been declared Occupational Health and Safe Compliant in line with OHS Act.

Significant strides were made in monitoring implementation and maintenance of the College quality management system Internal audits of processes to ensure compliance and effectiveness and reporting were as follows:

- The College introduced a Whistle Blowing Policy, managed by an independent service provider, to ensure ethical behaviour;
- The College is audited annually by the South African Bureau of Standards (SABS) and has since 2009 and retained its certification status and continuous improvement;
- In the 2017 SABS Audit, the College transitioned from the ISO 9001:2008 Standard and the 2018 audit confirmed the College compliance with the revised ISO 9001:2015 Standard. This process demonstrates overall effectiveness of the college QMS and the performance of the college QMS over the three year period;
- The conclusion is that the college management and its workforce demonstrated commitment over the three year certification period, by honouring plans, procedures, and policies as documented on its QMS;
- It is now a year the Quality Management System (QMS) has been revamped and officially launched. It has attracted many users, this can be attributed to its user friendly and logic outlook and layout. The fact that there are many users the awareness has increased and ownership of the system by its employees is on the rise as staff is taking initiatives to propose improvements to the processes;
- The development and implementation of the policy and procedure to manage Complaints, Compliments and Suggestions (CC&S) gave assurance to staff, students and the general public that their right to complain is upheld. The intent is to provide an efficient, fair, accessible mechanism for professional administration of complaints, compliments and suggestions, acknowledging all kinds of complaints, and to attend to them timeously to create a culture of responsiveness. Furthermore it guides a process whereby valuable information is gathered from which the College system could learn and can positively respond by bringing about the required change to improve services and quality. Through compliments the College understands where things are going right and service well received, capitalise on that and through suggestions the College can improve its services. This will gradually inculcate a culture of caring, doing the right thing right, being prudent and customer focus in College operations and service delivery.

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- The Policy Review Committee continues to play a catalytic role in pursuing the backlog of reviews and in ensuring relevance and alignment of College Policies to relevant prescripts. The department convenes monthly policy reviews. Most critical policies applicable to the College work were developed and approved by Council;
  - The DHET identified a requirement to develop a Governance Framework which will be underpinned by standardised financial policies for adoption and implementation by TVET Colleges Councils. A list of recommended policies was sent out to all Colleges. South Cape TVET College has aligned, reviewed and developed and implemented 90% of the DHET recommended policies;
  - The development of the Research Request Procedure to manage information flow and safeguarding College intellectual property is administered by the Quality Department. Since its implementation the College has efficiently administered twenty-five research requests to-date. The Researchers are now required to share their findings with the College in a workshop format in order to enhance delivery of teaching and learning services and improve performance. The research conducted in the College, positions the College in the TVET sector locally and nationally as the researchers come from across provinces and
  - The Quality Department continues to encourage management to take corrective actions on all findings recorded during monitoring or audits conducted in the College internally and by external assurance bodies.

## 10.2 South Cape TVET College Strategic Objectives

- The tables below are a statistical report on achievement of annual performance targets.

<b>Strategic Objective 1</b>	To provide quality technical and vocational education and training services and increase academic achievement and success of students.
<b>Objective Statement</b>	To improve quality of technical and vocational education and training provision through the development of teaching and learning support plans, inclusive of an appropriate Student Support Plan.
<b>Justification</b>	To ensure that lecturers and students receive the support necessary for lecturers to function optimally and students to perform optimally in technical and vocational programmes. To ensure improvement in student success in programmes offered at the college as well as student progression (measured in terms of pass rates).
<b>Links</b>	<ul style="list-style-type: none"> <li>College Teaching and Learning Plan</li> <li>Campus Teaching and Learning Intervention Plan</li> <li>College Student Support Services Plan</li> <li>Campus Student Retention Plan</li> <li>Academic Support Plan</li> <li>SRC Academic Support Plan</li> <li>College Human Resource Development Plan</li> </ul>
<b>Performance Indicators Linked to this objective</b>	Certification Rates: 50%
	Throughput Rate: 35%
	Funded NC(V) L4 students obtaining qualification within stipulated time: 52%

Table 8

<b>Strategic Objective 2</b>	To have adequate infrastructure and systems in place to increase access and provide effective services to students.
<b>Objective Statement</b>	To ensure institutional capacity and efficiency in terms of the provision of access and support services to students.
<b>Justification</b>	To increase the number of skilled youth by expanding access to education and training opportunities while ensuring provision of effective services to students.
<b>Links</b>	<ul style="list-style-type: none"> <li>College Operational Plan</li> <li>Recruitment and Marketing Strategy</li> </ul>
<b>Performance Indicators Linked to this objective</b>	Headcount enrolments (5808): Ministerial programmes, foundational programmes offered, occupational delivery (1922) and artisan related (184)
	Students accommodated within public TVET college accommodation (250) Financial assistance to qualifying students (2670)

Table 9

<b>Strategic Objective 3</b>	To develop partnerships and maintain good stakeholder relations to increase the number of students who are adequately prepared to enter the labour market or further and higher learning opportunities.
<b>Objective Statement</b>	To increase the number of students who are able to access formal or self employment and / or further and higher education and training opportunities. To provide work placement opportunities for lecturing staff in order to improve quality of teaching and learning.
<b>Justification</b>	To increase the number of skilled youth by expanding access to education and training opportunities while ensuring provision of effective services to students.
<b>Links</b>	<ul style="list-style-type: none"> <li>• College Operational Plan</li> <li>• Recruitment and Marketing Strategy</li> </ul>
<b>Performance Indicators Linked to this objective</b>	Headcount enrolments (5808): Ministerial programmes, foundational programmes offered, occupational delivery (1922) and artisan related (184) Students accommodated within public TVET college accommodation (250) Financial assistance to qualifying students (2670)

Table 10

<b>Strategic Objective 4</b>	To ensure continuous business excellence in terms of good corporate governance and effective management of all college resources as well as information and data reporting.
<b>Objective Statement</b>	To govern and steer the college to function optimally and take appropriate action where deficiencies are detected.
<b>Justification</b>	To ensure the college is efficiently governed and managed within the applicable acts, policy and regulatory frameworks and standards relevant thereto so that it functions optimally.
<b>Links</b>	<ul style="list-style-type: none"> <li>• College Strategic Plan</li> <li>• Management Reports</li> <li>• Annual Financial Statements</li> <li>• College Workplace Skills Plan</li> </ul>
<b>Performance Indicators Linked to this objective</b>	Compliance with national policies and government standards (100%) (Implementation of best practice policies and guidelines)

Table 11

<b>Strategic Objective 5</b>	To monitor and evaluate all college processes in terms of the TVET College Monitoring and Evaluation Framework and report quarterly on college performance in this regard.
<b>Objective Statement</b>	To monitor and report on college systemic efficiency so that appropriate action is taken where deficiencies are detected.
<b>Justification</b>	To ensure monitoring and evaluation of college processes and plans are conducted and regularly reported on.
<b>Links</b>	<ul style="list-style-type: none"> <li>• College Monitoring and Evaluation (M&amp;E) Plan</li> <li>• IQMS/PQMS</li> <li>• SABS Audits</li> <li>• Quality Audits</li> <li>• Internal Audits</li> </ul>
<b>Performance Indicators Linked to this objective</b>	College Monitoring and Evaluation reports (M&E) Internal Audit Reports Quality Assurance Management Review SABS Audit Report

Table 12

## 10.3 Achievement in Terms of Strategic Targets

The tables below are a statistical report on achievement of annual performance targets.

**SO 1:** To provide quality technical and vocational education and training services and increase academic achievement and success of students.

Performance Indicators	TVET College 2018 Planned Target	TVET College 2018 Achievement	Explanatory Remarks
Appropriate Teaching And Learning Support Plan Developed And Implemented (N)	1	1	NOTE 1
Appropriate Student Support Plan Developed And Implemented (N)	1	1	NOTE 2
Improved Certification Rates In: NC(V) L4 N3 & N6 (%)	58% 35% 62%	64% 27% 54%	NOTE 3
Throughput Rate (%)	70%	97%	NOTE 4
Funded NC(V) L4 Students Obtaining Qualification Within Stipulated Time (%)	52%	62%	NOTE 5
TVET Students Enrolled In Foundation Or Bridging Programmes (N)	0	0	NOTE 6
Students Completing Artisan-Related Programmes (N)	184	184	NOTE 7
Established Centre/S Of Specialisation (Cos) (N)	0	0	NOTE 8

Table 13

**SO 2:** To have adequate infrastructure and systems in place to increase access and provide effective services to students.

Performance Indicators	TVET College 2018 Planned Target	TVET College 2018 Achievement	Explanatory Remarks
Headcount Enrolment (N)	7914	7719	NOTE 9
Students Accommodated In College Accommodation (N)	250	156	NOTE 10
Qualifying Students Obtaining Financial Assistance (N)	2670	3844	NOTE 11

Table 14

**SO 3:** To develop partnerships and maintain good stakeholder relations to increase the number of students who are adequately prepared to enter the labour market or further and higher learning opportunities.

Performance Indicators	TVET College 2018 Planned Target	TVET College 2018 Achievement	Explanatory Remarks
Beneficial And Functional College Partnerships (N)	145	197	NOTE 12
TVET Lecturers Placed In Workplaces For Specified Periods (N)	44	4	NOTE 13
TVET Students Placed In Workplaces/Industry For Specified Periods For Work Exposure, Experiential Learning and/or Certification Purposes (N)	2237	2031	NOTE 14

Table 15

**SO 4:** To ensure continuous business excellence in terms of good corporate governance and effectual management of all College resources as well as information and data reporting.

Performance Indicators	TVET College 2018 Planned Target	TVET College 2018 Achievement	Explanatory Remarks
Compliance To Governance Standards (%)	100%	100%	NOTE 15
Compliance To Policies And Regulations Applicable To The TVET College Sector (%)	100%	100%	NOTE 16
Obtaining Unqualified Audits Or Assessments (N)	100%	100%	NOTE 17
Compliance With National Policy Of College Examination Centres Conducting Examinations And Assessments (%)	100%	100%	NOTE 18

Table 16

**SO 5:** To monitor and evaluate all College processes in terms of the framework for TVET College performance and report quarterly in this regard.

Performance Indicators	TVET College 2018 Planned Target	TVET College 2018 Achievement	Explanatory Remarks
Accurate M&E quarterly reports submitted (n)	4	4	NOTE 19

Table 17

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# Explanatory Remarks for Annual Performance Achievements

**Note 1:** The DHET Teaching and Learning Plan 2018 was developed in consultation with all the relevant stakeholders and due diligence took place to address the identified gaps and weaknesses. In addition, campus academic improvement plans are developed, implemented and monitored after each examination cycle.

**Note 2:** The Student Support Annual Plan 2018 was developed in consultation with relevant stakeholders, while the DHET Student Support Services (SSS) Monitoring and Evaluation Tool is used to conduct quarterly audits to address any weaknesses that might exist. The College achieved a remarkable 98% compliance during the DHET SSS Monitoring and Evaluation Tool Audit quarter 4 of 2018.

**Note 3:** The student certification rate of NC(V) Level 4 increased from the planned target of 58% to the actual achievement of 64% in 2018. The student certification rate of N3 Engineering declined from the planned target of 35% to the actual achievement of 27% in 2018. The student certification rate of N6 Business and General Studies declined from the planned target of 62% to the actual achievement of 54% in 2018. The following teaching and learning interventions were implemented during 2018 to address the underperforming programmes: strengthening of challenging concepts through revision lessons, study methods, answering of examination question papers and practical demonstrations to reinforce theory components and implementation of campus action plans to improve the examination results.

**Note 4:** The throughput rate was 97% against to planned target of 70%. The DHET definition of the throughput rate changed in 2018.

**Note 5:** The funded NC(V) L4 students who obtained their qualifications within the stipulated timeframe resulted in 62% against the planned target of 52%.

**Note 6:** The College did not participate in the pilot College roll-out of DHET during 2018.

**Note 7:** Due to PetroSA, being SCC's partner, not able to accommodate 55 Learners in September 2018, the CBMT training was rescheduled to February 2018. The balance of the training could not be implemented due to the lack of enough students with a N2 qualification (minimum requirement) to enter the apprenticeship.

**Note 8:** The CoS (Centre of Specialisation) project is ongoing and the College was visited by the DHET Project Team to discuss its readiness and the launch of the Centre in 2018. The College is working closely with the DHET team.

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**Note 9:** The planned headcount of 7914 did not realise. The actual headcount enrolment achievement was 7719. The decline in the headcount enrolments are due to the National Certificate Vocational NC(V) Level 2 – 4 targets not met based on a continuous decline experienced.

**Note 10:** There is an underlying issue that students cannot always afford to stay at the College residences and they rely on NSFAS bursaries which is linked to students' academic performance and the delays in NSFAS in paying student accommodation allowances affects their ability to be accommodated. The College has obtained funding from the Department to improve and maintain its existing residences and this will be a major contributing factor to attract students to opt to reside at College residences as opposed to finding alternate accommodation.

**Note 11:** The shortfall will mainly be for students who fall out of the combined household income range of R350 000.00, and insufficient allocations to cover for Tuition and accommodation.

**Note 12:** The Academic Branch have a partnership with UNISA to offer B.Ed and Level 5 Higher Certificate (ABET) under their accreditation and quality assurance. The Innovation and Development Branch has numerous strategic and implementation based partnerships with key role players in its catchment area. Most of its Learners are placed in Business and Industry with SMMEs trained to run their own businesses.

**Note 13:** There is an improvement plan to increase the number of lecturers to participate in WIL by incorporating this as part of their Development plan especially the new Lecturers and those who never participated. Lecture Development Workplace Plans have been developed for each Campus in 2018 and will be rolled out in 2019.

**Note 14:** The College achieved a total of 2031 student work placements in industry versus the planned target of 2237. The placement of exit-level students is subject to SETA and NSF funding which is insufficient to place all exit-level students (NC(V) L4s, N3s and N6s).

**Note 15:** Vacancies on Council were not filled by the DHET.

**Note 16:** In 2018 the College Council has approved 26 policies. This was on NSFAS bursaries which is linked to students' academic performance. Not all DHET policies were reviewed and approved at College level.

**Note 17:** An Unqualified audit with no findings was achieved but some areas do require improvement as reported by the independent auditors.

**Note 18:** The College achieved 100% compliance versus the planned target of 100%. The College implemented an intervention plan to ensure that all non-conformances were well addressed.

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**Note 19:** Full compliance regarding planned versus submission of four M&E quarterly reports. All corrections were timeously submitted to DHET.

## **10.4 Strategy to deal with Underperformance**

The strategies below have been categorised according to the strategic objectives of the College as listed in the Annual Performance Plan.

### **Students Accommodated in Public TVET College Accommodation**

The College accommodated 229 students in the three student residences at Hessequa, Oudtshoorn and George Campuses vs the planned 250 students accommodated in College residences. Challenges which contributed to the above are cited as follows:

- Lack of adequate infrastructure to accommodate more students;
- Lack of funding to improve and maintain existing student residences;
- Delays in NSFAS in paying student allowances timeously;
- Constraints in funding limits the College's plan to erect its new buildings and hostels on the vacant land the College has in Mossel Bay and Beaufort West.

The College however has placed measures in place to improve the student accommodation. These are as follows:

- College staff members prohibited and evicted from residing in student accommodation residence;
- It is expected that 56 new beds will be added in the College students' accommodation facilities once the Mossel Bay students' residence project is complete;
- The College continues to improve its capacity in terms of students' accommodation and the living conditions in the student residents;
- The proposed funding / Maintenance grant model by DHET's Building Development and Maintenance Directorate, will foster a positive injection in the College's budget to improve and maintain existing infrastructure and expedite the plans to renovate existing accommodation residences and to start building of new residences on the vacant land in Mossel Bay, Bitou and Beaufort West.

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## 10.5 TVET Lecturers placed in workplaces for specified periods

The planning for 2018 was that 44 lecturers be placed in the lecturer work placement programme, however, none of South Cape TVET College's lecturers participated in the programme. The challenges that led to this occurrence are listed below:

- Change of management in companies that already had MoUs with the College;
- Unwillingness of companies to accommodate lecturers;
- Resistance to attend programme during lecturers holiday period i.e College holidays and;
- Lack of synergy between Academic and HRD in viewing the programme as part of Lecturer Development initiative;
- No personnel from Academic Branch dedicated to focus on needs analysis iro lecturer exposure and their placement to relevant industry;
- Some lecturers will privately participate in workplace exposure but will not disclose such to the HRD unit;
- Some lecturers do not want to divulge relationships established with industry and companies.

### Strategies to improve Lecturer Participation in Programme

- A needs analysis template has been developed by HRD and circulated to the Academic Branch for HODs to indicate and nominate lecturers who have yet to participate in the programme and the template allows lecturers to indicate the type of industry or companies that they would wish to be placed. This was done successfully and a new plan for each campus has been developed for roll out in 2019;
- New companies and sectors have been approached by HRD that will foster the accommodation for lecturer workplace placement;
- The Academic Branch has devised a strategy of incorporating the programme as part of the compulsory development plan of lecturers, especially those who were never placed before;
- An information session was conducted with the Academic Branch where Lecturers were encouraged to participate in the programme. Reasons and benefits of participating in the programme includes personal development, exposure and to bring meaningful content and experience for their students, instead of relying on theory and curriculum only as a source of information and teaching.
- WIL Champions have been appointed in each Campus to encourage and motivate lecturers to participate in the programme.

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## 10.6 Internal Audit and Quality Management

Due to the shortage of staff in the Internal Audit Department most of the Internal Auditor's time was spent on Risk Management and Fraud Prevention during 2018.

Vacant positions in the Department have been advertised during 2017, but the College was unable to fill these positions.

During November and December 2017 the College outsourced three Internal Audits (Assets, SCM and IT). The planning for 2019 will include the outsourcing of the Internal Audit Function. The two departments, Internal Audit and Risk Management and Quality Assurance continue to update the Office of the Principal Risk Register. Participation in the Risk Management Committee ensures that identified high risks are managed and minimised and corrective and preventive actions are taken and monitored for effectiveness. Regular policy review meetings are scheduled according to the annual list of College important dates. These reviews are attended by top management and middle management co-chaired by the Principal and the Quality Manager and are scheduled monthly instead of quarterly to accelerate the policy approval process.

The Quality Department annually plans and conduct internal audits on critical areas and potential areas for non-compliances. Internal quality audits are used as an instrument to monitor implementation of processes and procedures of the College and requirements of the Quality Management System Standard, ISO 9001 which the College is certified against. Audits also assists against ensuring consistency throughout the College. The Quality Department continues to encourage management to take corrective actions on all findings recorded during monitoring processes and audits conducted in the College internally and by external assurance bodies.



higher education  
& training

Department:  
Higher Education and Training  
REPUBLIC OF SOUTH AFRICA



South Cape TVET College  
Suid-Kaap Kollege  
Ikholeji yasemZantsi-Kapa

# Part D

## Financial Statements





## South Cape TVET College Financial Statements for the year ended 31 December 2018

Council's responsibility and approval	4
Report of the Auditor-General	5 - 9
Statement of financial position	10
Statement of financial performance	11
Statement of changes in net assets	12
Cash flow statement	13
Statement of comparison between budget and actual amounts	14
Accounting policies	15 - 33
Notes to the financial statements	34 - 45

## Key Abbreviations

<b>AGSA</b>	Auditor-General South Africa
<b>ASB</b>	Accounting Standards Board
<b>CET Act</b>	Further Education And Training Colleges Act 16 of 2006
<b>DEDAT</b>	Department of Economic Development and Tourism
<b>DHET</b>	Department of Higher Education and Training
<b>GEMS</b>	Government Employee Medical Scheme
<b>GEPF</b>	Government Employee Pension Fund
<b>GRAP</b>	Generally Recognised Accounting Practice
<b>Minister</b>	Minister of Higher Education and Training
<b>NSFAS</b>	National Student Financial Aid Scheme
<b>NSF</b>	National Skills Fund
<b>SAICA</b>	South African Institute of Chartered Accountants
<b>SETA</b>	Sector Education and Training Authority
<b>National</b>	
<b>Government</b>	DHET; NSFAS; NSF and SETAs
<b>Provincial</b>	
<b>Government</b>	Department of Education; NARYSEC

# South Cape TVET College

## Financial Statements for the year ended 31 December 2018

<b>Controlling entity</b>	Department of Higher Education and Training (DHET)
<b>Financial statements relate to</b>	South Cape TVET College
<b>Domicile, legal form and jurisdiction</b>	The College is a Public Technical and Vocational Education and Training College, constituted in terms of the Further Education and Training Colleges Act 16 of 2006, as amended (CET Act), and operates within the Republic of South Africa.
<b>Mandate 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>Council members</b>	<p><b>External members</b></p> <p>Ms. C N Lichaba (Chairperson)  Mr. S Peters  Mr. N Cona  Mr. T S Dazela  Ms. N Gumede  Dr. G Wesso (Appointed 17 November 2018)  Mr. R R Links (Appointed 17 November 2018)  Mr. M Stratu (Resigned 30 August 2018)</p> <p><b>Internal members</b></p> <p>Ms. E S C M Potgieter (Principal)  Ms. C Phillips-Moorcroft  Mr. H J Cronje  Mr. J Jonck (Appointed 1 June 2018)  Mr. N Sokabo (Resigned 31 January 2018)  Ms. M De Beer - SRC (Appointed 26 July 2018)  Ms. A Qhakancu - SRC (Appointed 26 July 2018)  Mr. D Dibe - SRC (Attended March and June 2018 meetings)  Mr. A Oktober - SRC (Attended March and June 2018 meetings)  Mr. T C Ngqandu - SRC (Term of office ended 2017)  Mr. K M Mashego - SRC (Term of office ended 2017)</p>
<b>Registered office and business address</b>	125 Mitchell Street, George, Western Cape, 6529.
<b>Postal address</b>	PO Box 10400, George, 6530.
<b>Website</b>	<a href="http://www.sccollege.co.za">www.sccollege.co.za</a>
<b>Bank</b>	ABSA
<b>Auditor</b>	Auditor-General South Africa (AGSA)

## South Cape TVET College

### Financial statements

for the year ended 31 December 2018

### Council's Responsibilities and approval

The Council is required by the CET Act to maintain adequate accounting records and is responsible for the content and integrity of these financial statements and related financial information included in this report. It is the responsibility of Council to ensure that these financial statements fairly present the state of affairs of the College 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 AGSA was appointed by the Minister to express an independent opinion on the financial statements and was given unrestricted access to all financial records, related data and related parties.

These financial statements have been prepared in accordance with the Standards of GRAP including any interpretations, guidelines and directives issued by the ASB.

These financial statements are based on appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates by management.

The 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. These 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 minimize 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 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 loss.

The Council has reviewed the College's cash flow forecast to 31 May 2020 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 DHET for continued funding of operations in line with the annual DHET programme funding allocation. These financial statements are prepared on the basis that the College is a going concern and that DHET has neither the intention nor the need to liquidate or curtail materially the scale of the College's operations.

The AGSA is responsible for independently auditing and reporting on the College's financial statements and their report is presented with these financial statements.

These financial statements set out on page 10 to 45 were approved by the Council and were signed on their behalf by:



Alewyn Dippenaar

Acting Chairman

31 May 2019

# Report of the auditor-general to the minister of Higher Education and Training and the council of the South Cape Technical and Vocational Education and Training College

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the South Cape Technical Vocational Education and Training (TVET) College set out on pages 10 to 45, which comprise the statement of financial position as at 31 December 2018, the statement of financial performance, statement of changes in net assets, the statement of cash flow statement, and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of South Cape TVET College as at 31 December 2018, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of General Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Continuing Education and Training Act of South Africa, 2006 (Act No. 16 of 2006) (CETA).

### Basis for opinion

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

### Emphasis of matters

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

### **Recurring losses made on Foster's Manor guest house**

7. As disclosed in note 8 to the financial statements, the Foster's Manor guesthouse, which is classified as an investment property, generated a loss of R2 729 000 in 2018 (2017: R1 924 000). The total accumulated loss since 2010 amounted to R10 908 000 at 31 December 2018.

### **Material losses/ impairments**

8. As disclosed in note 4 to the financial statements, a material impairment provision of R25 945 000 (2017: R27 237 000) was made for trade and other receivables.
9. Outstanding student fees amounted to R25 532 000 (2017: R27 629 000) as at 31 December 2018, of which R24 894 000 (2017: R23 372 000) was impaired.

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

10. The council, which constitutes the accounting authority, is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of CETA, and for such internal control as the council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
11. In preparing financial statements, the council is responsible for assessing the South Cape TVET 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 intention is to liquidate the college or cease operations, or there is no realistic alternative but to do so.

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

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

## Report on the audit of the annual performance report

14. The college is not required to prepare a report on its performance against predetermined objectives, as it does not fall within the ambit of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and such reporting is not required in terms of the entity's specific legislation.

## Report on the audit of compliance with legislation

### Introduction and scope

15. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the college with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
16. I did not raise material findings on compliance with the specific matters in key legislation as set out in the general notice issued in terms of the PAA.

## Other information

17. The council and the principal of the South Cape TVET College are 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.
18. My opinion on the financial statements and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
19. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
20. I did not receive the other information prior to the date of this auditor's report. After I receive and read this information, if I conclude that there is a material misstatement I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

## Internal control deficiencies

21. I considered internal control relevant to my audit of the financial statements and compliance with CETA; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

## Other reports

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

## Investigations

23. The council of the college requested an independent consulting firm to investigate transgressions uncovered during the 2012 regularity audit. The investigation was concluded on 17 October 2014 and resulted in the dismissal of four employees. Another independent consulting firm was subsequently requested by the council to investigate matters that emanated from the initial investigation. The investigation was concluded on 4 September 2015 and resulted in a disciplinary process against one employee. During November 2014 the council referred allegations of fraud to the Hawks for further investigation. At the time of this report, the investigation by the Hawks was still ongoing.

*Auditor - General*

Cape Town

29 May 2019



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## **Annexure – Auditor-general’s responsibility for the audit**

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

### **Financial statements**

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

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

3. I communicate with the 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 I identify during my audit.
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

**South Cape TVET College**

**Statement of financial position**

**at 31 December 2018**

	Note	2018 R000	2017 R000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	77 364	29 263
Trade and other receivables from exchange transactions	4	27 166	16 225
Other receivables from non-exchange transactions	5	8 053	27 573
Inventories	6	1 696	261
		<b>114 279</b>	<b>73 322</b>
<b>Non-current assets</b>			
Property, plant and equipment	7	142 138	139 494
Investment property	8	1 155	1 176
		<b>143 293</b>	<b>140 670</b>
<b>Total assets</b>		<b>257 572</b>	<b>213 992</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	9	26 235	16 863
Short-term unspent conditional grants	10	23 165	3 899
Short-term portion of long-term loan	11	-	878
		<b>49 400</b>	<b>21 640</b>
<b>Net assets</b>		<b>208 172</b>	<b>192 352</b>
Accumulated surplus			
<b>Total net assets and liabilities</b>		<b>257 572</b>	<b>213 992</b>

**South Cape TVET College**

**Statement of financial performance**

**for the year ended 31 December 2018**

	Note	2018 R000	2017 R000
<b>Revenue</b>			
Revenue from exchange transactions			
Tuition and related fees	12	26 280	24 473
Rendering of services and sale of goods	13	17 307	16 934
Investment income	14	3 023	2 819
<b>Total revenue from exchange transactions</b>		<b>46 610</b>	<b>44 226</b>
Revenue from non-exchange transactions			
Government grants and subsidies	15	125 923	104 759
Other sponsorship	16	10	11
<b>Total revenue from non-exchange transactions</b>		<b>125 933</b>	<b>104 770</b>
<b>Total revenue</b>		<b>172 543</b>	<b>148 996</b>
<b>Expenditure</b>			
Employee-related expenditure	17	(103 953)	( 92 655)
Other operating expenditure	18	(48 530)	(42 154)
Debt impairment reversal/(charge)	19	1 293	(6 331)
<b>Expenditure before depreciation</b>		<b>(151 190)</b>	<b>(141 140)</b>
<b>Surplus before depreciation</b>		<b>21 353</b>	<b>7 856</b>
Depreciation of property, plant and equipment	7; 8	(5 533)	(5 434)
<b>Surplus before loss on assets</b>		<b>15 820</b>	<b>2 422</b>
Loss on assets	20	-	( 1 372)
<b>Surplus for the year</b>		<b>15 820</b>	<b>1 050</b>

**South Cape TVET College**

**Statement of changes in net assets**

**for the year ended 31 December 2018**

	<b>Accumulated surplus R000</b>
Balance at 1 January 2017	191 302
Surplus for the year	1 050
Balance at 1 January 2018	192 352
<b>Surplus for the year</b>	<b>15 820</b>
<b>Balance at 31 December 2018</b>	<b>208 172</b>

**South Cape TVET College**

**Cash flow statement**

**for the year ended 31 December 2018**

	Note	2018 R000	2017 R000
<b>Receipts</b>			
Tuition fees and other government subsidies		76 296	40 244
DHET Indicative budget direct subsidy		35 569	22 881
DHET Indicative budget Persal refund		33 666	16 301
Interest received		3 023	2 819
Other receipts		408	901
<b>Total receipts</b>		<b>148 962</b>	<b>83 146</b>
<b>Payments</b>			
Suppliers		(45 707)	( 43 181)
Council-appointed employees		(46 003)	( 39 316)
Interest paid		(22)	( 50)
<b>Total payments</b>		<b>(91 732)</b>	<b>( 82 547)</b>
<b>Net cash flows from operating activities</b>	22	<b>57 230</b>	<b>599</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(8 299)	( 11 960)
Proceeds from disposal of equipment		48	-
<b>Net cash flows from investing activities</b>		<b>(8 251)</b>	<b>( 11 960)</b>
<b>Cash flows from financing activities</b>			
Repayment of loan		(878)	( 250)
<b>Net decrease in cash and cash equivalents</b>		<b>48 101</b>	<b>( 11 611)</b>
Cash and cash equivalents at the beginning of the year		29 263	40 874
<b>Cash and cash equivalents at the end of the year</b>		<b>77 364</b>	<b>29 263</b>

South Cape TVET College

Statement of comparison of budget and actual amounts

for the year ended 31 December 2018

	2018	2018	2018	2018
	Approved	Final revised	Actual	Differences
	budget	budget	amounts on a	between final
			comparable	budget and
			basis	actual
				amounts
	R000	R000	R000	R000
<b>Revenue and expenditure</b>				
<b>Revenue from exchange transactions</b>				
Tuition and related fees	27 854	29 624	26 280	(3 345)
Rendering of services and sale of goods	19 757	19 757	17 307	(2 450)
Investment income	2 817	2 817	3 023	206
<b>Total revenue from exchange transactions</b>	<b>50 428</b>	<b>52 198</b>	<b>46 610</b>	<b>(5 588)</b>
<b>Revenue from non-exchange transactions</b>				
Government grants, subsidies and sponsorship	118 755	118 744	125 933	7 190
<b>Total revenue</b>	<b>169 183</b>	<b>170 942</b>	<b>172 543</b>	<b>1 601</b>
<b>Expenditure</b>				
Employee-related expenditure	( 96 458)	( 100 884)	( 103 953)	(3 069)
Text books	( 9 436)	( 9 927)	( 6 426)	3 501
Other tuition-related materials	( 5 788)	( 3 774)	( 2 167)	1 607
Security	( 4 187)	( 5 272)	( 5 368)	( 96)
Telephones and ICT expenditure	( 5 595)	( 5 183)	( 5 178)	5
Municipal charges	( 4 308)	( 4 158)	( 4 266)	( 108)
Outsourced student training	( 4 000)	( 4 000)	( 4 050)	( 50)
Repairs and maintenance	( 7 500)	( 3 500)	( 3 171)	329
Audit fees - external	( 2 450)	( 2 450)	( 2 359)	91
Student residence meals	( 1 514)	( 2 336)	( 2 281)	55
Rental of property and equipment	( 2 462)	( 2 462)	( 2 086)	376
Printing and stationery	( 1 945)	( 2 300)	( 1 710)	590
Travel and accommodation	( 1 342)	( 750)	( 1 563)	( 813)
Vehicle fuel, tracking and licences	( 1 211)	( 1 400)	( 1 274)	126
Insurance	( 1 161)	( 1 184)	( 1 157)	27
Cleaning and consumables	( 1 866)	( 1 541)	( 1 104)	437
Advertising and Marketing	( 1 143)	( 817)	( 1 116)	( 299)
Employee training	( 733)	( 450)	( 587)	( 137)
Employee teas and catering	( 190)	( 246)	( 466)	( 220)
Student support services	( 503)	( 500)	( 393)	107
Fruitless and Wasteful expenditure	-	-	( 274)	( 274)
Bank charges and interest paid	( 386)	( 386)	( 337)	49
Employee and council year-end functions	( 300)	( 300)	( 272)	28
Employee recruitment and settlement	( 400)	( 300)	( 261)	39
Employee bursaries	( 150)	( 250)	( 243)	7
Other expenditure	( 5 851)	( 2 072)	( 421)	1 651
<b>Expenditure before depreciation and impairment</b>	<b>(160 879)</b>	<b>(156 442)</b>	<b>(152 483)</b>	<b>3 959</b>
<b>Surplus/(deviation) before depreciation</b>	<b>8 304</b>	<b>14 500</b>	<b>20 060</b>	<b>5 560</b>
Debt (impairment)/reversal	( 1 500)	( 6 500)	1 293	7 793
<b>Surplus for the year</b>	<b>6 804</b>	<b>8 000</b>	<b>21 353</b>	<b>13 353</b>
<b>Capital expenditure in lieu of depreciation</b>				
Buildings and infrastructure	-	( 3 000)	( 2 507)	493
Computers and other equipment	( 6 576)	( 5 000)	( 4 741)	259
Vehicles	-	( 252)	( 252)	-
Building subsidised by DHET	-	( 799)	( 799)	-
<b>Total capital expenditure</b>	<b>(6 576)</b>	<b>(9 051)</b>	<b>(8 299)</b>	<b>752</b>

Refer note 23 for explanations of material differences.

## South Cape TVET College

### 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) for the first time for the year ended 31 December 2014 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 on an 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. Refer note 2 for further information.

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

#### 1.2 Statement of compliance

These accounting policies comply, in all material respects, with Standards of GRAP.

#### 1.3 Presentation currency

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

#### 1.4 Going concern assumption

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

#### 1.5 Significant judgments and sources of estimation uncertainty

The use of judgment, estimates and assumptions is inherent to the process of preparing financial statements. These judgments, 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.

##### 1.5.1 Judgments

In the process of applying these accounting policies, management has made the following judgements in respect of the provision for doubtful debts and the useful lives and residual values of PPE that may have a significant effect on the amounts recognised in the financial statements.

##### ***Classification of land and buildings as property, plant and equipment or investment property***

Judgement is needed to determine whether a property qualifies as investment property. The college developed the following criteria so that it can exercise that judgement consistently in accordance with the definition of investment property:

- The purpose for which the property is used i.e. if for educational purposes then the property is not regarded as an investment property.
- If the property is held for the purpose of generating rental income or to appreciate in value, then the property is regarded as an investment property.
- If other assets used in conjunction with the property to provide education, then the property is not regarded as an investment property.
- Land held for a currently undetermined future use is regarded as investment property.

## South Cape TVET College

### Accounting policies

#### ***Classification of non-current, non-financial assets as cash-generating or non-cash-generating***

Judgement is needed to determine whether an asset is cash-generating or non-cash-generating. The college developed the following criteria so that it can exercise that judgement consistently in accordance with the definitions:

The purpose for which the asset was acquired i.e. if for education purposes at no consideration (no fees), then the asset is regarded as a non-cash-generating asset. If to earn positive cash flows on a commercial basis, then the asset is regarded as cash-generating.

#### ***1.5.2 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.

#### ***Financial asset at cost***

The college first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the college determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in the group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Asset that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

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

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry- specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

## South Cape TVET College

### Accounting policies

#### ***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.

#### ***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 materialize 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.

#### ***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, and 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 condition and use of the asset 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 judgment to the specific circumstances, to discount future cash flows, to the present value of the item being discounted.

#### ***Fair value determination of properties (excluding heritage assets)***

In determining the fair value of investment property (and / or property, plant and equipment) donated or acquired for no consideration, the college applies a valuation methodology to determine the fair value of the properties based on any one of, or a combination of the following factors:

- The market related selling price of the property; or
- The market related rental that can be earned for the property; or
- The market related selling price of similar properties in the area; or
- The rentals currently or previously earned by the property.

Where the above information is not available or reliably determinable the college determines an approximation of fair-value by estimating the Depreciated Replacement Cost of the asset as described in Directive 7 *The Application of Deemed Cost on the Adoption of Standards of GRAP*.

### Accounting policies

#### 1.6 Investment property

Investment property is property held to earn rentals or for capital appreciation or both, rather than for:

- (a) use in the production or supply of goods or services or for administrative purposes; or
- (b) sale in the ordinary course of operations.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition. Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is recognised to write down the cost, less estimated residual value by equal installments over the useful life of the property. Investment property is depreciated over 50 years.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in surplus or deficit in the period of retirement or disposal.

#### *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.

#### 1.7 Property, plant and equipment

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Property, plant and equipment include: Land, Buildings, Capital work in progress, Leasehold improvements, Computers, Vehicles, Furniture and fittings, Machinery and equipment, Educational equipment and, in 2017, text books.

Property, plant and equipment are 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. 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, its 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.

## South Cape TVET College

### Accounting policies

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

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

Land	Indefinite
Buildings	50 years
Computers	5 to 10 years
Vehicles	10 to 15 years
Furniture and equipment	6 to 10 years
Educational equipment	6 to 10 years

At the 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 such indications do 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.

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

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

#### ***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.

#### ***Campuses or other property used and controlled, but not owned by the college***

Certain campuses 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 can be illustrated, the campus and other property in question are recognised, measured and included in the financial statements as either property, plant and equipment in terms of the definition of an asset as per the Framework for the Preparation and Presentation of Financial Statements or the definition of Property, Plant and Equipment in GRAP 17 Property, Plant and Equipment.

## 1.8 Financial instruments

### 1.8.1 Types and recognition

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:

<i>Class</i>	<i>Category</i>
Cash and cash equivalents	Financial asset at fair value
Trade and other receivables from exchange transactions	Financial asset at fair value

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:

<i>Class</i>	<i>Category</i>
DBSA Loan	Financial liability at amortized cost

The college recognizes 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.

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

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

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.

#### 1.8.2 Impairment and collectability of financial assets

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

##### *Financial assets measured at amortised cost:*

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

The carrying amounts of the transferred assets 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 de-recognition in its entirety and retains the right to service the financial asset for a fee, it recognises 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 recognises the new financial asset, financial liability or servicing liability at fair value.

On de-recognition 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 de-recognition 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.

## South Cape TVET College

### Accounting policies

If a transfer does not result in de-recognition because the college has retained substantially all the risks and rewards of ownership of the transferred asset, the college continues to recognise the transferred asset in its entirety and recognises 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.

#### 1.8.3 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).

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 de-recognition, the college does not offset the transferred asset and the associated liability.

#### 1.9 Statutory receivables

Funding receivable from DHET arises 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. Other elements of the DHET programme funding are only recorded once DHET has effected the transaction (i.e. payment of staff through PERSAL) and no receivable is recorded as the amount associated is not paid in cash or another financial asset.

The statutory receivable is included in other receivables from non-exchange transactions.

#### 1.10 Leases

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

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

##### ***Finance leases***

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.

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***

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

#### 1.11 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then its cost is the fair value at the date of acquisition. Subsequently, inventories held for commercial purposes are measured at the lower of cost and net realisable value.

The cost of inventories is assigned using the first-in, first-out cost formula. The same cost formula is used for all inventories having a similar nature and use to the college.

##### ***Recognition as an expense***

When text books are issued to students, the carrying amount of such inventories is recognised as an expense in the period in which the related tuition revenue is recognised. If there is no related tuition revenue, such text books are recognised as an expense immediately.

### 1.12 Impairment of cash-generating assets

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

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

#### Identification

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

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

#### Value in use

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

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

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

#### *Recognition and measurement (individual asset)*

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss. An impairment loss is recognised immediately in surplus or deficit.

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

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

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

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

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

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

### Accounting policies

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

- its fair value less costs to sell (if determinable);
- its value in use, being the depreciated replacement cost approach and
- nil

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

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

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

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

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

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

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

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

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

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

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

### 1.13 Impairment of non-cash-generating assets

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

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.

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.

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).

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.

#### **Value in use**

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of a non-cash-generating asset is determined using the following approach:

#### ***Depreciated replacement cost approach***

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

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

#### **Restoration cost approach**

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

#### **Service units approach**

The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. The current cost of replacing the remaining service potential of the asset before impairment is determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

#### **Recognition and measurement**

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

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

#### **Reversal of an impairment loss**

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

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

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

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

#### **Re-designation**

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

#### 1.14 Employee benefits

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

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

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

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

#### ***Other long-term employee benefits***

Other long-term employee benefits include:

- long-term compensated absences such as long service or sabbatical leave;
- other long service benefits;
- long-term disability benefits;
- bonus, incentive and performance related payments payable twelve months or more after the end of the reporting period in which the employees render the related service and
- compensation payable by the college until an individual enters new employment.

The expected costs of these benefits are accrued over the period of employment using the above accounting methodology. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to surplus or deficit in the period in which they arise. These obligations are valued annually by independent qualified actuaries using the projected unit credit methods.

For other long-term employee benefits, the college recognises the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements

## South Cape TVET College

### Accounting policies

#### ***Employee-related costs***

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 and remunerated through the Department of Education in the province (PERSAL) and the provincial allocation or programme funding, have migrated to DHET and are DHET employees. Non-management personnel not remunerated from provincial allocations or programme funding remain employees of the college as they are appointed by the college. For the period 1 January 2015 to 31 March 2015, non-management personnel remained employees of the college.

#### *For the period 1 January 2015 to 31 March 2015*

Management and other personnel are either remunerated directly by the college or by the provincial Department of Education, via Persal, on behalf of DHET. As management personnel are not college employees, their remuneration cannot be classified as an employee expense of the college and is therefore classified as "Services in kind".

#### *For the period 1 April 2015 to 31 December 2016*

Management and other personnel (excluding college employees) are remunerated by DHET via Persal. The remuneration of these personnel is therefore classified as "Services in kind", and is included in employee cost.

#### ***Services in kind***

The remuneration by DHET of all employees employed at the college during the year is classified as *Services in kind*.

### **1.15 Provisions and contingencies**

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date. Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where some or all of the expenditure required to settle a provision, is expected to be reimbursed by another party, the reimbursement is recognised when it is virtually certain that reimbursement will be received if the college settles the obligation.

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

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense. A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

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

## South Cape TVET College

### Accounting policies

#### 1.16 Revenue from exchange transactions

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value to another party in exchange.

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

##### *Sale of goods*

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

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

##### *Rendering of services*

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

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

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

##### *Tuition fees*

Tuition fees are recognised over the period of instruction.

##### *Interest received*

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

#### 1.17 Revenue from non-exchange transactions

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

##### *Recognition*

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

As the 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.

## South Cape TVET College

### Accounting policies

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.

#### **Programme funding**

Programme funding is allocated to the college by DHET in terms of the CET Act and the National Norms and Standards for funding of TVET Colleges and is determined by the estimated full time equivalent students (FTEs) of the college. The allocation is done based on the projected FTEs for the year and if the college fails to register the projected FTEs, a portion of the programme funding can be clawed back in the following year.

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

The programme funding is paid out partly in cash tranches, paid to the college, and partly through the PERSAL system of the Education Department, directly to employees and management of the college. The method and timing of payment of the grant does, however, not influence the recognition of revenue.

#### **Transfers**

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

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

#### **Concessionary loans received**

A concessionary loan is a loan granted to or received by an entity on terms that are not market related. The portion of the loan that is repayable, along with any interest payments, is an exchange transaction and is accounted for in accordance with the standard of GRAP on financial Instruments. The off-market portion of the loan is a non-exchange transaction. The off-market portion of the loan that is recognised as non-exchange revenue is calculated as the difference between the proceeds received from the loan, and the present value of the contractual cash flows of the loan, discounted using market related rate of interest.

#### **Debt forgiveness and assumption of liabilities**

The college recognises revenue in respect of debt forgiveness when the former debt no longer meets the definition of availability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

## South Cape TVET College

### Accounting policies

#### 1.18 Borrowing costs

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

#### 1.19 Related parties

The College has adopted IPSAS 20 in reporting on related parties. A related party is a DHET entity, or a person, with the ability to control the other party, or exercise significant influence over the other party.

Members of senior management and those charged with the governance of the college are regarded as persons with significant influence.

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

#### 1.20 Comparative figures

Certain assertions have been reclassified and the related comparative figures amended. Additional or enhanced disclosure requirements have necessitated additional changes to comparative figures.

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.

#### 1.21 Commitments

The college discloses each class of capital assets (Property, plant and equipment and Investment properties) recognised in the financial statements as well as future minimum lease payments under non-cancellable operating leases for each of the following periods:

- Not later than one year,
- Later than one year and not later than five years, and
- Later than five years.

#### 1.22 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).

The college adjusts the amounts recognised in its financial statements to reflect adjusting events after the reporting date. Amounts recognised in its financial statements to reflect non-adjusting events after the reporting date are not adjusted.

## South Cape TVET College

### Accounting policies

#### 1.23 Unauthorized, Irregular, Fruitless and wasteful expenditure

**Unauthorized expenditure** means the overspending of an approved budget without the necessary approvals per the delegation of authority, or expenditure incurred not in accordance with the purpose (mandate) of the college.

**Irregular expenditure** is expenditure that is contrary to the Act or any applicable legislation, or any regulations made in terms of the Act, or is in contravention of the college's *Supply Chain Management Policy*, or any other policy of the college. Irregular expenditure excludes unauthorized expenditure.

Irregular expenditure shall be expensed in the statement of financial performance.

**Fruitless and Wasteful expenditure** means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

#### 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 ASB, but will only become effective in future periods or have not been given an effective date by the Minister.

The college has not early adopted any of the new Standards or amendments thereto, but has referred to them for guidance in developing its accounting policies in accordance with GRAP 3 read with Directive 5:

Title of the Standard and nature of impending changes in accounting policy and expected impact	Effective date (Financial reporting period starting on or after)	Financial year in which College plans to apply the standard initially
<b>GRAP 20 Related party disclosures</b> Currently used as guidance for accounting policies, therefor no impact expected on initial adoption.	Not yet determined	Not yet determined
<b>GRAP 108 Statutory Receivables</b> No changes to recognition and measurement are expected, but additional disclosures and separate classification in the notes will be done on adoption.	Not yet determined	Not yet determined
<b>GRAP 109 Accounting by Principals and agents</b> No changes to recognition and measurement are expected, but additional disclosures in the notes will be done on adoption.	Not yet determined	Not yet determined
<b>GRAP 110 Living and Non-living Resources: None</b>	Not yet determined	Not yet determined
<b>IGRAP 17 Interpretation of the Standard of GRAP 32 on Service Concession Arrangements where a Grantor controls a significant residual interest in an asset: None</b>	Not yet determined	Not yet determined
<b>DIRECTIVE 12 The selection of an appropriate Reporting Framework by Public Entities: None</b>	1 April 2018	31 December 2019

South Cape TVET College

Notes to the financial statements

for the year ended 31 December 2018

	2018 R000	2017 R000
<b>3. Cash and cash equivalents</b>		
<i>Cash and cash equivalents available for use by the College</i>	<b>34 805</b>	14 035
<i>Cash and cash equivalents not available for use by the College</i>		
Relating to grants where conditions have not been met	<b>23 165</b>	3 899
Relating to student stipends	<b>10 551</b>	8 365
Relating to student allowances	<b>6 091</b>	2 005
Relating to other receipts where conditions have not been met	<b>2 752</b>	959
	<b>42 559</b>	15 228
<i>Cash and cash equivalents consist of the following:</i>		
Cash in current accounts	<b>25 658</b>	8 294
Cash on call deposit	<b>36 876</b>	7 074
Cash in short-term investment	<b>14 830</b>	13 893
Cash on hand	-	2
	<b>77 364</b>	29 263
<b>4. Trade and other receivables from exchange transactions</b>		
<i>Student receivables</i>		
Total outstanding student debt	<b>33 063</b>	31 238
Less: Outstanding NSFAS claims	<b>(7 531)</b>	(3 609)
Outstanding debt owed by students	<b>25 532</b>	27 629
Less: Impairment	<b>(24 894)</b>	(23 372)
<b>Net student receivables</b>	<b>638</b>	4 257
<i>Other receivables</i>		
National Government	<b>26 605</b>	15 024
Interest receivable	<b>338</b>	118
Prepayments	<b>237</b>	215
Employee advances	<b>66</b>	66
Provincial Government	<b>48</b>	74
Deposits	<b>39</b>	37
Other receivables	<b>245</b>	299
Total other receivables	<b>27 578</b>	15 833
Less: Impairment	<b>(1 050)</b>	(3 865)
<b>Net other receivables</b>	<b>26 528</b>	11 968
<b>Total student and other receivables</b>	<b>27 166</b>	16 225
<i>Receivables age analysis</i>		
<i>Student receivables</i>		
Current	<b>638</b>	1 725
31 - 60 days	-	1 130
61 - 90 days	-	1 104
91+ days	<b>24 894</b>	23 670
As above	<b>25 532</b>	27 629
<i>National Government</i>		
Current	<b>13 471</b>	5 072
31 - 60 days	<b>2 905</b>	987
61 - 90 days	<b>1 889</b>	974
91+ days	<b>8 340</b>	7 991
As above	<b>26 605</b>	15 024
<i>Reconciliation of debt impairment</i>		
Balance at beginning of year	<b>27 237</b>	20 985
Movement for the year	<b>(1 293)</b>	6 252
Balance at end of year	<b>25 944</b>	27 237

South Cape TVET College

Notes to the financial statements

for the year ended 31 December 2018 continued

**4. Trade and other receivables from exchange transactions - continued**

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

Neither past due nor impaired

Less than 30 days

31 - 60 days

61 - 90 days

91 - 120 days

120 + days

*Trade and other receivables impaired*

3 to 9 months past due

More than 9 months past due date

*Credit quality - determined internally*

National Government

Student receivables

Prepayments

Provincial Government

Deposits

*Fair value of trade and other receivables*

The carrying value of trade and other receivables approximates their fair value. Fair value of student receivables is net of amounts received subsequent to year-end, and outstanding NSFAS bursary allocations.

**5. Other receivables from non-exchange transactions**

*Statutory receivable: Government grant and subsidy*

Employee cost incurred by College

Direct subsidy

**Total outstanding Programme Funding**

The total amount is neither past due nor impaired.

Credit quality - internally determined

*The carrying value of other receivables approximates its fair value.*

**6. Inventories**

Consumable stores

Text Books

	2018 R000	2017 R000
	614	394
	14 109	6 803
	2 905	2 143
	1 889	2 109
	276	1 982
	7 373	2 794
	<b>27 166</b>	<b>16 225</b>
	-	1 207
	25 945	26 030
	<b>25 945</b>	<b>27 237</b>
	21 353	11 515
	638	3 279
	237	215
	-	26
	40	37
	<b>22 268</b>	<b>15 072</b>
	8 053	20 538
	-	7 035
	<b>8 053</b>	<b>27 573</b>
	<b>8 053</b>	<b>27 573</b>
	203	181
	1 493	80
	<b>1 696</b>	<b>261</b>

7. Property, plant and equipment

	2018			2017		
	Cost/ Deemed cost R000	Accumulated depreciation and impairment R000	Carrying value R000	Cost/ Deemed cost R000	Accumulated depreciation and impairment R000	Carrying value R000
Land	17 731	-	17 731	17 731	-	17 731
Buildings	135 395	(24 116)	111 279	132 087	(22 607)	109 480
Computers	15 961	(9 260)	6 701	12 884	(7 430)	5 454
Furniture and equipment	13 219	(8 953)	4 266	12 052	(7 721)	4 331
Vehicles	5 425	(3 456)	1 969	5 296	(3 147)	2 149
Educational equipment	1 305	(1 113)	192	1 298	(949)	349
	<b>189 036</b>	<b>(46 898)</b>	<b>142 138</b>	<b>181 348</b>	<b>(41 854)</b>	<b>139 494</b>

	2018					
	Carrying value at beginning of year R000	Additions R000	Re- allocations R000	Re- depreciation R000	Disposals/ Derecognition R000	Carrying value at end of year R000
Land	17 731	-	-	-	-	17 731
Buildings	109 480	3 306	-	(1 509)	-	111 277
Computers	5 454	3 077	-	(1 829)	-	6 702
Furniture and equipment	4 331	1 664	-	(1 585)	(143)	4 267
Vehicles	2 149	252	(7)	(425)	-	1 969
Educational equipment	349	-	7	(164)	-	192
	<b>139 494</b>	<b>8 299</b>	<b>-</b>	<b>(5 512)</b>	<b>(143)</b>	<b>142 138</b>

	2017					
	Carrying value at beginning of year R000	Additions and fair value increase R000	Impairment R000	Depreciation R000	Disposals R000	Carrying value at end of year R000
Land	17 731	-	-	-	-	17 731
Buildings	103 743	7 301	-	(1 564)	-	109 480
Computers	4 704	2 783	-	(1 831)	(202)	5 454
Furniture and equipment	4 543	1 228	-	(1 440)	-	4 331
Vehicles	1 933	630	-	(414)	-	2 149
Text books	1 372	-	-	-	(1 372)	-
Educational equipment	494	18	-	(163)	-	349
	<b>134 520</b>	<b>11 960</b>	<b>-</b>	<b>(5 412)</b>	<b>(1 574)</b>	<b>139 494</b>

	2017					
	Carrying value at beginning of year R000	Additions and fair value increase R000	Impairment R000	Depreciation R000	Disposals R000	Carrying value at end of year R000
Buildings - New lecture rooms	1 916	6 621	-	-	-	8 537

	2018	2017
	R000	R000
Owned	116 555	115 998
Not owned	12 455	11 213
<b>Properties over which the college has control but not legal title, are as follows:</b>		
Bitou campus (Plettenberg Bay) - Owned by Bitou Municipality		
George campus - Owned by the Department of Public Works		
Hessequa campus (Riversdale) - Owned by the Department of Public Works		
<i>Compensation received for property, plant and equipment impaired, lost or given up - included in operating surplus:</i>	48	-
Aggregate value of items using deemed cost	<b>68 066</b>	<b>68 066</b>

South Cape TVET College

Notes to the financial statements

for the year ended 31 December 2018 continued

7. Property, plant and equipment - continued

*Repairs and maintenance expenditure*

Buildings	2 446	1 208
Equipment	196	469
Vehicles	528	435
	<b>3 170</b>	<b>2 112</b>

*Contractual commitments - Capital work-in-progress (infrastructure)*

	<b>5 654</b>	<b>-</b>
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No item of property, plant or equipment has been pledged as security.

8. Investment property

	2018			2017		
	Cost R000	Accumulated depreciation R000	Carrying value R000	Cost R000	Accumulated depreciation R000	Carrying value R000
Retail - Guest house	1 835	( 680)	1 155	1 835	( 659)	1 176
<i>Reconciliation of investment property</i>						
	Carrying value at beginning of year R000	Depreciation R000	Carrying value at end of year R000	Carrying value at beginning of year R000	Depreciation R000	Carrying value at end of year R000
	1 176	( 21)	1 155	1 198	( 22)	1 176

Investment property has not been pledged as security.

*Other information - analysis of financial performance*

Revenue	167	194
Employee-related expenditure	(1 491)	(1 384)
Repairs and maintenance	( 798)	( 68)
Other operating expenditure	( 607)	( 666)
<b>(Loss) for the year</b>	<b>(2 729)</b>	<b>(1 924)</b>
<b>Total accumulated (loss) since 2010</b>	<b>(10 908)</b>	<b>(8 179)</b>

The guesthouse is defined as a heritage building in terms of the National Heritage Resources Act. Improvements and major maintenance is subject to prior approval from the Department of Sport, Arts and Culture. The building was valued independently in 2015 for R11,3 million.

9. Trade and other payables from exchange transactions

Stipend funds received in advance	10 551	8 365
Unallocated bursaries	8 893	2 005
Trade creditors	4 362	1 591
Income received in advance	1 132	959
Leave accrual	299	297
Operating lease liability	-	43
Other payables	998	3 603
	<b>26 235</b>	<b>16 863</b>

10. Unspent conditional grants

DHET Infrastructure and other grant	17 994	234
National Skills Fund	5 171	3 665
	<b>23 165</b>	<b>3 899</b>

11. Loan

Unsecured loan	-	878
Less: short-term portion	-	( 878)
	<b>-</b>	<b>-</b>

The loan carried interest at 5% per annum and was repayable in 20 bi-annual instalments of R300 000. The last payment was on 31 December 2018.

South Cape TVET College

Notes to the financial statements

for the year ended 31 December 2018 continued

	2018 R000	2017 R000		
<b>12. Tuition and related fees</b>				
<i>Ministerial programmes funded by NSFAS</i>				
NC(V)	8 830	9 741		
Report 191	7 897	5 955		
Hostels	3 455	934		
Transport	331	194		
	<b>20 513</b>	<b>16 824</b>		
<i>Ministerial programmes funded privately</i>				
NC(V)	1 930	2 777		
Report 191	3 455	2 693		
Hostels	35	1 763		
Transport and other fees	347	416		
	<b>5 767</b>	<b>7 649</b>		
<b>Total tuition and related fees for ministerial programmes</b>	<b>26 280</b>	<b>24 473</b>		
<b>13. Rendering of services and sale of goods</b>				
<i>Rendering of services</i>				
Occupational programmes	14 572	16 559		
University programmes	2 289	-		
Other revenue	372	338		
	<b>17 233</b>	<b>16 897</b>		
<i>Sale of goods</i>				
Profit on sale of vehicles and equipment	48	-		
General sales	26	37		
	<b>74</b>	<b>37</b>		
<b>Total fees for occupational and other revenue</b>	<b>17 307</b>	<b>16 934</b>		
<b>14. Investment income</b>				
<i>Interest income</i>				
Investment account	2 553	2 400		
Current accounts	470	419		
	<b>3 023</b>	<b>2 819</b>		
<b>15. Government Grants and subsidies</b>				
	<b>Unspent balance at beginning of year</b>	<b>Current year allocation</b>	<b>Conditions met - recognized as income</b>	<b>Conditions not met - recognized as liability</b>
<b>2018</b>	<b>R000</b>	<b>R000</b>	<b>R000</b>	<b>R000</b>
Programme funding: Employee cost	-	79 132	(79 132)	-
Programme funding: Direct subsidy	-	28 534	(28 534)	-
National Skills Fund	3 665	18 776	(17 270)	5 171
DHET Infrastructure and other grants	234	18 747	( 987)	17 994
	<b>3 899</b>	<b>145 189</b>	<b>(125 923)</b>	<b>23 165</b>
<b>2017</b>				
Programme funding: Employee cost	-	73 866	(73 866)	-
Programme funding: Direct subsidy	-	23 450	(23 450)	-
National Skills Fund	-	10 593	(6 928)	3 665
Other Government grant	234	515	(515)	234
	<b>234</b>	<b>108 424</b>	<b>(104 759)</b>	<b>3 899</b>
<b>16. Other sponsorship</b>				
Donations received	<b>10</b>			<b>11</b>

South Cape TVET College

Notes to the financial statements

for the year ended 31 December 2018 continued

	2018 R000	2017 R000
<b>17. Employee-related expenditure</b>		
<i>Services-in-kind</i>		
Salaries and bonuses	47 742	43 947
Employment benefits	8 499	7 837
Housing allowances	1 710	1 544
	<b>57 951</b>	<b>53 328</b>
<i>Paid via College payroll</i>		
Salaries and bonuses	45 088	38 491
Employment benefits	773	697
Council remuneration	48	75
Workmen's compensation	93	64
	<b>46 002</b>	<b>39 327</b>
<b>Total employee-related expenditure</b>	<b>103 953</b>	<b>92 655</b>
<i>Analysed as follows:</i>		
<i>Paid via Persal from College programme funding</i>		
Lecturers engaged in Report 191 and NC(V) courses	35 269	32 175
Support staff engaged in Report 191 and NC(V) courses	19 384	17 761
Management remuneration	3 298	3 392
	<b>57 951</b>	<b>53 328</b>
<i>Paid via College payroll</i>		
Lecturers engaged in Report 191 and NC(V) courses	18 272	14 347
Support staff engaged in Report 191 and NC(V) courses	11 124	11 237
Lecturers engaged in Occupational programs	9 107	9 748
Support staff engaged in Occupational programs	6 424	3 255
Student stipends	1 027	665
Council remuneration	48	75
	<b>46 002</b>	<b>39 327</b>
<b>As above</b>	<b>103 953</b>	<b>92 655</b>
<i>Funded</i>		
Lecturers engaged in Report 191 and NC(V) courses	46 658	46 778
Support staff engaged in Report 191 and NC(V) courses	28 740	23 697
Management remuneration	3 298	3 392
<b>Total funded</b>	<b>78 696</b>	<b>73 867</b>
<i>Unfunded</i>		
Lecturers engaged in Report 191 and NC(V) courses	15 989	9 493
Support staff engaged in Report 191 and NC(V) courses	8 193	8 555
Student stipends	1 027	665
Council remuneration	48	75
<b>Total unfunded</b>	<b>25 257</b>	<b>18 788</b>
<b>Total employee-related expenditure</b>	<b>103 953</b>	<b>92 655</b>

South Cape TVET College

Notes to the financial statements

for the year ended 31 December 2018 continued

	2018 R000	2017 R000
<b>18. Other operating expenditure</b>		
Text books and other programme-related costs	8 589	5 028
Security	5 368	4 982
Telephones and ICT expenditure	5 178	5 086
Municipal charges	4 266	3 987
Outsourced student training	4 050	4 051
Repairs and maintenance		
Buildings and infrastructure	2 446	1 208
Vehicles	528	435
Computers and equipment	196	469
Audit fees		
External audit	2 142	2 409
Expenses	217	500
Student residence meals	2 281	1 397
Rentals		
Buildings	444	406
Office equipment	1 642	2 042
Printing and stationery	1 710	1 448
Travel and accommodation	1 563	1 297
Vehicle fuel, tracking and licences	1 274	1 101
Insurance	1 157	1 078
Cleaning and consumables	1 104	1 100
Marketing	834	994
Employee training	587	458
Employee teas and catering	466	443
Student support services	393	471
Bank charges	316	305
Employee and council year-end functions	272	156
Employee recruitment and settlement	261	144
Subscription and membership fees	261	320
Employee bursaries	249	119
Capital items under R3 000	243	40
Professional fees		
Internal audit	-	225
Other professional services	15	77
Advertising	80	39
Interest paid on loan	22	50
Employee uniforms	14	44
Other expenditure	88	245
<b>Sub-total</b>	<b>48 256</b>	<b>42 154</b>
Fruitless and Wasteful expenditure - refer note 21	274	-
<b>Per Statement of Financial performance</b>	<b>48 530</b>	<b>42 154</b>
<b>19. Debt impairment</b>		
Impairment of student debt	1 522	5 985
Net impairment (reversal)/charge of other receivables	(2 815)	268
Fee reversals	-	78
<b>Impairment (reversal)/charge for the year</b>	<b>(1 293)</b>	<b>6 331</b>
<b>20. Loss on assets</b>		
Text books on hand derecognized	-	1 372

South Cape TVET College  
Notes to the financial statements  
for the year ended 31 December 2018 continued

	2018 R000	2017 R000
<b>21. Unauthorized, Irregular, Fruitless and Wasteful expenditure</b>		
<i>Fruitless and wasteful expenditure</i>		
Photocopier rented but not used since 2010	844	
Other expenditure which could have been avoided	182	
<b>Total Fruitless and Wasteful expenditure</b>	<b>1 026</b>	
<i>Analysed as follows:</i>		
Current year - photocopier and other	274	
Prior years - photocopier only	752	
As above	1 026	
<b>22. Cash flow from operating activities</b>		
Surplus for the year	15 820	1 050
<i>Adjusted for:</i>		
Programme funding - employee remuneration	(57 951)	( 53 328)
Employee remuneration paid by DHET	57 951	53 328
Depreciation and impairment	5 533	5 434
Debt impairment reversal/(charge)	(1 293)	6 331
Loss on assets	-	1 372
<i>Changes in working capital</i>		
(Increase) in inventories	(1 435)	( 13)
(Increase) in trade and other receivables from exchange transactions	(9 647)	( 11 807)
Decrease/(increase) in other receivables from non-exchange transactions	25 251	( 4 806)
Increase in unspent conditional grants	19 715	3 665
Increase/(decrease) in trade and other payables	3 286	( 627)
<b>Per Cash flow statement</b>	<b>57 230</b>	<b>599</b>

### 23. Comparison of budget and actual amounts

The budgetary and classification bases adopted in the approved budget are the same as for actual accounting recognition.

*The material differences between budgeted and actual amounts are as follows:*

**Revenue from exchange transactions - R5,8m less than budget**

The variance in tuition fees (Ministerial programmes) is due to a faster decline in NC(V) fees than anticipated. The variance in services and goods (Occupational programmes) is due to a slower roll-out of skills programmes than expected.

**Revenue from non-exchange transactions - R7,4m more than budget**

Certain contracts with skills programme funders changed subsequent to the approved budget, resulting in additional revenue.

**Employee-related expenditure R3,1m more than budget**

Additional lecturers had to be appointed due to more than expected students enrolled for certain programmes.

**Text books and other tuition-related materials - R3,5m and R1,6m less than budget**

The variance is due to the decline in mainly NC(V) students.

**Variances of other operating expenditure, capital expenditure and movement from the first to the revised budget**

The variances are due to over or under budgeted amounts. The revised budget is based on actual expenditure for the first six months of the year together with the anticipated operational activities for the second half of the year.

### 24. In-kind assistance

*The College received the following in-kind assistance, for which no amount was recognised:*

The DHET SAICA HR and CFO Support Projects provide support to the College through the provision of a part-time HR Business Partner (HRBP) and a full-time Acting Deputy Principal Finance (ADPF), 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 HRBP's and the ADPF's performance. The Project is funded by the National Skills Fund and the services are provided by SAICA .

The HR Support project ended on 31 December 2018 and the CFO Support Project is scheduled to end on 30 June 2019.

South Cape TVET College

Notes to the financial statements

for the year ended 31 December 2018 continued

	2018 R000	2017 R000
<b>25. Operating lease commitments</b>		
<i>Office equipment</i>		
Up to 1 year	988	548
1 to 5 years	332	316
	<b>1 320</b>	<b>864</b>
<i>Property</i>		
Up to 1 year	98	283
1 to 5 years	-	5
	<b>98</b>	<b>288</b>
Lease rentals are fixed and there were no contingent rentals.		
<b>26. Commitments</b>		
Approved and contracted for	5 654	-
<i>To be financed as follows:</i>		
Financed with Government grants	485	-
Financed with College funds	5 169	-
	<b>5 654</b>	<b>-</b>
<b>27. Contingent liabilities</b>		
During 2015 management terminated a security contract due to alleged breach of contract by the service provider. The service provider is required to initiate arbitration proceedings as per the contract, but has yet to submit their statement of claim against the College. There has not been any activity in this regard during 2018 and 2017. Due to the uncertainty of the outcome of the dispute, a provision has not been recognized, despite management's view that the claim has lapsed.	9 968	9 968
<b>28. Risk management and financial instruments</b>		
<i>Credit risk</i>		
Credit risk consists mainly of student debtors and College cash deposits with it's bank. The College banks with a major bank only.		
Student debtors comprise a large number of accounts, most of which are not settled within the agreed terms.		
<i>Liquidity risk</i>		
The College's risk to liquidity is the result of funds to cover its future commitments. Liquidity risk is managed by an ongoing review of its cash resources and future commitments. Refer notes 30 and 31 for further information.		
<i>Interest rate risk</i>		
Cash invested in the money market is not exposed to a significant amount of interest rate risk.		
<b>Financial instruments</b>		
<i>Financial assets</i>		
Cash and cash equivalents	34 805	14 035
<i>Financial liabilities</i>		
Payables from exchange transactions	26 235	16 863
Loan	-	878
<b>Total contractual undiscounted amount</b>	<b>26 235</b>	<b>17 741</b>
<i>Financial assets pledged as security</i>		
Cash secured for loan repayment	-	300
<i>The carrying value of financial instruments approximates their fair value.</i>		
<i>Financial liabilities maturity analysis</i>		
Not later than one month	5 630	1 859
Later than one month but not later than three months	1 572	530
Later than three months but not later than one year	18 863	15 083
Later than one year but not later than five years	170	269
<b>As above</b>	<b>26 235</b>	<b>17 741</b>

## South Cape TVET College

### Notes to the financial statements

#### for the year ended 31 December 2018 continued

#### 29. Related parties

##### *Members of key management*

##### *External councillors*

Ms. C N Lichaba - Chairperson  
Mr. S Peters - Chairman Audit & Risk Committee  
Mr. N M Cona  
Mr. T S Dazela  
Ms. N Gumede  
Dr. G Wesso (Appointed 17 November 2018)  
Mr. R R Links (Appointed 17 November 2018)  
Mr. M Stratu (Resigned 30 August 2017)

##### *Internal councillors*

Ms. E S C M Potgieter - Principal  
Ms. C Phillips-Moorcroft (Academic Board)  
Mr. H J Cronje (Support staff)  
Mr. J. Jonck (Academic staff - Appointed 1 June 2018)  
Mr. N. Sokabo (Academic staff - Resigned 31 January 2018)  
Ms. M de Beer - SRC (Appointed 26 July 2018)  
Ms. A Qhakancu - SRC (Appointed 26 July 2018)  
Mr. D Dibe - SRC (Attended March and June 2018 meetings)  
Mr. A Oktober - SRC (Attended March and June 2018 meetings)  
Mr. T C Ngqandu - SRC (Term of office ended 2017)  
Mr. K M Mashego - SRC (Term of office ended 2017)

##### *Senior management*

Dr. T E Terblanche - Deputy Principal: Academic (Ministerial programmes)  
Dr. R D Maharaj - Deputy Principal: Innovation & Development (Occupational programmes)  
Mr. M Booie - Deputy Principal: Corporate Services (Resigned 31 March 2018)  
Mr. M E Gcuwa - Deputy Principal: Corporate Services (Appointed 1 December 2018)  
Mr. C Bellingan - Deputy Principal: Finance (Acting)

##### *Close family member of key management and councillors*

Mr. C Terblanche - Programme Manager: Business Studies - spouse of Dr. Terblanche  
Mr. S Moorcroft - Programme Manager: Occupational - spouse of Ms. Phillips-Moorcroft

##### *Related to Internal councillor, Mr. H Cronje:*

Mr. J Cronje - Programme Manager: Occupational programmes - brother  
Ms. V Heyneke - Assistant Director: Student Administration - daughter  
Mr. R Heyneke - Senior Lecturer - son-in-law

##### *Other related parties*

The Minister; DHET (Controlling entity); DEDAT; NSF; NSFAS and other TVET Colleges.

External councillors who occupy executive positions in the Public sector and internal councillors are not remunerated for attending committee meetings. External councillors who do not occupy a position in the Public sector are remunerated as prescribed by DHET. Remuneration of College employees are within normal operating parameters.

The College received services-in-kind and subsidies from DHET in accordance with DHET's indicative budget, and subsidies from NSF, Setas and other public entities.

29. Related parties - continued

*Remuneration of key management*

	2018				
	Basic salary	Bonus and performance-related payment	Other short-term benefits	Pension benefits	Total
S Peters	47 866	-	-	-	47 866
ESCM Potgieter	712 037	132 582	163 350	92 492	1 100 461
C Phillips-Moorcroft	470 262	40 226	62 089	61 133	633 710
HJ Cronje	487 761	-	180 472	-	668 233
J Jonck	118 119	-	43 704	-	161 823
N Sokabo	21 306	-	3 682	2 770	27 758
TE Terblanche	702 507	121 269	72 062	91 325	987 163
RD Maharaj	692 127	109 958	71 000	89 975	963 060
M Booï	148 065	-	15 192	19 248	182 505
ME Gcuwa	48 186	-	10 379	6 264	64 829
<b>Total remuneration</b>	<b>3 448 236</b>	<b>404 035</b>	<b>621 930</b>	<b>363 207</b>	<b>4 837 408</b>

	2017				
	R	R	R	R	R
S Peters	74 503	-	-	-	74 503
ESCM Potgieter	662 545	56 140	142 685	86 130	947 500
C Phillips-Moorcroft	440 709	35 551	57 373	54 012	587 645
HJ Cronje	415 214	-	153 629	-	568 843
N Sokabo	251 278	21 371	41 293	32 666	346 608
TE Terblanche	660 421	56 363	67 744	85 855	870 383
RD Maharaj	650 674	54 777	66 746	84 588	856 785
M Booï	536 011	49 948	60 938	69 681	716 578
<b>Total remuneration</b>	<b>3 691 355</b>	<b>274 150</b>	<b>590 408</b>	<b>412 932</b>	<b>4 968 845</b>

30. Going concern

The College has an accumulated surplus (Net assets) of R208,2m (2017: R192,4m). These financial statements have been prepared on the basis of accounting policies applicable to a going concern. The going concern basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities and other obligations will be met 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 its dependence on *Programme funding* from DHET and successful bursary applications by students to NSFAS, at a level which, when combined with other revenue, is sufficient to fund the operations of the College.

31. Net assets

In terms of the CET Act, the Minister 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 after the settlement of all liabilities.

32. Tax exemptions

The College is exempt from income tax in terms of the Income Tax Act or to register as a vendor in terms of the Value-Added Tax Act.



South Cape TVET College  
Suid-Kaap Kollege  
Ikholeji yasemZantsi-Kapa

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# SOUTH CAPE TVET COLLEGE ANNUAL REPORT 2018

**Register at your nearest campus**

Beaufort West	: 023 414 1140	George	: 044 874 2360
Hessequa (Riversdale)	: 028 713 4775	Bitou (Plettenberg Bay)	: 044 533 2388
Mossel Bay	: 044 693 2613	Oudtshoorn	: 044 272 2110

[www.sccollege.co.za](http://www.sccollege.co.za)