



## **WESTERN CAPE COMMUNITY EDUCATION AND TRAINING COLLEGE**

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

**WESTERN CAPE COMMUNITY EDUCATION AND TRAINING COLLEGE**  
**Annual Financial Statements for the year ended 31 December 2021**  
**GENERAL INFORMATION**

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**Controlling entity**

**Financial Statements relate to**

WESTERN CAPE COMMUNITY EDUCATION AND TRAINING COLLEGE (Individual entity and not group)

**Domicile, legal form and jurisdiction**

The College is a Community Education and Training College, constituted in terms of the Continuing Education and Training Act No. 16 of 2006, as amended (CET Act), and operates within the Republic of South Africa.

**Nature of business and principal activities**

To provide continuing education and training to registered students for all learning and training programmes leading to full qualifications or part qualifications at level 1 of the National Qualifications Framework as well as skills programmes as determined by the community.

**Councillors**

Mr. Jerimia Thuynsma - Council Chairperson  
Mr. Magnus De Jongh - Deputy Chairperson  
Mr. Phumezo Zita - College Principal  
Mr. Dumile Vokwana - Audit Committee Chairperson  
Miss. Zibuyile Zulu CA(SA)  
Mrs. Linda Helme - Finance Committee Chairperson  
Dr. Florus Petrus Jacobus Prinsloo - Planning Committee Chairperson  
Mr. Stephen De Vries - Donor Member  
Ms. Carmon Simpson [Appointed 1 October 2021]  
Advocate Winston Erasmus [Appointed 1 October 2021]  
Mr. Lionel Adendorf - Marketing Committee Chairperson [Appointed 1 October 2021]  
Elvina Cleghorn - Student Representative  
Patritia Paulsen - Student Representative - [Resigned 29 October 2021]  
Staff Representative - Vacant

**Principal**

Mr. Phumezo Zita

**Chief Financial Officer (CFO)**

Mr. Sakhile Ngwenya AGA(SA)

**Registered office**

22 Bowler Street  
Avonwood  
Elsies River  
Cape Town  
7840

**Business address**

As above

**Bankers**

ABSA

**Auditors**

Nexia SAB&T  
Chartered Accountants  
Registered Auditors

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**WESTERN CAPE COMMUNITY EDUCATION AND TRAINING COLLEGE**  
**Annual Financial Statements for the year ended 31 December 2021**  
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These reports and statements comprise the annual financial statements presented for audit:

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**ABBREVIATIONS**

Auditor General	AG
Auditor General of South Africa	AGSA
Accounting Standards Board	ASB
Department of Higher Education and Training	DHET
Generally Recognised Accounting Practice	GRAP
South African Revenue Services	SARS
Value Added Tax	VAT
CET Act No.16 of 2006, as amended	CET Act
National Skills Fund	NSF
DHET SAICA HR Support Project Human Resources Business Partner	HRBP
Acting Deputy Principal Finance	ADPF
Sector Education and Training Authority	SETA
National Student Financial Aid Scheme	NSFAS
Health and Welfare SETA	HW-SETA
Education Training and Development Practise - SETA	ETDP-SETA
Associate General Accountant (SA)	AGA(SA)
Unemployment Insurance Fund	UIF

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

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

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

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

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

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

The council has reviewed the College's cash flow forecast for the year to 31 December 2022 and, in the light of this review and the current financial position, it is satisfied that the College has, or has access to, adequate resources to continue in operational existence for the foreseeable future.

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

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

The financial statements set out on page 8 to 39 were approved by the council on 24 March 2022 and were signed on its behalf by:



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J. Thuynsma  
Chairperson of the Council  
29 June 2022



## **Independent auditor's report to the Council of Western Cape Community Education and Training College**

### **Report on the audit of the financial statements**

#### **Opinion**

1. We have audited the financial statements of the Western Cape Community Education and Training College set out on pages 7 to 38, which comprise the statement of financial position as at 31 December 2021, the statement of financial performance, statement of changes in net assets and statement of cash flows for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In our opinion, the financial statements present fairly, in all material respects, the financial position of the Western Cape Community Education and Training College as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of Continuing Education and Training Act No. 16 of 2006 (CET Act).

#### **Basis for opinion**

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

#### **Emphasis of matter**

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



## **Restatement of corresponding figures**

7. As disclosed in note 28 to the financial statements, the corresponding figures for 31 December 2020 financial year-end have been restated as a result of errors discovered during 2021, in the financial statements of the college at, and for the year ended, 31 December 2021.

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

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

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

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

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

12. 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 No. 1 of 1999 (PFMA) and such reporting is also not required in terms of the entity's specific legislation.

## **Report on the audit of compliance with legislation**

### **Introduction and scope**

13. In accordance with the Public Audit Act No. 25 of 2004 (PAA) and the general notice issued in terms thereof, we have a responsibility to report material findings on the college's compliance with specific matters in key legislation. We performed procedures to identify findings but not to gather evidence to express assurance.
14. We did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

### Internal control deficiencies

15. We considered internal control relevant to our audit of the financial statements and compliance with applicable legislation; however, our objective was not to express any form of assurance on it.
16. We did not identify any significant deficiencies in internal control.

*Nexia SAB&T*

**Nexia SAB&T**

M. Wessels

Director

Registered Auditor

28 June 2022



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

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

### **Financial statements**

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

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

3. We communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
4. We also provide the accounting authority with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to have a bearing on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.



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

	Note	2021 R	2020 R
			Restated
<b>ASSETS</b>			
<b>Current assets</b>		<b>14,811,865</b>	<b>11,948,749</b>
Cash and cash equivalents	3	7,922,003	9,137,143
Trade and other receivables from exchange transactions	4	307,237	166,754
Receivables from non-exchange transactions, including transfers	5	6,582,625	2,644,852
<b>Non-current assets</b>		<b>38,259,663</b>	<b>38,492,217</b>
Property, plant and equipment	6,24,28	38,259,663	38,492,217
<b>Total assets</b>		<b>53,071,528</b>	<b>50,440,966</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>4,776,907</b>	<b>5,944,582</b>
Trade and other payables from exchange transactions	7,24,28	4,776,907	5,944,582
<b>Total liabilities</b>		<b>4,776,907</b>	<b>5,944,582</b>
<b>Net assets</b>		<b>48,294,621</b>	<b>44,496,384</b>
Accumulated surplus		48,294,621	44,496,384
<b>Total net assets and liabilities</b>		<b>53,071,528</b>	<b>50,440,966</b>

**WESTERN CAPE COMMUNITY EDUCATION AND TRAINING COLLEGE**  
**Annual Financial Statements for the year ended 31 December 2021**  
**Statement of Financial Performance**

	Note	2021 R	2020 R
			Restated
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>		<b>496,111</b>	<b>418,821</b>
Short term rental of facilities		434,441	226,516
Insurance claims	8	549	18,000
Interest received	9	61,121	174,305
<b>Revenue from non-exchange transactions</b>		<b>101,923,153</b>	<b>88,255,663</b>
Government grants and subsidies	10	60,669,014	57,187,767
Public contributions and donations	11	416,601	-
Projects and partnerships	12	40,837,538	31,067,896
<b>Total revenue</b>		<b>102,419,264</b>	<b>88,674,484</b>
<b>Expenses</b>			
Employee related costs and DHET management fee	13	(47,614,268)	(46,781,399)
Depreciation and amortisation	14	(1,214,099)	(954,035)
Students stipends	15	(5,841,899)	(9,472,265)
Books and learning materials	16	(382,300)	(1,284,116)
Student support services	17	(358,324)	-
Uniform, protective clothing and health and safety		(8,910)	(829,021)
Repairs and maintenance	18	(959,792)	(726,336)
Operating lease expense	19	(6,198,692)	(5,707,967)
Travel, accommodation and entertainment	24	(935,500)	(817,283)
Security	24	(2,358,189)	(4,107,842)
Professional services	20	(28,206,767)	(19,976,429)
Council remuneration	25	(1,029,496)	-
Municipal services		(818,539)	(408,182)
External audit fees		(416,921)	(304,387)
Telephone, postage, internet, network and communication costs		(925,962)	(493,828)
Printing and stationery		(729,082)	(819,415)
Other expenses	21	(622,287)	(450,504)
<b>Total expenses</b>		<b>(98,621,027)</b>	<b>(93,133,009)</b>
<b>Surplus/(Deficit) for the year</b>		<b>3,798,237</b>	<b>(4,458,525)</b>

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

	Note	30
		Accumulated Funds
		Accumulated Surplus/ (Deficit)
		R
		Total: Net Assets
		R
Balance at 31 December 2019 as previously reported		12,806,365
Restatement of comparative information	24,28	46,229,930
Correction of Error		(28,594)
Balance at 01 January 2020 as restated	24,28	48,954,909
Surplus/(deficit) for the year		(4,458,525)
Balance at 01 January 2021		44,496,384
Surplus / (deficit) for the year		3,798,237
Balance at 31 December 2021		48,294,621

**WESTERN CAPE COMMUNITY EDUCATION AND TRAINING COLLEGE**  
**Annual Financial Statements for the year ended 31 December 2021**  
**Cash Flow Statement**

	Note	2021 R	2020 R
<b>Cash flows from operating activities</b>			
<b>Receipts</b>		<b>51,999,465</b>	<b>44,123,357</b>
Sale of goods and rendering of services		38,423,789	31,067,896
Interest		59,676	174,305
Government grants and subsidies		13,516,000	12,598,000
Other Receipts		-	283,156
<b>Payments</b>		<b>(52,421,199)</b>	<b>(46,277,271)</b>
Employee costs		(1,756,735)	(2,139,632)
Suppliers		(50,664,464)	(44,137,639)
<b>Net cash flows from operating activities</b>	23	<b>(421,734)</b>	<b>(2,153,914)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(793,406)	(816,799)
<b>Net cash flows from investing activities</b>		<b>(793,406)</b>	<b>(816,799)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(1,215,140)</b>	<b>(2,970,713)</b>
Cash and cash equivalents at the beginning of the year	3	9,137,143	12,107,856
Cash and cash equivalents at the end of the year		7,922,003	9,137,143



**WESTERN CAPE COMMUNITY EDUCATION AND TRAINING COLLEGE**  
**Notes to the Annual Financial Statements**  
**for the year ended 31 December 2021**

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**1. ACCOUNTING POLICIES**

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

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

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

In the absence of an approved and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

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

**1.2 Presentation currency**

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

**1.3 Going concern assumption**

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

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

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

**Judgements**

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

**Programme funding**

In terms of the CET Act and the Funding Norms for CET Colleges, the Colleges are funded (Programme Funding) based on their Full Time Equivalent (FTE) student numbers. Therefore, in terms of the CET Act and the Funding Norms, a College receives Programme Funding to enrol and train a certain number of students for the year and that Programme Funding accrues to the College in terms of the CET Act and the Funding Norms and the accrual is separate and independent from how the funds are distributed to the College. The full amount of allocated Programme Funding therefore has to be paid to the College by DHET, irrespective of how it is paid. DHET settles its liability for Programme Funding towards the College in part by paying the employment cost of the College employees employed by DHET, via Persal. The remaining liability towards the College is settled in cash.

The Funding norms that is currently applicable to CET Colleges was Gazetted on 15 May 2015 and paragraph 117 contains provisions which may cause conditions as defined in GRAP 23 to exist under certain circumstances. These conditions would be applicable to the portion of the Programme Funding which is withheld to pay for employee cost of Persal employees deployed at the College. However, DHET has indicated that the intention of the Funding Norms is not to impose conditions which may be introduced by paragraph 117 and that the intention is that a College's Programme Funding accrues to it in total. Therefore, any difference between the amount withheld for paying Persal salaries and the amount that is eventually used to pay for Persal salaries, is automatically payable to Colleges. DHET has aligned its systems to facilitate the payment of these amounts to Colleges.



**WESTERN CAPE COMMUNITY EDUCATION AND TRAINING COLLEGE**  
**Notes to the Annual Financial Statements**  
**for the year ended 31 December 2021**

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**ACCOUNTING POLICIES continued...**

Paragraph 103 of the Funding Norms provides for a claw back to be implemented if a College's enrolment figures were less than what was planned for and funded in the previous year. The effect of this paragraph is that it introduces a condition as defined in GRAP 23, which is that a portion of the Programme Funding will have to be repaid if a College enrolls less than 97% of the planned and funded enrolment target for the year. However, DHET has indicated that they do not currently have sufficient confidence in the correctness of the enrolment figures to be able to implement this claw back and that the Programme Funding Grant is therefore an unconditional grant at the moment.

The substance over form nature of the Programme Funding for a College is therefore that it accrues to the College, in full and without any conditions, in the financial year of the College during which the enrolment and training of students occur. The date on which it accrues is 1 January of the relevant year, or the date on which the final grant amount is communicated to the College, whichever is later. The full Programme Funding allocation to the College is therefore recognised as revenue in the College's financial year.

The transactions and amounts are disclosed in Note 10.

**DHET management fee**

The College's staff consists of two groups:

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

The management and other staff who are stationed at a College (College's staff) and are paid through Persal are employed by DHET on DHET's Persal payroll. Therefore in terms of labour legislation they are DHET employees and not College employees. However, these employees are stationed permanently and exclusively at the College and are also subject to the governance and management oversight of the Council of the College and the intention is for the College to operate with relative autonomy. The employees are therefore substantively under the operational control of the College, with DHET performing and supporting certain HR related functions, e.g. administering the payroll and appointment, performance management, termination and disciplinary processes.

In terms of the CET Act and the Funding Norms for CET Colleges, the Colleges are funded (Programme Funding) based on their Full Time Equivalent (FTE) student numbers. Therefore, in terms of the CET Act and the Funding Norms, a College receives Programme Funding to enrol and train a certain number of students for the year and that Programme Funding accrues to the College in terms of the CET Act and the Funding Norms and the accrual is separate and independent from how the funds are distributed to the College. The full amount of allocated Programme Funding therefore has to be paid to the College by DHET, irrespective of how it is paid. DHET settles its liability for Programme Funding towards the College in part by paying the employment cost of the College employees employed by DHET, via Persal. The remaining liability towards the College is settled in cash.

What happens, in layman's terms, is that DHET employs the College's management and other staff for it, performs certain HR related functions for the College and uses the College's funds to pay the salaries of the College staff in DHET's employment.

There is therefore a College expense (outflow of College economic resources) which has to be accounted for by a College and the questions that remain are how that expense should be classified and measured.

With respect to the classification, the nature of the expense is clearly related to employee cost, but is not classified as employee cost, because the College is not the employer in terms of labour and related legislation. The expense is therefore classified as a DHET management fee expense in the hands of a College. On the face of the Statement of Financial Performance, it is aggregated with the College's Employee cost expense and it is disclosed separately in the notes.



## **WESTERN CAPE COMMUNITY EDUCATION AND TRAINING COLLEGE**

### **Notes to the Annual Financial Statements**

**for the year ended 31 December 2021**

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

With respect to the measurement of the expense, DHET settles the liability for Programme Funding towards the College, by assuming an employee cost liability towards the College's employees employed by DHET and paid via Persal. The cost or value of the expense for the College is therefore the same as the amount by which the liability that DHET owes to the College decreases as a result of DHET assuming the employee cost liability towards the College employees. This is inclusive of all short and long term employee benefits, e.g. leave and bonus accruals, capped leave and long service awards.

The transactions and amounts are disclosed in note 13.

#### **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, control exists, the campus in question is recognised, measured and included in the financial statements as either property, plant and equipment (campuses or other property) or investment property (other property) in terms of the definition and recognition criteria of an asset as per the Framework for the Preparation and Presentation of Financial Statements and the definition of Property, Plant and Equipment in GRAP 17 Property, Plant and Equipment or Investment Property in GRAP 16 Investment Property.

#### **Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash generating assets**

At initial recognition, the College designates an asset as non-cash-generating; or an asset or cash-generating unit as cash-generating. The designation is made on the basis of the College's objective of using the asset. Whether the asset actually delivers significant cash flows during a specific reporting period is not assessed, only the College's objective of using the asset is assessed.

Cash-generating assets are assets used with the objective of generating a commercial return. In this respect, assets that generate a commercial return are those that generate positive cash flows which are expected to be significantly higher than the cost of the asset. These are assets that are deployed in a manner consistent with that adopted by a profit orientated entity. How the cash that is generated from cash-generating assets is used, is not considered in applying the criteria to designate assets.

Non-cash-generating assets are used with the objective to deliver services and not to generate a commercial return. Where it is not clear whether the College expects to use an asset to generate a commercial return, the asset is designated as non-cash-generating.

The material judgements made by the College in this respect, insofar it relates to the College assets are as follows:

The following assets are kept for the purposes of rendering services and any possible cash flow is not expected to be significantly higher than the cost of the asset: PPE, Heritage assets, Intangible assets, Investment property. These asset classes are therefore exclusively designated as non-cash-generating.

The following assets are kept for the purposes of generating a commercial return and the possible cash flow is expected to be significantly higher than the cost of the asset: Certain items within PPE are used for short skills courses, where the objective is to generate a commercial return. These asset classes are therefore exclusively designated as cash-generating.

#### **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:

## **WESTERN CAPE COMMUNITY EDUCATION AND TRAINING COLLEGE**

### **Notes to the Annual Financial Statements**

**for the year ended 31 December 2021**

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

##### **Debt impairment**

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

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

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

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

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

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

##### **Effective interest rate**

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

#### **1.5 Property, plant and equipment**

Property, plant and equipment include:

Land - Owned by Other Entities

Buildings

Furniture, Fittings, Office Equipment and Educational Equipment

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

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

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.



**ACCOUNTING POLICIES continued...**

For property, plant and equipment acquired through exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary asset or assets, the cost is measured at fair value of the asset or assets given up. Where the fair value of the asset or assets given up is not reliably measurable, it is measured at the fair value of the asset or assets received. Where the fair value of neither the asset or assets given up, nor the asset or assets received is reliably measurable, its cost is measured at the carrying value of the asset(s) given up. Any 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 is included in the measurement of cost. Trade discounts and rebates are deducted in arriving at the cost.

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

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

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

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

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

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

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

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

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

**Deemed cost**

When the College acquired an asset prior the date of adopting the Standards of GRAP or in a transfer of functions between entities under common control or in a merger where the transferor or combining entity did not apply the Standards of GRAP on the transfer or merger date and when information about the historical cost are not available, the acquisition cost is measured using a surrogate value (deemed cost) at the date the college adopted the Standards of GRAP, or the transfer or merger date (the measurement date). Deemed cost is determined as the fair value of an asset at the measurement date.

**1.6 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.

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**ACCOUNTING POLICIES continued...**

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

**Finance leases - lessee**

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

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

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

**Operating leases - lessor**

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

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

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis. The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis. Income for leases is disclosed under revenue in statement of financial performance.

**Operating leases - lessee**

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

**1.7 Cash and cash equivalents**

Cash and cash equivalents consist of the following:

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

**1.8 Impairment of cash-generating assets**

Cash-generating assets are those assets used by the College with the objective of generating a commercial return. A commercial return means that positive cash flows are expected to be significantly higher than the cost of the assets. Refer to note 1.4 for criteria used, as well as for the judgements made in applying the criteria to designate assets as non cash-generating assets or 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.



**ACCOUNTING POLICIES continued...**

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

**Value in use**

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

When estimating the value in use of an asset, the 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.

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.

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 (if determinable); and
- zero

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

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**ACCOUNTING POLICIES continued...**

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 assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the 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 redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

When there has been a change in the manner in which the College uses an asset that is expected to result in positive cash flows that are significantly higher than the cost of the asset, the College redesignates non-cash-generating assets as a cash-generating assets. Conversely, when there has been a change in the manner in which the College uses an asset that results in positive cash flows that are not expected to be significantly higher than the cost of the asset, the College redesignates cash-generating assets as a non-cash-generating assets.

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

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

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



**WESTERN CAPE COMMUNITY EDUCATION AND TRAINING COLLEGE**  
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**ACCOUNTING POLICIES continued...**

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired. An impairment loss is recognised immediately in surplus or deficit. Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

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

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

**Value in use**

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

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

**Depreciated replacement cost approach**

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

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

**Restoration cost approach**

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

**Service units approach**

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

## **WESTERN CAPE COMMUNITY EDUCATION AND TRAINING COLLEGE**

### **Notes to the Annual Financial Statements**

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

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

#### **Redesignation**

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

When there has been a change in the manner in which the College uses an asset that is expected to result in positive cash flows that are significantly higher than the cost of the asset, the College redesignates non-cash-generating assets as a cash-generating assets. Conversely, when there has been a change in the manner in which the College uses an asset that results in positive cash flows that are not expected to be significantly higher than the cost of the asset, the College redesignates cash-generating assets as a non-cash-generating assets.

#### **1.10 Revenue from exchange transactions**

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.



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**ACCOUNTING POLICIES continued...**

**Rendering of services**

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

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

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

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

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

**Interest, royalties, dividends and tuition fees**

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

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

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

Tuition fees are recognised over the period of instruction.

**1.11 Revenue from non-exchange transactions**

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

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

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

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

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

**ACCOUNTING POLICIES continued...**

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 a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

**Programme funding**

The full programme funding allocated to the College in terms of the CET Act, the Funding Norms and the final grant letter received from the department is recognised in full in the College's financial year during which the enrolment and training of students, to which the grant pertains, are performed by the College. It is measured at the total amount allocated to the College by DHET, inclusive of both the part paid in cash and the part paid via Persal as per note 10.

**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.

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.

**1.12 Related parties**

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

The following persons and their close family members are related parties of the College:

- Any person considered to have control or joint control over the College;
- Any person considered to have significant influence over the College; or
- Any member of the College Council, Council sub-committees and Any member of the management team of the College. The management team of the College consists of the Principal and Deputy Principals of the College.

The following entities are related parties of the College:

- The College's controlling entity, being DHET and all other entities which are also controlled by DHET;
- Entities which may be associates of the College, or of which the College may be an associate, or entities which may be a joint venture of the College, or of which the College may be a joint venture. Members of the economic entity of which such entities may be part, will also be related parties of the College;
- Where the College may be party to a joint venture relationship, where the College and other entities are joint ventures of a third party, the other entities that are also part of the joint venture are related parties of the College as well as associates of the third party, but the third party is not.
- Post employment plans for the benefit of the employees of the College, i.e. Council appointed employees.
- Any entity which is jointly controlled or jointly controlled by a person who is considered to have control or joint control over the College;
- Any entity over which, a person considered to have control or joint control over the College, has significant influence, or of which such a person is a member of management of that entity, or its controlling entity.

Control is the power to govern financial and operating policies of an entity so as to obtain benefits from its activities. Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers). Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.



## **WESTERN CAPE COMMUNITY EDUCATION AND TRAINING COLLEGE**

### **Notes to the Annual Financial Statements**

**for the year ended 31 December 2021**

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

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

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

- Someone married to the person, or in a similar relationship with the person; or
- A person separated by no more than two degrees of natural or legal consanguinity or affinity.

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

The College only provides related party transaction disclosure in the form of narrative information about the nature of the transactions and the related outstanding balances to enable users of the College's financial statements to understand the effect of related party transactions on its financial statements, on transactions occurring within the following parameters:

- Normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the College to have adopted if dealing with that individual entity or person in the same circumstances; and
- Terms and conditions within the normal operating parameters established by the College's legal mandate.

#### **1.13 Commitments**

The College discloses commitments relating to each class of capital assets ( PPE, Investment properties, Intangible assets, Biological assets and Heritage assets) recognized 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.

#### **1.14 Events after the reporting date**

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

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

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

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

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

	<b>Note</b>	<b>2021</b> <b>R</b>	<b>2020</b> <b>R</b>
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**2. Standards, amendments to Standards, Directives and Interpretations issued but not yet effective**

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

<b>Title of the standard and nature of impending changes in accounting policy and expected impact</b>	<b>Standard number</b>	<b>Effective date (Periods starting on or after)</b>	<b>Expected impact</b>
Segment reporting	GRAP 18	1 January 2024 # # #	No impact
Financial Instruments	GRAP 104	Not yet set	No impact
Employee Costs	GRAP 25	Not yet set	No impact

# # # In terms of Directive 13 BC8

**3. Cash and cash equivalents**

Cash at bank main account	2,394,647	4,850,478
UIF Bank Account	5,482,336	4,239,445
Dormant Bank Accounts	45,020	47,220
<b>Total</b>	<b>7,922,003</b>	<b>9,137,143</b>
 <b>Total cash and cash equivalents</b>	 <b>7,922,003</b>	 <b>9,137,143</b>



# WESTERN CAPE COMMUNITY EDUCATION AND TRAINING COLLEGE

## Notes to the Annual Financial Statements

for the year ended 31 December 2021

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

#### 31 December 2021

	Gross Balances R	Provision for Doubtful Debts R	Net Balance R
Trade receivables	271,600	-	271,600
Prepayments	35,637	-	35,637
<b>Total trade and other receivables</b>	<b>307,237</b>	<b>-</b>	<b>307,237</b>

#### 31 December 2020

	Gross Balances R	Provision for Doubtful Debts R	Net Balance R
Trade Receivables	125,019	-	125,019
Prepayments	41,735	-	41,735
<b>Total trade and other receivables</b>	<b>166,754</b>	<b>-</b>	<b>166,754</b>

#### Trade and other receivables from Exchange

Current (0 – 30 days)	305,937	166,754
31 - 60 Days	1,300	-
<b>Total</b>	<b>307,237</b>	<b>166,754</b>

#### Trade and other receivables from Non-Exchange

Current (0 – 30 days)	6,582,625	2,644,852
<b>Total</b>	<b>6,582,625</b>	<b>2,644,852</b>

### 5. Receivables from non-exchange transactions, including transfers

Statutory receivable: Government grants and subsidies 10.	-	2,091,000
ETDP-SETA	3,644,000	59,852
HW-SETA	160,850	494,000
W&R-SETA	2,777,775	-
<b>Total other debtors</b>	<b>6,582,625</b>	<b>2,644,852</b>

Terms and conditions of other receivables

# WESTERN CAPE COMMUNITY EDUCATION AND TRAINING COLLEGE

## Notes to the Annual Financial Statements

for the year ended 31 December 2021

	2021	2020
	R	R

### 6. Property, plant and equipment

	2021	2020
	R	R
Cost	14,469,000	14,469,000
Accumulated Depreciation and Impairment	(10,415,804)	(10,234,298)
Carrying Value	4,053,196	4,234,702
Land - Owned by Other Entities		
Buildings	30,820,316	30,820,316
Furniture, Fittings, Office Equipment and Educational Equipment	4,047,721	3,614,159
Computer Equipment	2,976,847	2,435,129
Total	52,313,884	51,338,604

### Reconciliation of Property Plant and Equipment - 2021

	Carrying Value Opening Balance	Additions	Acquisitions through entity combinations	Disposals	Depreciation	Donated assets	Impairment loss	Impairment reversal	Other movements	Carrying Value Closing Balance
	R	R	R	R	R	R	R	R	R	R
Land - Owned by Other Entities	14,469,000	-	-	-	-	-	-	-	-	14,469,000
Buildings	20,586,018	-	-	-	(181,506)	-	-	-	-	20,404,512
Furniture, Fittings, Office Equipment and Educational Equipment	1,792,721	321,818	-	-	(552,214)	111,742	-	-	-	1,674,067
Computer Equipment	1,644,478	471,588	-	(50,349)	(480,379)	126,746	-	-	-	1,712,084
Total	38,492,217	793,406	-	(50,349)	(1,214,099)	238,488	-	-	-	38,259,663

### Reconciliation of Property Plant and Equipment - 2020



**WESTERN CAPE COMMUNITY EDUCATION AND TRAINING COLLEGE**  
**Notes to the Annual Financial Statements**  
**for the year ended 31 December 2021**

		Note	2021	2020
			R	R

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

	Carrying Value Opening Balance	Additions	Reversal of assets transfer adjustment	Disposals	Depreciation	Donated assets	Impairment loss	Impairment reversal	Other movements	Carrying Value Closing Balance
	R	R	R	R	R	R	R	R	R	R
Land - Owned by Other Entities	14,469,000	-	-	-	-	-	-	-	-	14,469,000
Buildings	30,820,316	-	-	-	(181,506)	-	-	-	-	30,638,810
Furniture, Fittings, Office Equipment and Educational Equipment	2,168,603	121,172	-	-	(497,054)	-	-	-	-	1,792,721
Computer Equipment	1,224,326	695,627	-	-	(275,475)	-	-	-	-	1,644,478
<b>Total</b>	<b>48,682,245</b>	<b>816,799</b>	<b>-</b>	<b>-</b>	<b>(954,035)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>48,545,009</b>
<b>Difference</b>										

**Estimated useful lives**

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

Class	Useful Life Range in Years
Land	Indefinite Life
Buildings	10-30
Computer Hardware	5-8
Office equipment, furniture and fittings	5-8

**Deemed cost of Property, plant and equipment not owned by the College**

Aggregate of items valued using deemed cost

Land	14,469,000	14,469,000
Buildings	30,820,316	30,820,316

Deemed cost was determined using the depreciated replacement cost.

# WESTERN CAPE COMMUNITY EDUCATION AND TRAINING COLLEGE

## Notes to the Annual Financial Statements

for the year ended 31 December 2021

	2021	2020
	R	R

### Property, plant and equipment continued...

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

#### Legal title vests in

Department of Public Works - Western Cape Province

Terms and conditions

The College has use of land where the property was transferred by the Department of Basic Education is located. There are no special terms and conditions

The City of Cape Town

Terms and conditions

The College has use of land where the property transferred by the Department of Basic Education is located. There are no special terms and conditions



# WESTERN CAPE COMMUNITY EDUCATION AND TRAINING COLLEGE

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

	Note	2021 R	2020 R	
<b>7. Trade and other payables from exchange transactions</b>				
Trade payables		934,097	2,861,055	
Accruals		258,929	623,325	
UIF project management fee		3,583,881	2,460,202	
<b>Total creditors</b>		<b>4,776,907</b>	<b>5,944,582</b>	
<b>8. Insurance claims</b>				
Insurance Refunds		549	18,000	
<b>Total Claims</b>		<b>549</b>	<b>18,000</b>	
<b>9. Investment income</b>				
Interest - Bank		61,121	174,305	
<b>Total interest income</b>		<b>61,121</b>	<b>174,305</b>	
<b>Total investment income</b>		<b>61,121</b>	<b>174,305</b>	
<b>10. Government grants and subsidies</b>				
<b>Reconciliation of Movement - 2021</b>				
	<b>Balance unspent at beginning of year</b> R	<b>Current year receipts</b> R	<b>Conditions met - transferred to revenue</b> R	<b>Conditions still to be met - remain liabilities</b> R
Programme funding: Grants paid via Persal	-	(46,052,014)	46,052,014	-
Programme funding: Grants paid cash	-	(14,575,000)	14,575,000	-
Other Government Grants and Subsidies	-	(42,000)	42,000	-
<b>Total Government Grant and Subsidies</b>	-	<b>(60,669,014)</b>	<b>60,669,014</b>	-
<b>Reconciliation of Movement - 2020</b>				
	<b>Balance unspent at beginning of year</b> R	<b>Current year receipts</b> R	<b>Conditions met - transferred to revenue</b> R	<b>Conditions still to be met - remain liabilities</b> R
Programme funding: Grants paid via Persal	-	(44,641,767)	44,641,767	-
Programme funding: Grants paid cash	-	(12,546,000)	12,546,000	-
<b>Total Government Grant and Subsidies</b>	-	<b>(57,187,767)</b>	<b>57,187,767</b>	-
<b>11. Public contributions and donations</b>				
Donations		178,113	-	
SAICA Project Donation of Office Equipment		238,488	-	
<b>Total public contributions and donations</b>		<b>416,601</b>	-	

# WESTERN CAPE COMMUNITY EDUCATION AND TRAINING COLLEGE

## Notes to the Annual Financial Statements

for the year ended 31 December 2021

	Note	2021 R	2020 R
<b>12. Projects and partnerships</b>			
W&R SETA Infrastructure Project		2,777,775	-
UIF Project Revenue		38,059,763	30,828,487
Other		-	239,409
		<b>40,837,538</b>	<b>31,067,896</b>
<b>13. Employee related costs and DHET management fee</b>			
<b>Employee related costs</b>			
Employee related costs - Salaries and Wages		(1,562,253)	(2,139,632)
		<b>(1,562,253)</b>	<b>(2,139,632)</b>
<b>DHET management fee cost</b>			
Employee related costs - Salaries and Wages		(46,052,015)	(44,641,767)
		<b>(46,052,015)</b>	<b>(44,641,767)</b>
<b>Total employee related costs and DHET management fee</b>		<b>(47,614,268)</b>	<b>(46,781,399)</b>
<b>14. Depreciation and amortisation</b>			
Property, plant and equipment		(1,214,099)	(954,035)
		<b>(1,214,099)</b>	<b>(954,035)</b>
<b>15. Students Stipends</b>			
UIF student stipends		(5,841,899)	(9,472,265)
		<b>(5,841,899)</b>	<b>(9,472,265)</b>
<b>16. Books and learning materials</b>			
Formal programmes		(382,300)	(1,284,116)
		<b>(382,300)</b>	<b>(1,284,116)</b>
<b>17. Student support services</b>			
Student prizegivings and graduation ceremonies		(333,476)	-
SRC events		(13,713)	-
Student wellness		(11,135)	-
		<b>(358,324)</b>	<b>-</b>
<b>18. Repairs and maintenance</b>			
Property, plant and equipment		(959,792)	(726,336)
		<b>(959,792)</b>	<b>(726,336)</b>
<b>19. Operating lease expense</b>			
Land, buildings and infrastructure		(4,177,784)	(4,425,776)
Office Equipment		(2,020,908)	(1,282,191)
		<b>(6,198,692)</b>	<b>(5,707,967)</b>



# WESTERN CAPE COMMUNITY EDUCATION AND TRAINING COLLEGE

## Notes to the Annual Financial Statements

for the year ended 31 December 2021

	Note	2021 R	2020 R
<b>20. Professional services</b>			
Accounting fees		-	(113,498)
UIF Project management fees		(28,206,767)	(19,862,931)
		<b>(28,206,767)</b>	<b>(19,976,429)</b>
<b>21. Other expenses</b>			
Advertising		(141,299)	(62,837)
Bank charges		(154,083)	(105,175)
Losses due to theft		(50,349)	-
Delivery costs		(22,459)	(22,208)
Insurance	24	(41,735)	(196,401)
Staff development		(86,252)	(29,250)
Legal fees		(126,112)	-
Fines and penalties		-	(34,633)
		<b>(622,289)</b>	<b>(450,504)</b>
<b>22. Impairment (Loss)/Reversal of impairment loss on assets</b>			
<b>23. Cash flows from operating activities</b>			
Surplus/(deficit) for the year		3,798,237	(4,458,525)
Adjustment for:			
Depreciation and amortisation		1,214,099	954,035
Donated assets (Non-Cash)		(238,488)	-
Gain/loss on due to theft of assets		50,349	-
		<b>4,824,197</b>	<b>(3,504,490)</b>
<b>Changes in working capital:</b>			
Decrease in trade and other receivables from exchange transactions		(140,483)	(166,754)
Decrease / (increase) in receivables from non-exchange transactions		(3,937,773)	215,659
(Decrease) / increase in trade and other payables from exchange transactions		(1,167,675)	1,052,465
<b>Net cash flows from operating activities</b>		<b>(421,734)</b>	<b>(2,403,120)</b>

# WESTERN CAPE COMMUNITY EDUCATION AND TRAINING COLLEGE

## Notes to the Annual Financial Statements

for the year ended 31 December 2021

	Note	2021 R	2020 R
<b>24. Correction of error</b>			
			<b>2020</b>
<b>During the year the following correction of errors occurred:</b>			<b>DR(CR)</b>
A vendor payment was incorrectly expensed			42,260
A insurance invoice was duplicated			99,000
Security bills for 2021 not recorded			249,205
SARS Payable in relation to transfer liabilities			(28,594)
Insurance prepayment expensed in error			(41,735)
			<b>320,136</b>
<b>The comparative amount has been restated as follows:</b>			
<b>Statement of financial position</b>			
Trade and other payables previously reported		-	5,808,043
Correction of Errors		-	(112,666)
<b>Trade and other payables previously restated</b>		-	<b>5,695,377</b>
Trade and other receivables exchange - reported			125,019
Corection of error			41,735
<b>Trade and other receivables - restated</b>			<b>166,754</b>
<b>Statment of Financial Performance</b>			
Security - Reported			3,900,372
Correction of error			249,205
Correction of error			(41,735)
<b>Security - restated</b>			<b>4,107,842</b>
Insurance - Reported		-	295,401
Correction of Error		-	(99,000)
<b>Insurance - Restated</b>		-	<b>196,401</b>
Travel,accomodation,subsistance and refreshments - Reported		-	<b>536,088</b>
Correction of error		-	(42,260)
<b>Travel,accomodation,subsistance and refreshments - Restated</b>		-	<b>493,828</b>
<b>Net effect on Accumulated surplus opening balance</b>		-	<b>320,136</b>



# WESTERN CAPE COMMUNITY EDUCATION AND TRAINING COLLEGE

## Notes to the Annual Financial Statements

for the year ended 31 December 2021

	Note	2021 R	2020 R
<b>25. Related parties</b>			
<b>25.1 Control</b>			
<p>The college is controlled by the Department of Higher Education and Training through the Minister. The College is dependent on the DHET for funding of operations in line with the annual DHET programme funding.</p>			
<b>25.2 Related party transactions</b>			
<b>25.2.1 Transactions with entities controlled by the DHET</b>			
<p>The CET college is related to all entities reporting to the DHET as they are subject to common control. This includes, but is not limited to, other CET colleges, TVET colleges and SETAs.</p>			
<b>Transactions with related parties</b>			
Services in-kind from DHET in respect of salaries for PERSAL paid		46,052,015	44,641,767
Direct Subsidies by DHET		14,575,000	12,546,000
W&R SETA		2,777,775	-
Amounts receivable/(payable) to SETAs:			
HW-SETA		160,850	494,000
EDPT-SETA		-	59,852
W&R SETA		2,777,775	-

# WESTERN CAPE COMMUNITY EDUCATION AND TRAINING COLLEGE

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

		2021	2020
	Note	R	R

### Related parties continued...

#### 25.3 Remuneration of management

##### 25.3.1 Council members

###### 2021

	(a) Fees for services as a member of council	(b) Data Claims	Total
Mr. Jerimia Thuynsma - Council Chairperson	220,455	1,500	221,955
Mr. Magnus De Jongh - Deputy Chairperson	312,472	1,500	313,972
Mr. Dumile Vokwana - Audit Committee Chairperson	146,408	1,500	147,908
Miss. Zibuyile Zulu CA(SA)	33,291	1,500	34,791
Mrs. Linda Helme - Finance Committee Chairperson	83,835	1,500	85,335
Dr. Florus Petrus Jacobus Prinsloo - Planning Committee Chairperson	66,825	1,500	68,325
Mr. Stephen De Vries - Donor Member	58,805	1,500	60,305
Ms. Carmon Simpson [Appointed 1 October 2021]	47,628	1,500	49,128
Advocate Winston Erasmus [Appointed 1 October 2021]	29,160	1,500	30,660
Mr. Lionel Adendorf - Marketing Committee Chairperson [Appointed 1 October 2021]	30,618	1,500	32,118
Total	<b>1,029,496</b>	<b>15,000</b>	<b>1,044,496</b>

###### 2020

	(a) Fees for services as a member of council	(b) Claims	Total
Mr. Jerimia Thuynsma - Council Chairperson	-	-	-
Mr. M De Jongh - Deputy Chairperson	-	-	-
Mrs. Linda Helme	-	-	-
Dr. F Prinsloo	-	-	-
Mr. Dumile Vokwana	-	-	-
Mr. V Grootboom ##	-	-	-
Dr. A Van der Bijl ##	-	-	-
Mr. P Mgijimi ##	-	-	-
Mr. M Sitonga ##	-	-	-
Ms. L Hoho ##	-	-	-
Mr. T Gumbi ##	-	-	-
Ms. E Ayinkamiye ##	-	-	-
Mr. Andrews ##	-	-	-
Total	-	-	-

## Term ended 30 September 2020

No fee were paid to council members



# WESTERN CAPE COMMUNITY EDUCATION AND TRAINING COLLEGE

## Notes to the Annual Financial Statements

for the year ended 31 December 2021

	2021		Note	2020				
	R			R				
Related parties continued...								
Senior management								
2021								
	(a) Basic salary	(b) Bonuses and performance related payments	(c) Other short-term employee benefits	(d) Post-employment benefits such as pensions, other retirement benefits, life insurance and medical care	(e) Non-pensionable allowances	(f) Other long-term benefits	(g) Termination benefits	Total
Mr. Phumezo Zita Acting College Principal	646,442	53,803	11,250	-	105,824	-	-	817,318
Mr. Sakhile Ngwenya : Deputy Principal Finance 01/10/2021	121,454	-	85,672	-	26,234	-	-	233,360
Mrs. Lillian Van Louw - Deputy Principal - Academics	626,690	52,224	-	26,340	113,801	-	-	819,056
Mr. Mario Boezak - Acting Deputy Principal Corporate Services	404,705	34,315	217,294	-	4,350	17,655	-	678,318
Total	1,799,290	140,342	314,216	26,340	250,209	17,655	-	2,548,052

	(a) Basic salary	(b) Bonuses and performance related payments	(c) Other short-term employee benefits	(d) Post-employment benefits such as pensions, other retirement benefits, life insurance and medical care	(e) Non-pensionable allowances	(f) Other long-term benefits	(g) Termination benefits	Total
Mr. S Tonkin - College Principal	247,636	-	53,333	-	-	-	-	300,969
Mr. MC Jacobs - Deputy Principal Corporate Services	463,075	-	138,272	-	-	-	-	601,347
Mrs. LB Van Louw - Deputy Principal Academics	617,434	51,453	132,981	-	-	-	-	801,868
Total	1,328,145	51,453	324,586	-	-	-	-	1,704,184

**WESTERN CAPE COMMUNITY EDUCATION AND TRAINING COLLEGE**  
**Notes to the Annual Financial Statements**  
**for the year ended 31 December 2021**

	Note	2021 R	2020 R
<b>26. Events after the reporting date</b>			
Adjusting events			
None			
Non-adjusting events			
None			
<b>27. Key sources of estimation uncertainty and judgements</b>			
The following areas involve a significant degree of estimation uncertainty:			
Useful lives and residual values of property, plant, and equipment			
Recoverable amounts of property, plant and equipment			
The following areas involved judgements, apart from those involving estimations disclosed above, that management has made in the process of applying the College's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:			
Deemed cost of property plant and equipment of assets acquired upon transfer of function from the Department of Basic Education			
<b>28. Restatement of comparative information</b>			
The following comparative information have been restated			
The measurement period for assets acquired as a result of transfer of functions ended on the 31 December 2021. The adjustment has been made retrospectively.			
The restatements resulted in the following adjustments:			
<b>Statement of Financial Position</b>			
Property Plant and Equipment - Previously reported		1,208,499	
Initial recognition of transfer assets at deemed cost		47,336,510	
		<u>48,545,009</u>	
<b>Statement of Financial Performance</b>			
Depreciation and amortisation		775,828	
		<u>775,828</u>	
<b>Net Assets</b>			
Balance as at 01 January 2020		12,806,365	
Initial recognition of transfer assets at deemed cost		46,229,930	
Impairment of building due to being not fit for education and training purposes		(10,052,792)	
Initial recognition of transfer liabilities at fair value		(28,594)	
		<u>48,954,909</u>	



# WESTERN CAPE COMMUNITY EDUCATION AND TRAINING COLLEGE

## Notes to the Annual Financial Statements

for the year ended 31 December 2021

		2021	2020
	Note	R	R

### 29. Going concern

We draw attention to the fact that at 31 December 2021, the College had accumulated profits of R48294621 and that the College's total assets exceed its liabilities by R48294621.

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

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

### 30. Net Assets

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

### 31. Tax exemption

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

# WESTERN CAPE COMMUNITY EDUCATION AND TRAINING COLLEGE

## Notes to the Annual Financial Statements

for the year ended 31 December 2021

	Note	2021 R	2020 R
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### 32. Risk management and other financial instrument disclosures

#### Maximum credit risk exposure

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

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

Cash and cash equivalents
Trade and other receivables from exchange transactions
Receivables from non-exchange transactions, including transfers

7,922,003	9,137,143
307,237	166,754
6,582,625	2,644,852

#### Liquidity risk

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

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

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

#### 2021

	Later than one month and Not later than one month	not later than three months
Trade and other payables	4,776,907	

#### 2020

	Later than one month and Not later than one month	not later than three months
Trade and other payables	5,944,582	

#### Interest rate risk

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

### 33. Tax exemption

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