NATIONAL
EDUCATION
COLLABORATION
TRUST

The National Education Collaboration Trust
Registration Number: IT 2559/13

Annual Financial Statements for the year ending 31 December 2015

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	A trust registered as a non-profit organisation to strengthen partnerships among business, civil society, government and labour in South Africa to achieve the education goals of the country's National Development Plan. The trust strives both to support and influence the agenda for the reform of basic education.
Trustees	Mr. Sizwe Errol Nxasana Ms. Angelina Motshekga Ms. Ntombifuthi Temperance Mtoba Mr. Basil Lawrence Manuel Mr. Nkosana Dolopi Mr. Mark James Lamberti Mr. Hubert Mathanzima Mweli (appointed on 11 November 2015) Mr. Brian De Lacy Figaji Mr. Godwin Khosa
Registered office	Ground Floor, Block D Lakefield Office Park 272 West Avenue Centurion 0163
Business address	Ground Floor, Block D Lakefield Office Park 272 West Avenue Centurion 0163
Auditors	Ernst and Young Inc Registered auditors
Company registration number	IT2559/13
Bankers	First National Bank
Preparer	Peter Kimingi, Professional Accountant (SA) Chief Financial Officer

Financial Statements for the year ending 31 December 2015

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APPROVAL OF FINANCIAL STATEMENTS

Trustees' Responsibilities and Approval

The trustees are required to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the trust as at the end of 31 December 2015 and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The trustees acknowledge that they are ultimately responsible for the system of internal financial control established by the Trust and place considerable importance on maintaining a strong control environment. This includes the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. The Trust endeavours to minimise risks by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The trustees are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The trustees have reviewed the Trust's budget and cash resources for the year to 31 December 2015 and, in the light of this review and the current financial position, they are satisfied that the Trust has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Trust's financial statements. The financial statements have been examined by the Trust's external auditors and their report is presented on page 4.

The financial statements set out on pages 7 to 24, which have been prepared on the going concern basis, were approved by the Board of Trustees on 25 April 2016 and were signed on its behalf by:

Chairperson
Risk and Audit Committee

Chairman
Board of Trustees

Johannesburg

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INDEPENDENT AUDITOR'S REPORT

To the trustees of the National education Collaboration Trust

We have audited the annual financial statements of the National Education Collaboration Trust, which comprise the statement of financial position as at 31 December 2015, and the statement of profit and loss, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 7 to 24.

Directors' Responsibility for the Financial Statements

The company's trusts are responsible for the preparation and fair presentation of these annual financial statements in accordance with the International Financial Reporting and for such internal controls as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of the national Education Collaboration Trust as at 31 December 2015, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards.

Ernst & Young Inc.

Ernst & Young Inc.
Director - Charles Mazhindu
Registered Auditor
Chartered Accountant (SA)

Date: 05 May 2016

REPORT OF THE TRUSTEES

The trustees present their report which forms part of the audited financial statements of the Trust for the year ending 31 December 2015.

Incorporation

The Trust was registered on 12 July 2013 as a non-profit organisation to strengthen partnerships among business, civil society, government and labour in South Africa to achieve the education goals of the country's National Development Plan. It strives both to support and influence the agenda for the reform of basic education.

Business and operations in 2015

The NECT plays a unique role of providing catalytic innovations and approaches to the basic education system. As envisioned in the NDP and the ECF, this catalytic role involves bringing stakeholders together to secure a common programme for education development. With a healthy and effective collaboration amongst the stakeholders, the NECT has been able to secure the commitment of both government and non-governmental partners. This kind of relationship has never been experienced in South Africa before and provides impetus to the NDP call for more collaboration between government and social partners to improve the pace of development.
With a relatively small proportion of the budget compared to the system, the NECT has focused its financial investment in levers that bear the highest potential for system improvement. New approaches have been developed in areas of teacher professionalisation; school leadership; district development; learner welfare and parent and community involvement. Research and development is also underway in the areas of education Internet and communications (ICTs), the school administration system, dialogue amongst the various stakeholders as well as documenting improvement lessons for system.

The following successes have been recorded in 2015:

- **Teacher professionalisation**: Maths, Science and languages teachers have undergone a year-long standardised curriculum delivery programme. Two teacher professionalisation dialogues held and new teacher certification policies/measures are being explored in this regard.
- **Courageous Leadership**: Principals and HODs have been equipped to effectively manage and track curriculum delivery in schools.
- **Capacity of the state to deliver**: The NECT has provided policy-level advice and support on technology through the establishment of a Ministerial Committee on ICTs. The NECT has also capacitated over 317 district officials to improve effectiveness of school support and monitoring.
- **Resourcing**: Close to one million teaching and management instruments and tools were distributed in classrooms and schools in a 12 months period starting from January 2015. A total of 1 450 youth were engaged to support schools and districts in areas of school administration and learner welfare.
- **Parent and Community Involvement**: District Steering Committees continue to drive mobilisation and societal interest in education.
- **Learner welfare**: Learner safety and security summit convened where stakeholders adopted a declaration to protect learning spaces so that they are safe and secure. Pyscho-social support model is being rolled in schools.

Financial results

The operating results and state of affairs of the Trust are fully set out in the accompanying financial statements.

In 2015, the Trust received a total of R186 542 790. This constituted a increase of 60% to 2014 income. This increase indicates funders continued interest in the work of the NECT. The total expenditure amounted to R196 264 894 out of which 95% was direct investment in education programmes while 5% was spent on administration expenses.

The Trust's operations recorded a deficit after interest of R8 670 623 (2014 surplus: R6 225 500).

The financial results are set out on pages 7 to 24 and do not, in our opinion, require any further comment.

Tax status

The Trust was granted exemption from income tax by the South African Revenue Services as a Public Benefit Organisation (PBO) in terms of sections 30 and 10(1)(cN) and 18A of the Income Tax Act. As a Non-Profit Organisation, no distribution to members is permitted.

Events subsequent to the year end

There have been no material facts or circumstances that have come to the attention of the trustees between the accounting date and the date of this report that have had an impact on the amounts in the financial statements.

Going concern

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.

Trustees

The trustees of the Trust for the period under review were as follows:

Mr. Sizwe Errol Nxasana (Chairman)
Ms. Angelina Motshekga
Ms. Ntombifuthi Temperance Mtoba
Mr. Basil Lawrence Manuel
Mr. Nkosana Dolopi
Mr. Mark James Lamberti
Mr. Hubert Mathanzima Mweli[1]
Mr. Brian De Lacy Figaji
Mr. Godwin Khosa (Chief Executive Officer)

[1] Appointed on 11 November 2015

STATEMENT OF FINANCIAL POSITION
as at 31 December 2015

ASSETS	Notes	2015 R	2014 R
Non current Assets		**2 484 991**	**1 516 756**
Property, plant & equipment	2	2 193 122	1 473 941
Intangible assets	3	291 869	42 815
Current Assets		**37 133 615**	**60 851 964**
Government and SETAs Grants receivable	7	29 163 765	18 982 985
Other receivables	4	2 293 637	8 041 176
Cash and cash equivalents	5	5 676 213	33 827 803
Total assets		**39 618 606**	**62 368 720**

FUNDS AND LIABILITIES	Notes	2015 R	2014 R
Funds		**(2 445 123)**	**6 225 500**
Accumulated Funds		(2 445 123)	6 225 500
Non Current Liabilities		**62 079**	**11 128 628**
Deferred Income	8	-	11 000 000
Finance lease liability	9	62 079	128 628
Current Liabilities		**42 001 650**	**45 014 592**
Finance lease liability	9	66 633	31 578
Accounts payable	9	31 653 519	23 509 837
Other payables	10	836 471	474 775
Accruals and provisions	11	9 445 027	20 998 402
Total funds and liabilities		**39 618 606**	**62 368 720**

STATEMENT OF COMPREHENSIVE INCOME
for the year ending 31 December 2015

	Notes	12 months ended 31 December 2015 R	18 months ended 31 December 2014 R
INCOME			
Government & SETAs		122 178 234	77 982 985
Business		56 955 037	36 249 867
Foundations and Trusts		7 409 519	2 300 000
Labour		-	293 317
	13	**186 542 790**	**116 826 169**
EXPENDITURE		**196 244 251**	**111 587 824**
Programme expenses		187 013 248	102 103 891
Administration expenses		9 231 003	9 483 933
Operating (deficit)/surplus	13	**(9 701 461)**	**5 238 345**
Finance income	14	1 046 777	1 008 073
Finance cost		(20 643)	(20 918)
(Deficit)/surplus		**(8 675 328)**	**6 225 500**
Other comprehensive income	15	4 705	-
Total comprehensive (deficit)/surplus		**(8 670 623)**	**6 225 500**

STATEMENT OF CHANGES IN FUNDS
for the year ending 31 December 2015

	R
Balance as at 16 July 2013	-
Total comprehensive surplus for the 18 months period	6 225 500
Balance as at 31 December 2014	**6 225 500**
Total comprehensive deficit for the year	(8 670 623)
Balance as at 31 December 2015	**(2 445 123)**

STATEMENT OF CASH FLOWS
for the year ending 31 December 2015

	Notes	2015 R	2014 R
Cash flows from operating activities			
Cash receipts from funders		171 109 549	100 799 571
Cash paid to suppliers and employees		(198 716 170)	(66 361 550)
Cash generated from operations		(27 606 621)	34 438 021
Interest income	14	1 046 777	1 008 073
Interest expense		(20 643)	(20 918)
Other comprehensive income		4 705	-
Net cash from operating activities	16	(26 575 782)	35 425 175
Cash flows from investing activities			
Purchase of property, plant and equipment		(1 205 237)	(1 701 746)
Purchase of intangible assets		(339 077)	(55 833)
Net cash used in investing activities		(1 544 314)	(1 757 579)
Cash flows from financing activities			
Leased assets		(31 493)	160 206
Net cash from financing activities		(31 493)	160 206
Net increase in cash and cash equivalents		(28 151 590)	33 827 803
Cash and cash equivalents at beginning of period		33 827 803	-
Cash and cash equivalents at end of period		**5 676 213**	**33 827 803**

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

Basis of preparation:

The financial statements have been prepared on the historical cost basis, except as modified by measuring financial instruments at fair value.

1.1 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Trust and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Revenue mainly comprises:

Government grants

Government grants are recognised in the statement of financial position initially as deferred income when there is reasonable assurance that they will be received and that the Trust will comply with the conditions attached to them. Grants that compensate the Trust for expenses incurred are recognised as revenue in the statement of comprehensive income on a systematic basis in the same periods in which the expenses are incurred.

Donations

Donations are recognised in the statement of comprehensive income in full when received. Donations in-kind are recognised where there are contractual arrangements with donors to the extent that the services have been rendered.

Finance income

Finance income comprises interest income on funds invested.

1.2 Project accounting and expense allocation

Project costs that are clearly identifiable are allocated directly against project funds in terms of the project's contractual obligations.

1.3 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Some of the assets are held by the lead agencies for the exclusive use in the delivery of the Trust's education programmes. Depreciation is provided on the straight-line basis over the useful lives as follows:

• Computer equipment	3 years
• Office equipment	3 years
• Furniture and fittings	8 years
• Motor vehicles	4 years
• Science lab	2 years

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Property, plant and equipment acquired are accounted for by the trust and depreciated over their useful lives.

The carrying value of equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recovered. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or such cash generating units are written down to their recoverable amount.

The residual value and useful life of all property, plant and equipment is reviewed and adjusted, if necessary, at each reporting date.

1.4 Intangible assets

Intangible assets comprise computer software. Computer software is initially recognised at cost. Computer software is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation on computer software is calculated on a straight-line basis over the useful lives of the assets.

- Computer software 3 years

The residual values and useful lives of all intangibles are reviewed and adjusted if necessary at each reporting date.

1.5 Impairment of assets

The Trust assesses, at the end of each reporting period, whether there is any indication that an asset may be impaired.

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 recoverable amount of the cash-generating unit to which the asset belongs is determined. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value, less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the statement of comprehensive income. Any impairment loss of a revalued asset is treated as a revaluation decrease.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation, other than goodwill, is recognised immediately in the statement of comprehensive income. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

Reversals of impairment

An impairment loss in respect of financial assets carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1.6 Financial instruments

i) Financial assets

Receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, receivables are measured at amortised costs using the effective interest rate method, less any impairment losses. Receivables are recognised on the statement of financial position when the Trust has become party to the contractual provisions of the instrument.

Receivables comprise other receivables and cash and cash equivalents.

Other receivables

Other receivables are recognised initially at fair value of consideration receivable and subsequently measured at amortised cost using effective interest rate method, less provision for impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and instruments which are readily convertible, within 90 days, to known amounts of cash and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts, all of which are available for the Trust unless otherwise stated.

ii) Financial liabilities

Financial liabilities are recognised on the statement of financial position when the Trust has become party to the contractual provisions of the instrument.

The Trust's principal financial liabilities comprise the following:

Other payables

Other payables are recognised initially at fair value of consideration payable, net of transaction cost and subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any transaction costs and any discount or premium on settlements.

Donor funds designated for projects

These comprise funds received in advance from donors for use in projects where services have not been rendered or where conditions attached to them have not yet been complied with.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1.7 Leases

i) Leased assets

Finance leases

Assets held by the Trust under leases which transfer to the Trust substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Operating leases

Assets held under other leases are classified as operating leases and are not recognised in the Trust's statement of financial position.

ii) Lease payments

Payments made under operating leases are recognised in the statement of comprehensive income on a straight line basis over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.8 Provisions and contingencies

Provisions are recognised when the Trust has a present legal or constructive obligation as a result of events for which it is probable that an outflow of economic benefits will occur and where a reliable estimate can be made of the amount of the obligation.

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

Provisions are not recognised for future operating losses.

If the entity has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised.

1.9 Employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under the short term bonus incentive scheme if the Trust has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1.10 Related parties

Parties are considered to be related to the organisation if they have the ability, directly or indirectly, to control, jointly control or exercise significant influence in making financial and operating decisions, or vice versa.

Related parties also include key management personnel which are those persons having authority and responsibility for planning, directing and controlling the activities of the organisation, directly or indirectly. Close family members of key management personnel are considered to be those family members who may be expected to influence or be influenced by key management individuals in their dealings with the organisation.

2. PROPERTY, PLANT AND EQUIPMENT

2015	**Motor Vehicle R**	**Computer Equipment R**	**Office equipment R**	**Furniture & Fittings R**	**Science Lab R**	**Total R**
Cost	260 234	1 257 406	492 014	714 326	183 003	2 906 983
Accumulated depreciation	(4 879)	(421 846)	(149 106)	(131 166)	(6 864)	(713 861)
Carrying amount at 31 December 2015	**255 355**	**835 560**	**342 908**	**583 160**	**176 139**	**2 193 122**
Reconciliation of assets						
Carrying amount at 1 January 2015	-	545 340	301 798	626 803	-	1 473 941
Additions	260 234	628 520	131 300	31 920	183 003	1 234 977
Depreciation	(4 879)	(317 099)	(89 308)	(77 361)	(6 864)	(495 511)
Adjustments	-	-	253	1 798	-	2 051
Disposals	-	(27 846)	(1 894)	-	-	(29 740)
Depreciation on disposals	-	6 645	759	-	-	7 404
Carrying amount at 31 December 2015	**255 355**	**835 560**	**342 908**	**583 160**	**176 139**	**2 193 122**

2014	**Motor vehicles R**	**Computer Equipment R**	**Office equipment R**	**Furniture & Fittings R**	**Science Lab R**	**Total R**
Cost	-	656 732	362 608	682 406	-	1 701 746
Accumulated depreciation	-	(111 392)	(60 810)	(55 603)	-	(227 805)
Carrying amount at 31 December 2014	-	**545 340**	**301 798**	**626 803**	-	**1 473 941**
Reconciliation of assets						
Carrying amount at 16 July 2013	-	-	-	-	-	-
Additions	-	666 478	362 608	682 406	-	1 711 492
Depreciation	-	(113 828)	(60 810)	(55 603)	-	(230 241)
Disposals	-	(9 746)	-	-	-	(9 746)
Depreciation on disposals	-	2 436	-	-	-	2 436
Carrying amount at 31 December 2014	-	**545 340**	**301 798**	**626 803**	-	**1 473 941**

Included under property, plant and equipment is office equipment with a carrying amount of R150 907 in respect of assets held under finance leases.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. INTANGIBLE ASSETS

2015	Computer Software R	Total R
Cost	394 910	394 910
Accumulated amortisation	(103 041)	(103 041)
Carrying amount at 31 December 2015	**291 869**	**291 869**
Reconciliation of assets		
Carrying amount at 1 January 2015	42 815	42 815
Additions	339 077	339 077
Amortisation	(90 023)	(90 023)
Carrying amount as at 31 December 2015	**291 869**	**291 869**

2014	Computer Software R	Total R
Cost	55 833	55 833
Accumulated amortisation	(13 018)	(13 018)
Carrying amount at 31 December 2014	**42 815**	**42 815**
Reconciliation of assets		
Carrying amount at 16 July 2013	-	-
Additions	55 833	55 833
Amortisation	(13 018)	(13 018)
Carrying amount as at 31 December 2014	**42 815**	**42 815**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. OTHER RECEIVABLES

	2015	2014
	R	R
Prepayments and deposits	429 373	275 821
VAT	1 864 264	7 672 529
Other receivables		82 826
Staff debtors	-	10 000
	2 293 637	8 041 176

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	2015	2014
	R	R
Short-term deposits	4 683 527	30 425 471
Balances with banks and cash on hand	1 006 762	3 402 332
Credit Card	(14 076)	-
	5 676 213	33 827 803

6. FINANCIAL ASSETS

Current financial assets include:

	2015	2014
	R	R
Prepayments and deposits	429 373	275 821
VAT	1 864 264	7 672 529
Other receivables		82 826
Staff debtors	-	10 000
	2 293 637	8 041 176

7. ACCRUED INCOME

As at 31 December 2015, the following amounts were accrued by the Trust as expenditure had been incurred on the specific education programmes, but the respective committed funding had not been received by the Trust:

	2015	2014
	R	R
Department of Basic Education	21 716 219	18 620 985
EDTP SETA	2 250 000	362 000
Zenex	5 197 546	-
	29 163 765	18 982 985

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. DEFERRED INCOME

Deferred income relates to funds received by the trust where the contractual agreements specifically state that the funds would be utilised for activities to be conducted in subsequent year or years.

As at 31 December 2015, no amounts from donor funds were deferred by the Trust. Comparative amounts for 2015 are presented as follows:

	2015 R	2014 R
Standard Bank	-	7 500 000
ABSA Bank	-	3 500 000
	-	11 000 000

9. FINANCIAL LIABILITIES

Non current financial liabilities	2015	2014
Financial liabilities measured at amortised costs:	R	R
Finance lease liability	62 079	128 628

Current financial liabilities	2015	2014
Financial liabilities measured at amortised costs:	R	R
Accounts payables	31 653 519	23 509 837
Accruals and provisions	9 445 027	20 998 402
Short term finance lease obligation	66 633	31 578
Other payables	836 471	474 775
	42 001 650	45 014 592

Included in the financial liabilities measured at amortised costs are the following finance lease obligations:

2015	Up to 1 year R	2 to 5 years R	Total R
Minimum lease payments	81 011	75 229	156 240
Finance costs	(14 378)	(13 150)	(27 528)
Present value	**66 633**	**62 079**	**128 712**

2014	Up to 1 year R	2 to 5 years R	Total R
Minimum lease payments	49 786	155 289	205 075
Finance costs	(18 208)	(26 661)	(44 869)
Present value	**31 578**	**128 628**	**160 206**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. OTHER PAYABLES

Included under other payables are the following amounts which were outstanding as at the end of the year:

	2015 R	2014 R
PAYE,SDL & UIF	800 511	441 319
Retirement Annuity	22 000	22 000
Medical Aid payable	13 960	11 456
	836 471	**474 775**

11. ACCRUALS AND PROVISIONS

2015	**Accruals** **R**	**Leave provision** **R**	**Total** **R**
Charged to income statement	9 144 420	300 607	9 445 027

2014	**Accruals** **R**	**Leave provision** **R**	**Total** **R**
Charged to income statement	20 871 819	126 583	20 998 402

12. TAXATION

The Trust has been approved as a public benefit organisation and the South African Revenue Services has granted the Trust exemption from Income Tax and duties in terms of Section 18A, Section 10(1)(cN) and Section 30 of the Income Tax Act and in respect of activities in the Ninth Schedule Part 1 and Part 2.

13. EXCESS/SHORTFALL OF INCOME OVER EXPENDITURE

11.1 Restricted excess of income over expenditure

2015	**R** Revenue	**R** Expenditure	**R** Excess/shortfall
Restricted: Government and SETA Grants	122 178 234	(122 214 790)	(36 557)
Non-restricted programmes' funds	64 364 556	(74 029 461)	(9 664 904)
	186 542 790	**(196 244 251)**	**(9 701 461)**

2014	**R** Revenue	**R** Expenditure	**R** Excess/shortfall
Restricted: Government, Labour and SETA Gra	78 276 302	(78 276 302)	-
Non-restricted programmes' funds	38 549 867	(33 311 522)	5 238 345
	116 826 169	**(111 587 824)**	**5 238 345**

Government and SETA Grants are funds designated for programme-specific activities as per the contractual agreements with the DBE and EDTP SETA.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11.2 Excess of finance income over finance costs

The excess of income over expenditure is stated before taking into account the following:

	2015	2014
	R	R
Finance income	1 046 777	1 008 073
Finance costs	(20 643)	(20 918)
	1 026 134	**987 155**

14. INTEREST RECEIVED

	2015	2014
	R	R
Current and call accounts	969 334	1 008 073
Interest received on VAT refunds	77 443	-
	1 046 777	**1 008 073**

15. OTHER INCOME

Other income relates to amounts arising from insurance claims on a damaged computer and a binding machine.

16. RECONCILIATION OF EXCESS INCOME OVER EXPENDITURE TO CASH GENERATED BY OPERATIONS

	2015	2014
	R	
Excess of income over expenditure	(9 701 461)	5 238 345
Interest received	1 046 777	1 008 073
Interest expense	(20 643)	(20 918)
Other income	4 705	
Adjustment for non cash items		
Depreciation and amortisation	583 482	243 260
Loss on disposal	(22 335)	(76)
Operating cash inflow before working capital changes	**(8 109 475)**	**6 468 684**
Cash generated on working capital	**(18 466 307)**	**28 956 493**
Decrease/(Increase) in Government and SETA Grants receivable	(10 180 780)	(18 982 985)
Decrease/(Increase) in receivables	5 747 539	(8 041 176)
Increase/(decrease) in payables	(14 033 066)	55 980 654
Net cash from operating activities	**(26 575 782)**	**35 425 177**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. OPERATING LEASE EXPENSE

The Trust rents offices under a non-cancellable 5 year operating lease which commenced on 1 December 2013 and expires on 30 November 2018 and which has base rentals at a fixed rate of R52 706 per month.

Future commitments of the operating lease are summarised as follows

	2015	2014
	R	R
Not later than one year	689 393	632 470
Later than 1 year and less than 5 years	1 570 505	2 259 898
	2 259 898	**2 892 368**

18. RELATED PARTY TRANSACTIONS

The amounts disclosed below are recognised as expense during the reporting period and related to key management personnel.

	2015	2014
	R	R
Key management personnel	4 085 112	4 437 627

19. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Trust makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Depreciation of property, plant and equipment.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

- Computer equipment — 3 years
- Office equipment — 3 years
- Furniture and fittings — 8 years
- Motor vehicles — 4 years
- Science lab — 2 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(b) Amortisation of intangibles

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the statement of comprehensive income in the expense category that is consistent with the function of the intangible assets.

20. FINANCIAL RISK MANAGEMENT

The Trust's activities expose it to a variety of financial risks. These risks include credit risk and liquidity risk. The Trust's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Trust's financial performance.

Risk management is carried out by the Risk and Audit Committee as well as by management. The Board identifies, evaluates and hedges financial risks in close co-operation with the Trust's operating units. The Board provides principles for overall risk management, as well as policies covering specific areas such as interest rate risk, credit risk and investment of excess liquidity.

i) Interest rate risk

The Trust's interest rate risk arises from short-term investments. Financial assets with variable interest rates expose the Trust to cash flow interest rate risk. The Trust's exposure to interest rate risk is managed closely by the Risk and Audit Committee. All investments are approved by this committee to minimise such risk. The Trust analyses its interest rate exposure on a dynamic basis.

ii) Liquidity risk

Liquidity risk arises on financial liabilities if the Trust is unable to convert its financial assets into cash in order to settle its financial obligations.

Prudent liquidity risk management implies maintaining sufficient cash. Management monitors rolling forecasts of the Trust's liquidity reserve comprised of cash and cash equivalents on the basis of expected cash flows. This is generally carried out at local level in the Trust in accordance with practice set by the Board.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The following are contractual maturities of financial liabilities, including estimated interest payments and exclude the impact of netting agreements:

2015	Carrying amount R	Contractual cash flows R	Less than 1 year R
Accounts payable	31 653 519	31 653 519	31 653 519
Accruals and provisions	10 281 498	10 281 498	10 281 498
Finance leases	66 633	66 633	66 633
	42 001 650	**42 001 650**	**42 001 650**

2014	Carrying amount R	Contractual cash flows R	Less than 1 year R
Accounts payable	23 509 837	23 509 837	23 509 837
Accruals and provisions	21 473 177	21 473 177	21 473 177
Finance leases	31 578	31 578	31 578
	45 014 592	**45 014 592**	**45 014 592**

iii) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to outstanding receivables (excluding VAT and prepayments). For receivables, management assesses the quality of the donors, taking into account their financial position, past experience and other factors beforehand.

The trust considers its maximum exposure to credit risk to be as follows:

	R	R
Government & SETA Grants	29 163 765	18 982 985
Other receivables	2 293 637	92 826
	31 457 402	**19 075 811**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

Below is a list of the current standards and interpretations that have been issued, but may not be effective. This list excludes those standards/interpretations that are not expected to apply to the Trust. Application of the standards will not have an impact on the Trust's financial statements:

Standard	Details of amendment	Annual periods beginning on or after
IAS 32	The IASB issued an amendment to clarify the meaning of "currently has a legally enforceable right to set off the recognised amounts" (IAS 32.42(a)).	1 January 2014
IFRS 9	IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. In subsequent phases, the IASB is addressing hedge accounting and impairment of financial assets.	1 January 2015

22. GOING CONCERN

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 Trust has recognised a deficit of R8 670 623 (2014 surplus: R6 225 500).

23. EVENTS SUBSEQUENT TO THE PERIOD END

There have been no material facts or circumstances that have come to the attention of the trustees between the accounting date and the date of this report that have had an impact on the amounts in the financial statements.