



BUFFALO CITY TVET COLLEGE  
ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024

# BUFFALO CITY TVET COLLEGE

Annual Financial Statements for the year ended 31 December 2024

## General Information

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### CONTROLLING ENTITY

Department of Higher Education and Training (DHET)

### NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES

To provide continuing education and training to registered students for all learning and training programmes leading to qualifications or part qualifications at levels 1 to 4 of the National Qualifications Framework.

### GOVERNANCE

#### INDEPENDENT COUNCILLORS

N N Madikizela-Renene (Chairperson) (Appointed 22 May 2024)

M. Kashe (Appointed 22 May 2024)

Y. Fanisi (Appointed 22 May 2024, Absconded 31 August 2024)

W. Manthe (Appointed 22 May 2024)

T. Nkonki (Appointed 22 May 2024)

#### COLLEGE APPOINTED COUNCILLORS

M. J. Tema (Principal) (Appointed 01 July 2024)

L. Nameka (Appointed 08 October 2024)

N. Xokwe (Appointed 11 July 2024)

N. Malobola (Appointed 11 July 2024)

M. Ntongwana (SRC Secretary General) (Appointed 29 April 2024)

S. Liwani (SRC President) (Appointed 29 April 2024)

#### AUDIT AND RISK COMMITTEE MEMBERS

W. Manthe (Appointed 22 May 2024)

T. Nkonki (Appointed 22 May 2024)

### PRINCIPAL

M. J. Tema (Principal) (Appointed 01 July 2024)

### CHIEF FINANCE OFFICER (CFO)

S. Mantame (Acting CFO 1 January 2024 to 30 September 2024) (Appointed 1 October 2024)

### REGISTERED OFFICE

Corner Lukin and King Street  
Southernwood  
East London  
5200

### POSTAL ADDRESS

Private Bag x 9016  
East London  
5200

### BUSINESS ADDRESS

Corner Lukin and King Street  
Southernwood  
East London  
5200

# **BUFFALO CITY TVET COLLEGE**

Annual Financial Statements for the year ended 31 December 2024

## **General Information**

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### **BANKERS**

Standard Bank

### **AUDITORS**

Auditor General South Africa

# BUFFALO CITY TVET COLLEGE

Annual Financial Statements for the year ended 31 December 2024

## Index

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The reports and statements set out below comprise the annual financial statements presented to the Principal:

	<b>PAGE</b>
Council's Responsibilities and Approval	5 - 6
Statement of Financial Position	7
Statement of Financial Performance	8
Statement of Changes in Net Assets	9
Cash Flow Statement	10
Accounting Policies	11 - 30
Notes to the Annual Financial Statements	31 - 62

ASB	Accounting Standards Board
AGSA	Auditor General of South Africa
BANKSETA	Banking Sector Education and Training Authority
BCMM	Buffalo City Metropolitan Municipality
CET Act	Continuing Education and Training Act No. 16 of 2006, as amended
CHIETA	Chemical Industries Education and Training Authority
DHET	Department of Higher Education and Training
ETDPSETA	The Education, Training and Development Practices Sector Education and Training Authority
EWSETA	Energy and Water Sector Education and Training Authority
FP&MSETA	Fibre Processing and Manufacturing Sector Education and Training Authority
GRAP	Generally Recognised Accounting Practice
HWSETA	Health and Welfare Sector Education and Training Authority
INSETA	Insurance Sector Education and Training Authority
IPSAS	International Public Sector Accounting Standards
MERSETA	Manufacturing, Engineering and Related Services Sector Education and Training Authority
MICTSETA	Media, Information and Communication Technologies Sector Education and Training Authority
Mining SETA	Mining Qualifications Authority
NSF	National Skills Fund

# **BUFFALO CITY TVET COLLEGE**

Annual Financial Statements for the year ended 31 December 2024

## **Index**

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NSFAS	National Student Financial Aid Scheme
PERSAL	Personnel and Salary Administration System
PPE	Property, Plant and Equipment
SETA	Sector Education and Training Authority
SARS	South African Revenue Services
TVET	Technical and Vocational Education and Training
W&RSETA	Wholesale and Retail Sector Education and Training Authority

# **BUFFALO CITY TVET COLLEGE**

Annual Financial Statements for the year ended 31 December 2024

## **Council's Responsibilities and Approval**

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The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board and in the manner required by the Minister of Higher Education and Training.

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 annual financial statements and related financial information included in this report. It is the responsibility of the Council to ensure that the annual 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 period then ended, in conformity with GRAP. The Auditor General is mandated to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records, related data and relevant parties.

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

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

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

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

The Council has reviewed the College's cash flow forecast for the year to 31 December 2025 and, in light of this review and the current financial position, they are satisfied that the entity has resources 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 annual financial statements are prepared on the basis that the College is a going concern and that the DHET has neither the intention nor the need to liquidate or curtail materially the scale of the College's operations.

The Auditor General is responsible for independently auditing and reporting on the College's annual financial statements. The annual financial statements will be examined by the Auditor General and their report will be presented with the audited annual financial statements.

# **BUFFALO CITY TVET COLLEGE**

Annual Financial Statements for the year ended 31 December 2024

## **Council's Responsibilities and Approval**

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The annual financial statements set out on pages 7 to 62, which have been prepared on the going concern basis, were approved on the 31st of March 2025 and were signed by:



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**M. J. Tema**  
Principal



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**N N Madikizela-Renene**  
Chairperson - Council

# BUFFALO CITY TVET COLLEGE

Annual Financial Statements for the year ended 31 December 2024

## Statement of Financial Position as at 31 December 2024

		2024	2023 Restated*
	Notes		
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3	29 415 739	23 612 898
Trade and other receivables from exchange transactions	4	5 956 494	39 695 321
Other receivables from non-exchange transactions	5	121 128	-
Conditional grants receivable	6	8 434 025	10 179 577
Inventories	7	578 049	546 005
Statutory receivables	8	13 238 913	10 747 803
<b>Total Current Assets</b>		<b>57 744 348</b>	<b>84 781 604</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	9	92 115 367	91 374 244
Intangible assets	10	428 761	904 809
<b>Total Non-Current Assets</b>		<b>92 544 128</b>	<b>92 279 053</b>
<b>Total Assets</b>		<b>150 288 476</b>	<b>177 060 657</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables from exchange transactions	11	15 418 006	13 840 354
Short-term employee benefits	12	741 376	599 415
Unspent conditional grants and receipts	13	1 484 537	2 250 317
Other payables from non-exchange transactions	14	34 199 984	29 418 739
<b>Total Current Liabilities</b>		<b>51 843 903</b>	<b>46 108 825</b>
<b>Total Liabilities</b>		<b>51 843 903</b>	<b>46 108 825</b>
Accumulated surplus		98 444 573	130 951 832
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<b>150 288 476</b>	<b>177 060 657</b>

\* See Note 47



# BUFFALO CITY TVET COLLEGE

Annual Financial Statements for the year ended 31 December 2024

## Statement of Financial Performance

		2024	2023 Restated*
	Notes		
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Tuition and related fees	15	45 789 693	44 724 524
Administration fees	16	1 061 885	1 117 824
Rental of facilities and equipment	17	63 846	2 434
Other income	18	297 954	348 046
Investment income	19	1 604 848	2 351 122
<b>Total revenue from exchange transactions</b>		<b>48 818 226</b>	<b>48 543 950</b>
<b>Revenue from non-exchange transactions</b>			
<b>Transfer revenue</b>			
Conditional grants and subsidies	20	13 063 155	17 985 469
Public contributions and donations	21	2 000	787 708
Unconditional grants and subsidies	22	82 779 381	67 324 302
Services in-kind	23	121 501 364	120 100 108
<b>Total revenue from non-exchange transactions</b>		<b>217 345 900</b>	<b>206 197 587</b>
<b>Total revenue</b>		<b>266 164 126</b>	<b>254 741 537</b>
<b>Expenditure</b>			
Contracted services	24	1 814 135	3 403 521
Debt impairment	25	48 604 509	42 920
Depreciation and amortisation	26	10 245 984	10 258 695
Employee related costs and DHET management fee	27	149 496 189	148 278 407
General expenses	28	84 977 618	87 427 838
Repairs and maintenance	29	2 629 494	6 379 596
Impairment loss	9&10	270 497	233 661
<b>Total expenditure</b>		<b>298 038 426</b>	<b>256 024 638</b>
Loss on disposal of assets and liabilities		(632 959)	(31 837)
Debt impairment reversal	30	-	16 303 758
		<b>(632 959)</b>	<b>16 271 921</b>
<b>(Deficit) surplus for the year</b>		<b>(32 507 259)</b>	<b>14 988 820</b>

\* See Note 47

# BUFFALO CITY TVET COLLEGE

Annual Financial Statements for the year ended 31 December 2024

## Statement of Changes in Net Assets

	Note	Accumulated surplus	Total net assets
Opening balance as previously reported		116 339 233	116 339 233
Adjustments			
Correction of errors	47	(376 221)	(376 221)
<b>Balance at 01 January 2023 as restated*</b>		<b>115 963 012</b>	<b>115 963 012</b>
Surplus for the year		14 988 820	14 988 820
Total changes		14 988 820	14 988 820
<b>Restated* Balance at 01 January 2024</b>	<b>47</b>	<b>130 951 832</b>	<b>130 951 832</b>
Deficit for the year		(32 507 259)	(32 507 259)
Total changes		(32 507 259)	(32 507 259)
<b>Balance at 31 December 2024</b>		<b>98 444 573</b>	<b>98 444 573</b>

\* See Note 47

# BUFFALO CITY TVET COLLEGE

Annual Financial Statements for the year ended 31 December 2024

## Cash Flow Statement

		2024	2023 Restated*
	Notes		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Tuition and related fees		31 351 209	31 638 323
Government grants and subsidies		94 210 071	81 439 188
Interest income		1 558 563	2 360 977
Public contributions and donations		2 000	-
Other receipts		5 882 437	2 398 368
		<u>133 004 280</u>	<u>117 836 856</u>
<b>Payments</b>			
Employee costs		(27 855 286)	(28 241 777)
Suppliers		(87 928 874)	(95 083 654)
		<u>(115 784 160)</u>	<u>(123 325 431)</u>
<b>Net cash flows from operating activities</b>	33	<b><u>17 220 120</u></b>	<b><u>(5 488 575)</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	9	(11 417 279)	(15 260 772)
Proceeds from sale of property, plant and equipment	9	-	2 500
Purchase of other intangible assets	10	-	(554 438)
<b>Net cash flows from investing activities</b>		<b><u>(11 417 279)</u></b>	<b><u>(15 812 710)</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>5 802 841</b>	<b>(21 301 285)</b>
Cash and cash equivalents at the beginning of the year		23 612 898	44 914 183
<b>Cash and cash equivalents at the end of the year</b>	3	<b><u>29 415 739</u></b>	<b><u>23 612 898</u></b>

\* See Note 47

# BUFFALO CITY TVET COLLEGE

Annual Financial Statements for the year ended 31 December 2024

## Accounting Policies

	2024	2023
Notes		

### 1. Presentation of Annual Financial Statements

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

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

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

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

#### 1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity. All amounts are rounded to the nearest Rand.

#### 1.2 Going concern assumption

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

#### 1.3 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

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

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

#### Judgements

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

# **BUFFALO CITY TVET COLLEGE**

Annual Financial Statements for the year ended 31 December 2024

## **Accounting Policies**

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### **1.4 Significant judgements and sources of estimation uncertainty (continued)**

#### **Programme funding**

Programme funding is allocated to the College by DHET in terms of the CET Act and the National Norms and Standards for Funding of TVET Colleges and is determined by the estimated Full Time Equivalent Students (FTEs) of the College. The allocation is done based on the projected FTEs for the year and if the College fails to register the projected FTEs, a portion of the programme funding can be clawed back in the following year. Once the College has registered the projected number of FTEs, the suspensive condition of the programme funding grant has been met and the grant is recognised in full.

The programme funding is paid out partly in cash tranches, to the College, and partly through the Persal system of the DHET, directly to the employees of the College. The full amount of allocated Programme Funding must be paid to the College by DHET. DHET pays the funding due, 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 Programme Funding Grant is an unconditional grant, except for the portion paid through Persal which is services in-kind.

#### **DHET Management fee**

The College's staff consists of two groups:

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

The management and other staff who are stationed at the 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.

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.

#### **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:

# **BUFFALO CITY TVET COLLEGE**

Annual Financial Statements for the year ended 31 December 2024

## **Accounting Policies**

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### **1.4 Significant judgements and sources of estimation uncertainty (continued)**

#### **Impairment testing**

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

#### **Provision for debt impairment**

The College assesses its trade and other receivables for impairment at the end of each reporting period. Student debts become due 90 days after registration and other debts become due 30 days after invoice date. A provision is raised for all debtors (whether student or staff) who have not met their obligation to the college for three month.

The provision is raised as follows:

- a) Student debtors - 100% of balances that are past due and not settled at the end of the financial year.
- b) Staff and other debtors - provision to be raised where necessary on the basis of an assessment from management and a written motivation approved by the accounting officer.

#### **Effective interest rate**

The College uses an appropriate interest rate, taking into account guidance provided in the standards, and applying professional judgement to the specific circumstances, to discount future cash flows.

#### **Provisions**

Provisions are measured at the present value of the estimated future outflows required to settle the obligation. In the process of determining the best estimate of the amounts that will be required in future to settle the provision management considers the weighted average probability of the potential outcomes of the provisions raised. This measurement entails determining what the different potential outcomes are for a provision as well as the financial impact of each of those potential outcomes. Management then assigns a weighting factor to each of these outcomes based on the probability that the outcome will materialise in future. The factor is then applied to each of the potential outcomes and the factored outcomes are then added together to arrive at the weighted average value of the provisions.

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

The College's management determines the estimated useful lives and related depreciation charges for these assets. These estimates are based on industry norms and then adjusted to be entity specific.

Depreciation and amortisation recognised on property, plant and equipment and intangible assets are determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management's estimation of the asset's condition, expected condition at the end of the period of use, its current use, expected future use and the 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.

The College has utilised the following percentages of the original cost of the asset for the residual value at initial recognition:

Furniture, fixtures and equipment	0 to 5%
Motor vehicles	20%

The residual values are assessed at each reporting period.

# BUFFALO CITY TVET COLLEGE

Annual Financial Statements for the year ended 31 December 2024

## Accounting Policies

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### 1.5 Property, plant and equipment

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

#### Recognition and measurement

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

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

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

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the 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.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

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

The useful lives of items of property, plant and equipment have been assessed as follows:

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Item	Average useful life
Land	Indefinite life
Buildings	10 - 50 years
Furniture, fixtures and equipment	3 - 15 years
Motor vehicles	6 years

# **BUFFALO CITY TVET COLLEGE**

Annual Financial Statements for the year ended 31 December 2024

## **Accounting Policies**

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### **1.5 Property, plant and equipment (continued)**

The residual value, the useful life and depreciation method of each asset are reviewed at least at each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

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

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

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

#### **Derecognition**

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

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

#### **Deemed cost**

When the College acquired an asset prior to 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 Intangible assets**

#### **Recognition and measurement**

An intangible asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the College and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the College intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date. Any transaction costs incurred to acquire the asset are included in the cost at the date of acquisition.



# BUFFALO CITY TVET COLLEGE

Annual Financial Statements for the year ended 31 December 2024

## Accounting Policies

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### 1.6 Intangible assets (continued)

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The residual values, amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

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Item	Average useful life
Computer software, other	3 - 8 years

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The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

### Derecognition

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

### Deemed cost

When the College acquired an intangible 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 intangible asset at the measurement date.

### 1.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one college and a financial liability or a residual interest of another college.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from the college's statement of financial position.

# **BUFFALO CITY TVET COLLEGE**

Annual Financial Statements for the year ended 31 December 2024

## **Accounting Policies**

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### **1.7 Financial instruments (continued)**

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the college shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the college shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

A financial asset is:

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

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

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

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

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

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

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

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the college designates at fair value at initial recognition; or
- are held for trading.

# BUFFALO CITY TVET COLLEGE

Annual Financial Statements for the year ended 31 December 2024

## Accounting Policies

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### 1.7 Financial instruments (continued)

#### Classification

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

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Trade and other receivables from exchange transactions	Financial asset measured at amortised cost
Other receivables from non-exchange transactions	Financial asset measured at amortised cost
Investments	Financial asset measured at amortised cost

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

Class	Category
Trade and other payables from exchange transactions	Financial liability measured at amortised cost
Other payables from non-exchange transactions	Financial liability measured at amortised cost

#### Initial recognition

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

The college recognises financial assets using trade date accounting.

#### Initial measurement of financial assets and financial liabilities

The college measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

#### Subsequent measurement of financial assets and financial liabilities

The college measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at amortised cost.

All financial assets measured at amortised cost are subject to an impairment review.

#### Gains and losses

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

# **BUFFALO CITY TVET COLLEGE**

Annual Financial Statements for the year ended 31 December 2024

## **Accounting Policies**

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### **1.7 Financial instruments (continued)**

#### **Impairment and uncollectibility of financial assets**

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

Financial assets measured at amortised cost

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

#### **Derecognition**

##### **Financial assets**

The college derecognises financial assets using trade date accounting.

The college derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the college transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the college, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the college
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

##### **Financial liabilities**

The college removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

# **BUFFALO CITY TVET COLLEGE**

Annual Financial Statements for the year ended 31 December 2024

## **Accounting Policies**

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### **1.7 Financial instruments (continued)**

#### **Presentation**

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the college currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the college does not offset the transferred asset and the associated liability.

### **1.8 Statutory receivables**

Funding received from DHET arises from non-contracted arrangements as the basis for DHET funding is found in the Continuing Education and Training Act (CET Act) and the National Norms and Standards for Funding Technical and Vocational Education and Training Colleges. Cash receivable from DHET as part of programme funding is regarded as a "statutory receivable".

The statutory receivable is initially measured at the transaction amount and subsequently measured using the cost-method, which changes the initial measurement to reflect any impairment or amounts derecognised.

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

The College assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

No interest or other charges are levied on statutory receivables.

#### **Derecognition**

The entity derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the entity, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
  - derecognise the receivable; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The College considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

### **1.9 Leases**

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

# **BUFFALO CITY TVET COLLEGE**

Annual Financial Statements for the year ended 31 December 2024

## **Accounting Policies**

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### **1.9 Leases (continued)**

#### **Operating leases - lessor**

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

Income for leases is disclosed under revenue in statement of financial performance.

#### **Operating leases - lessee**

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

### **1.10 Inventories**

Inventories are assets in the form of materials or supplies to be consumed or distributed in the rendering of services.

#### **Recognition and measurement**

Inventories are recognised as an asset if:

- it is probable that future economic benefits or service potential associated with the item will flow to the College; and
- the cost of the inventories can be measured reliably.

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition. Any transaction costs incurred are included in the cost at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

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

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

On acquisition all inventory related items are allocated to the relevant expenditure account to which the inventory relates. At the end of the financial year, inventory is then accounted for based on the physical verification through adjusting the relevant expenditure account/ raising the inventory on hand. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

# **BUFFALO CITY TVET COLLEGE**

Annual Financial Statements for the year ended 31 December 2024

## **Accounting Policies**

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### **1.11 Cash and cash equivalents**

Cash and cash equivalents include, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

### **1.12 Impairment of non-cash-generating assets**

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

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

An asset is designated as non-cash-generating when the objective is not to use the asset to generate a commercial return but to deliver services.

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

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

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

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

### **Recognition and measurement**

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

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

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

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

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

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

# **BUFFALO CITY TVET COLLEGE**

Annual Financial Statements for the year ended 31 December 2024

## **Accounting Policies**

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### **1.13 Employee benefits**

Employee benefits are all forms of consideration given by the college in exchange for service rendered by employees.

Termination benefits are employee benefits payable as a result of either:

- the college's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

A constructive obligation is an obligation that derives from the college's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the college has indicated to other parties that it will accept certain responsibilities and as a result, the college has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

#### **Short-term employee benefits**

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

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

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

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

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



# **BUFFALO CITY TVET COLLEGE**

Annual Financial Statements for the year ended 31 December 2024

## **Accounting Policies**

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### **1.13 Employee benefits (continued)**

#### **Privately administered funds**

The College operates the Edupen pension fund scheme. The scheme is generally funded through payments to trustee-administered funds, determined by period actuarial calculations. Edupen pension scheme is a defined contribution plan. A defined contribution plan is a pension plan under which the College pays fixed contributions into a separate entity. The College has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to the employee service in the current and prior periods. The College contributes 10% of the employee's monthly pensionable salary whereas the employee contributes 7.5%.

For defined contribution plans, the College pays contributions to privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### **State administered fund**

The College also contributes to the Government Employees Pension Fund (GEPF). The GEPF defines an amount of pension benefits that employees will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. However, the College has no legal or constructive obligation to pay those future benefits as its only obligation is to pay the contributions as they fall due. If the College ceases to employ members of the state plan, it will have no obligation to pay the benefits earned by its own employees in previous years. For this reason, the Government Employees Pension Fund is a defined contribution plan from the College's perspective. The College contributes 13% of the employee's monthly pensionable salary whereas the employee contributes 7.5%.

For defined contribution plans, the College pays contributions to privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash fund or a reduction in the future payments is available.

### **1.14 Provisions and contingencies**

A provision is a liability of uncertain timing or amount.

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation.

# **BUFFALO CITY TVET COLLEGE**

Annual Financial Statements for the year ended 31 December 2024

## **Accounting Policies**

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### **1.14 Provisions and contingencies (continued)**

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

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

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

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the College.

A contingent liability is:

- a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the College; or
- a present obligation that arises from past events but is not recognised because:
  - it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
  - the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 36.

### **1.15 Revenue from exchange transactions**

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

An exchange transaction is one in which the College receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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

#### **Measurement**

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

# **BUFFALO CITY TVET COLLEGE**

Annual Financial Statements for the year ended 31 December 2024

## **Accounting Policies**

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### **1.15 Revenue from exchange transactions (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 entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

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

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

#### **Interest, dividends and tuition fees**

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

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

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

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

Tuition fees are recognised over the period of instruction.

Administration fees are recognised in accordance with the terms of the underlying agreements.

### **1.16 Revenue from non-exchange transactions**

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets.

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

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

# **BUFFALO CITY TVET COLLEGE**

Annual Financial Statements for the year ended 31 December 2024

## **Accounting Policies**

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### **1.16 Revenue from non-exchange transactions (continued)**

#### **Recognition**

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

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

#### **Measurement**

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

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

#### **Transfers**

The entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

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

#### **Conditional grants - Receivables**

Conditional grants are assets that are reflected on the Statement of Financial Position. The asset is recognised when the College has an enforceable right to receive the grant or it is virtually certain that it will be received based on that the grant conditions have been met.

The following provisions are set for the creation and utilisation of the grant receivable:

- Conditional grants are recognised as an asset when the grant is receivable.

#### **Unspent conditional grants**

Unspent conditional grants are liabilities that are reflected on the Statement of Financial Position. The liability is recognised when the College has not met the required conditions as yet with respect to the grant. This portion of the grant will be recognised as income once the grant conditions have been met.

#### **Gifts and donations, including goods in-kind**

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

# **BUFFALO CITY TVET COLLEGE**

Annual Financial Statements for the year ended 31 December 2024

## **Accounting Policies**

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### **1.16 Revenue from non-exchange transactions (continued)**

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

The entity recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the entity's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the entity disclose the nature and type of services in-kind received during the reporting period.

Programme funding is allocated to the College by DHET in terms of the CET Act and the National Norms and Standards for Funding of TVET Colleges and is determined by the estimated Full Time Equivalent Students (FTEs) of the College. The programme funding is paid out partly in cash tranches to the College, and partly through the Persal system of the DHET directly to the employees of the College. The Persal allocation is measured at the amount of expenditure incurred by DHET. The related revenue is recognised as services in-kind.

#### **Unconditional grants**

The unconditional cash grant is recognised as revenue when it is received.

### **1.17 Accounting by principals and agents**

#### **Identification**

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

#### **Identifying whether a college is a principal or an agent**

When the entity is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a entity is a principal or an agent requires the entity to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

#### **Recognition**

The entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The entity, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

# **BUFFALO CITY TVET COLLEGE**

Annual Financial Statements for the year ended 31 December 2024

## **Accounting Policies**

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### **1.18 Comparative figures**

When the presentation or classification of items in the annual financial statements is amended due to better presentation and/or better understandability and/or comparability and/or due to the implementation of a new or amended standard, prior period comparative amounts are reclassified. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

### **1.19 Segment information**

A segment is an activity of the College:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. These are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

The College prepares financial information and reports results for the College as a whole. There are no activities that are reported on separately therefore the College does not have any reportable segments and segment reporting is not applicable.

### **Measurement**

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

### **1.20 Related parties**

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

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

# **BUFFALO CITY TVET COLLEGE**

Annual Financial Statements for the year ended 31 December 2024

## **Accounting Policies**

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### **1.20 Related parties (continued)**

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

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

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

All transactions with related parties are disclosed.

### **1.21 Events after reporting date**

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

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

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

The entity will adjust the amount recognised in the annual financial statements to reflect adjusting events after the reporting date once the event occurred. The College does not adjust the amounts recognised in its annual financial statements to reflect non-adjusting events after the reporting date.

### **1.22 Commitments**

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Commitments relate to outstanding capital and current purchase orders at year end. Commitments are not recognised as a liability in the Statement of Financial Position or as expenditure in the Statement of Financial Performance, but are included in the disclosure notes.

The College discloses commitments relating to property, plant and equipment and intangible assets recognised in the financial statements as well as future minimum lease payments under non-cancelable 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.

### **1.23 Tax and Value-added Tax**

The College is exempt from income tax in terms of Section 10(1)(cN) of the Income Tax Act No 58 of 1962.

The College is not a Value-added Tax registered institution as the College produces exempt supplies in terms of Section 12(h) of the Value-added Tax Act No 89 of 1991.

# BUFFALO CITY TVET COLLEGE

Annual Financial Statements for the year ended 31 December 2024

## Notes to the Annual Financial Statements

2024

2023

### 2. New standards and interpretations

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

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 25 (as revised): Employee Benefits	01 April 2023	Unlikely there will be a material impact
• iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	Unlikely there will be a material impact
• GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Unlikely there will be a material impact

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

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 January 2025 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• IGRAP 22 - Foreign Currency Transactions and Advance Consideration	01 April 2025	Unlikely there will be a material impact
• GRAP 107 (as revised) - Mergers	No effective date	Unlikely there will be a material impact
• GRAP 106 (as revised) - Transfer of Functions Between Entities Not Under Common Control	No effective date	Unlikely there will be a material impact
• GRAP 105 (as revised) - Transfer of Functions Between Entities Under Common Control	No effective date	Unlikely there will be a material impact
• GRAP 2023 - Improvements to the Standards of GRAP 2023	No effective date	Unlikely there will be a material impact
• GRAP 103 (as revised): Heritage Assets	No effective date	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact



# BUFFALO CITY TVET COLLEGE

Annual Financial Statements for the year ended 31 December 2024

## Notes to the Annual Financial Statements

	2024	2023
<b>3. CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents consist of the following:		
Cash on hand	8 053	7 345
Bank balances	29 143 445	23 592 562
Investments - 3 months or less	264 241	12 991
	<b>29 415 739</b>	<b>23 612 898</b>
Cash and cash equivalents held by the college that are not available for use by the economic entity		
NSFAS monies relating to student allowances	12 300 044	11 365 549
NSF cash in bank	651 361	3 288 468
SETAs cash in bank	11 144 628	8 916 834
Housing benefit liability	419 266	421 688
Capital Infrastructure Efficiency Grant	11 330 397	15 095 369
	<b>35 845 696</b>	<b>39 087 908</b>

### Details

The fair value of cash and cash equivalents approximates their carrying value.

R10 million was transferred from NSFAS on 16 January 2025 for tuition fees and R622 000 was transferred for hostel fees on 11 February 2025, reducing the funds not available for use by the College.

### Cash and cash equivalents pledged as collateral

No cash and cash equivalents have been pledged as collateral for any financial liability.

### The college had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Standard Bank: East London: 42042445 (Main account)	3 425 441	1 800 810	3 425 441	1 800 810
Standard Bank: East London: 42042550 (BCC NSFAS)	13 730 404	3 407 915	13 730 404	3 407 915
Standard Bank: East London: 42042712 (BCC National Skills Fund)	651 361	3 288 468	651 361	3 288 468
Standard Bank: East London: 42042569 (BCC Infrastructure)	11 330 397	15 095 369	11 330 397	15 095 369
Standard Bank: East London 898 673 7578 (Paycard)	5 841	-	5 841	-
Standard Bank: East London: 548694982/004 (Call deposit)	12 991	12 991	12 991	12 991
Standard Bank: East London: 548694982/005 (Notice deposit)	251 251	-	251 251	-
Cash on hand	8 053	7 345	8 053	7 345
<b>Total</b>	<b>29 415 739</b>	<b>23 612 898</b>	<b>29 415 739</b>	<b>23 612 898</b>

# BUFFALO CITY TVET COLLEGE

Annual Financial Statements for the year ended 31 December 2024

## Notes to the Annual Financial Statements

2024 2023

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

#### Gross balances

Student debtors	111 281 825	96 717 503
Prepayments	169 751	195 695
Sundry debtors	792 477	1 150 841
Deposits	72 765	72 765
Accrued income	180 884	134 599
	<b>112 497 702</b>	<b>98 271 403</b>

#### Less: Allowance for impairment

Student debtors	(106 518 495)	(57 936 698)
Sundry debtors	(22 713)	(639 384)
	<b>(106 541 208)</b>	<b>(58 576 082)</b>

#### Net balance

Student debtors	4 763 330	38 780 805
Prepayments	169 751	195 695
Sundry debtors	769 764	511 457
Deposits	72 765	72 765
Accrued income	180 884	134 599
	<b>5 956 494</b>	<b>39 695 321</b>

#### Deposits: Ageing

Greater than 3 months	72 765	72 765
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#### Prepayments: Ageing

Greater than 3 months	169 751	195 695
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#### Students: Ageing

Less than 3 months	5 331 023	(1 596 623)
Greater than 3 months	105 950 802	98 314 126
	<b>111 281 825</b>	<b>96 717 503</b>

#### Sundry debtors: Ageing

Less than 3 months	729 132	349 589
Greater than 3 months	63 345	801 252
	<b>792 477</b>	<b>1 150 841</b>

#### Accrued income: Ageing

Less than 3 months	180 884	134 599
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#### Reconciliation of allowance for impairment

Balance at beginning of the year	(58 576 082)	(74 879 840)
Contributions to allowance	(48 604 509)	16 303 758
Debt impairment written off against allowance	639 383	-
	<b>(106 541 208)</b>	<b>(58 576 082)</b>

# BUFFALO CITY TVET COLLEGE

Annual Financial Statements for the year ended 31 December 2024

## Notes to the Annual Financial Statements

	2024	2023
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### 4. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)

#### Fair value of trade and other receivables from exchange transactions

The carrying value of trade and other receivables approximates their fair value.

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

No trade and other receivables from exchange transactions were pledged as security for any financial liability.

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

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

Greater than 3 months	40 632	40 538 996
	<b>40 632</b>	<b>40 538 996</b>

#### Trade and other receivables impaired

The amount of the allowance for impairment was R 106 541 208 as of 31 December 2024 (2023: R 58 576 082).

The ageing of these receivables is as follows:

Greater than 3 months	106 541 208	58 576 082
	<b>106 541 208</b>	<b>58 576 082</b>

#### Impairment

The College assesses its trade and other receivables for impairment at the end of each reporting period. Student debts become due 90 days after registration and other debts become due 30 days after invoice date. A provision is raised for all debtors (whether student or staff) who have not met their obligation to the college for three months.

The provision is raised as follows:

- Student debtors - 100% of balances that are past due and not settled at the end of the financial year.
- Staff and other debtors - provision to be raised where necessary on the basis of an assessment from management and a written motivation approved by the Deputy Principal (Finance).

### 5. OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

SETA receivables	121 128	-
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#### Other receivables from non-exchange transactions pledged as security

No receivables from non-exchange transactions have been pledged as security for any financial liabilities.

#### Fair value of receivables

The carrying value of receivables approximates their fair value.

# BUFFALO CITY TVET COLLEGE

Annual Financial Statements for the year ended 31 December 2024

## Notes to the Annual Financial Statements

2024 2023

### 6. CONDITIONAL GRANTS RECEIVABLE

#### Reconciliation 2024

	Opening balance	Receipts	Transfers	Conditions met and transferred to revenue	Receivables Balance
NSF	-	-	2 522 379	-	2 522 379
ETSW&RSETA	3 929 830	(4 280 031)	-	1 781 000	1 430 799
CHIETA	1 915 248	(4 785 900)	-	3 017 000	146 348
HWSETA	4 275 542	-	-	-	4 275 542
W&RSETA	58 957	-	-	-	58 957
	<b>10 179 577</b>	<b>(9 065 931)</b>	<b>2 522 379</b>	<b>4 798 000</b>	<b>8 434 025</b>

#### Reconciliation 2023

	Opening balance	Receipts	Transfers	Conditions met and transferred to revenue	Receivables Balance
ETSW&RSETA	2 207 500	(2 052 121)	-	3 585 000	3 929 829
CHIETA	-	-	1 915 249	-	1 915 249
HWSETA	5 014 712	(1 326 000)	-	586 830	4 275 542
W&RSETA	58 957	(733 056)	-	733 056	58 957
	<b>7 281 169</b>	<b>(4 111 177)</b>	<b>1 915 249</b>	<b>4 904 886</b>	<b>10 179 577</b>

To reconcile the amounts transferred to revenue to the Statement of Financial Performance it is necessary to read this note in conjunction with note number 20, on Unspent grants.

#### Terms and Conditions

Conditional grants - Receivables consists of expenditure on multi-year SETA projects that is expected to be recovered from the respective funders within the next financial year.

# BUFFALO CITY TVET COLLEGE

Annual Financial Statements for the year ended 31 December 2024

## Notes to the Annual Financial Statements

	2024	2023
<b>7. INVENTORIES</b>		
Stationery and paper	246 307	141 327
Other consumables	331 742	404 678
	<b>578 049</b>	<b>546 005</b>

### Inventories recognised as an expense during the year

Cost of inventory consumed in the ordinary course of business and recognised in the consumables expense line item during the year	829 512	335 640
Cost of inventory consumed in the ordinary course of business and recognised in the printing and stationery expense line item during the year	166 205	335 929
Cost of inventory consumed in the ordinary course of business and recognised in the books and learning materials expense line item during the year	5 550 092	3 395 982
	<b>6 545 809</b>	<b>4 067 551</b>

### Inventory pledged as security

No inventory was pledged as security for any financial liability.

## 8. STATUTORY RECEIVABLES

Government grants and subsidies	13 238 913	10 747 803
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The statutory receivable consists of DHET Programme funding

### Statutory receivables pledged as security

No other statutory receivables have been pledged as security for any financial liabilities.

### Fair value of statutory receivables

The carrying value of trade and other receivables approximates their fair value.

# BUFFALO CITY TVET COLLEGE

Annual Financial Statements for the year ended 31 December 2024

## Notes to the Annual Financial Statements

2024 2023

### 9. PROPERTY, PLANT AND EQUIPMENT

	2024			2023		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land	420 995	-	420 995	420 995	-	420 995
Buildings	95 090 768	(26 723 022)	68 367 746	86 337 469	(24 633 723)	61 703 746
Furniture, fixtures and equipment	94 118 849	(71 599 781)	22 519 068	107 079 487	(78 786 730)	28 292 757
Motor vehicles	3 545 930	(2 738 372)	807 558	3 831 754	(2 875 008)	956 746
<b>Total</b>	<b>193 176 542</b>	<b>(101 061 175)</b>	<b>92 115 367</b>	<b>197 669 705</b>	<b>(106 295 461)</b>	<b>91 374 244</b>

# BUFFALO CITY TVET COLLEGE

Annual Financial Statements for the year ended 31 December 2024

## Notes to the Annual Financial Statements

Figures in Rand

### 9. PROPERTY, PLANT AND EQUIPMENT (continued)

#### Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	420 995	-	-	-	-	420 995
Buildings	61 703 746	8 753 299	-	(1 967 547)	(121 752)	68 367 746
Motor vehicles	956 746	-	(7 387)	(132 704)	(9 097)	807 558
Furniture, fixtures and equipment	28 292 757	2 914 853	(879 210)	(7 816 398)	7 066	22 519 068
	<b>91 374 244</b>	<b>11 668 152</b>	<b>(886 597)</b>	<b>(9 916 649)</b>	<b>(123 783)</b>	<b>92 115 367</b>

#### Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	420 995	-	-	-	-	420 995
Buildings	63 443 103	163 333	-	(1 902 690)	-	61 703 746
Motor vehicles	1 135 256	-	-	(178 510)	-	956 746
Furniture, fixtures and equipment	20 555 237	15 885 147	(34 337)	(7 879 629)	(233 661)	28 292 757
	<b>85 554 591</b>	<b>16 048 480</b>	<b>(34 337)</b>	<b>(9 960 829)</b>	<b>(233 661)</b>	<b>91 374 244</b>

#### Pledged as security

No property, plant and equipment was pledged as security for any financial liability.

# BUFFALO CITY TVET COLLEGE

Annual Financial Statements for the year ended 31 December 2024

## Notes to the Annual Financial Statements

	2024	2023
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### 9. PROPERTY, PLANT AND EQUIPMENT (continued)

#### Estimated useful lives

The depreciation methods and average useful lives of property, plant and equipment have been assessed as follows:

Land	Indefinite life
Buildings	10 - 50 years
Furniture, fixtures and equipment	3 - 15 years
Motor vehicles	6 years

#### Contractual commitments for the acquisition of property, plant and equipment

By the date that the financial statements were authorised for issue the following contractual commitments for the acquisition of property, plant and equipment existed:

Buildings	340 119	-
Furniture, fixtures and equipment	455 629	105 150
	<b>795 748</b>	<b>105 150</b>

#### Property, plant and equipment not found during asset verification to be further investigated

Furniture, fixtures and equipment	2 517 695	4 010 524
Motor vehicles	1 105	-
	<b>2 518 800</b>	<b>4 010 524</b>

The property, plant and equipment that could not be found during the asset verification will be further investigated and disposed of after all processes have been followed. The cost of the assets amounts to R15 430 834 (2023: R24 154 716).

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

Refer to Note 29 Repairs and maintenance for information on expenditure incurred to repair and maintain property, plant and equipment.

#### Deemed cost

Deemed cost was determined using depreciated replacement cost.

#### Property, plant and Equipment with zero value

Fifty-seven (57) assets (2023: 316) have a carrying amount of Rnil. The cost of the 57 assets amounts to R723 686 (2023: R962 738).



# BUFFALO CITY TVET COLLEGE

Annual Financial Statements for the year ended 31 December 2024

## Notes to the Annual Financial Statements

2024 2023

### 9. PROPERTY, PLANT AND EQUIPMENT (continued)

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

It should be noted that certain land and buildings are not yet registered in the name of the College, but in the names of the technical colleges that merged to form Buffalo City TVET College.

Land comprising Portion 17 of Erf 6466, with a value of R420 995, was acquired from the Buffalo City Municipality during the 2007 year. The land is not yet registered in the name of the College and is subject to certain restrictions on the title imposed by the College. These restrictions preclude the College from erecting a building with a value of less than R60 000. The College may not dispose of immovable property without the consent of the Minister of Higher Education, Science and Innovation as required by the CET Act, 2006.

#### Buildings on land used but not registered in the name of the College

Certain erven on which John Knox Bokwe campus buildings are constructed on, are registered in the name of the Buffalo City Municipality. The College recognised capital expenditure incurred to construct the buildings on these erven as follows:

Erf 9924 Mdantsane

Erf 9853 Mdantsane

### 10. INTANGIBLE ASSETS

	2024			2023		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	2 004 264	(1 575 503)	428 761	2 265 481	(1 360 672)	904 809

#### Reconciliation of intangible assets - 2024

	Opening balance	Amortisation	Impairment loss	Total
Computer software	904 809	(329 334)	(146 714)	428 761

#### Reconciliation of intangible assets - 2023

	Opening balance	Additions	Amortisation	Total
Computer software	648 237	554 438	(297 866)	904 809

#### Pledged as security

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

# BUFFALO CITY TVET COLLEGE

Annual Financial Statements for the year ended 31 December 2024

## Notes to the Annual Financial Statements

	2024	2023
<b>10. INTANGIBLE ASSETS (continued)</b>		
<b>Contractual commitments for the acquisition of intangible assets</b>		
<b>By the date that the financial statements were authorised for issue the following contractual commitments for the acquisition of intangible assets existed:</b>		
Computer software	247 500	247 500
<b>Estimated useful lives</b>		
The useful life of computer software is considered to be 3 - 8 years.		
<b>Intangible assets not found during the asset verification to be further investigated</b>		
	-	23 256
The intangible assets that could not be found during the asset verification will be further investigated and disposed of after all processes have been followed. The assets had a carrying value of Rnil (R23 256) in 2024 and the cost of the assets amounts to R414 272 (2023: R431 067).		
<b>11. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Trade payables	9 196 059	7 871 421
Student accounts in credit	2 866 354	3 721 834
Unallocated student deposits	2 399 011	1 712 805
Retention fees	537 316	112 606
Housing benefit liability	419 266	421 688
	<b>15 418 006</b>	<b>13 840 354</b>
<b>Fair value of trade and other payables</b>		
The fair value of trade and other payables approximates the carrying amount.		
<b>Retention fees</b>		
Retention fees were incurred on projects for the renovation and refurbishment of the College's residences and the purchase and installation of generators at all campuses.		
<b>Housing benefit liability</b>		
The College is holding funds for employees who have applied for and been approved for a housing allowance but who do not yet own a house.		
<b>12. SHORT-TERM EMPLOYEE BENEFITS</b>		
Bonus accrual	337 894	307 223
Leave pay accrual	403 482	292 192
	<b>741 376</b>	<b>599 415</b>

# BUFFALO CITY TVET COLLEGE

Annual Financial Statements for the year ended 31 December 2024

## Notes to the Annual Financial Statements

	2024	2023
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### 12. SHORT-TERM EMPLOYEE BENEFITS (continued)

#### Bonus accrual

The bonus accrual represents the management's best estimate of the College's liability for the annual bonuses of the governing Council appointed employees. It is anticipated that the outflow of economic benefits associated with this liability will occur before 31 December 2025.

The bonus pay accrual relating to staff paid directly by the Department of Higher Education and Training (DHET) is not accrued for by the College and is recognised as and when it is settled.

#### Leave pay accrual

The leave pay accrual represents the best estimate of the College's liability for leave benefits accrued to governing Council appointed employees. It is anticipated that the benefits will be utilised before 30 June 2025, failing which they will expire.

The leave pay accrual relating to staff paid directly by the Department of Higher Education and Training (DHET) is not accrued for by the College but is recognised as and when it is settled.

### 13. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

#### Unspent conditional grants comprises of:

##### Unspent conditional grants and receipts

NSF Phase 2	-	804 207
FP&MSETA	80 391	56 483
HWSETA Skills	1 389 627	1 389 627
BCMM	14 519	-
<b>Total unspent conditional grants</b>	<b>1 484 537</b>	<b>2 250 317</b>

#### Movement during the year

Balance at the beginning of the year	2 250 317	7 746 426
Additions during the year	537 155	10 931 468
Transfers to Conditional grants receivable	(804 207)	(1 337 723)
Income recognition during the year	(498 728)	(10 522 354)
Amounts paid back to SETA	-	(4 567 500)
	<b>1 484 537</b>	<b>2 250 317</b>

### 14. OTHER PAYABLES FROM NON-EXCHANGE TRANSACTIONS

NSFAS	12 300 044	11 365 549
NSFAS Refund liability	8 573 261	6 915 878
SETA liabilities	13 326 679	11 137 312
	<b>34 199 984</b>	<b>29 418 739</b>

The NSFAS payables consist of NSFAS funds received that are still to be allocated to students.

# BUFFALO CITY TVET COLLEGE

Annual Financial Statements for the year ended 31 December 2024

## Notes to the Annual Financial Statements

	2024	2023
<b>15. TUITION AND RELATED FEES</b>		
<b>Tuition fees not funded by NSFAS bursaries</b>		
Tuition fees - students	12 415 727	12 696 656
Other	532 233	258 156
	<b>12 947 960</b>	<b>12 954 812</b>
<b>Tuition fees funded by NSFAS bursaries</b>		
Tuition fees - students (Report 191)	4 521 915	4 299 060
Tuition fees - students (NCV)	25 784 248	20 490 252
Residential fees	2 535 570	6 980 400
	<b>32 841 733</b>	<b>31 769 712</b>
<b>Total tuition and related fees</b>	<b>45 789 693</b>	<b>44 724 524</b>
The change in tuition fees is because of students not passing. When students do not pass NSFAS does not fund them, leading to a decrease in funded tuition fees and an increase in self-funded tuition fees.		
<b>16. ADMINISTRATION FEES</b>		
Administration fees - SETAs	1 061 885	1 117 824
Administration fees consist of fees received by the College for conducting various SETA projects.		
<b>17. RENTAL OF FACILITIES AND EQUIPMENT</b>		
<b>Premises</b>		
Rental - Halls, classrooms etc.	63 846	2 434
<b>18. OTHER INCOME</b>		
Sundry income	45 764	-
Insurance pay-outs	57 961	-
Tender fees	13 300	24 602
Bad debts recovered	6 284	9 149
Photocopies	-	1 234
Payroll services fees income	2 564	2 555
Other service fees	172 081	310 506
	<b>297 954</b>	<b>348 046</b>
<b>19. INVESTMENT INCOME</b>		
<b>Interest revenue</b>		
Bank	1 604 848	2 351 122

# BUFFALO CITY TVET COLLEGE

Annual Financial Statements for the year ended 31 December 2024

## Notes to the Annual Financial Statements

Figures in Rand

### 20. CONDITIONAL GRANTS AND SUBSIDIES

Expenditure is yet to be incurred with respect to the specific grant requirements as indicated in the individual contracts in order for conditional grant revenue to be recognised.

It should be noted that the project income and expenditure may fluctuate significantly from year to year, depending upon the level of project activity. Further, the presentation of the disclosure note has been revised, to separate the grant liability from the grant receivable, leading to a split of balances that were previously grouped in the prior year. To reconcile to prior years, it would be necessary to read this note in conjunction with note number 6, on conditional grants.

#### Reconciliation of movement - 2024

	Grant Liability	Current year receipts	Administration fees	Conditions met and transferred to revenue	Transfers to conditional grants receivable	Unspent grant liability
NSF	804 207	5 262 056	(822 215)	(7 766 427)	2 522 379	-
BCMM	-	421 875	-	(407 356)	-	14 519
FP&MSETA	56 483	115 280	-	(91 372)	-	80 391
HWSETA Skills	1 389 627	-	-	-	-	1 389 627
	<b>2 250 317</b>	<b>5 799 211</b>	<b>(822 215)</b>	<b>(8 265 155)</b>	<b>2 522 379</b>	<b>1 484 537</b>
Conditions met transferred to revenue (Note 6)				(4 798 000)		
Total income recognised				<u>(13 063 155)</u>		

# BUFFALO CITY TVET COLLEGE

Annual Financial Statements for the year ended 31 December 2024

## Notes to the Annual Financial Statements

Figures in Rand

### 20. CONDITIONAL GRANTS AND SUBSIDIES (continued)

Reconciliation of movement - 2023	Grant Liability	Current year receipts	Paid back	Administration fees	Conditions met and transferred to revenue	Transfers to conditional grants receivable	Unspent grant liability
NSF	(376 529)	10 774 270	-	(822 215)	(8 771 319)	-	804 207
CHIETA	1 714 252	504 000	-	-	(4 133 500)	1 915 248	-
FP&MSETA	75 047	157 200	-	-	(175 764)	-	56 483
HWSETA Skills	1 389 627	-	-	-	-	-	1 389 627
W&RSETA	4 567 500	-	(4 567 500)	-	-	-	-
	<b>7 369 897</b>	<b>11 435 470</b>	<b>(4 567 500)</b>	<b>(822 215)</b>	<b>(13 080 583)</b>	<b>1 915 248</b>	<b>2 250 317</b>
Conditions met transferred to revenue (Note 6)		-		-	(4 904 886)		
Total income recognised		-		-	(17 985 469)		

a) The difference between the closing balance for 2023 and the opening balance for 2024 is due to the reclassification of the NSF grant that had a credit balance at 31 December 2023 and now has a debit balance at 31 December 2024 from Conditional grants - Receivables to Unspent conditional grants.

To reconcile to the Statement of Financial Performance it is necessary to read this note in conjunction with note number 6, on Conditional grants - Receivables.

# BUFFALO CITY TVET COLLEGE

Annual Financial Statements for the year ended 31 December 2024

## Notes to the Annual Financial Statements

	2024	2023
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### 21. PUBLIC CONTRIBUTIONS AND DONATIONS

Donations	2 000	787 708
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Robotic machinery to the value of R260 993 was donated to the college by Mercedes Benz South Africa in 2023.

Various items of furniture, classroom equipment and IT equipment to the value of R526 715 were donated to the College by FASSET in 2023.

### 22. UNCONDITIONAL GRANTS AND SUBSIDIES

Grants paid cash - DHET	82 779 381	67 324 302
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Included in the above is the DHET Programme funding received after the end of the financial year, the Capital Infrastructure and Efficiency Grant and the DHET Skills Levy.

### 23. SERVICES IN-KIND

DHET	121 501 364	120 100 108
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The Programme funding allocation from DHET is paid out partly in cash tranches to the College, and partly through the Persal system of the DHET directly to the employees of the College. The Programme funding paid through Persal is recognised as services in-kind. Included in the Services-in-kind is Mr Madliki's remuneration that is paid through the DHET Regional Office.

Erf 9924 Mdantsane and Erf 9853 Mdantsane on which some of the John Knox Bokwe Campus buildings are built are registered in the name of the Buffalo City Municipality. The College enjoys the use of these properties without paying any rental amounts. It is impracticable to determine the value of the service-in-kind at this time.

### 24. CONTRACTED SERVICES

Accounting and internal audit fees	1 209 972	442 402
Legal expenses	226 542	275 720
Other professional services	377 621	2 685 399
	<b>1 814 135</b>	<b>3 403 521</b>

### 25. DEBT IMPAIRMENT

Contributions to debt impairment provision	47 965 125	-
Bad debts written off	639 384	42 920
	<b>48 604 509</b>	<b>42 920</b>

### 26. DEPRECIATION AND AMORTISATION

Property, plant and equipment	9 916 649	9 960 830
Intangible assets	329 335	297 865
	<b>10 245 984</b>	<b>10 258 695</b>

# BUFFALO CITY TVET COLLEGE

Annual Financial Statements for the year ended 31 December 2024

## Notes to the Annual Financial Statements

		2024	2023
<b>27. EMPLOYEE RELATED COSTS AND DHET MANAGEMENT FEE</b>			
Salaries and wages - College		21 358 628	21 837 567
DHET employee related costs		121 501 364	120 100 108
Bonus		899 245	816 793
Leave pay		144 388	156 287
Medical aid contributions - College		58 327	78 622
Pension fund contributions - College		951 249	1 008 348
Bargaining council levies - College		8 512	13 657
UIF contributions - College		154 661	161 197
Skills levy - College		260 801	269 840
Other fees		642 230	620 049
Resettlement cost		101 974	-
Overtime payments		-	3 441
Other allowances		2 679 012	2 676 829
Cellphone allowance		3 780	3 780
Housing benefits and allowances		732 018	532 070
		<b>149 496 189</b>	<b>148 278 407</b>
<b>28. GENERAL EXPENSES</b>			
Auditors remuneration	31	3 316 216	3 319 541
Bank charges		87 885	176 325
Books and learning materials		10 148 185	7 073 166
Cleaning		129 609	190 322
College council costs		219 104	972 186
Consumables		1 001 484	744 218
Examination expenses		7 504	14 152
Fuel and oil		451 183	419 025
Insurance		338 068	315 809
Marketing		503 264	987 174
Motor vehicle expenses		-	4 622
Municipal charges		14 001 835	7 461 853
Other expenses		-	2 000
Placement fees		168 150	158 949
Printing and stationery		3 764 901	5 304 713
Private accommodation and food		-	5 040 000
Project expenses		17 419 410	21 276 367
Security		15 919 044	12 672 931
Small assets expensed		1 800	3 133
Staff development and training		1 231 992	1 270 483
Student support services		3 990 805	5 257 449
Subscriptions, membership, licence and registration fees		579 826	543 726
Telephone, postage, internet, network and communication costs		5 921 776	6 285 660
Travel, accommodation and entertainment		5 775 577	7 934 034
		<b>84 977 618</b>	<b>87 427 838</b>
<b>29. REPAIRS AND MAINTENANCE</b>			
Land, buildings and infrastructure		2 427 054	5 953 737
Other property, plant and equipment		202 440	425 859
		<b>2 629 494</b>	<b>6 379 596</b>



# BUFFALO CITY TVET COLLEGE

Annual Financial Statements for the year ended 31 December 2024

## Notes to the Annual Financial Statements

	2024	2023
<b>30. Debt impairment reversal</b>		
Movement in allowance for impairment	-	16 303 758
<b>Reconciliation of allowance for impairment</b>		
Balance at the beginning of the year	-	(74 879 840)
Contributions to allowance	-	16 303 758
	-	<b>(58 576 082)</b>
The debt management policy was changed in 2023 causing a decrease in the allowance for impairment on student debtors. The policy was updated in 2024 which caused an increase in the allowance for impairment on student debtors.		
<b>31. AUDITORS' REMUNERATION</b>		
Fees	3 316 216	3 319 541
<b>32. GAIN (LOSS) ON DISPOSAL OF ASSETS</b>		
Property, plant and equipment	(632 959)	(31 837)
<b>33. CASH GENERATED FROM (USED IN) OPERATIONS</b>		
(Deficit) surplus	(32 507 259)	14 988 820
<b>Adjustments for:</b>		
Depreciation and amortisation	10 245 984	10 258 695
Gain on sale of assets and liabilities	632 959	31 837
Impairment loss	270 497	233 661
Debt impairment	48 604 509	(16 260 838)
Non-cash donations	-	(787 708)
<b>Changes in working capital:</b>		
Inventories	(32 044)	(203 898)
Trade and other receivable from exchange transactions	(14 612 044)	(16 668 616)
Other receivables from non-exchange transactions	(121 128)	188 520
Conditional grants receivable	1 745 552	(2 521 878)
Statutory receivables	(2 491 110)	3 958 884
Trade and other payables from exchange transactions	1 326 778	3 375 758
Other payables from non-exchange transactions	4 781 245	3 522 054
Unspent conditional grants and receipts	(765 780)	(5 496 109)
Short term employee benefits	141 961	(107 757)
	<b>17 220 120</b>	<b>(5 488 575)</b>

# BUFFALO CITY TVET COLLEGE

Annual Financial Statements for the year ended 31 December 2024

## Notes to the Annual Financial Statements

	2024	2023
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### 34. FINANCIAL INSTRUMENTS DISCLOSURE

#### Categories of financial instruments

##### 2024

#### Financial assets

	At amortised cost	Total
<b>Receivables from exchange transactions</b>		
Student debtors	4 763 330	4 763 330
Sundry debtors	769 764	769 764
Deposits	72 765	72 765
Accrued income	180 884	180 884
Conditional grants receivable	8 434 025	8 434 025
SETA Receivables	121 128	121 128
<b>Cash and cash equivalents</b>		
Cash at the bank	29 143 445	29 143 445
Investments	264 241	264 241
	<b>43 749 582</b>	<b>43 749 582</b>

#### Financial liabilities

	At amortised cost	Total
<b>Payables from exchange transactions</b>		
Trade payables	9 250 658	9 250 658
Student accounts in credit	2 866 354	2 866 354
Unallocated student deposits	2 399 011	2 399 011
Retention fees	537 316	537 316
Unspent conditional grants and receipts	1 484 537	1 484 537
<b>Payables from non-exchange transactions</b>		
NSFAS	12 300 044	12 300 044
NSFAS refund liability	8 573 261	8 573 261
	<b>37 411 181</b>	<b>37 411 181</b>

# BUFFALO CITY TVET COLLEGE

Annual Financial Statements for the year ended 31 December 2024

## Notes to the Annual Financial Statements

2024 2023

### 34. FINANCIAL INSTRUMENTS DISCLOSURE (continued)

#### 2023

##### Financial assets

	At amortised cost	Total
<b>Receivables from exchange transactions</b>		
Student debtors	38 780 805	38 780 805
Sundry debtors	511 457	511 457
Deposits	72 765	72 765
Accrued income	134 599	134 599
Conditional grants receivable	10 179 577	10 179 577
<b>Cash and cash equivalents</b>		
Cash at the bank	23 592 562	23 592 562
Investments	12 991	12 991
	<b>73 284 756</b>	<b>73 284 756</b>

##### Financial liabilities

	At amortised cost	Total
<b>Payables from exchange transactions</b>		
Trade payables	7 929 127	7 929 127
Student accounts in credit	3 721 834	3 721 834
Unallocated student deposits	1 712 805	1 712 805
Retention fees	112 606	112 606
Unspent conditional grants	2 250 317	2 250 317
<b>Payables from non-exchange transactions</b>		
NSFAS	11 365 549	11 365 549
NSFAS refund liability	6 915 878	6 915 878
	<b>34 008 116</b>	<b>34 008 116</b>

# BUFFALO CITY TVET COLLEGE

Annual Financial Statements for the year ended 31 December 2024

## Notes to the Annual Financial Statements

	2024	2023
<b>35. COMMITMENTS</b>		
<b>Authorised capital expenditure</b>		
<b>Approved and contracted for PPE and Intangibles</b>		
• Buildings	340 119	-
• Furniture, fixtures and equipment	455 629	105 150
• Intangible assets	247 500	247 500
	<b>1 043 248</b>	<b>352 650</b>
<b>The capital commitments will be financed from</b>		
• Government grants	1 043 248	352 650
• Own sources	-	-
	<b>1 043 248</b>	<b>352 650</b>

This committed expenditure will be financed by grant funding and existing cash resources.

## 36. CONTINGENCIES

Brian Ruredzo (drafting stage)	35 000	-
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A student registered with West Coast College and used Buffalo City TVET College as an exam venue did not receive his results and took DHET, BCTVET and other respondents to court. The probability of success for the College is very good.

## 37. RELATED PARTIES

Relationships	
Members of Key Management	M. J. Tema (Principal) (Appointed 01 July 2024) P. M. Mawila (Deputy Principal / Acting Principal) S. Mantame (CFO / Acting CFO) X. L. Madliki (Deputy Principal) T. Njengele (Deputy Principal) Z. Chola (Deputy Principal)
Governance	Independent Councillors N. N. Madikizela-Renene (Council Chairperson) (Appointed 22 May 2024) M. Kashe (Council Member) (Appointed 22 May 2024) Y. Fanisi (Council Member) (Appointed 22 May 2024) W. Manthe (Council Member) (Appointed 22 May 2024) T. Nkonki (Council Member) (Appointed 22 May 2024)  College elected Councillors M. Tema (Principal) (Appointed 01 July 2024)

# BUFFALO CITY TVET COLLEGE

Annual Financial Statements for the year ended 31 December 2024

## Notes to the Annual Financial Statements

2024 2023

### 37. RELATED PARTIES (continued)

L. Nameka (Member of Academic Board)  
(Appointed 08 October 2024)  
N. Xokwe (Staff Representative) (Appointed 11 July 2024)  
N. Malobola (Lecturer Representative)  
(Appointed 11 July 2024)  
M. Ntongwana (SRC Secretary General)  
(Appointed 29 April 2024)  
S. Liwani (SRC President) (Appointed 29 April 2024)

Audit and Risk Committee

W. Manthe (Council Member) (Appointed 22 May 2024)  
T. Nkonki (Council Member) (Appointed 22 May 2024)

Government departments

Department of Higher Education and Training (DHET)  
National Skills Fund

SETAs

Energy and Water SETA  
Insurance SETA  
Manufacturing, Engineering and Related Services SETA  
Education, Training and Development Practices SETA  
Bank SETA  
Chemical Industries Education and Training Authority SETA  
The Services SETA  
Health and Welfare SETA  
Wholesale and Retail SETA  
Media, Information and Communication Technologies SETA  
Fibre Processing and Manufacturing SETA  
Mining Qualifications Authority

All TVET Colleges, Community Colleges, SETAs, Departments and public entities reporting to the Minister of Higher Education and Training are considered related parties.

All close family members of key management are considered related parties.

# BUFFALO CITY TVET COLLEGE

Annual Financial Statements for the year ended 31 December 2024

## Notes to the Annual Financial Statements

	2024	2023
<b>37. RELATED PARTIES (continued)</b>		
<b>Related party balances</b>		
<b>Amounts included in Receivables (Payables) from exchange transactions regarding related parties</b>		
Department of Higher Education and Training	-	85 403
NSFAS student allowances	(22 061)	(22 061)
NSFAS service fee	-	500 000
All TVET Colleges	22 713	26 306
	<b>652</b>	<b>589 648</b>
<b>Amounts included in Receivables (Payables) from non-exchange transactions regarding related parties</b>		
BANKSETA	(3 478 404)	(849 704)
DHET	13 238 913	10 747 803
DHET (Fee increase subsidy)	(3 650 000)	(3 650 000)
ETDPSETA	(606 418)	(565 366)
EWSETA	(832 743)	(832 743)
INSETA	(924 207)	(719 327)
MERSETA	(979 567)	(979 567)
MICTSETA	(2 601 740)	(3 129 940)
NSFAS	(12 300 044)	(11 365 549)
NSFAS Refund Liability	(8 573 261)	(6 915 878)
TETA	(229 099)	(229 099)
Skills INSETA	121 128	(157 066)
Mining SETA	(24 500)	(24 500)
	<b>(20 839 942)</b>	<b>(18 670 936)</b>
<b>Amounts included in conditional grants receivables regarding related parties</b>		
CHIETA	146 348	1 915 248
ETSW&RSETA	1 430 800	3 929 829
HWSETA	4 275 542	4 275 542
NSF	2 522 378	-
W&RSETA	58 957	58 957
	<b>8 434 025</b>	<b>10 179 576</b>
<b>Amounts included in Unspent conditional grants and receipts regarding related parties</b>		
FP&MSETA	(80 391)	(56 483)
HWSETA Skills	(1 389 627)	(1 389 627)
NSF	-	(804 207)
	<b>(1 470 018)</b>	<b>(2 250 317)</b>

# BUFFALO CITY TVET COLLEGE

Annual Financial Statements for the year ended 31 December 2024

## Notes to the Annual Financial Statements

	2024	2023
<b>37. RELATED PARTIES (continued)</b>		
<b>Amounts received from related parties</b>		
BANKSETA	6 967 700	3 387 125
CHIETA	4 785 900	504 000
DHET - Operations	74 792 035	68 883 856
DHET - Persal	121 501 364	118 591 966
ETSW&RSETA	4 280 030	2 052 121
ETDP SETA	41 053	11 488
W&RSETA	-	425 056
FP&MSETA	115 280	157 200
HWSETA	-	1 326 000
INSETA	711 900	2 302 903
NSF	5 262 056	10 574 398
NSFAS	32 769 083	36 967 938
Mining SETA	336 000	1 354 500
Skills INSETA	819 076	506 500
	<b>252 381 477</b>	<b>247 045 051</b>

### Councillors

#### 2024

Name	Fees
M. Kashe	2 400
N. N. Madikizela-Renene	75 142
W. Manthe	64 673
T. Nkonki	72 289
	<b>214 504</b>

# BUFFALO CITY TVET COLLEGE

Annual Financial Statements for the year ended 31 December 2024

## Notes to the Annual Financial Statements

2024 2023

### 37. RELATED PARTIES (continued)

#### 2023

	Fees
B. Zuma	2 616
K. Strydom	114 544
T. Madala	116 909
T. Ngezo	2 916
G. Mackay	24 401
S. Faku	10 935
L. L. Mpepo	161 037
G. G. M. Vika	308 735
A. Vikilahle	17 113
K. Matiso	42 387
R. Vuzane	22 735
N. P. D. Khewu	17 997
N. J. Tshangana	27 248
	<b>869 573</b>

### Audit and Risk Committee

#### 2024

##### Name

W. Manthe  
T, Nkonki

#### 2023

Name	Fees
S. Faku	10 462
D. Padayachy	21 821
S. Gugwini-Peter	16 534
G. Mackay	9 972
A. P. Magwentshu	20 775
T. Madala	17 841
R. Vuzane	5 508
	<b>102 913</b>

The Audit and Risk Committee was not active in 2024.



# BUFFALO CITY TVET COLLEGE

Annual Financial Statements for the year ended 31 December 2024

## Notes to the Annual Financial Statements

2024 2023

### 37. RELATED PARTIES (continued)

#### Key Management Personnel

2024	Basic salary	Bonuses and performance related payments	Other benefits received	Employers contributions	Total
M. J. Tema (Principal)	425 888	-	91 667	55 429	572 984
P. Mawila (Deputy Principal / Acting Principal)	806 521	67 481	155 694	104 972	1 134 668
T. Njengele (Deputy Principal)	575 792	64 993	123 932	83 394	848 111
Z. Chola (Deputy Principal)	794 657	66 484	81 417	103 430	1 045 988
S. Mantame (CFO / Acting CFO)	705 194	58 069	118 655	91 800	973 718
X. L. Madliki (Deputy Principal)	632 943	63 580	64 849	93 717	855 089
	<b>3 940 995</b>	<b>320 607</b>	<b>636 214</b>	<b>532 742</b>	<b>5 430 558</b>
2023	Basic salary	Bonuses and performance related payments	Other benefits received	Employers contributions	Total
P. Mawila (Deputy Principal / Acting Principal)	757 057	95 119	90 488	98 536	1 041 200
T. Njengele (Deputy Principal)	728 656	61 047	161 920	94 844	1 046 467
P. Madzeke (CFO / Acting Principal)	131 578	54 794	16 871	17 124	220 367
Z. Chola (Deputy Principal)	751 291	62 522	82 059	97 786	993 658
S. Mantame (Acting CFO)	441 180	54 548	97 814	57 434	650 976
X. L. Madliki (Deputy Principal)	728 706	66 947	74 660	-	870 313
	<b>3 538 468</b>	<b>394 977</b>	<b>523 812</b>	<b>365 724</b>	<b>4 822 981</b>

The Principal, D.R. Singh, retired in December 2020. The Deputy Principals and CFO acted in the position until M. J. Tema was appointed in the position on 1 July 2024.

Mr V. K. Hewana was seconded to the College from Eastern Cape Midlands College by DHET to act in the position of Principal from 1 August 2022 to 31 July 2023. His total remuneration for 2023 was R629 991.

Mr X. L. Madliki's remuneration is paid through the DHET regional office.

Mrs T. Njengele was seconded to Lovedale TVET College from 1 November 2024.

# BUFFALO CITY TVET COLLEGE

Annual Financial Statements for the year ended 31 December 2024

## Notes to the Annual Financial Statements

2024 2023

### 38. RISK MANAGEMENT

#### Liquidity risk

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

The College aims to maintain flexibility in funding by keeping committed credit lines available and the College has minimised the risk of liquidity as shown by its substantial cash and cash equivalents. The College manages a budget which is updated regularly and reported to the College Management and Oversight Committees.

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. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 December 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables from exchange transactions	15 053 339	-	-	-
Other payables from non-exchange transactions	34 199 984	-	-	-
Unspent conditional grants	1 484 537	-	-	-
At 31 December 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables from exchange transactions	13 476 373	-	-	-
Other payables from non-exchange transactions	29 418 739	-	-	-
Unspent conditional grants	2 250 317	-	-	-

#### Maximum credit risk exposure

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

Receivables comprise of mainly student and grants debtors. Management evaluate credit risk relating to receivables on an ongoing basis. If receivables are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the receivable, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by management.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2024	2023
Cash and cash equivalents	29 156 435	23 605 553
Trade and other receivables from exchange transactions	5 786 743	39 499 626
SETA receivables	121 128	-
Conditional grants receivable	8 434 025	10 179 576
	43 498 331	73 284 755

#### 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.

# BUFFALO CITY TVET COLLEGE

Annual Financial Statements for the year ended 31 December 2024

## Notes to the Annual Financial Statements

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2024	2023
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### 39. GOING CONCERN

We draw attention to the fact that at 31 December 2024, the College had an accumulated surplus of R 98 444 573 (2023: R 130 951 832) and that the College's total assets exceed its liabilities by R 98 444 573 (2023: R 130 951 832).

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

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 Department of Higher Education and Training at a level which, when combined with other revenue generated by the College, is sufficient to fund the operations of the College.

### 40. EVENTS AFTER THE REPORTING DATE

The Audit and Risk Committee is fully constituted and active in the 2025 financial year. W. Manthe and T. Nkonki were appointed on 22 May 2024 and the remaining members were chosen by them and appointed in January 2025.

### 41. KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS

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.  
Provision for impairment of debts.

### 42. TAX EXEMPTION

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

### 43. INVESTIGATION

#### Corruption and maladministration - NSFAS

DHET appointed a service provider to perform a forensic investigation into allegations of fraud and corruption in the allocation of NSFAS loans and bursaries to students. The College was informed during November 2015 that it is part of a sample of ten public education institutions that will make up Phase One of this investigation. The investigation which covers the period from 2012 to 2014 is currently in progress. It was expected that the investigation would be completed within a period of 12 months and that a report would be presented to the Director – General of DHET. To date, the College has not received any further information in respect of this investigation and report.

As per Proclamation R88 of 26 August 2022, in December 2022 Special Investigation Unit (SIU) started investigation on alleged corruption and maladministration with the affairs of National Student Financial Aid System (NSFAS). The investigation is still underway and no report has been issued.

# BUFFALO CITY TVET COLLEGE

Annual Financial Statements for the year ended 31 December 2024

## Notes to the Annual Financial Statements

	2024	2023
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### 43. INVESTIGATION (continued)

#### Fraud investigation - Tender Processes and School of Occupation and Training

During 2022 the College appointed a service provider to do a forensic investigation on fraud allegations in tender processes and utilisation of School of Occupation and Training finances reported during the period 2015 to 2020. A report with recommendations was issued by the service provider during October 2022 and Council resolved not to continue with the investigation due to lack of information and deficiencies within the investigation. In 2024, the matter was reported to the new College Council, who requested a draft report that was received from the investigators. The interest was to determine whether this could be included in the plan for fraud prevention and risk awareness at the College.

#### Independent investigation into allegations and counter allegations by various parties at Buffalo City TVET College

In terms of Section 46(1) OF THE CET ACT 16 OF 2006 as amended, the minister of the Department of Higher Education and Training appointed UBUNTU Consulting to investigate allegations and counter allegations by various parties at Buffalo City TVET College in August 2023. Upon completion of the investigation, the investigation report will be sent to the Minister of the Department of Higher Education and Training and not to the College. DHET have received the report from UBUNTU Consulting, and is currently with DHET legal department for reviews and further advice to the department. This matter was reported to the new College Council in 2024 for noting. Currently the matter is not yet concluded, and it will be reported to the Council once it is concluded.

#### Payment made to wrong bank account

During October 2023 a case was opened with South African Police Service (SAPS) for a payment made by the College to Mayibuye Transport Corporation using an incorrect bank account. The College received notification of change of bank details from Mayibuye who denied this and reported that they did not receive this payment. In 2024 meetings were held between the College and Mayibuye, however this is still being investigated by SAPS. Follow ups were recently made with the SAPS Official responsible for the case, however no update report has been received.

### 44. BUDGET INFORMATION

A Statement of Comparison of Budget and Actual has not been presented as the College does not make its budgets publicly available therefore it is not required.

### 45. CHANGE IN ACCOUNTING ESTIMATE

#### Property, plant and equipment

The useful lives of fully depreciated assets have been revised. The revision of useful life was based on the condition of the asset to determine the period which management expect the asset to be in use. The condition of assets were determined during physical verification.

The useful lives were revised as follows:

Condition	Revised useful lives (Years)
Fair to very good	5
Poor	3

# BUFFALO CITY TVET COLLEGE

Annual Financial Statements for the year ended 31 December 2024

## Notes to the Annual Financial Statements

2024 2023

### 45. CHANGE IN ACCOUNTING ESTIMATE (continued)

#### Intangible assets

The useful lives of fully depreciated assets have been revised. The revision of useful life was based on the condition of the asset to determine the period which management expect the asset to be in use. The condition of assets were determined during verification.

The useful lives were revised as follows:

Condition	Revised useful lives (Years)
Fair to very good	5
Poor	3

The impact of the change of useful lives of assets on the carrying amount of assets in the current and future years is as follows:

	Change in Estimate 2024	Change in Estimate 2025	Change in Estimate 2026	Change in Estimate 2027	Change in Estimate 2028
Property, plant and equipment	(1 555 675)	(847 492)	356 580	1 024 743	1 025 049
Intangible assets	(67 536)	(67 536)	135 072	-	-
	<b>(1 623 211)</b>	<b>(915 028)</b>	<b>491 652</b>	<b>1 024 743</b>	<b>1 025 049</b>

### 46. SEGMENT REPORTING

#### Identification of segments

The College prepares financial information and reports results for the College as a whole. There are no activities that are reported on separately therefore the College does not have any reportable segments and segment reporting is not applicable.

#### Information about geographical areas

The College's operations are in the Eastern Cape Province.

The College has several campuses: East London Campus, St Marks Street Campus, King Street Campus and John Knox Bokwe Campus. Separate financial information is not available for the individual campuses and the cost to develop it would be excessive.

# BUFFALO CITY TVET COLLEGE

Annual Financial Statements for the year ended 31 December 2024

## Notes to the Annual Financial Statements

2024 2023

### 47. Prior period errors

The correction of prior period errors results in adjustments as follows:

Statement of financial position	Previously reported	Adjustment	Restated	Reference
Trade and other receivables from exchange transactions	39 542 411	152 910	39 695 321	1, 5
Property, plant and equipment	90 870 173	504 071	91 374 244	2, 3
Trade and other payables from exchange transactions	(12 670 297)	(1 170 057)	(13 840 354)	2
Unspent conditional grants	(2 349 220)	98 903	(2 250 317)	4
Other payables from non-exchange transactions	(29 400 429)	(18 310)	(29 418 739)	
Accumulated surplus	(131 384 315)	432 483	(130 951 832)	2, 3
	<b>(45 391 677)</b>	<b>-</b>	<b>(45 391 677)</b>	

### Reason for restatement

1. Accrued interest was raised.
2. Reversing expenditure and asset additions recorded in the incorrect financial year and raising in the correct financial year.
3. Correcting prior year disposals of property, plant and equipment.
4. Correcting the administration fees raised for NSF funding.
5. Corrected the prior year transfers of NSFAS refunds.

Statement of financial performance	Previously reported	Adjustment	Restated	Reference
Administration fees	1 018 921	98 903	1 117 824	6
Investment income	2 216 523	134 599	2 351 122	7
Public contributions and donations	526 715	260 993	787 708	8
Contracted services	(3 544 620)	141 099	(3 403 521)	8
Depreciation and amortisation	(10 244 086)	(14 609)	(10 258 695)	9
Repairs and maintenance	(6 640 166)	260 570	(6 379 596)	8,10
General expenses	(86 491 640)	(936 198)	(87 427 838)	8
Gain (loss) on disposal of assets	(30 216)	(1 621)	(31 837)	11
	<b>(103 188 569)</b>	<b>(56 264)</b>	<b>(103 244 833)</b>	

### Reason for restatement

6. Correcting the administration fees raised for NSF funding.
7. Accrued interest was raised.
8. Reversing expenditure and asset additions recorded in the incorrect financial year and raising in the correct financial year.
9. Correcting depreciation on asset additions and disposals recorded in the incorrect financial year.
10. Reclassified capital expenditure incorrectly expenses.
11. Recording disposals of assets that occurred in the prior financial year.

# BUFFALO CITY TVET COLLEGE

Annual Financial Statements for the year ended 31 December 2024

## Notes to the Annual Financial Statements

2024 2023

### 47. Prior period errors (continued)

#### Cash flow statement

Cash flow from operating activities	Previously reported	Adjustment	Restated	Reference
Tuition and related fees	31 656 634	(18 311)	31 638 323	12
Government grants and subsidies	81 538 092	(98 903)	81 439 189	13
Other receipts	2 281 155	117 213	2 398 368	13
Suppliers	(95 147 345)	63 689	(95 083 656)	14,15
Employees	(28 286 055)	44 278	(28 241 777)	15
	<b>(7 957 519)</b>	<b>107 966</b>	<b>(7 849 553)</b>	

Cash flow from investing activities	Previously reported	Adjustment	Restated	Reference
Purchase of property, plant and equipment	(15 152 805)	(107 966)	(15 260 771)	14

#### Reason for restatement

- 12. Corrected PY transfers to NSFAS refunds.
- 13. Correcting the administration fees raised for NSF funding.
- 14. Recording asset additions in the correct financial year.
- 15. Separate disclosure of Housing benefit liability.

## Notes to the Annual Financial Statements

#### Commitments

Previously reported	515 650
Adjustments made	(163 000)
<b>Restated</b>	<b>352 650</b>

#### Reason for restatement

Removed commitment not of a capital nature.