

Theta

Annual Report

2007

25/THETA/01/04/05



labour

Department:
Labour
REPUBLIC OF SOUTH AFRICA





Our vision

Our people skilled for a sustainable future

Our mission

To facilitate the achievement of excellent standards and growth through the development and recognition of people

Our values

Service excellence • Efficiency • Equity • Integrity •
Partnership • Quality • Accessibility



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Annual Report 2007 of the Tourism, Hospitality & Sport Education & Training Authority (Theta)
3rd Floor, Block E, Sandhurst Office Park
Cnr Rivonia Road and Katherine Street, Sandton, Gauteng
Tel. (011) 803-6010 Fax: (011) 803-6702 www.theta.org.za

ISBN Number: 978-0-621-37149-9
RP Number: RP77/2007

Photographs courtesy of South African Tourism



Chairman's Report

At the Annual General Meeting that ushered in my tenure in the chair, I shared with those present the fact that I felt that Theta had gone through a rough patch with a fair bit of negative publicity and that it was time to celebrate our successes, of which there were many.

Our mission is to facilitate the achievement of excellent standards and growth through the development and recognition of people in the sectors we cover and in this report we cover the successes in skills development across the board. It is our improvement on the sport skills front, which is most gratifying.

The importance of these successes cannot be underestimated. We need to improve our image with our stakeholders and the best way to do this is to share our successes with them. I am happy to be able to list some of them here.

This year we have potentially helped to change the lives of 8 467 learners who were issued with certificates, bringing the total number of certificates issued to date to an impressive 25 365. Numbers are bland, but when you put faces to them and consider what we have contributed to our sector it is an achievement of which we can all be proud.

Notable on the sports front have been the agreement and initiative between Theta, the Department of Environmental Affairs and Tourism (DEAT) and the National Business Initiative (NBI), and the memorandum of understanding (MoU) signed with SAFA, dealt with in more detail in the CEO's report.

Other major successes have been the projects we have run. The management development programme, for example, was highly successful and ran in various regions around South Africa with great achievements by a number of people.

The scarce skills within our sector have been successfully identified, but within our sphere of operation they are in many ways less tangible than other industries. The flip side of this, however, is that the volume of spend from the discretionary fund, used to up-skill numerous areas, has been phenomenal. We are starting to show results in tourism, which is an area of particular potential. The industry is dynamic and the growth in many areas, of which game lodges are a prime example, has been astronomical over the past 5 years. Our contribution here will be felt to the deep rural grass roots of the country. But, there are massive developments across our sector; from expansions to the Cape Town and Durban International Convention Centres, to hotels, airlines and ground operations, all needing qualified staff.

It's a fast-moving target with all eyes currently on 2010, but for us this objective will not be the end, merely the catalyst that will allow the upgrade of infrastructure that will take us to a new level.

On the operational front good governance has improved, accounting has been tightened as has expenditure control and purchasing procedure, and the use of consultants has dropped dramatically. The major challenge is still to increase our levy base by getting as many employers, many of whom should know better, to pay the levy and to get the smaller operators not to view the 1% as a tax. In this vein, I must appeal to government departments to fulfil their obligations to Theta and pay their levies too.

Looking forward, my message is one of encouraging participation - participation by industry in the programmes we run in the chambers and in all aspects of Theta.

In closing, I would like to thank my predecessor in the chair Thabo Mahangu upon whose success I now ride, the board, our CEO, executive management and the entire team for their sterling work in making this a successful year for Theta.



Chris Johnson
Theta Chairman



Theta Performance 2006/7

Against NSDS Objectives

1. OBJECTIVE: Prioritising and communicating skills for sustainable growth, development and equity.

KEY PERFORMANCE INDICATOR	TARGETS	PERFORMANCE RESULTS	REASONS FOR VARIANCE	%
1.1 Skills development supports national and sectoral growth development and equity priorities.	408 SDF to be trained.	518 Sector specialists received training.	Careers information for all Theta Chambers has been made available. Careers shows and Expo's	127%
2005/6 PERFORMANCE: 504 Sector specialists received training = 111%. Therefore, 16% increase in current financial year.				

2. OBJECTIVE: Promoting and accelerating quality training for all in the workplace.

2.1. By March 2010 at least 80% of the employment equity targets of large firms and at least 60% of those of medium firms are supported by skills development. Impact on overall equity profile assessed.	<ul style="list-style-type: none"> • 168 Large firms and • 176 Medium firms to be supported through skills development. 	<ul style="list-style-type: none"> • 114 Large firms and • 132 Medium firms are supported through skills development. 	The decline in both categories could be attributed to the deadline imposed on submission of WSPs and ATRs. Theta has consistently advised SDFs to submit their WSP and ATR on time.	68% 75%
2005/6 PERFORMANCE: 134 large firms were supported = 101%; 182 medium firms were supported = 103%				
2.2. By March 2010 skills development in at least 40% of small levy paying firms supported and the impact of the support measured.	1 729 Small levy paying firms supported through skills development.	<ul style="list-style-type: none"> • 599 Small levy paying firms were supported. 	An SME support strategy has been finalised to assist this market in a more targeted manner.	35%
2005/6 PERFORMANCE: 1 226 small levy paying firms were supported = 71%				
2.3. By March 2010 at least 80% of government departments spend at least 1% of personnel budget on training and then measure and report back on the impact of training on service delivery.	80% of government departments spend at least 1% of personnel budget on training.			
2.5. Annually increasing number of small BEE firms and BEE co-operatives supported by skills development. Progress measured through an annual survey of BEE firms and BEE cooperatives within the sector from the second year onwards. Impact of support measured.	Annually increasing number of small BEE firms and BEE co-operatives.	800 Small BEE and BEE co-operatives have been supported.	A survey of the BEE firms and co-ops is in the process of being formulated with a view to determining additional baseline and intervention requirements.	2%
2005/6 PERFORMANCE: Although impact of support was measured in this sector, performance results were not available.				

Theta Performance 2006/7

Against NSDS Objectives

KEY PERFORMANCE INDICATOR	TARGETS	PERFORMANCE RESULTS	REASONS FOR VARIANCE	%
2.7. By March 2010 at least 700 000 workers have achieved at least Abet level 4.	5 600 Committed target of workers trained and achieved at Abet level 1- 4 is as follows: Level 1: 1 400 Level 2: 1 400 Level 3: 1 400 Level 4: 1 400 Total: 5 600	Figures below indicate the total number of people trained on Abet level 1- 4 Level 1: 27 Level 2: 15 Level 3: 30 Level 4: 48 Total: 120 Achieved Abet level 1- 4 is as follows: Level 1: 1 400 Level 2: 1 400 Level 3: 1 400 Level 4: 1 400 Total: 5 600	The SMS system has only allowed those with SDFs as standard permission for access. It has been opened to allow even non-levy paying organisations to benefit. A project has also been scoped to fast-track the attainment of Abet; it will kick-off in June 2007. Over and above this a special cash grant specifically for Abet has been approved,	2%
2005/6 PERFORMANCE: 267 workers achieved at least Abet level 4 = 5%. Therefore, considerable improvement in the current financial year.				
2.8. By March 2010, at least 125 000 workers assisted to enter, and at least 50% successfully complete, programmes, including learnerships and apprenticeships leading to basic entry, intermediate and high levels scarce skills. Impact of assistance measured.	1 175 Workers assisted to enter and 588 successfully complete programmes, including learnerships and apprenticeships.	<ul style="list-style-type: none"> • 2 781 Learners have entered learning programmes and • 1 196 successfully completed learning programmes 		237% 203%
2005/6 PERFORMANCE: 8 588 learners entered learning programmes = 731%; 3 657 completed learning programmes = 622%.				

3. OBJECTIVE: Promoting employability and sustainable livelihoods.

3.2. By March 2010, at least, 2 000 non-levy paying enterprises, NGOs, CBOs and community-based co-operatives supported by skills development. Impact of support on sustainability measured with a targeted 75% success rate.	17 Non-levy paying enterprises supported through skills development.	<ul style="list-style-type: none"> • 42 Enterprises have been supported. 	NSF initiative, not in SLA.	247%
2005/6 PERFORMANCE: 115 supported by skills development = 676%				

Theta Performance 2006/7

Against NSDS Objectives

4. OBJECTIVE: Assisting designated groups, including new entrants, to participate in accredited work-integrated learning and work-based programmes to acquire critical skills to enter the labour market and self employment.

KEY PERFORMANCE INDICATOR	TARGETS	PERFORMANCE RESULTS	REASONS FOR VARIANCE	%
4.1. By March 2010 at least 125 000 unemployed people assisted to enter and, at least 50%, successfully complete programmes, including learnerships and apprenticeships, leading to basic entry, intermediate and high level scarce skills. Impact of assistance measured.	1 175 Unemployed people assisted to enter and at least 50% (584) successfully complete programmes, including learnerships and apprenticeships.	<ul style="list-style-type: none"> 1 557 have entered learning programmes. 	Programme is still ongoing and the learners, as they complete it, will be recorded with next financial year.	133%
2005/6 PERFORMANCE: 1 546 assisted to enter learning programmes = 132%. Therefore, 1% increase in current financial year.				
4.2. 100% of learners in critical skills programmes covered by sector agreements from Further Education and Training (FET) and Higher Education and Training (HET) institutions assisted to gain work experience locally or abroad, of whom at least 70% find placement in employment or self-employment.	1 500 Learners in critical skills programmes covered by sector agreements from FET & HET institutions assisted to gain work experience and at least 70% find placement.	<ul style="list-style-type: none"> 612 successfully completed. 		104%
2005/6 PERFORMANCE: Performance results not available.				
4.3. By March 2010, at least 10 000 young people trained and mentored to form sustainable new ventures and at least 70% of new ventures in operation 12 months after completion of programmes.	82 Young people trained and mentored to form sustainable new ventures and at least 70% (32) of new ventures still in operation 12 months after completion of programme.	<ul style="list-style-type: none"> 176 Learners entered new venture creation programmes and 0 sustained. 	First group of learners on NVC only commenced training with effect from 1 August 2006 and will complete by 30 July 2007. The sustainability of their business will only be determined in due course.	215%
2005/6 PERFORMANCE: Performance results not available.				

Theta Performance 2006/7

Against NSDS Objectives

5. OBJECTIVE: Improving the quality and relevance of provision.

KEY PERFORMANCE INDICATOR	TARGETS	PERFORMANCE RESULTS	REASONS FOR VARIANCE	%
<p>5.1: By March 2010 each Seta recognises and supports at least 5 Institutes of Sectoral or Occupational Excellence (ISOE) within public or private Institutions and through Public Private Partnership (PPPs) where appropriate. Geographically, these are spread as widely as possible for people to attain identified critical occupational skills, whose excellence is measured in the number of learners successfully placed in the sector and employer satisfaction ratings of their training.</p>	<p>2 Institutes of Sectoral and Occupational Excellence (ISOE) recognised and supported by the Setas.</p>	<ul style="list-style-type: none"> 1 Institute has been recognised and supported. 	<p>A process of refining the criteria of the next ISOE has been embarked upon to ensure the most deserving establishment gets the support.</p>	50%
		<p>2005/6 PERFORMANCE: No institutes were recognised and supported. Therefore, an increase of 50% in current financial year.</p>		
		<ul style="list-style-type: none"> 3 Provider institutions have been recognised and supported. 	<p>Theta significantly supported all providers seeking to manage new venture creation.</p>	300%
<p>5.2: By March 2010 each province has at least 2 provider institutions accredited to manage delivery of the new venture creation qualification; 70% of new ventures still operating after 12 months will be used as a measure of the institution's success.</p>	<p>1 Provider institution accredited to manage delivery of the new venture creation qualification.</p>			
<p>2005/6 PERFORMANCE: 2 provider institutions were recognised and supported = 200%. Therefore, an increase of 100% in current financial year.</p>				



CEO's

Overview

In last year's report I mentioned that there was an air of vibrancy and dynamism in South Africa that was almost impossible to ignore. I am pleased to say that from our perspective this continues and business confidence levels remain high.

Notwithstanding one or two problem areas, in terms of the targets we set for the year under review, many of the objectives have been met or are in the process of being met.

Service level agreement

When we signed the service level agreement with the Department of Labour (DoL) we undertook to support, through skills development, the employment equity of 114 large, 132 medium and 599 small, levy paying companies. This has gone well and statistics show that progress to date is good, although there are areas where significant improvements could be made.

Judging the progress is somewhat of a moving target as plans made in one financial year can often only be implemented late in the calendar year. Figures, which then show the result of 8 months of activity at most, are really a report of work in progress. Be that as it may, the Theta performance report for the financial year ending 31 March 2007 on page 7 is satisfying.

Workplace Skills Plan

On the Workplace Skills Plan (WSP) front, more companies have started submitting their WSPs and annual training reports electronically and this has improved efficiencies.

Stakeholders, in the main, have expressed their appreciation of the fact that details can now be recorded online. The challenge for them is, as always, to submit the plan for the new year as well as the report for the previous year, by the deadline of 30th June. Not all companies have the resources to do this and, for our smaller companies particularly, it appears to be an insurmountable obstacle. This difficulty has also impacted on finances, which I discuss later. We are now in our second year of this electronic capability and hopefully compliance will improve as companies grow more accustomed to the procedures.

Slightly off the topic of WSPs but still within skills development, the management development programme has worked well and we have had some significant success in this regard as our Chairman mentions in his report.

Investors in People

In the past, our organisation has actively encouraged companies to implement Investors in People (IiP) principles, but with limited success. A few companies did come on-board, but not as many as we would have liked. This was due mainly to the fact that we were unable to offer a grant that would enable people to invest in systems and processes, the cost of which, for many, proved to be inhibitory. I am pleased to be able to report that the grant we now have available is encouraging companies to implement the IiP principles in greater numbers.

Literacy levels

In last year's report I mentioned that the illiteracy levels in hospitality and conservation were high and that we planned to educate 5 600 learners to level 4 of the adult basic education and training (Abet) programme. Against this goal, our performance in the year under review appeared to leave much to be desired and was the one target against which we performed dismally!

However, we have since qualified our original target with the DoL, indicating that we were conducting research in an attempt to establish the precise literacy levels in our sectors. The research report has not yet been released, but initial indications are that the levels of literacy are not as bad as previously estimated, and are in fact relatively high. Preliminary data shows that only 10% of our universe is going to need assistance. That being so, we will have to re-evaluate the number of learners we have to train to level 4 and I have no doubt that this new target will be well within our capabilities.



CEO's

Overview

New venture creation

New venture creation, which I mentioned last year as being a key area of skills development, is progressing well and we are making up ground on previous years' shortfalls. We currently have 176 learners in our programme, some of whom will be completing their training at the end of July 2007 with the balance finishing in the first quarter of next year.

NGOs/CBOs

We continue to identify and support non-levy paying cooperatives, NGOs and CBOs. Last year we undertook to make available financial and human resources and statistics of 247% show that we exceeded our targets considerably. The challenge, however, is that whatever our contribution, it is still a drop in the ocean as there is so much to do.

Non-levy paying organisations support

As our Chairman mentioned, levy collection remains a formidable task, and a disappointing aspect of this problem is the number of government departments that do not see the need to contribute to the relevant Setas.

One has to bear in mind that it is not compulsory in terms of the Act for them to do so, but a decision taken at Cabinet level aimed at encouraging departments to pay the levy, following the spirit of the law if not the letter. In our case, non-payment involves some 30 departments, taking into account national (3) and provincial (27). Local government departments contribute directly to their own Setas.

Corporate governance

In this area we have had a splendid year with greater commitment being shown across the board. This is evidenced by improved attendance at board meetings and the implementation of board decisions by management. The board members are keeping themselves up to date in terms of their own skills development and there have been numerous workshops to that end. Committees meet regularly and there has been a noticeable increase in the acceptance of responsibilities and a 'the buck stops here' attitude.

Marketing and communications

Marketing and communications have, as in previous years, focused on the Indaba and other trade exhibitions as well as the regular stakeholder newsletter, *Training Matter*. Our budget is limited and these activities are funded out of our limited administration purse. We are in the process of formulating a strategy that will free up funds to give us a higher profile and improve our public face.

Finance

Our finances show a significant growth, the details appear in the Accounting Authority report on page 34, and our collections have improved.

Unfortunately we have not managed to disburse significantly more in terms of grants. A further disappointment is that the mandatory grants are lower than they were last year. This I feel can be attributed to the fact that last year emphasis was placed on the electronic submission of WSPs and lodging of reports, the unfamiliarity of which slowed company responses. It could also be that companies are questioning 'value for money' in terms of the return they see on their investment. This is demonstrated by the fact that unclaimed funds have increased and disbursement of claimed grants has dropped.

Theta, for the second year running, achieved an unqualified audit opinion from the Auditor-General, a sure sign of the commitment of the Theta Board, CEO and staff to ensure good corporate governance and compliance with the myriad of statutory and accounting pre-scripts. The only low point is the overspending of the Admin Expense Threshold which was the result of the legal settlement of R4.9 million as disclosed in the financial statements. On a positive note it can be mentioned that Theta, through the application of cost cutting and control, minimised the overspending to R3.44 million.

The DOL scorecard on financial and governance reveals a 90% achievement for the year, the only point not achieving 100% being the emphasis of matter by the legal expense as discussed above.

The staff of the Finance Department can with right give themselves a pat on the shoulder for a job well done.

Acknowledgments

The role of a CEO is made much more successful and enjoyable when he or she is supported by a strong and motivated team. That being the case, I am able to say that I have thoroughly enjoyed this past year. We are a small, tightly knit unit and I would like to acknowledge and record my appreciation of all individual and team efforts. Particular thanks must go to Chris Johnson, our Chairman, and our board whose support I value greatly. I am convinced that the progress we have made this year is merely a harbinger of future successes.



Mike Tsofetsi
Theta Chief Executive Officer



CEO's Report: Human Resources

Recruitment and terminations

Recruitment during this period saw numerous positions vacant from the previous financial year, being filled. The Human Resources Department and the respective Department Manager conducted all interviews. All positions were advertised internally and, where a suitable candidate could not be placed, the positions were advertised externally. Some positions were advertised concurrently. Interviews were structured and the same criteria applied to all candidates. The following positions were filled:

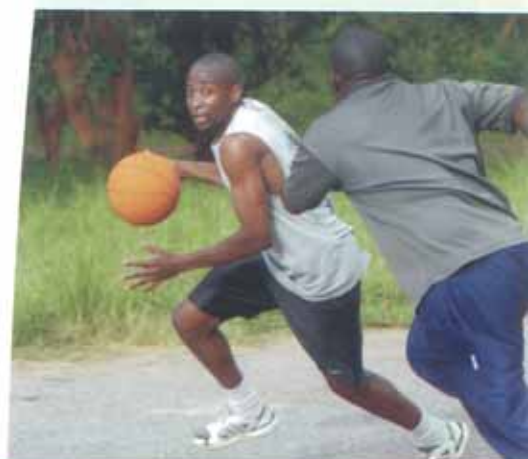
Department	Position
Administration	PA to the Chief Executive Officer
	Switchboard/Reception
Education Training Quality Assurance	Quality Assurer
	ETQA Manager
	Learner Support Officer
	Administrative Assistant
Finance Department	Assistant Accountant
	Supply Chain Administrator
	2 x Junior Project Account Clerks
Skills Development and Learnership Department	Chamber Coordinator – Sports Recreation and Fitness
	Chamber Coordinator – Gaming and Lotteries

There were few terminations during the financial year and these are listed as follows:

Department	Position
Education Training Quality Assurance	ETQA Manager
	2 x Learner Support Officers

Human Resources system

Theta has implemented an electronic HR System that houses all employee details including personnel and salary information and leave and performance management. One of the features on the system will enable staff to apply for leave electronically. Staff will be trained on the system at the beginning of the new financial year and will be able to update personal and banking information.



CEO's

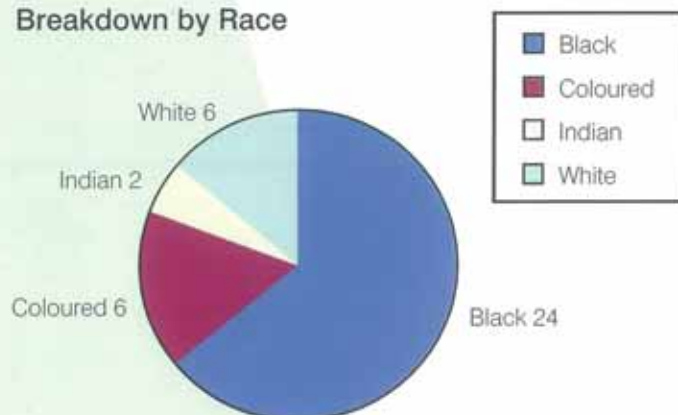
Report:

Human Resources

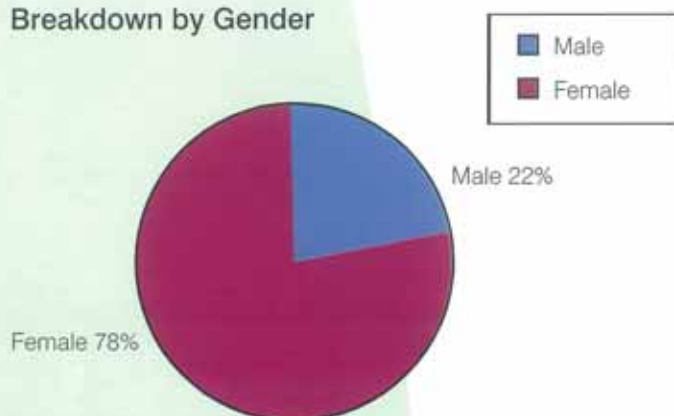
Employment equity

Human Resources employment equity figures show that Theta is committed to ensuring that people from historically disadvantaged groups are provided with equal opportunities for advancement within the Seta.

Breakdown by Race



Breakdown by Gender



Salary benchmarking and job evaluation

In line with compensation practice guidelines emanating from Theta's Remuneration Policy, Theta undertakes a benchmarking exercise once a year in January before the April increases. This exercise ensures that Theta staff are paid in line with market-related salaries based on cost to company. Theta uses the Hay Group PayNet system to benchmark salaries, and grade and evaluate new or existing positions. Any anomalies picked up during this exercise are addressed and the necessary adjustments made.

Remuneration: Annual salary brackets

Salary Bracket	Management	Line Management	Other	Total
R600 001 - R800 000	1			1
R401 000 - R600 000	4			4
R201 000 - R 400 000		13		13
R200 000 and below		1	19	20
	5	14	19	38

Figures are based on cost to company and do not include bonuses.

CEO's Report: Human Resources

Staff Composition

SENIOR MANAGEMENT	Male	Female	Total
Blacks			
Africans	2		2
Coloureds	1		1
Indians		1	1
Whites		1	1
	3	2	5

JUNIOR MANAGEMENT	Male	Female	Total
Blacks			
Africans	1	5	6
Coloureds		3	3
Indians		1	1
Whites	1	3	4
	2	12	14

OTHER	Male	Female	Total
Blacks			
Africans	4	12	16
Coloureds		2	2
Indians			
Whites		1	1
	4	15	19

CEO's

Report:

Human Resources

Staff training and bursaries

Designation	Training	Female				Male				Total
		African	Coloured	Indian	White	African	Coloured	Indian	White	
Chief Executive Officer	Financial and Accounting principles for Public Entities					1				1
	Capacity Building on Supply Chain Management					1				1
Acting Chief Financial Officer	Financial and Accounting principles for Public Entities								1	1
ETQA Manager	Financial and Accounting principles for Public Entities						1			1
Skills Development Manager	Financial and Accounting principles for Public Entities					1				1
	Capacity Building on Supply Chain Management					1				1
Programme Manager	Financial and Accounting principles for Public Entities			1						1
	Capacity Building on Supply Chain Management			1						1
Administrators	BA Administration	1								1
	Moderator Course	1								1
Supply Chain Administrator	Capacity Building on Supply Chain Management	3								3
	Bookkeeping	1								1
Learnership Coordinator	Capacity Building on Supply Chain Management	1	1							2
	Pre MBA	1								1
PA to CEO	Capacity Building on Supply Chain Management	1								1
	CIS	1								1
Chamber Coordinators	Capacity Building on Supply Chain Management	1								1
	Programme in HR Management				1					1
Human Resources	Capacity Building on Supply Chain Management	2			1	1			1	5
	Employee retention workshop		1							1
Supply Chain Coordinator	Capacity Building on Supply Chain Management		1							1
Company Relations Officer	Capacity Building on Supply Chain Management	1								1
	Capacity Building on Supply Chain Management				1					1
ETQA Advisor	Capacity Building on Supply Chain Management	1		1						2
ETQA Quality Assessors	Capacity Building on Supply Chain Management	1								1
Call Centre Agent	Capacity Building on Supply Chain Management	1								1
Accountants	Capacity Building on Supply Chain Management	1				1				2
		17	4	3	3	6	1		2	36

CEO's Report: Skills Development

The prime focus of the Skills Development Department (SDD) is to develop and update the Sector Skills Plan (SSP); register, promote and administer learnerships; facilitate skills planning, including levies and grants; conduct research; and manage stakeholders.

To this end, each year Theta prepares and signs a service level agreement (SLA) with the Department of Labour (DoL) outlining the targets agreed upon to achieve the objectives of the National Skills Development Strategy (NSDS). The SDD feeds the skills development levy collected from South African Revenue Services (SARS) back to the industry in the form of mandatory and discretionary grants. Going forward, Theta will be scrutinising the scorecard to ensure that areas of the strategy that are still lagging behind can enjoy attention.

Sector skills plan 2007/8

In accordance with the Skills Development Act (SDA) Section 10(1)(a) Theta is required to develop an SSP within the framework of the NSDS. The 2007/8 SSP, approved by the DoL, is currently available on the Theta website. Stakeholders can access it on www.theta.org.za and comment and input can be sent via email to theta@theta.org.za. Theta is currently in the process of preparing the annual update of the SSP for 2008/9.

Chambers

Chambers are stakeholder-driven structures within Theta whose function is to ensure that there is adequate consultation with industry specialists. The chambers were tasked with laying the foundation for a number of projects, including the flagship management development programme. These structures, hamstrung by the approval process of the Theta constitution, were unable to progress to the second phase of their cycle. The situation has been remedied and the structures will be re-launched in the new financial year, with budget allocated to assist the industry to conceptualise intervention.

Government departments

Various state departments have been co-operating fully with the SDD, particularly in honouring their administration fees. The skills development department has set itself a target of bringing on-board 60% of the overall number of 30 state departments in the coming year.

National Tourism and Sport Skills (NTSS) conference

In a bid to further co-operation in skills development, Theta partnered with the Department of Environmental Affairs and Tourism (DEAT) to address sector needs through a Tourism and Sport Skills Audit managed by the National Business Initiative (NBI).

A national tourism and sport skills conference was organised to induct participants from both the tourism and sports industries. The event afforded industry an opportunity to network and to air views on matters related to skills development. In



CEO's

Report:

Skills Development

response to industry's input, representatives from government, communities, organised labour and business signed a declaration statement committing to a skills partnership in tourism and calling for the establishment of a tourism and sports forum. The declaration elicited swift response from both the DEAT and Theta, and the National Tourism and Sports Skills Development Forum was formed with the DEAT being appointed as secretariat and Theta as chair. There are 4 Task Teams which are mandated to look into areas that will bring about the shared solution to the following:

1. Sector Skills Plan and Knowledge Base
2. SMME
3. Curriculum Review
4. Accreditation

Through this forum relationships have been established and consolidated, resources pooled, duplications short-circuited and partnerships built.

Workplace skills plans and reports

Thanks to the co-operation of skills development facilitators (SDF), workplace skills plans were submitted on time. The on-line submission continues to improve in quality. Theta plans to conduct SDF Capacity Building with an intention to share the newly introduced Organization Framework of Occupations (OFO), a way of listing occupations accurately and therefore listing proper skills required. A sample of site visits will also be conducted before the mandatory grant is disbursed. The idea of introducing the NQF-aligned courses as a condition of evidence for mandatory grant is being mooted. The graph below shows submission trends.



Stakeholder management and outreach planned

The following activities and events were undertaken successfully:

- Presentation of the SSP to the Tourism Business Council of South Africa (TBCSA)
- Graduate Development Programme and Learnership road show
- Fitness Convention 4th May 2006.
- Participation in Tourism Indaba 2006
- Investors in People workshops.
- National Tourism and Sport Skills Conference

Memoranda of understanding

A memorandum of understanding is to be signed with Boxing SA (BSA) in the near future. As part of the broader NSDS the parties involved identified the need for a focused skills and boxing development initiative. Theta and BSA plan to fulfil this need by developing boxers, trainers and referees within the boxing fraternity (with the main focus being on national and international events) and building the capacity of 160 individuals from the 9 provinces (80% rural and 20% urban), with pilot projects in Limpopo and the Eastern Cape.

Theta and Sports and Recreation SA (SRSA) are to sign a memorandum of understanding in the new financial year. Here, as part of the broader NSDS, the parties identified the need for focused skills development including learning programmes, skills programmes, qualifications and learnership programmes in the sports and recreation industry. In recognising such needs Theta and SRSA share common objectives to:

- Develop the skills of voluntary, employed and unemployed individuals (including graduates) in fields aligned to the needs of the sports and recreation industry by providing approved learning programmes within the National Qualifications Framework (NQF)
- Build the capacity of small, medium and micro enterprises, as well as sports federation structures and organisations, in the sports and recreation industry
- Strengthen working relationships
- Share communication platforms such as conferences, forums, imbizos, websites and newsletters
- Co-operate through initiatives and special projects such as Volunteerism for 2010. As an example, SRSA has set aside R9 million to train volunteers for the 2010 World Cup and Theta management has approved a budget for the same purpose

A memorandum of understanding will also be signed with the South African Football Association (SAFA) with the objective of developing administrative and technical skills, creating awareness, understanding of and compliance with the relevant training

CEO's Report: Skills Development

methodologies, and improved productivity and efficiencies within football.

Tourism and travel services

The Tourism and Travel Services Chamber consists of retail and general travel operations, inbound tourism services, destination management, international inbound airlines and car rental companies. With the revision of the Standard Industrial Classification Codes (SIC Codes) this chamber might acquire additional organisations from Events Management, Exhibitions and Conferences, which formerly resided with the Services Seta. This addition will see the sub-sector growing by at least 25 percent.

Tourism has the potential to create significant economic growth that will result in employment opportunities through sector expansion and increased foreign exchange earnings. In this chamber, it is estimated that there are about 3 000 employers employing around 40 000 people. About 1 800 of these employers are registered with Theta and over 90 percent of them have less than 50 employees.

Due to the diversity of organisations and industries within the Theta population, it is difficult to enumerate its size in terms of organisations, employees, job classifications and skills. Most businesses are small and exempt from paying the skills levy so only a small proportion of these have submitted Workplace Skills Plans (WSPs).

The shortage of accredited training providers with full programme approval for the National Certificate and Diploma in General Travel and Car Hire remains a challenge. It impacts negatively on the implementation of learnerships, particularly in smaller provinces. Theta is aware of this difficulty and the ETQA department is fast-tracking the accreditation process of relevant applicants to address the problem. The approved Theta SSP 2007/8 has identified the scarce and critical skills shown in Table 1.

Table 1: Scarce and critical skills prioritised in the sub-sector versus scoped qualifications

No	Scarce and Critical Skills	No Needed	Qualifications submitted to SAQA	NQF Level
1	Managers, team leaders/supervisors	2 687	FETC: General Tourism	4
2	Project managers, including government officials	160	National Diploma: Responsible Tourism Development	5
3	Tourist guides	120	Various National Certificates: Guiding	2 - 5
4	Foreign languages communicators	200	Foreign Language Theta Project	
5	Sales and service consultants	240	National Certificates: Events Support & Co-ordination	5
6	Tour and travel consultants	1 146	National Diploma and Certificate: Travel Services	5
7	Car rental agents and account clerks	1 396	National Certificates: Car Hire	5
TOTAL		5 949		

Some progress has been made in planning training interventions. To ensure that training is relevant and responsive, Theta conducted a skills audit to identify scarce and critical skills in the sector. The results underpin the SSP, which prioritises those skills required in the short and medium term. The scope and the generation of qualifications also take into consideration the skills scarcity, and the training provider's capacity development and accreditation process are customised accordingly.

The Graduate Development Programme, Small Tour Operator and GDS training have been introduced to address specific needs of the sub-sector. These 3 programmes target the youth in all nine provinces. Employers and relevant stakeholders are being approached to form partnerships with Theta to help fight youth unemployment. The target is to enrol 3 000 young people countrywide in the Graduate Development Programme and to assist new recruits with training in one of the Global Distribution Systems, enabling them to enter the travel industry. At least 100 small tour operators nationwide are being targeted to receive business mentorship.

Education Training Quality Assurance Body (ETQA)

In terms of the Skills Development Act, every Seta must be accredited as an ETQA (Education Training Quality Assurance body).

The main function of the Seta as an ETQA is to ensure quality of provision through compliance with the ETQA Regulatory Provisions 1127. To ensure that this function is carried out effectively, Theta is required to:

- Accredite providers
- Register assessors and moderators
- Evaluate programmes aligned to the National Qualifications Framework (NQF) registered qualifications
- Monitor and audit providers
- Certificate learners
- Maintain a database
- Facilitate standard setting and qualification scoping

To ensure that the above functions are carried out in accordance with legal requirements, but still add value to the tourism sector and related sub-sectors at large, the ETQA has performed the following functions over the past year:

Capacity building and accreditation

In order to assist emerging training providers to meet the requirements of accreditation as legislated, Theta contracted an ETDPSeta-accredited provider to conduct a capacity-building and development project focusing on those areas required to meet the criteria for accreditation of 200 potential training providers.

The project consisted of ETD staff development interventions focusing on assessor, moderator, facilitator, coach and mentor training to ensure that the training provider was skilled in these vital areas.

Further accreditation requirements were facilitated to emerging training providers, including Quality Management System Development, Learning Programme Design and Development, as well as Assessment and Assessment Guide Design and Development. All these interventions are essential for meeting the requirements of accreditation.

To further assist emerging and potential training providers, the intervention also included a course on Business Acumen aimed at ensuring attendees understood the basics of running a viable business.

The entire intervention was concluded in March 2007 and the results were satisfactory, although the numbers anticipated did

not materialise. This was due to a couple of factors. The initial selection of attendees was not rigorous enough and certain attendees did not meet the minimum requirements. As Theta did not want to turn people away and there was available space, these candidates were accepted onto the course. Another issue was that the courses were intense and required people to attend 5 five-day interventions and 3 three-day interventions.

SMME and survivalist businesses are not always able to make such commitments and people sent representatives to attend some of the interventions. The representatives were unable to understand the requirements and certain of the criteria remain misunderstood by the provider; as a result, they do not meet the accreditation criteria.

It is interesting to note that some people who have applied, and been unsuccessful, for accreditation and who have been vociferous in their criticism of the system and Theta's ability to assist people in meeting the requirements, have been conspicuous by their absence at the capacity-building interventions.

Another factor relating to the success of this project has been the fact that we contracted one provider to conduct the entire intervention. The capacity of this company to facilitate all of the interventions was limited, and this impacted on the success. The role of the ETQA staff who attended the later interventions went a long way towards minimising the impact of the above issue.

Capacity building project - Statistics

Through the pilot project that commenced in September 2005 and is scheduled to be completed on 31st of July 2007, Theta has seen to fruition 141 learners qualified as assessors, 101 as moderators, 72 as coaches and mentors and 131 as facilitators, (refer to Table 2 on page 23 for the provincial breakdown), as well as 163 companies capacitated on the development and implementation of ETD Quality Management Systems and the Design and Development of Learning Programmes.

Through these interventions, the following training providers have been awarded provisional accreditation:

- Fast Track Training and Development
- Moilalehlaka Travel and Tourism
- Motsamai Adventure Expedition
- School of Service Excellence
- Soft Touch Trading
- Unique Initiatives
- Wa Hadzi Project Managers

Education Training Quality Assurance Body (ETQA)

Annexure A

Table 2: Statistics - Provider capacity building project

ETDP Modules	Provincial breakdown of qualified learners									Total
	Gauteng	KwaZulu-Natal	Western Cape	Eastern Cape	Mpumalanga	Limpopo	North West	Free State	Northern Cape	
Assessors	51	26	12	15	9	15	11	2	0	141
Moderators	33	11	11	13	3	12	8	8	0	99
Coaches & mentors	37	4	1	9	4	7	1	1	0	64
Facilitators	62	11	13	10	12	10	6	6	0	130
Total	183	52	37	47	28	44	26	17	0	434

Figure 1: Developing a service provider

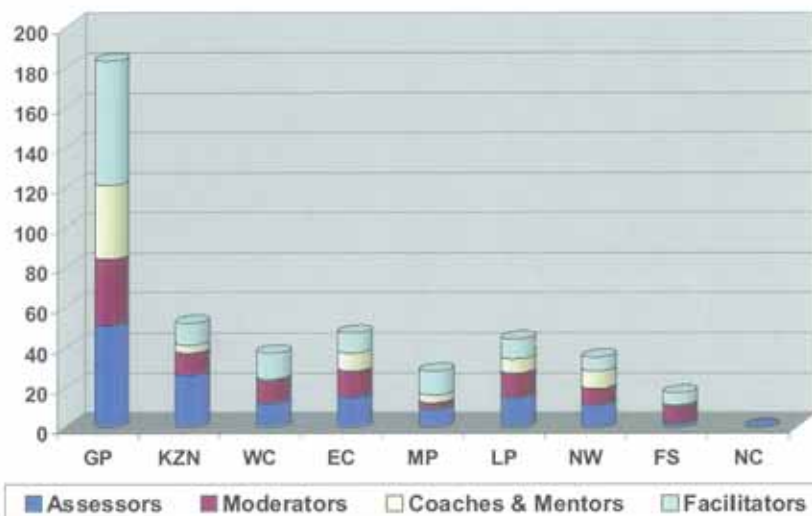
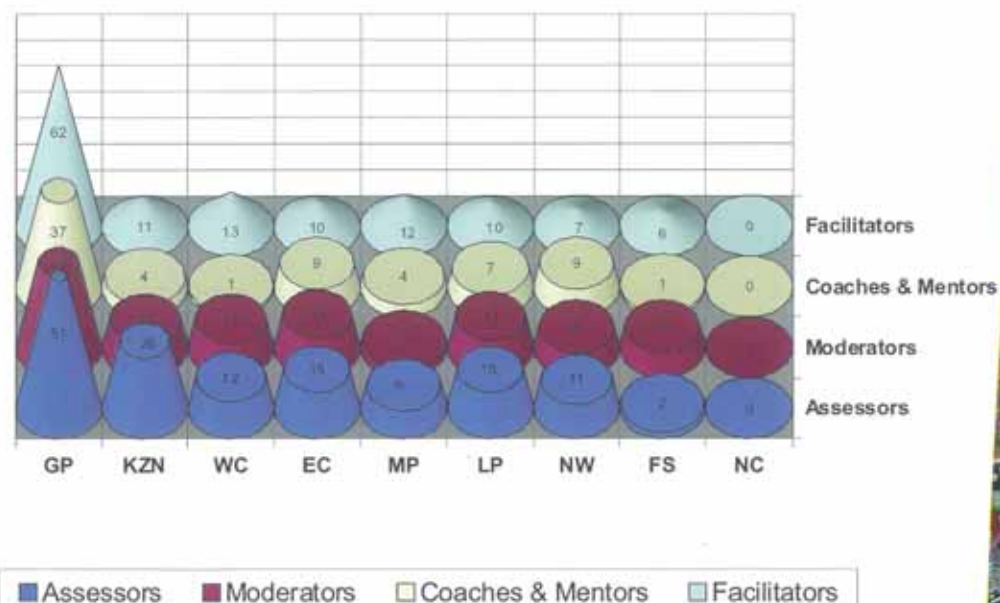


Figure 2: Developing a service provider



CEO's Report: Learnerships

Within the Seta movement, Theta is a trailblazer in the area of learnerships, and has made enhancements that improve the learnership experience for employers, training providers and learners. With all its ups and downs, the learnership rollout of 2004 - 2005 presented valuable lessons for future programmes. As a result, clearer policies, guidelines and criteria were established for 2005/2006. To date, 24 learnerships are registered and can be seen in Table 3 below.

Table 3

Learnerships per Sub-field	NQF Level	Registration Status
Areas in Sub-field – All areas		
National Diploma in Gaming Service Management	5	Registered
Areas in Sub-field – Conservation and Guiding		
National Certificate in Tourism: Guiding	2	Registered
National Certificate in Tourism: Guiding	4	Registered
National Certificate in Conservation: Fisheries Resource Management	5	Registered
National Certificate in Conservation	2	Registered
National Certificate Conservation: Terrestrial Resource Management	5	Registered
Areas in Sub-field – Travel		
Certificate in General Travel	5	Registered
National Diploma in Retail Travel	5	Registered
National Diploma in Wholesale Travel	5	Registered
Areas in Sub-field – Hospitality		
Certificate in Accommodation Services	2	Registered
Certificate in Fast Food Services	3	Registered
Certificate in Hospitality Reception	4	Registered
Certificate in Food and Beverage Services	4	Registered
Certificate in Professional Cookery	4	Registered
Areas in Sub-field – Tourism		
National Certificate in Tourism: Car Rental	4	Registered
National Certificate in Tourism: Reception	4	Registered
National Certificate in Tourism: Event Support	4	Registered
Areas in Sub-field – Gaming		
National Certificate in Gaming: Cashiering	3	Registered
National Certificate in Gaming: Dealing	3	Registered
National Certificate in Gaming: Slots Operations	3	Registered
National Certificate in Gaming: Surveillance	3	Registered
Areas in Sub-field – Sport, Recreation and Fitness		
National Certificate in Sport/Recreation/Fitness Leadership	4	Registered
National Certificate in Fitness	5	Registered
National Diploma in Fitness	5	Registered

The learnership rollout for 2007/2008 illustrates the enhancements the system has implemented in order to provide an objective approach towards servicing the learnership interventions. Applications for learnerships in 2008/9 will open early to facilitate advance planning and Theta is currently developing a process whereby applications can be made electronically to deliver a seamless service and to enhance the end user experience. An amount of R45 million over 3 years has been made available to service the scarce and critical skills intervention through the learnership platform.

Scoping of an electronic application and submission of learnership documentation is on the cards. Monitoring and evaluations visits will also be stepped up to ensure proper implementation. Capacity building workshops will be conducted to providers and employers to allow for support and access.

Challenges

Adult basic education and training (Abet): Abet continues to be an Achilles heel for the sector as there has been minimal development in this area. Theta is in the process of developing a structure to allow for Abet participation in the next financial year.

Inclusion and equity: Whilst the sector works hard at widening the range of beneficiaries of its training interventions, much improvement is still needed in servicing people with disabilities.

Co-operatives/NGOs/CBOs: These sectors remain elusive to Theta intervention and more needs to be done.

Learner tracking mechanism: While learnership interventions benefit many employed and unemployed learners, there is a need to improve the tracking of those learners who exit the system. An attempt to address this problem is underway in the new financial year.

CEO's Report: Projects

With the 2010 Soccer World Cup approaching, there is a need to develop and bolster a sense of readiness, to move from skills development strategy to skills development action. To this effect, Theta has invested extensively in projects that touch the lives of communities around the country.

Racing and equestrian academy access

It is Theta's ongoing intention to assist previously disadvantaged communities to gain access to the Racing and Equestrian Academy, to reduce illiteracy in the racing industry and to ensure that there is a pool of skilled PDI jockeys, grooms, work riders, stable employees and assistant trainers. Beneficiaries are able to pursue career, commercial and development opportunities in the industry locally and internationally.

Theta achieves these objectives in the following ways:

- A bursaries access fund to increase substantially the number of black and female jockeys. In this regard, the academy has to ensure that it has the capacity and academic support infrastructure for increased numbers of learners from previously disadvantaged backgrounds.
- A groom development division to provide a career path for those without the benefit of an education. This division offers Abet, practical grooming, work riding and advanced training for stable employees. Graduates of the groom division are 100% employable.

There are currently 38 learners in the apprentice jockey programme and 108 in the groom bursary scheme. Of the total, 92% of learners are black.

The project is aligned with the NSDS targets, SSP and National Sector Strategy in the following respects: It is beneficiary driven; the beneficiaries include young people, women and an Abet component. The practical grooming, work riding and advanced stable employee programmes are skills programmes that will provide the beneficiaries with career mobility. The jockey component is essentially a learnership. This project has potential synergies with certain areas of the tourism industry.

Capacity building programme for shop stewards

This project aimed at training 500 union representatives, within the Theta constituency, on the legislative framework guiding skills development in South Africa. The selected service provider was Breakeven 55.

Although 500 shop stewards were trained by the end of June 2007, the continuing challenge remains the low number of shop

stewards committed by unions to participate in training and the reluctance of employers to release the union representatives. A further worry is the number of workshops cancelled due to non-attendance.

The NSDS target achievements for this programme were that by 2007 a minimum of 15% of workers had embarked on a structured learning programme of whom at least 50% completed the programme satisfactorily. Employees were encouraged to receive skills development grants and the contribution towards productivity and employee benefits was measured. Business was encouraged to support the skills development initiatives and to assist Theta in implementing its SSP.

Agritourism

This initiative funds training that addresses skills gaps in the tourism aspect of agritourism and promotes rural tour experiences as complementary to culture and adventure tourism. The project, which covers the 21 presidential nodal areas, educates rural communities about the role tourism plays in local economic development; provides subsistence operators with business skills; and establishes partnerships between regional and local agritourism training providers.

Launched in January 2006 and scheduled to run until July 2007, the initiative, at its completion, will have benefited 225 young tourism operators in excursions such as fly-fishing, river rafting, bird-watching and hiking. A further 225 guesthouse operators, primarily female, will have been taught business management skills and some 500 community leaders and community-based organisations (CBOs) will have been skilled in tourism/economic development and in hosting organised tour groups.



CEO's Report: Projects

New venture creation

The aim of this project is, over a period of 3 years, to provide 450 young people with the necessary skills and knowledge to enable them to establish businesses in the tourism sector. This will be through the venture creation learnership on NQF 4, registered by the Services Setra. The project is an expansion of the existing new venture creation project and similar businesses.

The programme runs until April 2009 and candidates must have successfully completed Theta's National Certificate in Tourism and Hospitality, and sports related learnerships. The project's goal is to develop tour operators, events managers and travel agencies in the tourism sector, and bed and breakfast establishments and country lodges in the hospitality sector.

Catering SMMEs

The project, in conjunction with the Restaurant and Food Service Association of SA (Catra), has built capacity among SMMEs in the various acts that govern the hospitality industry, with a view to enhancing the services these SMMEs provide to the industry. To date, 1 100 managers and employers have successfully completed training.

First aid for tour guides

The programme equipped 135 tour guides in the Eastern Cape with first aid training that allowed them to meet the requirements of the Tourism Amendment Act and become fully-fledged site guides in their areas of expertise. By the end of June 2007, 35 tour guides had completed training in the Western Cape.

Youth/talent development

This initiative is aimed at equipping young professionals with the necessary soccer skills for 2010 and beyond. It identifies and nurtures future soccer talent to ensure that South Africa has a pool of well-trained professionals. To this end its goals are to:

- Train 1 200 young people over a three-year period in the technical and soft skills necessary for the game
- Identify 400 youngsters annually over the next 3 years.
- Find a facility that can accommodate the learners and give them access to a world-class soccer pitch for training and classrooms for contact learning
- Identify stakeholder organisations and members (technical staff and soccer administrators) that could benefit from this training
- Mentor and coach these young people in the necessary life skills

It is intended that 80% of these learners be between the ages of 15 and 23 years old; 85% be black and 54% women. For the pilot phase, Mokopane Sports Academy has been selected as the school of excellence with 326 learners enrolled for the 2007 academic year.

Sports coaches

This project's aim is to build capacity and increase skills and knowledge by training 384 coaches in the following sports codes:

- Soccer
- Cricket
- Rugby
- Tennis
- Dance
- Golf
- Boxing
- Athletics
- Rowing
- Gymnastics
- Netball
- Volleyball
- Golf

The participants will be chosen from the provinces according to demographics, 85% black, 54% women and 4% disabled.

2007 to 2010

The following projects are to be initiated in the period 2007 to 2010:

Life skills for soccer players

The aim of this project is to give 1 500 sporting professionals the capacity to manage the professional, social and financial aspects of their lives such as handling fame and being in the limelight. It will also promote good citizenship and suitable public behaviour. The programme will provide training to support a prolonged career in sports, improve the productivity and effectiveness of players in sports and enhance the longevity and lifestyles of sports players.

Sports facility management

The SFM project aims to enhance the management skills of operational and supervisory staff in sports facilities. This will increase the pool of skilled and technically competent persons in the Sports Recreation and Fitness (SRF) industry, fast-track its transformation, and improve productivity and efficiency. The project aims to train 150 historically disadvantaged learners (85% black, 54% women and 4% disadvantaged) a year, for 3 years.

CEO's

Report:

Projects

Youth coaching clinic

This project aims at organising and establishing soccer coaching clinics for young people nationally. The project intends to use foreign players to coach South African youngsters on days when they are not playing. The goals of the project are to assist in boosting the morale and confidence levels of our youth and to inspire them to be as good as their heroes.

This soccer initiative will enhance the technical and soft skills of 450 young people beyond 2010. It will be conducted by: identifying 4 schools and clubs in every province, each with 25 youngsters per session; negotiating with players and legends to coach these clinics during their off-match times; and mentoring and coaching the youngsters in the necessary life skills. Of the learners to be trained, 40% will be between the ages of 8 and 17.

Administration, technical officials capacitation

This project, aimed at the soccer fraternity, will build capacity and increase administration, technical and coaching skills and knowledge, with the focus on 2010 and future international events. The project is in recognition of the need for skills transfer to soccer professionals and practitioners. It will provide the training essential for supporting administration and technical and coaching skills, and will create awareness and understanding of and compliance with the methodologies of training as well as improved productivity and efficiencies within the soccer administration, technical and coaching skills environment.

The objective of the project is to provide a training intervention that will increase the knowledge base in the sport sector and to get buy-in from industry for the concept. Stakeholder organisations and members that will benefit from this training intervention will be identified.

Table 4: Several additional projects are to be implemented in 2007 - 2008

Project	Duration
Curriculum development	2007-2010
Qualification scoping	2007-2010
Boxing capacity building	2007-2010
Mass participation	
Volunteer programme	2007-2010
Sport commentary	2007-2010
Graduate development programme	2007-2010
Adult basic education training	2007-2010
SMME capacity building	2007-2010
Research	2007-2010

Future

Research on sector training needs and the impact thereof is ongoing and, for the next few years, the skills development department will continue to prepare for 2010 and beyond.

The department is also committed to increasing the learnership stipend for disabled learners. A window for learnership application will be opened towards the end of the year to allow employers and providers time to plan. The department will scrutinise NQF-aligned training during workplace skills plans validation.

Learnerships or skills programmes in the Gaming and Lotteries sector will be registered to facilitate access into skills development.

Other focus areas include a large-scale Abet programme rollout; a SDF workshop of scarce critical skills guide usage; and a provincial presence through participation in various provincial skills forums.

A centralised database with learner tracker functionality will be developed in order to keep track of, and support, those learners that exit the system. This will operate as an offshoot of the SSP and knowledge base task team.

A strategy for assisting unemployed graduates will be developed and, finally, the department will continue to look to implementing focused and forward-looking yet user-friendly policies.



Report of the Audit Committee

for the year ended 31 March 2007

The Report of the Audit Committee has been prepared in accordance with the Treasury Regulations for Public Entities 27.1.7 and 27.1.10 (b) and (c) issued in terms of the Public Finance Management Act No. 1 of 1999, as amended by Act No. 29 of 1999.

We are pleased to present our report for the financial year ended 31 March 2007.

Audit committee members and attendance

The Audit Committee consists of the members listed hereunder and meets several times per annum as per its approved terms of reference. During the current year 5 meetings were held.

Summary of meetings attended per member:

Name	24 May 2006	31 July 2006	29 November 2006	23 January 2007	27 February 2007
J Maqhekeni	Yes	Yes	Yes	Yes	Yes
M Tsotetsi	Yes	Yes	Apology	Yes	Yes
JL Davis	Yes	Yes	Yes	Yes	Yes
N Parbhoo	Yes	No	Yes	Yes	Resigned
M Speed	No	No	Resigned		
Chris Johnson			Appointed November 2006 - Yes	Apology	Apology
T Pringle			Appointed November 2006 - Yes	No	Yes
C Mabaso			Appointed November 2006 - Yes	Yes	Yes
L Tylkwe			Appointed November 2006 - Yes	Yes	Yes

Audit Committee responsibility

The Audit Committee reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of controls is designed to provide cost-effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the PFMA and the King II Report on Corporate Governance requirements. Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

The Committee notes from the comments on the internal and external auditors reports, management's commitment to internal controls was effective during the year under review.

Report of the Audit Committee

for the year ended 31 March 2007

Evaluation of financial statements

The Audit Committee has:

- Reviewed and discussed the audited annual financial statements to be included in the annual report with the Auditor-General and the Accounting Officer
- Reviewed the Auditor-General's management letter and the management's reply thereto
- Reviewed significant adjustments resulting from the audit

The Audit Committee concurs with and accepts the Auditor-General's conclusions on the annual financial statements and is of the opinion that the audited financial statements be accepted and read together with the report of the Auditor-General.



Joseph Maqhekeni
Chairman of the Audit Committee
Date: 17 August 2007

Report of the Auditor-General

TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE TOURISM, HOSPITALITY AND SPORT EDUCATION AND TRAINING AUTHORITY FOR THE YEAR ENDED 31 MARCH 2007

Report on the financial statements

Introduction

1. I have audited the accompanying financial statements of the Tourism, Hospitality and Sport Education and Training Authority (Theta) which comprise the statement of financial position as at 31 March 2007, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 34 to 65.

Responsibility of the accounting authority for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting determined by the National Treasury of South Africa, as described in note 1 to the financial statements and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA). This responsibility includes:

- designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004) and section 14(6)(a) of the Skills Development Act, 1998 (Act No. 97 of 1998), my responsibility is to express an opinion on these financial statements based on my audit.

4. I conducted my audit in accordance with the International Standards on Auditing and General Notice 647 of 2007, issued in Government Gazette No. 29919 of 25 May 2007. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls.

6. An audit also includes evaluating the:

- appropriateness of accounting policies used
- reasonableness of accounting estimates made by management
- overall presentation of the financial statements

7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis of accounting

8. The entity's policy is to prepare financial statements on the basis of accounting determined by the National Treasury, as described in note 1 to the financial statements.

Unqualified opinion

9. In my opinion the financial statements present fairly, in all material respects, the financial position of the Tourism, Hospitality and Sport Education and Training Authority as at 31 March 2007 and its financial performance and cash flows for the year then ended, in accordance with the basis of accounting determined by the National Treasury of South Africa, as described in note 1 to the financial statements, and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999).

Emphasis of matter

Without qualifying my audit opinion, I draw attention to the following matters:

Highlight of a matter affecting the financial statements included in the notes

Skills development levies



Report of the Auditor-General

TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE TOURISM, HOSPITALITY AND SPORT EDUCATION AND TRAINING AUTHORITY FOR THE YEAR ENDED 31 MARCH 2007

10. As indicated in accounting policy note 3 to the financial statements, the Seta does not have a legislative mandate to obtain and maintain source documentation to support revenue. As a result the Seta experienced difficulties in ensuring that revenue was recorded on a complete and accurate basis. The National Treasury has amended the accounting policy on revenue recognition to take legislative constraints into account and the new accounting policy will be effective from 1 April 2007. The financial statements for the year under review were therefore prepared on a basis consistent with the previous year.

Irregular expenditure

11. No approval was obtained from the Minister of Labour for overspending on administration expenses in contravention of section 3(3) of the Skills Development Act Regulations 2005 due to inadequate monitoring by management. Note 19 to the annual financial statements disclose this overspending on administrative expenditure due to legal fees of R4.912 million.

Other matters

I draw attention to the following matters that are ancillary to my responsibilities in the audit of the financial statements:

Matters of governance

12. No reliance on internal audit was planned as Theta did not have an internal audit function for the first 6 months of the year.

Material corrections made to the financial statements submitted for audit

13. Material misstatements not initially identified by the entity's control systems on the financial statements submitted on 31 May 2007 and subsequently corrected included the following:

- Discretionary reserve transferred to administration reserve for an amount of R2.927 million for the current year and R20.395 million relating to prior year (2005/06).

- Incorrect disclosure of loans and payables from non exchange transactions for an amount R3.471 million as financial instruments
- Discretionary project expenses for an amount of R13.009 million relating to prior year (2005/06) inconsistently classified in the prior year as discretionary grant payment
- Accounts payable of R4.459 million from exchange transactions incorrectly disclosed
- Additional disclosure of related party transactions for an amount of R6.554 million.

Other reporting responsibilities

Reporting on performance information

14. I have audited the performance information as set out on page 39.

Responsibility of the accounting authority

15. The accounting authority has additional responsibilities as required by section 55 (2)(a) of the PFMA to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the public entity.

Responsibility of the Auditor-General

16. I conducted my engagement in accordance with section 13 of the Public Audit Act, 2004 (Act No. 25 of 2004) read with *General Notice 646 of 2007*, issued in *Government Gazette No. 29919 of 25 May 2007*.

17. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate audit evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

Report of the Auditor-General

TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE TOURISM, HOSPITALITY AND SPORT EDUCATION AND TRAINING AUTHORITY FOR THE YEAR ENDED 31 MARCH 2007

18. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit conclusions reported below.

Audit findings

19. Performance indicators were included in the strategic plan but not in the annual report and vice versa.

20. Objectives disclosed as per the strategic plan are not specific enough to address the overall targets as set out by the National Skills Development Strategy.

Appreciation

21. The assistance rendered by the staff of the Tourism, Hospitality and Sport Education and Training Authority during the audit is sincerely appreciated.



P Bhana for Auditor-General
Pretoria
22 August 2007



A U D I T O R - G E N E R A L

Content: Annual Financial Statements

Content

Tourism, Hospitality and Sport Education and Training Authority

Financial Statements

For the year ended 31 March 2007

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The Annual Financial Statements for the year ended 31 March 2007 set out on pages 34 to 65 have been approved by the Accounting Authority in terms of Section 51(1)(f) of the Public Financial Management Act (PFMA), No 1 of 1999 on 31 May 2007 and are signed on their behalf by:



C Johnson
Theta Chairman
31 May 2007



M Tsotetsi
Theta Chief Executive Officer
31 May 2007

Report of the Accounting Authority

The Accounting Authority of Theta hereby presents its report for the year ended 31 March 2007.

1. Introduction

Theta is a schedule 3A listed public entity, established in terms of an Act of Parliament, that receives funds through national legislation. It is the Seta established under the Skills Development Act, 1998 (Act No. 97 of 1998) for the Tourism, Hospitality and Sport Economic Sector.

The main function of a Seta is to raise skills levels and to offer skills to the employed, or those wanting to be employed. The Seta does this by ensuring that people learn skills needed by employers and communities. There is no value in training people if they cannot use the skills they have learned. Training and skills development is important for people of all ages, especially for those people starting their first jobs. The skills of those already employed must also be enhanced.

Where possible, training must meet agreed standards within a national framework and the qualifications awarded should be acceptable across the country. It is not ideal for an employer to increase the skills of his/her staff if these skills are not recognised by other employers. All training should be subject to quality assurance and in line with the best international standards.

To achieve these objectives Theta must:

- Develop a sector skills plan
- Implement the sector skills plan
- Develop and administer learnerships
- Support the implementation of the National Qualifications Framework
- Undertake quality assurance
- Disburse levies collected from employers in their sector
- Report to the minister and to the SAQA

2. Scope

Theta conducts its activities within the Tourism, Hospitality and Sport Economic Sector, which comprises the following subsectors:

- Tourism and Travel Services
- Hospitality
- Gambling and Lotteries
- Conservation and Guiding
- Sport, Recreation and Fitness

3. Objectives

In terms of its constitution, Theta aims to:

- Encourage employers in the sector to train their employees, provide opportunities for work experience and employ new staff
- Encourage workers to participate in learnership and other training programmes
- Improve the employment prospects of disadvantaged people
- Ensure the quality of education and training in and for the sector workplaces
- Assist work seekers to find work and employers to find qualified employees
- Encourage providers to deliver education and training in and for the sector workplaces
- Cooperate with the SAQA

4. Functions and duties

To achieve its objectives, Theta must carry out a range of functions and duties. Its operations focus on:

- Performing its statutory obligations
- Providing excellent, responsive skills development services to the industry sector in general, and its constituent employers and employees in particular

To do this Theta will:

- Develop sector skills plans in the framework of the national skills development strategy
- Develop annual business plans and budgets to regulate its operations
- Implement its sector skills plans by establishing learnerships, approving workplace skills plans and allocating grants to employers, providers and workers
- Monitor education and training provision
- Promote learnerships and register learnership agreements
- Perform the functions of an ETQA body
- Receive or collect skills development levies and disburse them in terms of the Skills Development Levy Act
- Report to the Director-General of the Department of Labour on its operations and achievements
- Cooperate with the National Skills Authority and other Setas on skills development policy and strategy, and on inter-sectoral education and training provision
- Cooperate with employment services and education bodies to improve information about employment opportunities
- Appoint staff necessary for the performance of its functions
- Promote and facilitate education and training provision for small, micro and medium enterprises and their employees in the sector

Report of the Accounting Authority

5. Authority as legal entity

The Minister, in terms of Section 9 of the Act, established a Tourism, Hospitality and Sport Education and Training Authority and, in terms of Section 13(1), approved its Constitution on 20 March 2000. The revised constitution was approved by the Minister of Labour on 11 August 2006.

Theta - in terms of Section 48 read with Section 1 of the Public Finance Management Act, Act No. 1 of 1999 (PFMA) - is regarded as a 'national public entity', being an entity which:

- is established in terms of national legislation (Act No. 97 of 1998)
- operates a system of financial administration separate from national government
- is substantially funded from levies imposed in terms of national legislation, and
- is accountable to Parliament

6. Accounting authority

In terms of Section 49(2)(a) of the PFMA, the board is the Accounting Authority for Theta and is accountable for the purposes of that Act.

The Accounting Authority shall, in terms of Section 50 of the PFMA, have the following fiduciary duties to ensure reasonable protection of the assets and records of Theta:

- act with fidelity, honesty, integrity and in the best interest of Theta in managing its financial affairs
- on request, disclose to the Minister all material facts, including those reasonably discoverable, which in any way may influence the decisions or actions of the Minister, and
- prevent any prejudice to the financial interests of the State

In terms of Section 51 of the PFMA, Theta must ensure that it has and maintains:

- effective, efficient and transparent systems of financial and risk management and internal control
- a system of internal audit under the control and direction of an audit committee complying with and operating in accordance with prescribed regulations and instructions, and
- an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective

Theta must take effective and appropriate steps to:

- collect all revenue due to Theta
- prevent irregular expenditure, fruitless and wasteful expenditure losses resulting from criminal conduct and expenditure not complying with the operational policies of Theta, and
- manage available working capital efficiently and economically

Theta is responsible for the management, including the safeguarding, of assets and for the management of Theta's revenue, expenditure and liabilities. Therefore, Theta must:

- comply with any tax, levy, duty, pension and audit commitments as required by legislation
- take effective and appropriate disciplinary steps against any employee of Theta who commits an act of financial misconduct in terms of Section 83 of the PFMA
- be responsible for the submission by Theta of all reports, returns, notices and other information to Parliament and to the Minister or Treasury, as may be required by the PFMA, and
- comply, and ensure compliance by Theta, with the provisions of the PFMA, Treasury Regulations, the Act, the Levies Act and any other legislation applicable to Theta

7. Applicable prescripts

- Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996)
- Skills Development Act, 1998 (Act No. 97 of 1998)
- Skills Development Levies Act, 1999 (Act No. 9 of 1999)
- South African Qualifications Authority Act, 1995 (Act No. 58 of 1995)
- Education and Training Quality Assurance Bodies Regulations, 1998 (GNR. 1127 of 8 September 1998)
- Labour Relations Act, 1995 (Act No. 66 of 1995)
- Employment Equity Act, 1998 (Act No. 55 of 1998)
- Occupational Health and Safety, 1993 (Act No. 85 of 1993)
- The Public Finance Management Act, 1999 (Act No. 1 of 1999)
- Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000)

Report of the Accounting Authority

8. General review of the state of financial affairs

Theta is in a much stronger financial position than last year; levy income increased by 18.03% from R98.7 million to R116.5 million.

Total administration expenses increased from R12.7 million in 2006 to R18.2 million in 2007. This increase can mainly be attributed to the irregular/fruitless expenditure of R4.91 million regarding the settlement in the legal matter. Refer to the Note 19 in the attached financial statements. Excluding this item, Theta was once again comfortably under the administration expense threshold. This achievement was largely due to the CEO and his management team keeping a tight reign on expenses, and efforts by all staff to get the job done no matter what.

Employer Grant, Discretionary Grant and Discretionary Project disbursements decreased from R127.4 million in 2006 to R117.5 million in 2007 chiefly due to a decrease in Discretionary Grant training for Aids and Abet and to a decrease of the submission of WSPs. A concerted effort is planned in the next financial year to ensure an increase in participation and subsequent workplace training of all the players in the industry.

Overall discretionary reserves decreased from R128.4 million to R123.0 million. It is Theta's overall strategy to distribute and utilise these funds as quickly as possible, within the parameters set, to ensure that the National Skills Strategy targets are achieved by 2010 and to increase the skills levels in the industry.

As discussed in Note 17 of the Annual Financial Statements, a contingent liability of approximately R600 000 in future legal costs exist.

9. Objectives achievements against targets

A detailed outline of Theta's performance against NSDS targets is provided in this report on page 7.

10. Corporate governance arrangements

Theta is committed to the objectives and principles of transparency, accountability and integrity as explained in the 'King Code of Corporate Governance'. Full disclosure of the application and results of corporate governance in the organisation can be found on page 5 of this report.

Full disclosure of risk items and policies can be found under Note 1 and 21 in the Annual Financial Statements and disclosure of all 'conflict of interest' and 'transactions with related parties' appears under Note 22 in the same.

During the course of the past financial year management initiated a fraud prevention policy and code of conduct that were approved by the Executive Committee and have been implemented on an ongoing basis. A whistleblower number has been installed and details have been distributed to all staff members. Details can also be found on the website.

11. Audit Committee

The Audit Committee meets regularly to ensure that management adheres to internal control and accounting policies and procedures. During the year, BGO/Gobodo (BDO) was appointed to assess internal control procedures and their application in the organisation. This is an ongoing process and ensures effective implementation of internal audit and control procedures and management's adherence to them.

The Audit Committee has adopted formal 'Terms of Reference' and the Committee is satisfied that its duties for the year have been in compliance therewith (refer to Report of the Audit Committee on page 28 of this report).

12. New activities

Newly approved and ongoing discretionary projects are discussed and disclosed in note 18.1 to the Annual Financial Statements. The Executive Committee approved an additional amount of R76.89 million to be allocated to these projects. R68.4 million was utilised during this financial year and R115 million carried forward into the next financial year. Ongoing projects are financed out of surplus funds and income received during previous periods.

Report of the Accounting Authority

Disclosure of remuneration to:

- Members of the Accounting Authority
- Members of the Audit Committee
- Members of the Remuneration Committee
- Chief Executive Officer
- Chief Financial Officer
- Senior Management, and
- Members of the Executive Authority.

- The Vice Chairperson has the use of a laptop computer and cell phone during the year.

	Designation	Basic Salary	Allowances	Travel & Accommodation	Bonus	Social Contribution	Leave	2007 R Total	2006 R Total
M Tsotetsi	Chief Executive Officer	550 114	69 668	-	100 457	39 467	-	759 705	700 210
P Karuthasen	Programme Manager	408 324	-	-	30 019	41 961	-	480 304	450 157
E Boomgard	ETQA Manager: Appointed 01/12/2006	208 701	60 762	-	26 272	27 311	-	323 046	-
L Whateley	ETQA Manager: Resigned 30/09/2006	198 084	14 662	-	-	13 175	14 932	240 853	455 805
W Chuene	Skills Development & Learnership Manager	387 251	22 800	-	30 019	40 234	-	480 304	430 599
BJ Keet	Acting Chief Financial Officer	517 793	-	-	-	-	-	517 793	215 850
Total Managers		2 270 267	167 892	-	186 767	162 148	14 932	2 802 006	2 252 621
A Harris	Member Acc Auth April 06 - Oct 07	-	600	-	-	-	-	600	-
B Ward	Member Acc Auth April 06 - Oct 07	-	8 400	1 589	-	-	-	9 989	4 573
B Magqaza	Member Acc Auth	-	10 200	3 752	-	-	-	13 952	17 794
C Cairns	Member Acc Auth April 06 - Oct 07	-	3 000	-	-	-	-	3 000	5 400
C Johnson	Vice Chair Acc Auth April - Oct 2006 Chair Acc Auth Oct to April 2007	-	22 800	116 008	-	-	-	138 808	43 115
C Mabaso	Member Acc Auth Oct 06 - March 07	-	6 400	932	-	-	-	7 332	-
D Nkosi	Member Acc Auth Oct 06 - March 07	-	3 600	1 581	-	-	-	5 181	-
G Sam	Member Acc Auth April 06 - Oct 07	-	3 600	-	-	-	-	3 600	6 600
J Davis	Member Audit Committee	-	10 000	217	-	-	-	10 217	4 050
J Maghekeni	Chair Audit Committee	-	19 200	15 815	-	-	-	35 015	18 588
L Reddy	Member Acc Auth	-	11 400	38 924	-	-	-	50 324	43 581
L Tyikwe	Member Acc Auth	-	12 400	2 111	-	-	-	14 511	7 615
M De Witt	Member Acc Auth April 06 - Oct 07	-	1 800	15 997	-	-	-	17 797	2 566
M Marobe	Member Acc Auth	-	3 600	642	-	-	-	4 242	-
M McPherson	Member Acc Auth	-	3 000	402	-	-	-	3 402	-
M Pila	Member Acc Auth	-	6 000	27 368	-	-	-	33 368	5 032
P Kirchhoff	Member Acc Auth	-	7 800	975	-	-	-	8 775	3 505
P Sito	Member Acc Auth	-	8 400	2 332	-	-	-	10 732	5 480
P Thompson	Member Acc Auth April 06 - Oct 07	-	1 800	21 507	-	-	-	23 307	-
S Ndzuzo	Member Acc Auth	-	1 200	83	-	-	-	1 283	-
S Zimba	Member Acc Auth	-	5 600	139	-	-	-	5 739	-
T Pringle	Member Acc Auth	-	5 800	-	-	-	-	5 800	-
T Mahlangu	Chair Acc Auth April - Oct 2006 Vice Chair Acc Auth Oct - April 2007	-	17 400	8 947	-	-	-	26 347	36 664
T Skenjane	Member Acc Auth	-	4 800	1 288	-	-	-	6 088	-
T Zulu	Member Acc Auth	-	1 800	489	-	-	-	2 289	-
Total Members			180 600	261 096				441 696	204 553

Report of the Accounting Authority

13. Events after the reporting date

No events occurred subsequent to the financial year end that affect the financial report and that the Accounting Authority consider need be brought to your attention.

14. Quarterly reporting

The PFMA requires Theta to submit the following information to the Executive Authority within 30 days of the end of each quarter:

- Actual revenue and expenditure
- Extent of compliance with the PFMA and Regulations
- Performance reports against preset targets.

The Accounting Authority confirm that all the above were submitted within the deadline.

15. Fruitless/Irregular expenditure

During this financial year the Accounting Authority, after careful consideration of all facts, authorised Theta to settle the legal case with Hospitality Professionals (refer to Note 19 of the Annual Financial Statements). The Accounting Authority subsequently developed and implemented the necessary policies and procedures to prevent a repeat of this situation. These procedure manuals are revised on an ongoing basis to ensure that compliance is monitored and enhanced.

16. Investments

The current policy is to invest short-term funds in equal amounts in 3 of the big five banks in South Africa, namely Investec, FNB and Nedbank. The investment vehicle is a 50% call account with the balance at 'best interest rate' for not longer than 3 months. The Accounting Authority assess the credit and risk ratings of these banks on a continuous basis from 3 different international rating agencies.

17. Statement of responsibility

The financial statements have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practices (GAAP). This includes any interpretations of such Statements issued by the Accounting Practices Board, with the effective Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board replacing the equivalent GAAP Statement and the requirements of the Department of Labour, where practical, and including amounts based on judgments and estimates made by management. The board also prepared other information included in the Annual Report and is responsible for both its accuracy and consistency with the financial statements.

The going concern basis was adopted when preparing the financial statements. The board has no reason to believe that Theta will not be a going concern in the foreseeable future based on forecasts and available cash resources. The financial statements support the viability of Theta.

Statement of Financial Performance

For the year ended 31 March 2007

	Note	2007 R'000	Restated 2006 R'000
REVENUE			
Non-Exchange Revenue		120 349	117 697
Skills Development Levy: income	3.1	116 564	98 762
Skills Development Levy: penalties and interest	3.2	1 829	1 423
National Skills Fund and donor funding	14	1 956	17 512
Exchange Revenue		10 013	10 759
Investment income	4	9 999	10 698
Other income	5	14	61
Total revenue		130 362	128 456
EXPENSES			
Employer grant and project expenses	6	(117 539)	(127 409)
Administration expenses	7	(18 267)	(12 758)
National Skills Fund and donor expenses	14	(1 956)	(17 512)
Total expenses		(137 762)	(157 679)
DEFICIT FOR THE YEAR		(7 400)	(29 223)

Statement of Financial Position

As at 31 March 2007

	Note	2007 R'000	Restated 2006 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	8	1 263	768
		<u>1 263</u>	<u>768</u>
Current assets			
Prepayments and advances	9	-	62
Trade and other receivables		27 066	21 546
From Non-Exchange transactions	10.1	25 240	21 546
From Exchange transactions	10.2	1 826	-
		<u>121 195</u>	<u>141 935</u>
Cash and cash equivalents	11	121 195	141 935
Total Current Assets		<u>148 261</u>	<u>163 543</u>
TOTAL ASSETS		<u>149 524</u>	<u>164 311</u>
NET ASSETS AND LIABILITIES			
Non-current liabilities			
Finance lease obligations	12	375	-
Current liabilities			
Trade and other payables from exchange transactions	13.1	4 549	5 421
Grants and transfers payable from non-exchange transactions	13.2	11 994	22 066
National Skills Fund and donor funding received in advance	14	8 071	4 971
Finance lease obligations	12	171	-
Provisions	15	304	391
Total current liabilities		<u>25 089</u>	<u>32 849</u>
NET ASSETS		<u>124 061</u>	<u>131 462</u>
Net assets			
Administration reserve		719	768
Employer grant reserve		246	2 230
Discretionary reserve		123 097	128 465
TOTAL NET ASSETS		<u>124 061</u>	<u>131 463</u>

Statement of Changes in Net Assets

For the year ended 31 March 2007

	Note	Administration reserve	Employer grant reserve	Discretionary reserve	Accumulated deficit	Total
Balance at 1 April 2005		(20 045)	77 347	103 382		160 684
Net deficit for the year					(29 223)	(29 223)
Allocation of accumulated deficit		418	7 371	(37 012)	29 223	-
Excess reserves transferred to Discretionary reserve			(82 488)	82 488		-
Balance at 31 March 2006		(19 627)	2 230	148 858	-	131 461
Changes in accounting policy						-
Errors (Prior period Errors)	23	20 395	-	(20 395)	-	-
Discretionary grant as Employer grant			(2 932)	2 932		-
Excess reserves transferred to Discretionary reserve			2 932	(2 932)		-
Transferred from Discretionary reserve		20 395		(20 395)		-
Restated balance		768	2 230	128 465	-	131 463
Net deficit for the year					(7 400)	(7 400)
Allocation of accumulated deficit	2	(2 927)	27 693	(32 165)	7 400	-
Excess reserves transferred to/(from) Discretionary		2 878	(29 677)	26 799		-
Balance at 31 March 2007		719	246	123 097	-	124 061

Cash Flow Statement

For the year ended 31 March 2007

	Note	2007 R'000	Restated 2006 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating activities			
Cash receipts from stakeholders		113 117	99 835
Levies received	3.1	111 286	97 621
Interest and penalties	3.2	1 829	1 423
Other income		-	15
VAT received		-	776
Cash paid to stakeholders, suppliers and employees			
Grants and project payments		(148 211)	(165 730)
Discretionary grants and project expenses		(54 240)	(64 888)
Special project expenses		(68 686)	(60 173)
Compensation of employees		(1 956)	(20 133)
Payments to suppliers and other		(7 872)	(7 124)
VAT paid		(15 457)	(10 884)
		-	(2 528)
Cash generated from/(utilised in) operations	16	(35 094)	(65 895)
Interest received		9 999	10 698
Net cash (outflow) from operating activities		(25 095)	(55 197)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and investment properties	8	(715)	(92)
Proceeds from disposal of property, plant and equipment and investment properties		14	180
Net cash inflow/(outflow) from investing activities		(701)	88
CASH FLOW FROM FINANCING ACTIVITIES			
Grants, transfers and funds received		5 056	(2 115)
Net cash inflow from financing activities		5 056	(2 115)
Net increase in cash and cash equivalents		(20 740)	(57 225)
Cash and cash equivalents at beginning of year		141 935	199 160
Cash and cash equivalents at end of year	11	121 195	141 935

Notes to the Annual Financial Statements

For the year ended 31 March 2007

1. Accounting policies

The financial statements have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practices (GAAP) including any interpretations of such Statements issued by the Accounting Practices Board, with the effective Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board replacing the equivalent GAAP Statement as follows:

Standard of GRAP

GRAP 1: Presentation of financial statements
GRAP 2: Cash flow statements
GRAP 3: Accounting policies, changes in accounting estimates and errors

Replaced Statement of GAAP

AC101: Presentation of financial statements
AC118: Cash flow statements
AC103: Accounting policies, changes in accounting estimates and errors

Currently the recognition and measurement principles in the above GRAP and GAAP Statements do not differ or result in material differences in items presented and disclosed in the financial statements. The implementation of GRAP 1, 2 and 3 has resulted in the following changes in the presentation of the financial statements:

Terminology differences:

Standard of GRAP

Statement of financial performance
Statement of financial position
Statement of changes in net assets
Net assets
Surplus/deficit
Accumulated surplus/deficit
Contributions from owners
Distributions to owners

Replaced Statement of GAAP

Income statement
Balance sheet
Statement of changes in equity
Equity
Profit/loss
Retained earnings
Share capital
Dividends

The cash flow statement can only be prepared in accordance with the direct method.

Specific information has been presented separately on the statement of financial position such as:

- a. Receivables from non-exchange transactions, including taxes and transfers.
- b. Taxes and transfers payable.
- c. Trade and other payables from non-exchange transactions.

Amount and nature of any restrictions on cash balances is required.

Paragraph 11 – 15 of GRAP 1 has not been implemented due the fact that the budget reporting standard has not been developed by the local standard setter and the international standard is not effective for this financial year. Although the inclusion of budget information would enhance the usefulness of the financial statements, non-disclosure will not affect the objective of the financial statements.

The principal accounting policies adopted in the preparation of these financial statements are set out below and are in all material respects consistent with those of the previous year, except as otherwise indicated.

1.1 Basis of preparation

The financial statements have been prepared on the historical cost basis. To comply with the accounting standards as set out in Note 1, the use of certain critical accounting estimates is necessary. It also requires management to exercise its judgment in the process of applying the Seta's accounting policies. Although these estimates are based on management's best knowledge of current events and actions that they may undertake in the future, actual results may ultimately differ from those estimates.

Notes to the Annual Financial Statements

For the year ended 31 March 2007

1.2 Currency

These financial statements are presented in South African rand since that is the currency in which the majority of the entity's transactions are denominated.

1.3 Revenue recognition

Revenue is recognised when it is probable that future economic benefits will flow to the enterprise and these benefits can be measured reliably. Items included in the financial statements of the entity are measured using the currency of the primary economic environment in which the entity operates.

1.3.1 Levy income

1.3.1.1 In terms of Section 3(1) and 3(4) of the Skills Development Levies Act, 1999 (Act No. 9 of 1999), registered member companies of the Seta pay a Skills Development Levy of 1% of the total payroll cost to the South African Revenue Services (SARS).

80% of skills development levies are paid over to the Seta (net of the 20% contribution to the National Skills Fund).

Levy income is recognised on the accrual basis.

A net receivable/payable is recognised for levies accrued as well as estimated SARS adjustments. An estimate due to retrospective adjustments by SARS and outstanding levies due at year end are based on extrapolation of historical data (e.g. the actual last 2 levy payments received subsequent to year end and 1 month's calculated levy) or external confirmation where possible. Changes to prior year estimates are accounted for as revenue in the current period.

The Seta refunds amounts to employers in the form of grants, based on information from SARS. Where SARS retrospectively amends the information on levies collected, it may result in grants that have been paid to some employers that are in excess of the amount the Seta is permitted to have refunded the particular employer. A receivable relating to the overpayment to an employer in earlier periods is raised at the amount of such grant over payment, net of bad debts and provision for irrecoverable amounts.

From 1 August 2005 employers with a wage/salary bill of less than R500 000 per annum were exempted from the payment of the 1% skills levy. Some employers continued contributing the levy payments, as the Skills Levy Act makes provision for the repayment of levies not due, the entity provides for these levies received as a creditor. This estimate is calculated using a yearly average to ascertain employers who should be exempted from paying levies.

SARS provides Theta with outstanding levy debtors at reporting date. This data is reconciled with actual levy income and outstanding amounts are provided for as a levy debtor. The estimate is based on actual payments received compared to average payments made for the year.

Revenue is adjusted for Inter-Seta transfers due to employers changing Setas. Such adjustments are separately disclosed as Inter-Seta transfers. The amount of the Inter-Seta adjustment is calculated according to the standard operating procedure issued by the Department of Labour in 2005.

When a new employer is transferred to the Seta, the levies transferred by the former Seta are recognised as revenue and allocated to the respective category to maintain its original identity.

1.3.1.2 Change in accounting policy

The accounting policy for the recognition and measurement of skills development levy income has been amended on the basis of a revised interpretation of the Skills Development Act, Act No. 97 of 1998, and the Skills Development Levies Act, Act No. 9 of 2001.

The new accounting policy allows Setas to recognise revenue on the receipt of the funds from the Department of Labour in the bank account of the Seta in line with international practice for revenue recognition on an accrual basis.

The revision was completed and issued by National Treasury on 27 July 2007 and is effective from 1 April 2007.

The accounting policy for 2006/2007 is consistent with the previous year's policies and disclosures.

1.3.2 Interest and penalties

Interest and penalties on the Skills Development Levy are recognised when accrued based on the amount received.

1.3.3 Funds allocated by the National Skills Fund for Special Projects

Funds transferred by the National Skills Fund (NSF) are accounted for in the financial statements of the Seta as a liability until the related eligible special project expenses are incurred, then the liability is extinguished and revenue recognised.

Property, plant and equipment acquired for NSF Special Projects are capitalised in the financial statements of the Seta, as the Seta controls such assets for the duration of the project. Such assets can, however, be disposed of only by agreement and specific written instructions from the NSF.

Notes to the Annual Financial Statements

For the year ended 31 March 2007

1.3.4 Government grants and other donor income

Conditional government grants and other conditional donor funding received are recorded as deferred income when they become receivable and are then recognised as income on a systematic basis over the period necessary to match the grants with the related costs, which they are intended to compensate. Unconditional grants received are recognised when the amounts have been received.

1.3.5 Investment income

Interest income is accrued on a time proportion basis, taking into account the principal outstanding and the effective interest rate over the period to maturity.

1.4 Grants and project expenditure

A registered company may recover a maximum of 50% of its total levy payment by complying with the grant criteria in accordance with the Skills Development Regulations issued in terms of the Skills Development Act, 1999 (Act No. 9 of 1999).

1.4.1 Mandatory grants

The grant payable and the related expenditure are recognised when the employer has submitted an application for a grant in the prescribed form, within the agreed upon cut-off period, and the application has been approved as the payment then becomes probable. The grant is equivalent to 50% (2006: 50%) of the total levies paid by the employer during the corresponding financial period for the skills planning grant.

1.4.2 Discretionary grants

A Seta may, out of any surplus monies, determine and allocate discretionary grants to employers, education and training providers and workers of the employers who have submitted an application for a discretionary grant, in the prescribed form, within the agreed upon cut-off period. The grant payable and the related expenditure are recognised when the application has been approved and the conditions are complied with.

1.4.3 Discretionary grant project expenditure

Project expenditure comprises:

Costs that relate directly to the specific contract

- Costs that are attributable to contract activity in general and can be allocated to the project
- General costs for the use of facilities and other services rendered to or on behalf of the project, and
- Such other costs as are specifically chargeable to the Seta under the terms of the contract

Such costs are allocated using methods that are systematic and rational and are applied consistently to all costs having similar characteristics.

Project costs are recognised as expenses in the period in which they are incurred.

1.5 Irregular and fruitless and wasteful expenditure

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation, including:

- The PFMA
- The Skills Development Act

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

All irregular and fruitless and wasteful expenditure is charged against income in the period in which it is incurred.

1.6 Property, plant and equipment

As per the requirements of IAS 16 Property, Plant and Equipment, Theta now reviews the estimated useful life and residual value of all property, plant and equipment annually and accounts for any resulting changes as a change in accounting estimate in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors.

The basis of depreciation to be provided on property, plant and equipment is as follows:

	Number of years over which to be written off
Computer equipment	4-16
Office furniture and equipment	5-18
Motor vehicles	11
Software	5-19

The estimated useful life of the assets is limited to the remaining period of the license issued to the Seta by the Minister of Labour. For the current year the remaining period is 3 years (2006: 4 years).

The asset's residual value and useful lives are reviewed, and adjusted if appropriate, at each statement of position date. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of financial performance. All other repairs and maintenance are charged to the statement of financial performance during the financial period in which they are incurred.

Notes to the Annual Financial Statements

For the year ended 31 March 2007

1.6.1 Impairment

Investment property is initially measured at cost which includes transaction costs. Thereafter, investment property, which is property held to earn rentals and/or for capital appreciation, is stated at its fair value at the balance sheet date. The fair value is determined by an independent sworn appraiser based on market evidence of the most recent prices achieved in arm's length transactions of similar properties in the same area. Gains and losses arising from changes in the fair value of investment property are included in net profit or loss for the period in which they arise.

At each year end, the entity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered impairment. If any such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment. If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment losses are recognised as an expense immediately. Management is of the opinion that there was no indication of impairment of assets for the year under review.

1.7 Leasing

Finance leases as per the Treasury Regulations refer to a contract that transfers the risks, rewards, rights and obligations incident to ownership to the lessee and is recorded as a purchase of equipment by means of long-term borrowing. All other leases are classified as operating leases.

Theta entered into a rental agreement regarding 3 photocopy machines. As the risks, rewards and obligations were transferred to Theta, these rental agreements were treated as finance leases.

Payments made under operating leases are recognised in the statement of financial performance on a straight-line basis over the term of the lease. Past practice, whereby operating lease payments were expensed on a payment basis, was based on an interpretation that considered the contractual payments basis as being most representative of the time pattern of the entity's benefit obtained from the leased property. Theta has since adopted the straight-line basis of accounting for fixed escalation lease payments. The required adjustment has been made as required by IAS.

This change in accounting policy has the effect of increasing the operating lease liability for the first 3 years of the agreement, after which the liability decreases over the remaining 2 years and the effect over the full term of the lease is nil.

The operating lease relates to building premises used for office

accommodation and equipment rental. The building lease agreement was entered into effective 1 February 2004 and will be operational for a period of 5 years, expiring on 31 January 2009. No provision was made for an option to renew the lease on expiry. The rental escalates annually on 1 February with 9%.

1.8 Retirement benefit costs

The entity operates defined contribution benefit plans, the assets of which are generally held in separate trustee-administered funds. The plan is generally funded by payments from the entity and employees, taking account of the recommendations of independent qualified actuaries.

Payments to defined contribution retirement benefit plans are charged to the statement of financial performance in the year to which they relate.

1.9 Provisions

Provisions are recognised when the Seta has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be estimated reliably. Long-term provisions are discounted to net present value.

1.9.1 Provision for employee entitlements

The cost of other employee benefits (not recognised as retirement benefits - see Note 1.8 above) is recognised during the period in which the employee renders the related service. Employee entitlements are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to the Statement of Financial Position date. Provisions included in the Statement of Financial Position are provisions for leave (based on the current salary rates), bonuses and termination benefits.

Termination benefits are recognised and expensed only when the payment is made.

Defined contribution plans

Defined contribution plans are those where the Group pays fixed contributions into various defined contribution retirement plans, on behalf of employees, and recognises the contributions to the defined contribution pension plans when an employee has rendered services in exchange for those contributions.

Contributions are recognised as an expense in the income statement.

Theta has no liability to these defined contribution retirement plans other than the payment of its share of the contribution in terms of the agreement with the funds and employees concerned.

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For the year ended 31 March 2007

1.9.2 Provisions for grants

Grant payments

A provision is recognised for grant payments once the specific criteria set out in the regulations to the Skills Development Act, 97 of 1998 have been complied with by member companies and it is probable that the Seta will approve the payment. The measurement of the obligation involves an estimate, based on actual levy payments by a member's company and the established pattern of past practice of approval for each type of grant.

Projects

No provision is made for projects approved at year end, unless the service in terms of the contract has been delivered or the contract is of an onerous nature. Where a project has been approved, but has not been accrued for or provided for, it is disclosed as commitments in the notes to the financial statements.

1.10 Financial instruments

1.10.1 Recognition and de-recognition

A financial asset or liability is recognised when, and only when, Theta becomes a party to the contractual provisions of the financial instrument.

Theta derecognises a financial asset when, and only when:

- The contractual rights to the cash flows arising from the financial assets have expired or been forfeited by Theta; or
- It transfers the financial asset including substantially all the risks and rewards of ownership of the asset; or
- It transfers the financial asset, neither retaining nor transferring substantially all the risks and rewards of ownership of the asset, but no longer retains control of the asset

A financial liability is derecognised, when and only when:

- The liability is extinguished, that is, when the obligation specified in the contract is discharged, cancelled or has expired; or
- The difference between the carrying amount of a financial liability (or part thereof) extinguished or transferred to another party and consideration received, including any non-cash assets transferred or liabilities assumed, is recognised in the income statement

1.10.2 Recognised financial instruments

Financial instruments recognised in the Theta balance sheet include cash and cash equivalents, trade and other receivables, trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

1.10.3 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and investments in money market instruments with an original maturity of less than 3 months.

The carrying amount of cash and cash equivalents is stated at cost, which approximates fair value.

1.10.4 Trade and other receivables

Trade receivables are carried at anticipated realisable value; that is, original invoice amount less provision for impairment of these receivables. Estimates are made for impairments based on a review of all outstanding amounts at year end. Irrecoverable amounts are written off during the year in which they are identified. Fair value is considered if material.

1.10.5 Impairment of financial assets

At each balance sheet date an assessment is made of whether there is any objective evidence of impairment of financial assets. If there is evidence then the recoverable amount is estimated and an impairment loss is recognised in accordance with IAS 39.

1.10.6 Trade and other payables

The board considers the carrying amount of trade and other payables to approximate their fair values. The credit period of trade payables ranges between 30 and 90 days. Fair value is considered if material.

1.10.7 Offsetting

Financial assets and financial liabilities are offset if there is any intention to realise the asset and settle the liability simultaneously and a legally enforceable right to set off exists.

1.11 Reserves

Equity is sub-classified in the Statement of Financial Position between the following funds and reserves:

- Administration reserve: The balance of this reserve is based on the net value of assets, all net income is transferred to the discretionary reserve, net deficit is transferred from the discretionary reserve. These transfers are done in compliance with the Skills Development Act and Regulations
- Employer grant reserve: This reserve is for the payment of newly registered levy payers whose registration date still allows the completion of a WSP. Submission of the WSP will result in grant payments. All reserves of levy payers who did not complete and submit WSPs are transferred to the Discretionary reserve
- Discretionary reserve: This reserve is for the purpose of discretionary grants and projects in compliance with the Skills Development Act and Regulations
- Accumulated deficit

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This sub-classification is made based on the restrictions placed on the distribution of monies received in accordance with the Regulations issued in terms of the Skills Development Act, 1998 (Act No. 97 of 1998).

Member employer company levy payments are set aside in terms of the Skills Development Act and the regulations issued in terms of the Act, for the purpose of:

	2007	2006
	%	%
Administration costs of the Seta	10	10
Employer Grant Fund Levy		
Mandatory Workplace Skills Planning/		
Implementation Grant	50	50
Discretionary grants and projects	20	20
	80	80

In addition, contributions received from public service employers in the national or provincial spheres of government may be used to pay for its administration costs.

Interest and penalties received from SARS as well as interest received on investments are utilised for discretionary grants and projects. Other income received is utilised for discretionary grants.

The net surplus/deficit is allocated to the administration reserve, the mandatory grant reserve and the discretionary fund reserve based on the above.

Surplus funds is moved to the discretionary fund reserve from the mandatory grant reserve of grant levies that has not been utilised by submission of a Workplace Skills Plan and Annual Training Report by the deadline set in accordance with the Regulations issued in terms of the Skills Development Act, 1998 (Act No. 97 of 1998) 2007 - 30 June (2006 - 30 September) and the excess after the provision for mandatory grants for the current year has been made.

1.12 Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

1.13 Taxation

No provision has been made for taxation, as the Seta is exempt from income tax in terms of Section 10 of the Income Tax Act, 1962 (Act No. 58 of 1962).

1.14 Value added taxation (VAT)

The Revenue Laws Amendment Act, 2003 (Act No. 45 of 2003) commenced on 22 December 2003. Previously, the definition of enterprise placed Theta as listed in Schedule 3A within the scope of VAT. The Amendment Act, however, has amended this definition of enterprise and effectively places the public entity outside the scope of VAT. The amended definition of enterprise came into operation with effect 1 April 2005.

1.15 Inventory

Inventory consists of stationery and other consumables. Theta does not recognise these items as inventory as the amounts are written off against expenses in the period in which they are purchased. The amounts of stationery and consumables carried forward for future use are immaterial.

Notes to the Annual Financial Statements

For the year ended 31 March 2007

2. Allocation from reserves

		2007			R'000	
		Total per Statement of Financial Performance	Administration reserve	Employer grants reserve	Discretionary reserve	Special projects
Total revenue		130 362	15 340	72 706	40 360	1 956
Skills Development levy: income						
Admin levy income (10%)		15 340	15 340			
Grant levy income (70%)		101 224		72 706	28 518	
Skills Development levy: penalties and interest		1 829			1 829	
National Skills Fund income		1 956				1 956
Investment income		9 999			9 999	
Other income		14			14	
Total expenses		(137 762)	(18 267)	(45 013)	(72 526)	1 956
Administration expenses		(18 267)	(18 267)			
National Skills Fund expenses		(1 956)				(1 956)
Employer grants and project expenses		(117 539)		(45 013)	(72 526)	
Net deficit for the year		(7 400)	(2 927)	27 693	(32 166)	

Restated 2006		R'000			
	Total per Statement of Financial Performance	Administration reserve	Employer grants reserve	Discretionary reserve	Special projects
Total revenue	128 456	13 175	61 598	36 171	17 512
Skills Development levy: income					
Admin levy income (10%)	13 175	13 175	-	-	
Grant levy income (70%)	85 586	-	61 598	23 989	
Skills Development levy: penalties and interest	1 423	-	-	1 423	-
National Skills Fund and donor funding	17 512	-	-	-	17 512
Investment income	10 698	-	-	10 698	
Other income	61	-	-	61	-
Total expenses	(157 679)	(12 758)	(51 295)	(76 113)	(17 512)
Administration expenses	(12 758)	(12 758)	-	-	-
Finance costs	-	-	-	-	-
National Skills Fund & donor fund expenditure	(17 512)	-	-	-	(17 512)
Employer grants and project expenses	(127 409)	-	(51 295)	(76 113)	
Net deficit for the year	(29 223)	418	7 371	(37 012)	

Notes to the Annual Financial Statements

For the year ended 31 March 2007

3.1 Skills development levy income

2007
R'000

The total levy income per the Statement of Financial Performance is as follows:

	Administration	Employer grants	Discretionary grants	Total
Levy income				
Levies received from SARS	14 296	68 562	27 185	113 495
Levies received	14 310	69 122	27 401	110 833
Movement in levies accrued	333	1 664	665	2 662
Government levies received	828	-	-	828
Levies received	296	-	-	296
Movement in levies accrued	533	-	-	533
SARS reversals	(354)	501	200	348
Net SARS reversals for the year	(505)	(252)	(101)	(858)
Net SARS reversals movement in accrual	151	753	301	1 206
Inter-Seta transfers in	245	1 236	479	1 960
Transfers received	240	1 211	469	1 920
Movement in accrual	5	25	10	40
Inter-Seta transfers out	(8)	(57)	(1)	(66)
Transfers paid	(20)	(115)	(24)	(159)
Movement in accrual	12	58	23	93
Total levy income	15 340	72 706	28 518	116 564

Levy income	
Levies received from SARS	
Levies received	
Movement in levies accrued	
Government levies received	
Levies received	
Movement in levies accrued	
SARS reversals	
Net SARS reversals for the year	
Net SARS reversals movement in accrual	
Inter-Seta transfers in	
Transfers received	
Movement in accrual	
Inter-Seta transfers out	
Transfers paid	
Movement in accrual	
Total levy income	

	Administration	Employer grants	Discretionary grants	Restated 2006 R'000 Total
Levy income				
Levies received from SARS	12 852	66 385	25 233	104 470
Levies received	12 553	68 309	23 107	103 969
Movement in levies accrued	299	(1 924)	2 126	501
Government levies received	1 053	-	-	1 053
Levies received	1 053	-	-	1 053
Movement in levies accrued	-	-	-	-
SARS reversals	(403)	(2 450)	(1 181)	(4 035)
Net SARS reversals for the year	(403)	(2 450)	(1 181)	(4 035)
Net SARS reversals movement in accrual	-	-	-	-
Inter-Seta transfers in	67	141	330	538
Transfers received	67	141	330	538
Movement in accrual	-	-	-	-
Inter-Seta transfers out	(394)	(2 478)	(394)	(3 266)
Transfers paid	(394)	(2 478)	(394)	(3 266)
Movement in accrual	-	-	-	-
Total levy income	13 175	61 598	23 988	98 762

Over payment during the year

Notes to the Annual Financial Statements

For the year ended 31 March 2007

3.2 Penalties and interest

Penalties

Penalties received from SARS
Movement in accrual

Interest

Interest/received from SARS
Movement in accrual

Note

2007
R'0002006
R'000

	861	815
	819	741
	42	74
	968	608
	851	539
	117	69
	1 829	1 423

4. Investment income

Interest received

	9 999	10 698
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5. Other income

Other income comprises: Profit on disposal of property, plant and equipment

	14	61
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6. Employer grant and project expenses

Mandatory grants

Disbursed
Movement in provisions and accruals

Discretionary grants

Disbursed
Movement in provisions and accruals

Project expenditure

6.1

6.1 Project expenditure consists of:

Direct project costs
Direct administration expenses

2007
R'000Restated
2006
R'000

	45 013	51 295
	54 675	66 326
	(9 662)	(15 031)
	3 840	2 931
	4 689	-
	(849)	2 931
	68 685	73 182
	117 538	127 408
	64 171	70 926
	4 513	2 256
	68 684	73 182

Notes to the Annual Financial Statements

For the year ended 31 March 2007

7. Administration expenses

		2007 R'000	2006 R'000
Depreciation		220	(207)
Depreciation for the year		220	173
Change in estimate of useful life	8		(380)
Operating lease rentals (minimum lease payments)		1 003	1 702
Buildings		924	1 545
Operating lease payments		971	1 425
Change in estimate: straight line recalculation	17.2	(47)	120
Plant, machinery and equipment		79	157
Maintenance, repairs and running costs		174	235
Property and buildings		81	164
Machinery and equipment		39	28
Fuel and oil motor vehicles		54	43
Advertising, marketing and promotions, communication		445	368
Entertainment expenses		45	50
Consultancy and service provider fees		240	620
Internal audit fees		152	392
Other		88	228
Legal fees		5 435	584
Interest paid finance lease		30	-
Cost of employment	7.1	7 786	6 776
Travel and subsistence		162	219
Staff training and development		76	43
Remuneration to members of the accounting authority		653	468
Remuneration as members of the Board		187	54
Remuneration as Exco members		14	33
Travel expenses, accommodation and refreshments		260	208
Remuneration as members of other committees		5	16
Secretarial fees		51	56
Board members indemnity insurance		136	101
Remuneration to members of the audit committee		35	11
External auditor's remuneration		445	383
Other		1 518	1 506
System costs		691	398
Printing, stationery and postage		218	198
Telephones		162	154
Staff recruitment		27	204
Water and lights		189	158
Insurances		77	88
Meeting expenses		-	65
Other		154	241
		18 267	12 757

Notes to the

Annual Financial Statements

For the year ended 31 March 2007

7.1 Cost of employment

Salaries and wages

Basic salaries
Performance awards
Other non-pensionable allowance
Temporary staff
Leave payments
Overtime payments

Social contributions

Medical aid contributions
Pension contributions: defined contribution plans
UIF

2007
R'000

2006
R'000

7 130	6 295
5 520	5 061
540	306
443	440
643	409
(16)	67
	11
656	482
229	191
388	264
39	27
7 786	6 776

Average number of employees

36 30

Refer to the report by the Accounting Authority for disclosure concerning the emoluments of members of the Accounting Authority, the Chief Executive Officer, the Chief Financial Officer and Senior Managers.

8. Property, plant and equipment

Year ended 31 March 2007

Computer equipment
Office furniture and fittings
Motor vehicles
Balance at end of period
Made up as follows: - Owned assets
- Lease assets

Cost R'000	Accumulated depreciation R'000	Closing carrying amount R'000
1 392	(380)	1 012
644	(411)	233
66	(47)	20
2 102	(838)	1 263
1 531	(806)	724
571	(32)	539

Year ended 31 March 2006

Computer equipment
Office furniture and fittings
Motor vehicles
Balance at end of period

Cost R'000	Accumulated depreciation R'000	Closing carrying amount R'000
676	(237)	439
644	(340)	305
66	(42)	24
1 386	(619)	768

Movement summary 2007

Computer equipment
Office furniture and fittings
Motor vehicles
Balance at end of period

Carrying amount beginning of year R'000	Additions R'000	Disposals R'000	Depreciation R'000	Carrying amount end of year R'000
439	715	-	(142)	1 012
305		-	(72)	233
24		-	(4)	20
768	715	-	(219)	1 263

Movement summary 2006

Computer equipment
Office furniture and fittings
Motor vehicles
Balance at end of period

321	90	(10)	38	439
250	2	(14)	67	305
-	-	-	24	24
571	92	(24)	129	768

Notes to the

Annual Financial Statements

For the year ended 31 March 2007

	Note	2007 R'000	Restated 2006 R'000
9. Prepayments and advances			
Prepayments and advances			
Travelling			62
Closing balance		-	62
10. Trade and other receivables			
10.1 From Non-Exchange transactions			
Skills Development Levy debtors		21 432	19 800
Admin levy debtors		2 678	2 475
Employer grant levy debtors		13 395	12 375
Discretionary grant debtors		5 358	4 950
Penalties and interest debtors		603	144
Inter-Seta debtors		561	582
Employer receivables	10.4	2 645	1 017
Other receivables		-	3
		25 240	21 546
10.2 From Exchange transactions			
Sundry debtors		1 826	-
10.3 SARS estimate reversals			
Included in Skills Development Levy debtors is an estimate for SARS reversals			
Opening carrying amount		2 311	-
Net effect of SARS adjustments for the current year		521	2 311
Estimated remaining SARS adjustments		2 832	2 311
10.4 Employer receivable			
Employer receivable			
Overpayment to employers		2 645	1 017
During the year under review an amount of R2,645,000 was recognised as a receivable relating to overpayment to employers in previous periods.			
11. Cash and cash equivalents			
Cash at bank and in hand		2 893	2 405
Cash in bank		2 892	2 404
Cash on hand		1	1
Short-term investments/instruments		118 302	139 530
Cash and cash equivalents at end of year		121 195	141 935

As required in Treasury Regulation 31.2, National Treasury approved the banks where the bank accounts are held. The weighted average interest rate on short-term bank deposits was 8.6% (2005: 6.85%).

An investment amount of R235 000 is subject to a Bank Guarantee issued on behalf of Theta as security for the outstanding operational rental commitments of the office premises.

Notes to the Annual Financial Statements

For the year ended 31 March 2007

12. Finance lease obligations

Reconciliation between the total of the minimum lease payments and the present value:

	2007 R'000	Restated 2006 R'000
Future minimum lease payments	649	-
No later than one year	229	-
Later than one year and no later than five years	420	-
Later than five years	-	-
Future finance charges of finance leases	(104)	-
Present value of finance lease liabilities	545	-

Analysed for financial reporting purposes:

Non-current finance lease liability (recoverable after 12 months)	374	-
Current finance lease liability (recoverable within 12 months)	171	-
Finance lease liability	545	-

13. Trade and other payables

13.1 Trade and other payables from exchange transactions

Service provider fees outstanding	4 549	5 421
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13.2 Grants and transfers payable from non-exchange transactions

Skills Development grants payable	8 177	17 726
SARS reversal creditors	3 472	4 175
Inter-Seta payable	345	165
	11 994	22 066

Opening carrying amount
Amount utilised
Change in estimate
Closing carrying amount

Mandatory Grants	Discretionary Grants	2006/07 R'000	2005/06 R000
17 726		17 726	15 031
(17 726)		(17 726)	(15 031)
7 265	912	8 177	17 726
7 265	912	8 177	17 726

13.2.1 SARS estimate reversals

Opening balance	4175	-
Net effect of SARS adjustments for the current year	(703)	4 175
Estimated remaining SARS adjustments	3 472	4 175

Notes to the Annual Financial Statements

For the year ended 31 March 2007

14. National Skills Fund and donor funding received in advance	2007 R'000	Restated 2006 R'000
Opening balance	4 971	24 489
(Refunded)/received during the year	5 056	(2 006)
INTAC	(285)	125
SATI	(206)	8
SA Host	491	1 789
Graduate support	5 056	
TLP	-	(3 928)
Utilised and recognised as revenue-conditions met	(1 956)	(17 512)
INTAC	-	(11 576)
DoE	(1 187)	(1 406)
SATI	(196)	(3 284)
DEAT SATI	-	(270)
SA Host DEAT	(179)	(159)
SA Host Other	(394)	(817)
Closing Balance	8 071	4 971

During the current year conditional funds of R5,056,000 were received from the National Skills Fund for the purposes of The Graduate Support Project. This amount was recognised as a liability until the conditions attached were met. During the year, R1,956,000 eligible project special expenses were incurred and a corresponding amount was recognised as revenue. At year end, R8,071,000 continues to be accounted for as a liability until the remaining conditions attached have been met.

14.1 National Skills Fund and donor funding received in advance: Per project

	DoE	TLP	INTAC	SATI	SA Host	NSF	Total
Opening balance 2005	2 452	5 531	11 505	5 002	-	-	24 489
Received during the year	134	-	356	213	1 219	-	1 922
Inter-company	-	(1 603)	-	(1 455)	3 058	-	-
Repayment to donors	-	(3 928)	-	-	-	-	(3 928)
Utilised and recognised as income - conditions met	(1 406)	-	(11 576)	(3 554)	(976)	-	(17 512)
Closing balance 2006	1 180	-	285	206	3 301	-	4 971
Received during the year	-	-	-	-	-	5 056	5 056
Inter-company	8	-	(285)	(11)	288	-	-
Utilised and recognised as income - conditions met	(1 188)	-	-	(195)	(573)	-	(1 956)
Closing balance 2007	-	-	-	-	3 016	5 056	8 071

15. Provisions from exchange transactions

	Employee leave provision	Employee bonus provision	2006/07 R'000	2005/06 R'000
Open carrying amount	256	135	391	9 343
Amounts utilised	(256)	(135)	(391)	(9 343)
Change in estimate	196	109	304	391
Closing carrying amount - (current)	196	109	304	391

Employee leave provision is calculated on a total cost to company basis. Bonus provisions are calculated based on the conditions as stipulated in the contract of employment.

Notes to the

Annual Financial Statements

For the year ended 31 March 2007

16. Reconciliation of net cash flow from operating activities to net deficit

	2007 R'000	2006 R'000
Net surplus/(deficit) as per Statement of Financial Performance	(7 772)	(29 223)
Adjusted for non-cash items:		
Depreciation	220	(207)
Rental	47	120
Surplus/deficit on disposal of property, plant and equipment	(14)	(61)
Provisions	87	(8 953)
Special project income recognised	(1 956)	(17 512)
Adjusted for items separately disclosed		
Investment income	(9 999)	(10 698)
Adjusted for working capital changes:		
(Increase)/Decrease in receivables	(5 458)	(1 095)
Increase/(Decrease) in payables	(10 625)	3 487
Movement in VAT receivable / payable	-	(1 752)
Cash generated (utilised in) operations	(35 094)	(65 895)

17. Contingencies

In terms of the PFMA, all surplus funds as at year end may be forfeited to National Treasury. As at the reporting date National Treasury has approved the rollover of the amount of R148,859 million being the previous year surplus funds. Approval to retain current year surplus funds has been requested. To date no official reply has been received.

17.1 Legal cases

Tourism Learnership Project (TLP) - Theta Board is taking legal action against a service provider for learnerships. The dispute resolves around the performance of implementation of learnerships with an estimated value of R9 million and estimated future legal fees of R300,000.

A service provider for the INTAC project has issued summons against Theta to the amount of R3.5 million regarding a cancelled contract. Theta issued a counter claim to the amount of R8.3 million. No loss regarding this case is estimated and future legal fees amounting to R300,000 are estimated.

Notes to the Annual Financial Statements

For the year ended 31 March 2007

18. Commitments

18.1 Discretionary reserve: Contractually committed funds

Of the balance of R123.8 million available in the Discretionary reserve at the end of March 2007, R77.174 million has been approved and allocated for future projects and skills priorities as set out below. These amounts are contractually committed to other parties. Amounts for expenses that have already been contracted or incurred, and therefore included in grant expenses in the Income Statement, are also indicated. A request for the accumulation of these funds has been submitted to National Treasury. At the time of compiling the financial statements, no reply had been received.

	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	Opening balance 2005/2006 Approved by Accounting Authority	Utilised	Opening Balance 2006/2007	Approved by Accounting Authority	Utilised	Total	Contractual Commitment outstanding
Accreditation	1 759	(731)	1 028	2 730	(1 703)	2 055	720
Learnership implementation	45 583	(16 177)	29 406	9 000	(18 477)	19 929	19 929
SGB/Qualification scoping	10 251	(4 966)	5 285		(2 151)	3 134	1 000
Development service providers	23 826	(12 206)	11 620		(4 367)	7 253	5 700
Agritourism	10 160	(2 017)	8 143	2 438	(8 624)	1 957	1 957
New venture	2 893	(765)	2 128	9 000	(1 925)	9 203	4 500
Sports coaches	5 000	(25)	4 975		(3 090)	1 885	4 500
Learnership 2006/07	19 122	-	19 122			19 122	19 122
Youth /Institute of Excellence			-	10 000	(7 106)	2 894	3 500
Graduate Development NSF			-	16 750	(143)	16 607	15 246
Co-ops capacity building				3 333	(248)	3 085	1 000
Total project expenditure	118 594	(36 887)	81 707	53 251	(47 834)	87 124	77 174

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For the year ended 31 March 2007

Discretionary reserve: Surplus funds allocated to future projects

Of the balance of R27.88 million of uncommitted funds as indicated above, R45.9 million has been approved and allocated for future projects and skills priorities as set out below. Amounts for expenses are included in grant expenses as indicated below. A request for the accumulation of these funds has been submitted to National Treasury. At the time of compiling the financial statements, no reply had been received.

	R'000	R'000	R'000	R'000	R'000	R'000
	Opening balance 2005/2006/ Approved by Accounting Authority	Utilised	Opening Balance 2006/2007	Approved by Accounting Authority	Utilised	Total
Abet survey	767	(462)	305	(257)	(48)	-
Assessor and moderation development	1 200	(920)	280	(280)	-	-
Capacity building stakeholders	7 514	(5 546)	1 968	2 500	(2 223)	2 245
Investors in people	256	(94)	162	2 915	(350)	2 727
Quality Management System	202	-	202	(202)	-	-
Required skills - chambers	24 300	(15 921)	8 379	968	(9 347)	-
SDF's capacity building	547	(513)	34	-	(3)	31
Skills development impact study	988	-	988	(988)	-	-
SMME support project	11 738	(8 369)	3 369	-	(1 518)	1 851
SSP 2005 - 2009 development	756	(638)	118	5 158	(5 075)	201
Learnership employed	8 523	-	8 523	(8 523)	-	-
Workplace skills plan	573	(10)	563	(563)	-	-
HIV Aids	399	(258)	141	(141)	-	-
Capacity Bld-CATRA	3 645	(3 566)	79	2 202	(2 281)	-
Technical officials capacitating	-	-	-	3 600	(2)	3 598
Curriculum development	-	-	-	2 150	(4)	2 146
Life skills soccer players	-	-	-	7 583	-	7 583
Sports tourism	-	-	-	7 500	-	7 500
Total project expenditure	61 408	(36 297)	25 111	23 622	(20 851)	27 882

18.2 Operating Leases

Total of future minimum lease payments under non-cancelable leases:

Not later than 1 year

Later than 1 year and not later than 5 years

Later than 5 years

2007 R'000	2006 R'000
2 153	1 964
1 924	4 048
-	-
4 077	6 012

The operating lease relates to building premises used for office accommodation and equipment rental. The building lease agreement was entered into effective 1 February 2004 and will be operational for a period of 5 years, expiring on 31 January 2009. No provision was made for an option to renew the lease on expiry. The rental escalates annually on 1 February with 9%.

Notes to the Annual Financial Statements

For the year ended 31 March 2007

19. Material losses through criminal conduct, irregular, fruitless and wasteful expenditure

Fruitless and wasteful expenditure/Irregular expenditure

During this financial year the Accounting Authority, after careful consideration of all facts, authorised Theta to settle the legal case with a service provider (refer to Contingent Liabilities; Legal cases in the Annual Report of 2006). This decision was made on the advice of Theta legal representatives, senior council and arbitrator, which was that the chances of Theta winning the court action were less than 50%. The total amount in the settlement of this case was as follows:

	R'000
Legal costs	412
Settlement	4 500
Total	4 912

The estimated legal exposure before settlement to Theta was legal fees and settlement costs of R20 million.

During the 2005/2006 financial year the Auditor-General conducted a forensic audit regarding this matter. The findings of the forensic audit were included as an Emphasis of Matter in the Audit Report of the 2006 financial year. Subsequent to the forensic audit the Accounting Authority conducted a thorough investigation into the matter. As a result of these expenses the administration threshold will be exceeded by R3,44 million.

The forensic audit and the subsequent investigation by the Accounting Authority found no evidence of criminal, fraudulent or corrupt actions by any Theta officials involved. The Accounting Authority subsequently developed and implemented the necessary policies and procedures to ensure no repeat of this situation. These procedure manuals are revised on an ongoing basis to ensure that compliance is monitored and enhanced and include the Supply Chain Management Policy; The Finance Policy; The Investment Policy; The Project Expense Policy and the HR Policy.

20. Events after statement of financial position date

The Board of Theta does not have any knowledge of any significant events after the Statement of Financial Position date.

21. Financial instruments

In the course of operations, Seta is exposed to interest rate, credit, liquidity and market risks. The Seta has developed a comprehensive risk strategy in order to monitor and control these risks. The risk management process relating to each of these risks is discussed under the headings below.

21.1 Interest rate risk

The Seta manages its interest rate risk by obtaining competitive rates from approved financial institutions on a monthly basis. The Seta's exposure to interest rate risk and the effective interest rates on financial instruments at Statement of Financial Position date are as follows:

	2007 R'000				Restated 2006 R'000	
	Interest Bearing	Effective Interest Rate	Non-Interest Bearing	Total	Total	Effective Interest Rate
Year ended 31 March 2007						
Cash	121 195	8,60%		121 195	141 935	6,72%
Accounts receivable			1 826	1 826	17 371	
Total financial assets	121 195		1 826	123 021	159 306	
Liabilities						
Accounts payable			(4 549)	(4 549)	(23 703)	
Total financial liabilities			(4 549)	(4 549)	(23 703)	
Year ended 31 March 2007						
Total financial assets	121 195	8,60%	1 826	123 021	159 306	6,72%
Total financial liabilities	-		(4 549)	(4 549)	(23 703)	
	121 195		(2 723)	118 472	135 603	

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Annual Financial Statements

For the year ended 31 March 2007

21.2 Credit risk

Financial assets, which potentially subject the Seta to the risk of non performance by counter parties and thereby subject to credit concentrations of credit risk, consist mainly of cash and cash equivalents, investments and accounts receivable.

The Seta management limits its treasury counter-party exposure by only dealing with well-established financial institutions approved by National Treasury through the approval of their investment policy in terms of Treasury Regulation. The group's exposure is continuously monitored by the Accounting Authority.

21.3 Liquidity risk

The Seta manages liquidity risk through proper management of working capital, capital expenditure and actual versus forecasted cash flows. Adequate reserves and liquid resources are also maintained.

21.4 Fair values

Recognised financial instruments

Financial instruments recognised in the Theta Statement of Financial Position include cash and cash equivalents, trade and other receivables, trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

21.4.1 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and investments in money market instruments with an original maturity of 3 months or less.

The carrying amount of cash and cash equivalents is stated at cost, which approximates fair value.

21.4.2 Trade and other receivables

Trade receivables are carried at anticipated realisable value, that is, original invoice amount less provision for impairment of these receivables. Estimates are made for impairments based on a review of all outstanding amounts at year-end. Irrecoverable amounts are written off during the year in which they are identified.

21.4.3 Trade and other payables

The board considers the carrying amount of trade and other payables to approximate their fair values. The credit period of trade payables ranges between 30 and 90 days.

Notes to the Annual Financial Statements

For the year ended 31 March 2007

22. Related party transactions

Transactions with other Setas

Inter-Seta transactions and balances arise due to the movement of employers from one Seta to another. No other transactions occurred during the year with other Setas.

	2007 R'000	2006 R'000	2007 R'000	2006 R'000	2007 R'000	2006 R'000
	Transfer in		Transfer out		Payable/Receivable	
HW SETA	50	12			1	
W&R SETA	1	8			(14)	(47)
MERSETA				(3 163)	(4)	
SERVICES SETA	1 569		(140)		541	407
FOOD & BEV SETA	186				14	21
AGRI SETA					(44)	4
HEALTH SETA						32
FASSET					54	
TETA					12	
FIETA					3	
IN-SETA					(5)	
LGSETA					3	
MQA					11	
SASSETA					(13)	
MAPPP					(9)	
	1 806	20	(140)	(3 163)	550	417

Transactions with other related parties

Government departments

DEAT	Voluntary Government Levy	532	512
Department of Sport	Voluntary Government Levy	47	24
Department of Labour (NSF)	Joint venture	5 056	-

Other national public entities

South African Airways	Airfares	270	452
Telkom	Telecommunications	204	393
Auditor-General	Audit Fee	445	383

Total

2007
R'000

2006
R'000

6 554

1 764

Notes to the Annual Financial Statements

For the year ended 31 March 2007

Transactions with Accounting Authority members: Payments

Accounting Authority Member	Related Position	Organisation Payment To	Reason	2007 R'000	2006 R'000
B Ward	Member	CATRA	Grants	2 281	2 560
C Johnson	Member	Three Cities	Grants	166	54
CA Cairns	SDF/member	Total		797	197
		Access Travel Trust	Grants		
		Connex Travel Pty Ltd	Grants		
		Cathay Pacific Airways	Grants		
		Concorde Travel Holdings Ltd	Grants		
		Exel Travel Holdings Pty Ltd	Grants		
		Swiss International Air Lines	Grants		
		Virgin Atlantic Airways	Grants		
		Protea Travel Tvl Pty Ltd	Grants		
T Mahlangu	Saccawu	Saccawu	Grants	-	281
L Tyikwe	Fawu	Fawu	Grants	-	28
P Sito	Eccawusa	Eccawusa	Grants	-	2
M Marobe	Member	TBCSA	Membership	36	
B Seti	Member	DEAT	Grants	5 000	
Simba	Member	Tsogo Sun	Grants	128	
S Pila	Member	SRSA	Grants	60	
				8 468	3 122

The transactions listed above occurred under terms that were no less favourable than those available in similar arm's length dealings.

The Related Party transactions disclose any payments made by Theta to organisations that employ persons who are also Board Members of Theta. The payments are made directly to the organisations and the individual persons are not involved in the transactions save for their dual role as employee of a Theta member organisation and a Theta Board Member. These payments are defined as 'Grants', i.e. Employer Grants and Discretionary Grants and membership fees for the year.

Notes to the Annual Financial Statements

For the year ended 31 March 2007

Transactions with Accounting Authority members: Levies

Accounting Authority Member	Related Position	Organisation Payment To	Reason	2007 R'000	2006 R'000
C Johnson	Member	Three Cities	Levies	217	190
CA Cairns	SDF/member	Total		1 276	847
	Member	Access Travel Trust	Levies		
		Connex Travel Pty Ltd	Levies		
		Cathay Pacific Airways	Levies		
		Concorde Travel Holdings Ltd	Levies		
		Exel Travel Holdings Pty Ltd	Levies		
		Astra Travel cc	Levies		
		Boland Travel Pty Ltd	Levies		
		Bundu Bashers Travel Pty Ltd	Levies		
		Destination Travel cc	Levies		
		Embassy Travel Pty Ltd	Levies		
		Howick Travel cc	Levies		
		Mazista Travel Services	Levies		
		Michelle Travel Agency	Levies		
		Novo Mundo Agency	Levies		
		Oceanair Travel Pty Ltd	Levies		
		Rosebank Travel Service	Levies		
		Sandown Travel Agency	Levies		
		Sure Millennium Travel	Levies		
		Turners International Travel	Levies		
		Swiss International Air Lines	Levies		
		Virgin Atlantic Airways	Levies		
		Protea Travel Tvl Pty Ltd	Levies		
S Zimba		Tsogo Sun	Levies	256	99
				1 749	1 136

23. Prior Period Errors

23.1 Discretionary/Employer Grants

Discretionary grants paid was incorrectly shown as Employer Mandatory Grant payments in the previous financial period.

As a result, the transfer of excess funds from Employer Grant Reserve to Discretionary Grant Reserve was stated incorrectly.

There is no effect of the restatement on the Statement of Net Assets or any of the reserves as the correction is a change inside the Net Deficit and the regulated transfer of unclaimed funds that is transferred from the Mandatory Reserve to the Discretionary Reserve.

23.2 Accounts/Grants Payable/Receivable

In previous financial periods all SARS reversals were incorrectly disclosed as a net amount under Accounts Receivable. This was corrected for the 2006 financial year and correctly disclosed in the current financial year:

Net change in 2006 is as follows:

Increase in Accounts Payable

Increase in Accounts Receivable

2006
R'000

2 932

(2 932)

-

2006
R'000

(4175)

4 175

-

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For the year ended 31 March 2007

23.3 Discretionary grants/Project expenditure

In the previous financial year Learnership grants were incorrectly classified as Discretionary grants. This amount should have been classified as Discretionary project expenditure. The amount was corrected and the previous year amount restated. No effect on net assets was recorded as the change took place within the same expense heading on the face of the Statement of Financial Performance.

Change in 2006

Discretionary grants
Project expenses

Original	2006 Restated R'000	Change
15 941	2 931	(13 010)
60 172	73 182	13 010
76 113	76 113	0

23.4 Change in net assets

In the previous financial year the net administrative deficit to an amount of R19.672 million was incorrectly shown as a balance in the change of net assets. This amount should have been transferred from the Discretionary reserve to create a balance in the Discretionary reserve equal to the value of the net assets. No net effect on net assets was recorded as the change took place within the total net assets.

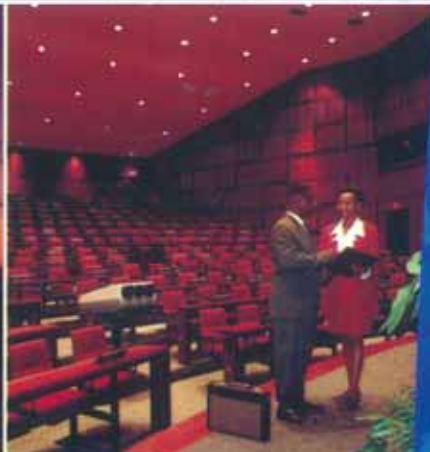
Admin change in 2006

Admin reserves
Employment grant reserves
Discretionary reserves

Original	2006 Restated R'000	Change
(19 627)	768	20 395
2 230	2 230	-
148 858	128 464	(20 394)
131 462	131 462	-

Acronyms

Abet	Adult basic education and training	MoU	Memorandum of understanding
Asgisa	Accelerated Shared Growth Initiative for South Africa	Nactu	National Council of Trade Unions
Asata	Association of South African Travel Agents	Nafcoc	National Africa Federated Chamber of Commerce and Industry
ATR	Annual training report	NBI	National Business Initiative
Barsa	Board of Airline Representatives of South Africa	NGO	Non-governmental organisation
BEE	Black economic empowerment	NLRD	National Learners' Records Database
BSA	Boxing South Africa	NQF	National Qualifications Framework
Catra	Restaurant and Food Services Association of South Africa	NSA	National Skills Authority
CBC	Community-based cooperative	NSB	National Standards Body
CBO	Community-based organisation	NSDS	National Skills Development Strategy
CEO	Chief executive officer	NSF	National Skills Fund
CFO	Chief financial officer	NTSS	National Tourism and Sports Skills
DEAT	Department of Environmental Affairs and Tourism	OLG	Open learning group
DoE	Department of Education	PDI	Previously disadvantaged individuals
DoL	Department of Labour	PFMA	Public Finance Management Act
Eccawusa	Entertainment, Catering Commercial and Allied Workers Union of South Africa	PPP	Public Private Partnerships
EE	Employment equity	PPPA	Preferential Procurement Policy Framework Act
ESDLE	Employment and skills development lead employer	QMS	Quality management system
Eta	Education and training authority	RPL	Recognition of prior learning
ETD	Education, training and development	Saca	South African Chefs Association
ETDP	Education, training and development practitioners	Saccawu	South African Commercial Catering and Allied Workers Union
ETQA	Education and training quality assurance body	SAFA	South African Football Association
FAWU	Food and Allied Workers Union	SAQA	South African Qualifications Authority
Fedhasa	Federated Hospitality Association of South Africa	SARS	South African Revenue Service
FET	Further education and training	SASC	South African Sports Commission
GAAP	Generally accepted accounting practice	Satsa	Southern African Tourism Service Association
GDS	General distribution systems	SDA	Skills Development Act
GNR	Government National Regulations	SDD	Skills development department
GRAP	Generally recognised accounting practice	SDF	Skills development facilitator
HET	Higher education and training	Seta	Sector education and training authority
Hiawu	Hospitality Industry and Allied Workers Union	SFM	Sports facility management
HILG	Hotel Industry Liaison Group	SGB	Standards generating body
HITB	Hospitality Industries Training Board	SIC	Standard Industrial Classification
IAS	International Accounting Standards	SLA	Service level agreement
IIP	Investors in People	SMME	Small, medium and micro enterprises
INTAC	Integrated Nature-Based Tourism and Conservation	SRF	Sports, Recreation and Fitness
ISOE	Institute of sectoral or occupational excellence	SRSA	Sports and Recreation South Africa
Jipsa	Joint Initiative on Priority Skills Acquisition	SSP	Sector skills plan
Mice	Meetings, incentives, conferences and exhibitions	TBCSA	Tourism Business Council of South Africa
		TD	Training development
		Theta	Tourism, Hospitality and Sport Education and Training Authority
		TLP	Tourism Learnership Project
		TR	Training report
		UIF	Unemployment Insurance Fund
		VAT	Value added tax
		WSP	Workplace skills plan





3rd Floor, Block E
Sandhurst Office Park
Cnr Rivonia Road and Katherine Street
Sandton, Gauteng
Tel. (011) 803-6010
Fax: (011) 803-6702
www.theta.org.za

