The National Education Collaboration Trust
Registration Number: IT2559/13T

Annual Financial Statements for the year ended 31 December 2023

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	A Trust registered as a non-profit organisation to strengthen partnerships among business, civil society, government, and labour in South Africa to achieve the education goals of the country's National Development Plan. The Trust strives to support and influence the agenda for the reform of basic education.
Trustees	Mr. Sizwe Errol Nxasana Ms. Angelina Motshekga Ms. Ntombifuthi Temperance Mtoba Ms. Tebele Makhetha Mr. Basil Lawrence Manuel Mr. Nkosana Dolopi Mr. Hubert Mathanzima Mweli Prof. Brian De Lacy Figaji Dr. Godwin Khosa
Registered office	Ground Floor, Block D Lakefield Office Park 272 West Avenue Centurion 0163
Business address	Ground Floor, Block D Lakefield Office Park 272 West Avenue Centurion 0163
Auditor	PricewaterhouseCoopers Inc. Registered Auditor
Trust registration number	IT2559/13T
Banker	First National Bank
Preparer	Ms Jabu Hlophe AGA (SA) Senior Accountant
Reviewer	Mr Sandile Mkhonto CA(SA) Chief Financial Officer

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APPROVAL OF ANNUAL FINANCIAL STATEMENTS

Trustees' Responsibilities and Approval

The Trustees are required to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Trust as at the end of 31 December 2023 and the results of its operations and cash flows for the period then ended, in conformity with IFRS Accounting standards. The external auditor is engaged to express an independent opinion on the financial statements.

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

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

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

The Trustees have reviewed the Trust's cash flow forecasts until 31 December 2024, the available cash resources and the current financial position; and, in the light of this review, they are satisfied that the Trust has access to adequate resources to continue to operate into the foreseeable future.

The trustees are responsible for the controls over, and security of the website and, where applicable, for establishing and controlling the process for electronically distributing annual reports and other financial information to stakeholders.

The external auditor is responsible for independently reviewing and reporting on the Trust's annual financial statements. The annual financial statements have been examined by the Trust's external auditor and their report is presented on pages 13 to 15.

The financial statements set out on pages 16 to 49, which have been prepared on the going concern basis, were approved by the Board of Trustees on 6 May 2024 and were signed on its behalf by:

Ms Ntombifuthi Mtoba CA(SA)	**Mr Sizwe Nxasana CA(SA)**
Chairperson	**Chairman**
Risk and Audit Committee	**Board of Trustees**

REPORT OF THE TRUSTEES

The National Education Collaboration Trust (NECT) Trustees present the annual report for the year that ended on 31 December 2023. The report forms part of the statutory Audited Annual Financial Statements of the Trust.

INCORPORATION

The Trust was registered on 12 July 2013 as a non-profit organisation with the aim of strengthening partnerships among business, civil society, government and labour in South Africa to achieve the national education goals outlined in South Africa's National Development Plan (NDP). The Trust strives to support and influence the agenda for improving basic education.

TAX STATUS

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

HIGHLIGHTS FOR 2023

The NECT reached a significant milestone during the reporting year as it celebrated its first decade of existence. The 10th anniversary commemoration took various forms such as dialogues and the recording of lessons learnt, reaching its pinnacle on 11 and 12 September when the NECT hosted a two-day national convention involving over 300 delegates representing government, the private sector, teacher unions, teachers, universities, community leaders and the media. Over 60 national and international experts reflected on the collaborative education improvement efforts led by the NECT over the past decade and discussed the future of education in South Africa.

Looking ahead, the NECT Board of Trustees extended the mandate of the organisation beyond the initial 10-year lifespan. To this end, the strategy and the operational structure of the NECT were reconfigured to meet the future needs of education reform and improvement. As part of the reconfiguration, a new structure made up of the following three divisions was incrementally implemented from 1 November 2023:

- Division 1: Schools and District Systems
- Division 2: Systems Capacity Support and Advisory
- Division 3: Social Compact Building and Partnerships

Notable strategic achievements of a macro-development and systemic nature were registered in the education system in 2023. The work of the NECT remained focused on key policy and programme areas that have the potential to bring about whole-system changes, strengthen the public education system and lead to sustainable improvements.

REPORT OF THE TRUSTEES (CONTINUED)

In pursuit of these ideals, the NECT had also mobilised over R2,7 billion by its 10th year and was configured to coordinate scores of actor groups drawn from the private sector, government, teacher unions and civil society to build social capital that supported over one-third of education officials and teachers and contributed to over 10 years of labour peace.

The highlights of these improvements are presented in the next sections in accordance with the three new divisions.

1. DIVISION ONE: SCHOOLS AND DISTRICT SYSTEMS

1.1 Making the 75 districts drive the improvement of learning and school experiences

In 2023, the NECT reoriented its focus on districts as the key levers of change within the South African education sector. The purpose of the reorientation was to focus on the level of the system that has the highest potential to lead and sustain education change. Districts form a restricted level of the education system that is closest to the schools and the only level that is delinked from the political system, including from local government and national elections. These features make the district level the most suitable one at which to start building a professional public service.
The reorientation led to the launch of the Integrated District Improvement Programme (IDIP). The IDIP's first step was to profile the capabilities of the districts to drive instructional excellence. The profiling exercise created a basis for making proposals for and initiating work on enhancing districts' capabilities and organisational capacity to plan educational operations and manage implementation, monitoring and feedback, and reporting. The following was achieved during 2023:

- A total of 132 318 officials – made up of 2 458 system-level managers, 16 500 school managers and 113 360 teachers – received professional development through the NECT and the Department of Basic Education (DBE). The professional development activities were supported by the provision of materials including up to 16 477 708 units of teacher resources that were distributed to over 22 812 (91%) schools nationally – a 34.2% year-on-year increase from the accumulated total of 12 281 114 materials recorded as distributed in 2022.

- The NECT supported the DBE to develop and budget for a strategy that seeks to significantly improve the number of ten-year-olds who can read for meaning. In this regard, the NECT also supported the investigation into the potential benefits of mother-tongue education, and, in 2023, provided over 1 185 000 Foundation Phase storybooks in African languages to 8 842 primary schools in 444 National Reading Coalition circuits across nine provinces. This brings the accumulated number of African language storybooks distributed between 2022 and 2023 to over 2 505 000.

- The IDIP model was endorsed by the DBE following wide deliberations across the sector that included Ministers, Members of Executive Councils (MECs), the Heads of Education Departments Committee (HEDCOM) and teacher unions.

REPORT OF THE TRUSTEES (CONTINUED)

- A total of 57 (114%) of the 50 target districts across all nine provinces had received IDIP orientation by the end of 2023 while 28 (56%) of 57 districts were assisted to devise new, sound operational plans aimed at improving numeracy and literacy.

- A total of 98 (98% of the targeted) district officials participated in a winter school for district officials aimed at improving the competencies of the officials making up this local level of the system. This achievement represents an 81.5% increase from the 54 district officials that were reached in 2022.

1.2 Piloting new education improvement initiatives to address systemic challenges

To drive the innovation imperative, the NECT undertakes the design and testing of new improvement programmes. Some notable achievements in 2023 include :

- **New Mathematics Methodology Testing:** The NECT tested a new mathematics methodology designed in collaboration with Japanese experts and drawing on experience from the Japanese education system. This methodology has been tested with 1 391 teachers and 109 subject advisors and is now ready for an external evaluation before potential widespread implementation.

- **Assessment for Learning (AfL) Programme Pilot:** The NECT partnered with Provincial Education Departments (PEDs) in the North-West and Mpumalanga to pilot the AfL programme in specific districts. The initiative achieved a 100% training rate for 80 subject advisors, successfully equipping them with skills in AfL. Based on its success and lessons learned, recommendations have been made to the DBE for national implementation of the AfL programme, aligned with the DBE's focus on AfL as a pedagogical strategy.

- **Household Planners (HHPs) Mathematics Resources Pilot:** The NECT piloted HHPs for mathematics resources in five African languages across 92 schools in four provinces (North-West, Limpopo, Mpumalanga, Eastern Cape). This initiative aimed to foster parental involvement, support learner academic progress and strengthen partnerships between parents and teachers to address learning losses caused by the disruptions of the COVID-19 pandemic.

1.3 Strengthening district capacity in collecting, analysing and utilising critical evidence for informed decision making

The Monitoring, Research and Feedback (MRF) sub-division focuses on monitoring the division’s activities, conducting research on programme implementation and providing feedback that can be used to improve programming. The sub-division provides support to the IDIP through its Data Centre and district profiling activities, which fall within the IDIP Model.

REPORT OF THE TRUSTEES (CONTINUED)

Notable achievements in 2023 include the following:

- The MRF unit was involved in the IDIP process and was responsible for establishing and operationalising the Data Centre. Through this process, the unit led the gathering of key management data from the districts.

- The NECT initiative aligned with the Auditor-General's review of the adherence of the DBE and PEDs to policy, particularly the South African Schools Act, with audit evidence largely drawn from the IDIP Data Centre's documentation.

- The MRF unit developed district profiling reports aimed at providing an overview of district operations and functionality. These reports, based on the document analysis of key management documents contained in the Data Centre, provided the basis for making proposals and supporting initiatives based on district needs.

2. DIVISION TWO: SYSTEMS CAPACITY SUPPORT AND ADVISORY

The strategic intent of Division 2 is to boost state capacity through**:**

- Enhancing the state's ability to sustainably meet both immediate and future educational needs: This is done by identifying technical gaps within the DBE and injecting vital technical skills to improve capacity. Identification of the technical gaps is done in collaboration with the Department's different branches.
- Providing project management capacity to support strategic initiatives requiring rapid implementation: This involves deploying project management expertise and resources to effectively plan, coordinate and execute key initiatives within specified timelines.

Division 2 has three sub-divisions, namely: the Education Technical Assistance Office (ETAO), which provides tailored technical expertise to enhance capacity within the DBE and PEDs; Education Futures (Ed-Futures), which facilitates discussions on trends shaping the future of South African education, promoting the inclusion of foresight in strategy development and planning, which, in turn, should foster an innovative and resilient education system; and Special Projects (SP), which addresses systemic challenges through agile and responsive project management strategies.

In 2023, Division 2 provided support to the DBE through its various sub-units. The support assisted the DBE to achieve the milestones described below.

2.1 Empowering education through technical assistance: The role of the ETAO in driving system-wide Improvements

An objective of the ETAO is to identify technical gaps and engage tailored technical expertise to enhance capacity within the DBE, provinces and districts. Below are some of the outcomes achieved in 2023:

REPORT OF THE TRUSTEES (CONTINUED)

2.1.1 Planning frameworks for educational initiatives:

- The ETAO was instrumental in providing a technical expert who supported the DBE with the development of a planning framework for the Occupational Stream Pilot as part of the Department's Three Stream Project.
- Additionally, the injection of technical expertise led to the development of the strategy for the implementation of Mother Tongue-based Bilingual Education (MTBBE), which will be rolled out country-wide in 2025, emphasising the importance of language diversity in the curriculum.

2.1.2 Institutionalisation framework for the National Institute for Curriculum and Professional Development (NICPD):

- **The NICPD** is essential for enhancing teacher capacity and curriculum development. The technical expert provided by the ETAO helped the Department to design an institutionalisation framework which will ensure the NICPD's sustainability and effectiveness.
- Additionally, a technical expert was provided to assist the DBE with content development for the **Online Teacher Development Platform (OTDP).** This platform can now provide accessible and relevant professional development resources to teachers across South Africa. The teachers can use these resources for continuous professional development at their own pace.

2.2 Early Childhood Development (ECD) dialogues

The ETAO facilitated national dialogues involving ECD stakeholders. These dialogues served as platforms for sharing insights and gathering inputs. The sessions played a significant role in shaping the new ECD strategy which was shared with stakeholders late last year.

2.3 Fostering a future-ready education system

The Education Futures sub-division is dedicated to fostering discussions among education stakeholders and government to anticipate trends shaping the future of South African education. Ultimately, this initiative aims to instil foresight in planning and strategy development processes, leading to a more resilient, innovative and future-ready education system. Notable achievements in 2023 include the following:

- Ed-Futures conducted in-depth research to understand the landscape of education futures. The study identified key stakeholders and analysed the current usage of **futures research in basic education**. This research will inform a strategic approach to the use of futures research in the sector. Insights from the research conducted by the unit in will hopefully contribute to a more adaptive and future-ready educational ecosystem.
- Ed-Futures mobilised a team of technical assistants to develop the **South African Competency Framework**. Aligned with 21st-century skills, this framework will assist in the strengthening and adaptation of the curriculum to ensure learners exit the system with relevant competencies.

REPORT OF THE TRUSTEES (CONTINUED)

2.4 Driving innovation in education: Project management capacity initiatives

The NECT's Special Projects unit supported the DBE with five special projects. The NECT considers special projects to be focused initiatives that address specific challenges, implement innovative solutions or achieve predefined objectives for the education system. They are tailored projects designed to drive improvement, foster innovation and accelerate implementation to bring about positive change for the education sector.

Notable achievements include:

- **Transforming education management: Progress in South African School Administration and Management System (SA-SAMS) Modernisation Project:** Phase one of the **SA-SAMS Modernisation** project has successfully been concluded with the development of the modules Manage Learner, Manage School and Manage Staff, which are being user-tested. This groundwork sets the stage for a pilot in Gauteng and the subsequent rollout across all eight provinces. This work will assist greatly in improving school administration and data management and use to improve decision-making and thus education improvement efforts in South Africa.
- **Remote and Digital Learning (RDL) 2023 Campaign:** The RDL Campaign, in collaboration with 28 partners, delivered curriculum-aligned content and online support for learners from Grade R to 12. Initiatives like Tswelopele and Woza Matrics provided 372 learner lessons and licensed video lessons, delivering additional resources to enhance teaching and learning approaches.
- **Sanitation Appropriate for Education (SAFE) Project:** The SAFE Project executed the construction of ablution facilities in 149 schools during 2023, benefiting 43 211 learners and achieving an completion rate of 86.9% of the targeted 676 schools, totalling 588 completed ablution facilities.
- **Empowering Life Skills education: Life Orientation Textbooks Development Project:** The development of Life Orientation textbooks for Grades 4 to 12 resulted in the development of open-source materials and a comprehensive Teachers' Guide for the Life Skills and Life Orientation curricula.
- **Empowering inclusive early education: Gender-Responsive Teaching Training Project (GRP4ECE):** Training sessions for 4 000 ECD practitioners and Grade R teachers equipped them with enhanced skills in gender-responsive teaching. In the long-term, this training should foster inclusive learning environments.

These achievements demonstrate Division 2's commitment to enhancing education, fostering innovation and promoting sustainable learning environments for learners and educators. By addressing technical gaps, envisioning the future and implementing targeted projects, Division 2 has contributed significantly to the transformation of the education sector.

REPORT OF THE TRUSTEES (CONTINUED)

The division's various initiatives are collectively contributing to a more robust and equitable education system in South Africa, ensuring that learners have access to quality content, safe facilities and supportive teaching practices.

3. DIVISION THREE - SOCIAL COMPACT BUILDING AND PARTNERSHIPS

3.1. Stakeholder engagement and community involvement in education

The main strategic intent of Division 3 is to convene regular dialogues among role-players and stakeholders on selected issues, with a view to building consensus around education improvement policies and strategies. A secondary purpose is to support the DBE with regard to initiatives that require the participation of civil society. Achieving greater consensus on priority areas for education improvement and collaborative strategies to address these areas enables the NECT to mobilise social capital for government-led programmes and initiatives.
Highlights from 2023 include:

- **NECT lessons from 10 years of Education Improvement Dialogues:** The NECT organised provincial dialogues in four provinces, bringing together over 732 stakeholders to share insights and lessons learned from a decade of education collaboration.
- **Minister's Reading Dialogue:** This event convened 300 participants to discuss reading assessments and related educational topics.
- **Policy Dialogue Series on Education Transformation:** A Policy Dialogue Series was launched to reflect on 30 years of education transformation in South Africa and explore future possibilities. Two policy dialogues were hosted in 2023.
- **Collaboration with** the **South African Council for Educators (SACE):** The NECT collaborated with SACE to publish the proceedings of their Inaugural Teachers Conference, promoting knowledge sharing and professional development.
- **Engagement with business and labour:** The NECT worked with business and labour groups to develop an education improvement compact under the auspices of the Human Resource Development Council.
- **Civil society forums:** The NECT hosted forums for civil society engagement, with two events in 2023 involving 356 participants, to discuss sector developments and education priorities. These activities aimed to foster collaboration, knowledge sharing and strategic planning within South Africa's education sector.

REPORT OF THE TRUSTEES (CONTINUED)

3.2. Enhancing learner support and wellbeing through Care and Support for Teaching and Learning (CSTL) initiatives

The CSTL Investment Portfolio focuses on mobilising resources and strategic partnerships to collaboratively address education system challenges. By mobilising and coordinating capacity and resources around CSTL priorities, the Investment Portfolio supports learners, educators and families to manage the socio-economic and health-related challenges that negatively impact their learning and their lives. The following was achieved during 2023:

- **CSTL Research Programme with universities:** The NECT partnered with six universities in South Africa to implement the CSTL Research Programme, aiming to advance knowledge and evidence of care and support initiatives within the education system. A successful CSTL Conference convened experts to share knowledge, receive advice and set priorities for enhancing care and support services.

- **Capacity building for psychosocial support (PSS) with Common Elements Treatment Approach (CETA) experts:** The NECT supported the DBE in building capacity for psychosocial support by engaging CETA experts from Johns Hopkins University. This effort reached 35 master trainers who will train 1 600 learner support agents in 2024 to better support learners and educators with their psychosocial needs.

- **Ubuntu Youth Leaders' Programme:** This programme trained 110 master trainers who then trained 2 771 Ubuntu youth leaders in 2023. The initiative aims to address challenges like conflict, discrimination, violence and trauma in schools and communities by empowering youth to promote ubuntu values and act as agents of positive change.

- **Introduction of CSTL Partnership Platform:** The NECT facilitated increased collaboration among stakeholders and service providers at the district level by introducing the CSTL Partnership Platform, donated by Edvision. This digital platform enhances access to school-based care and support services and coordinates service providers more effectively. GIZ will provide seed funding to pilot the platform in 2024, with the NECT serving as the institutional custodian on behalf of the DBE and partners.

3.3. National Teacher Pedagogics Study (Classroom Dynamics)

The NECT partnered with the DBE and a consortium of nine historically disadvantaged universities to conduct a classroom dynamics research project across all nine provinces of South Africa. The project aimed to unlock the “black box” of South African classrooms and understand teaching and learning interactions in classrooms to better prepare teachers.

By the end of 2023, a pilot study report had been completed and was presented at key education conferences and forums (South African Education Research Association Conference, Education Deans Forum dinner). This initiative also contributed significantly to research capacity building, involving 90 researchers, with 81.1% (73) of them being individuals from black communities.

REPORT OF THE TRUSTEES (CONTINUED)

4. FINANCIAL RESULTS

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

In 2023, the Trust recorded Income of R333 231 672 (2022: R466 971 246). Total expenditure amounted to R336 699 659 (2022: R505 528 260), of which 94% was directly invested in education programmes while 6% was spent on administration.

The Trust's operations in 2023 recorded a surplus of R6 803 192 (2022: deficit of R29 402 152).

The financial results are set out on pages 15 to 45 and do not, in our opinion, require any further comment.

Events subsequent to the year end

The Trustees are not aware of any material facts or circumstances that took place between the accounting date and the date of this report that may have had an impact on the financial statements.

Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business (refer to Note 27).

Trustees

The Trustees for the period under review were as follows:

Mr. Sizwe Errol Nxasana (Chairman)
Ms. Angelina Motshekga (Deputy Chairman)
Ms. Ntombifuthi Temperance Mtoba
Ms. Tebele Makhetha
Mr. Basil Lawrence Manuel
Mr. Nkosana Dolopi
Mr. Hubert Mathanzima Mweli
Prof. Brian De Lacy Figaji
Dr. Godwin Khosa (Chief Executive Officer)

Independent auditor's report

To the Trustees of National Education Collaboration Trust

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of National Education Collaboration Trust (the Trust) as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

National Education Collaboration Trust's financial statements set out on pages 16 to 49 comprise:

- the statement of financial position as at 31 December 2023;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, including material accounting policy information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Trust in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

Other information

The trustees are responsible for the other information. The other information comprises the information included in the document titled "National Education Collaboration Trust Audited Annual Financial Statements for the year ended 31 December 2023". The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially

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inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the trustees for the financial statements

The trustees are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.

- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: R Ramdhany
Registered Auditor
Johannesburg, South Africa
31 May 2024

STATEMENT OF FINANCIAL POSITION
as at 31 December 2023

ASSETS	Notes	2023 R	2022 R
Non-Current Assets		**3,188,136**	**4,287,758**
Property, plant & equipment	2	1,385,662	1,712,865
Right-of-use assets	3	1,615,867	2,528,528
Intangible assets	4	186,607	46,366
Current Assets		**158,509,087**	**254,352,678**
Trade and other receivables	5	18,682,084	15,837,424
Cash and cash equivalents	6	139,827,004	238,515,254
Total assets		**161,697,223**	**258,640,437**
FUNDS AND LIABILITIES			
Funds		**118,716,885**	**111,913,693**
Accumulated Funds		118,716,885	111,913,693
Non-Current Liabilities		**91,031**	**1,403,462**
Lease liability	7	91,031	1,403,462
Current Liabilities		**42,889,307**	**145,323,282**
Deferred Income	8	17,121,117	81,841,414
Lease liability	7	1,737,793	1,313,248
Trade payables and accruals	9	19,486,941	51,376,486
Other payables	10	2,315,049	9,583,329
Provisions	11	2,228,406	1,208,805
Total funds and liabilities		**161,697,223**	**258,640,437**

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2023

		2023	2022
		R	R
INCOME	**Notes**	**333,231,672**	**466,971,246**
Government grants & SETAs	12	298,752,343	408,150,978
Private Sector donations	13	29,042,621	50,783,806
Foundations and Trusts donations		-	-
Other income	14	5,436,708	8,036,462
EXPENDITURE		**336,699,659**	**505,528,260**
Programme expenses	15	120,646,785	163,177,155
Special projects	15 &16	195,268,922	324,694,056
Administration expenses	15	20,783,951	17,657,049
OPERATING DEFICIT		**(3,467,986)**	**(38,557,014)**
NET FINANCE CHARGES		**10,271,178**	**9,154,863**
Finance income	17	10,495,765	9,414,006
Finance charges	18	(224,587)	(259,143)
SURPLUS/(DEFICIT) FOR THE YEAR		**6,803,192**	**(29,402,152)**
Other comprehensive income		-	-
TOTAL COMPREHENSIVE SURPLUS/(DEFICIT)		**6,803,192**	**(29,402,152)**

STATEMENT OF CHANGES IN FUNDS
for the year ended 31 December 2023

	R
Balance as at 31 December 2021	**141,315,845**
Changes in funds	
Deficit for the year	(29,402,152)
Total comprehensive deficit for the year	(29,402,152)
Balance as at 31 December 2022	**111,913,693**
Changes in funds	
Surplus for the year	6,803,192
Total comprehensive surplus for the year	6,803,192
Balance as at 31 December 2023	**118,716,885**

STATEMENT OF CASH FLOWS
for the year ended 31 December 2023

	Notes	2023	2022
		R	R
Cash flows from operating activities			
Cash receipts from funders	19	265,666,716	465,967,187
Cash paid to suppliers and employees	20	(372,292,771)	(482,304,041)
Cash used in operations	21	**(106,626,055)**	**(16,336,854)**
Finance income	17	10,495,765	9,414,006
Interest paid on lease liability	18	(224,587)	(259,143)
Net cash flows used in operating activities		**(96,354,877)**	**(7,181,991)**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(576,271)	(339,387)
Purchase of intangible assets	4	(149,357)	-
Net cash used in investing activities		**(725,627)**	**(339,387)**
Cash flows from financing activities			
Capital repayment of lease liability	22	(1,607,745)	(1,442,887)
Net cash flows used in financing activities		**(1,607,745)**	**(1,442,887)**
Net decrease in cash and cash equivalents		(98,688,251)	(8,964,265)
Cash and cash equivalents at the beginning of period		238,515,254	247,479,523
Cash and cash equivalents at end of period		**139,827,004**	**238,515,254**

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared and are in compliance with IFRS accounting standards. The Trust's annual financial statements have been prepared under the historical cost basis.

The financial statements are presented in South African Rands ("R"), which is the Trust's functional and presentation currency, and rounded to the nearest rand.

1.1 Income recognition

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

Income mainly comprises:

1.1.1 Government grants

Government grants comprised of cash received from the Government departments. The Trust has adopted the income approach in recognising the Government grants in compliance with IAS 20.

Government grants are recognised in the statement of financial position initially as deferred income when they are received. They are subsequently recognised in the statement of comprehensive income on a systematic basis over the periods in which the Trust recognises, expenses, the related costs for which the grant is intended to compensate or when the Trust complies with the conditions attached to them.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Trust with no link to the future related costs or obligations are recognised in statement of comprehensive income on the period in which it becomes receivable.

The Government grants are presented separately under the Income heading in the statement of comprehensive income.

1.1.2 Donations

IFRS 15: Revenue from contracts with customers

According to IFRS 15 par. 6, revenue from transactions or events that does not arise from a contract with a customer does not fall under the scope of IFRS 15 and should be recognized in accordance with other standards. Such transactions or events include but are not limited to dividends and non-exchange transactions, such as donations or contributions.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1.1.2 Donations (continued)

The NECT management reviewed the current donation agreements/contracts in line with the said IFRS 15 par. 6 and concluded that the current donation agreements are not an exchange transaction, therefore the donations received are excluded from IFRS 15.

Management further noted that the current NECT donations received do not meet one or more of the following IFRS 15 criteria:

- Current donation agreements do not contain enforceable rights and obligations as defined under IFRS 15, because the agreements do not contain clauses that require NECT to return the funds if the NECT does not fulfil the obligations stipulated under the agreements.
- The required use of the funds to further the NECT's objectives is not sufficiently specific to know when services have been transferred and the obligation satisfied; and the time restriction on use of the funds is not sufficiently specific itself to create a performance obligation to transfer services to the Government or a third party so that it can be identified when the obligation is satisfied.
- The Agreements are open to having the funds be commingled with other funds, such as general-purpose funds, used to fund administrative services as well as those related to the objectives of the NECT, and it is not possible to reliably determine when the transfer of services may have occurred using the specific funds.

Management considered the applicability of the following revenue standards on the current NECT donations received:

IAS 20: Government grants

IAS 20 shall be applied in the accounting and disclosure of government grants and the disclosure of other forms of government assistance Government refers to government, government agencies, and similar bodies whether local or national. International Business, Foundation, and trust donations are not government entities, thus disqualifying the NECT donations received from IAS 20.

IFRS 11: Joint arrangement

A joint arrangement has the following characteristics:

a) The parties are bound by a contractual arrangement (IFRS 11, paragraphs B2–B4).
b) The contractual arrangement gives two or more of those parties joint control of the arrangement (IFRS 11, paragraphs 7–13).

Based on the current contract review, management concluded that the private donors do not have joint control with NECT on the project done. The donor merely receives reports from the NECT on the progress of the project but do not get to make decisions on how the funds are spent in relation to the project. As a result, the NECT donations received does fall under of IFRS 11.

IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors

In the absence of an IFRS that specifically applies to a transaction, other event or condition, IAS 8 requires that management use its judgement in developing and applying an accounting policy that will results in information that is:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1.1.2 Donations (continued)

IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors (Continued)

a. relevant to the economic decision-making needs of users; and
b. reliable, in that the financial statements:
   I. represents faithfully the financial position, financial performance and cash flows of the entity;
   II. reflect the economic substance of transactions, other events and conditions, and not merely the legal form;
   III. are neutral, i.e., free from bias;
   IV. are prudent; and
   V. are complete in all material respects [IAS 8 para 10].

In developing a standard, management could use a standard within IFRS which would best provide the comfort over the requirements listed under IAS 8 paragraph 12b.

In light of the above, the NECT management decided to apply Government grants policy detailed above to the Donations received. Management is satisfied that the approach adopted is consistent to the principles of the IFRS framework and would provide users of the financial statements with a faithful representation of the financial performance of the Trust.

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

1.1.2 Deferred Income

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

1.1.3 Finance income

Finance income comprises interest income on funds invested. Interest is recognised, in the statement of comprehensive income, using the effective interest rate method.

1.1.4 Project management fees/Cost recovery

The Project management fees are levied to the special projects/ring-fenced funding to cover the Trust's overhead costs. The project management are charged based on the agreed fee stipulated in the agreements. The project management fees are measured at fair value and are recognised in the period which they are incurred.

1.2 Project accounting and expense allocation

The project costs are measured at cost and are recognised in the period which they are incurred. Project costs that are clearly identifiable are allocated directly against project funds in terms of the project's contractual obligations.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1.3 Property, plant and equipment

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

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

An item property, plant and equipment is initially measured at its cost. The cost includes the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

Some of the assets are held by the lead agencies for the exclusive use in the delivery of the Trust's education programmes. Depreciation is provided using the straight-line basis less estimated residual value over the useful lives on the property, plant and equipment as follows:

▪ Computer equipment	3 years
▪ Office equipment	3 - 5 years
▪ Furniture and fittings	8 years
▪ Motor vehicles	4 years
▪ Mobile Science lab	2 years

The depreciation charge for each period is recognised in surplus and deficit.

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

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

The carrying amount of an item of property, plant and equipment shall be derecognised:
(a) on disposal; or
(b) when no future economic benefits are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be included in profit or loss when the item is derecognised. Gains shall not be classified as other income.

1.4 Leased Assets

For any new contracts entered into on or after 1 January 2019, the Trust considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Trust assesses whether the contract meets key evaluations which are whether:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1.4 Leased Assets (Continued)

- the Trust has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract;
- the Trust has the right to direct the use of the identified asset throughout the period of use; and
- the Trust assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Trust recognises a right-of-use asset and a lease liability in the statement of financial position.

The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Trust, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). After recognition, right-of-use asset is subsequently measured at cost less accumulated depreciation and accumulated impairment losses. The Trust depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Trust also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Trust measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Trust's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced with payments made and increased with interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Trust has elected to account for short-term leases assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets and lease liabilities have been presented separately in face of statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1.4 Intangible assets

An intangible asset shall be recognised if, and only if:

- it is probable that future economic benefits that are attributable to the asset will flow to the Trust; and
- the cost of the asset can be measured reliably.

Intangible assets comprised of Computer software. The Computer software is initially measure at its cost. After initial recognition, Computer software is subsequently carried at cost less accumulated amortisation and accumulated impairment losses.

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

- Computer software 3 years

The residual values and useful lives of all intangibles are reviewed and adjusted, if necessary, at each reporting date and, if an impairment in value has occurred, it is written off in the period in which the circumstances have been determined.

An intangible asset shall be derecognised:
(a) on disposal; or
(b) when no future economic benefits are expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible asset shall be determined as the difference between net disposal proceeds, if any, and the carrying amount of the asset and be included in surplus or deficit. Gains shall not be classified as other income.

1.6 Impairment of non-financial assets

The Trust assesses, at the end of each reporting period, whether there is any indication that an asset may be impaired. If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

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

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately to profit and loss.

1.6 Trade and other receivables

Trade and other receivables comprise of Accrued income and other receivables.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1.6 Trade and other reciveable (Continued)

i) Accrued Income

The Accrued Income comprise of funding receivable as at year end. Accrued Income is recognised when the Trust has complied with the grants and donation conditions, however the funding had not been received by the Trust.

Accrued Income is initially recognised at cost plus any directly attributable transaction costs. Subsequent to initial recognition, receivables are measured at amortised costs using the effective interest rate method, less any provision for impairment losses.

Impairment

The Trust recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Trust considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Trust's historical experience and informed credit assessment and including forward-looking information.

Write-off of financial assets

Generally, the Trust writes off, partially or fully, the financial asset when it assesses that there is no realistic prospect of recovery of the amount.

The Trust currently does not have any enforcement rights over these write-offs. The Trust considers a financial asset to be in default when the debtor is unlikely to pay its obligations based on the credit risk assessment or the financial asset is more than a year past due.

i) Other receivables

The Other receivables comprised of VAT receivable and prepayments which does not meet the definition of financial instruments.

The Other receivables are recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the Trust and the transaction amount can be measured reliably.

The Other receivables are initially recognised at their transaction amount. Subsequent to initial recognition, the Trust measures the Other receivables using cost method. Under the cost method, the initial measurement of the Other receivables is changed subsequent to initial recognition to reflect any interest or other charges that may have accrued on the other receivables, impairment losses and amount recognised.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1.7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, petty cash and instruments which are readily convertible, within 32 days, to known amounts of cash and are subject to an insignificant risk of changes in value and are measured at amortised cost which is deemed to be fair value as they have a short-term maturity.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of credit card liability and they all are available for use by Trust unless otherwise stated. Cash and cash equivalents are initially measured at fair value and as these instruments meet the SPPI and business test, they are measured subsequently at amortised cost.

Impairment

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Trust considers that its cash and cash equivalents have a low credit risk based on the external credit ratings of the counterparties. No impairment was therefore deemed necessary. There are no significant restrictions on the Trust's ability to access or use the assets and settle the liabilities of the Trust.

1.9 Trade payables and accruals

Trade payables are obligations for goods and services that have been acquired in the ordinary course of business from suppliers.
Trade payables are initially measured at fair value plus transaction costs, and are subsequently measured at amortised cost, using the effective interest method.

1.10 Other payables

Other payables mainly comprised of statutory liabilities relating to employees. The Other payables are recognised on the amount expected to be paid, if the Trust has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Other payables are initially recognised at their transaction amount. Subsequent to initial recognition, the Trust measures the other payables using cost method. Under the cost method, the initial measurement of the Other payables is changed subsequent to initial recognition to reflect any interest or other charges that may have accrued on the other payables.

1.11 Provisions and contingencies

Provisions are recognised when the Trust has a present legal or constructive obligation as a result of events for which it is probable that an outflow of economic benefits will occur, and a reliable estimate of the obligation can be determined. A contingent liability, being a possible obligation, is not recognised but is disclosed unless the possibility of an outflow of economic benefits is remote.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1.12 Provisions and contingencies (Continued)

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation, the unwinding of the discount shall be recognised as a finance cost in surplus or deficit in the period it arises where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party.

The reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the Trust settles the obligation. The reimbursement shall be treated as a separate asset.

The amount recognised for the reimbursement shall not exceed the amount of the provision. Provisions are not recognised for future operating losses.

If the Trust has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. Contingent assets and contingent liabilities are not recognised, however are disclosed in the notes to financial statements.

1.12 Employee benefits

The Employee benefits comprised of Short-term employee benefits and post-employment benefits in form of the provident fund.

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. Employee benefits that are due to be settled within 12 months after the end of the year in which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

The Post-employment benefit is classified as defined contribution plan. The Trust shall recognise contribution payable to a defined contribution in exchange for that service:

- As liability (Other payables), after deducting any contribution already paid; and
- As Expense (Employee costs).

1.13 Related parties

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

Related parties also include key management personnel which are those persons having authority and responsibility for planning, directing and controlling the activities of the organisation, directly or indirectly.

Close family members of key management personnel are considered to be those family members who may be expected to influence or be influenced by key management individuals in their dealings with the organisation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1.14 Events after the Reporting Period

Events after the report period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue.

Adjusting events are events occurring after the reporting date that provide evidence of conditions that existed at the end of the reporting period. The Trust adjust the amounts recognised in its financial statements and/or relevant disclosures to reflect such events. The Trust does not adjust the amounts recognised in its financial statements to reflect non-adjusting events after the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. PROPERTY, PLANT AND EQUIPMENT

2023	Motor Vehicle R	Computer Equipment R	Office Equipment R	Furniture & Fittings R	Science Lab R	Total R
Cost	551,686	2,510,475	910,865	1,259,187	-	**5,232,213**
Accumulated depreciation	(496,518)	(1,732,826)	(718,608)	(898,599)	-	**(3,846,551)**
Carrying amount at 31 December 2023	**55,169**	**777,649**	**192,257**	**360,587**	**-**	**1,385,662**
Reconciliation of assets						
Carrying amount at 1 January 2023	**55,169**	**897,347**	**168,127**	**592,223**	**-**	**1,712,866**
Additions	-	435,945	140,325	-	-	**576,271**
Reclassification	-	-	-	-	-	**-**
Depreciation	-	(461,714)	(57,868)	(110,049)	-	**(629,631)**
Disposals at cost	-	(293,713)	(194,697)	(439,743)	-	**(928,154)**
Accumulated depreciation on disposals	-	199,784	136,369	318,157	-	**654,310**
Carrying amount at 31 December 2023	**55,169**	**777,649**	**192,257**	**360,587**	**-**	**1,385,662**

2022	Motor Vehicle R	Computer Equipment R	Office Equipment R	Furniture & Fittings R	Science Lab R	Total R
Cost	551,686	2,368,243	965,237	1,698,930	-	**5,584,095**
Accumulated depreciation	(496,518)	(1,470,896)	(797,110)	(1,106,707)	-	**(3,871,230)**
Carrying amount at 31 December 2022	**55,169**	**897,347**	**168,127**	**592,223**	**-**	**1,712,865**
Reconciliation of assets						
Carrying amount at 1 January 2022	**82,204**	**1,225,262**	**306,301**	**741,579**	**44,597**	**2,399,943**
Additions	-	289,835	14,008	32,536	-	**336,379**
Reclassification	-	3,008	(4,347)	4,347	-	**3,008**
Depreciation	-	(467,249)	(131,134)	(162,376)	-	**(760,759)**
Disposals at cost	(270,353)	(812,959)	(152,824)	(119,809)	(514,592)	**(1,870,537)**
Accumulated depreciation on disposals	243,317	659,450	136,123	95,946	469,995	**1,604,832**
Carrying amount at 31 December 2022	**55,169**	**897,347**	**168,127**	**592,223**	**-**	**1,712,865**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. RIGHT-OF-USE ASSETS

2023	Office Buildings R	Office Equipment R	Total R
Cost	4,201,373	362,325	**4,563,698**
Accumulated amortisation	(2,684,093)	(263,738)	(2,947,831)
Carrying amount at 31 December 2023	**1,517,280**	**98,587**	**1,615,867**

Reconciliation of assets

Carrying amount at 1 January 2023	**2,378,504**	**150,024**	**2,528,528**
Additions	719,859	-	**719,859**
Depreciation	(1,581,084)	(51,437)	**(1,632,520)**
Disposals at cost	(1,043,952)	-	**(1,043,952)**
Accumulated amortisation on disposals	1,043,952	-	**1,043,952**
Carrying amount as at 31 December 2023	**1,517,280**	**98,587**	**1,615,867**

2022	Office Buildings R	Office Equipment R	Total R
Cost	4,525,466	362,325	**4,887,791**
Accumulated amortisation	(2,146,962)	(212,301)	**(2,359,263)**
Carrying amount at 31 December 2022	**2,378,504**	**150,024**	**2,528,528**

Reconciliation of assets

Carrying amount at 1 January 2022	**3,864,009**	**34,669**	**3,898,678**
Additions	-	154,310	**154,310**
Depreciation	(1,485,505)	(38,956)	**(1,524,460)**
Disposals at cost	(208,015)	-	**(208,015)**
Accumulated amortisation on disposals	208,015	-	**208,015**
Carrying amount as at 31 December 2022	**2,378,504**	**150,024**	**2,528,528**

The Trust leases two (2) office buildings and a Printer (Office Equipment). With the exception of short-term leases, each lease is reflected on the statement of financial position as a right-of-use asset.
The current Leased assets useful lives are as follows:

- Office building (Head Office) 3 years
- Office building (SA-SAMS) 2 years
- Printer (Office Equipment) 3 years

Lease payments are generally fixed. Each lease generally imposes a restriction that, unless there is a contractual right for the Trust to sublet the asset to another party, the right-of-use asset can only be used by the Trust. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. RIGHT-OF-USE ASSETS (CONTINUED)

The Trust is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings, the Trust must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

There were no rent concessions arising from the COVID-19 pandemic.

The table below describes the nature of the Trust's leasing activities by type of right-of-use asset recognised on the balance sheet:

Right–of–use asset	No of right-of-use assets leased	Range of remaining term	Average remaining lease term	No of leases with options to purchase	No. of leases with extension options
Office Buildings	2	11 -13 months	12 months	-	-
Office Equipment (Printers)	1	23 months	23 months	-	-

4. INTANGIBLE ASSETS

Computer Software	**2023** **R**	**2022** **R**
Cost	499,070	349,714
Accumulated amortisation	(312,463)	(303,347)
Carrying amount at 31 December	**186,607**	**46,366**

Reconciliation of assets		
Carrying amount at 1 January	**46,366**	**61,772**
Additions	149,357	-
Amortisation	(9,116)	(12,493)
Disposals at cost	-	(29,908)
Accumulated amortisation on disposals	-	26,996
Carrying amount as at 31 December	**186,607**	**46,366**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. TRADE AND OTHER RECEIVABLES

As at 31 December 2023, the following amounts were receivable and/or accrued to the Trust as expenditure had been incurred on the specific education programmes and the respective committed funding had not been received by the Trust:

Accrued income	**2023**	**2022**
	R	**R**
South Korea Embassy (SKE)	2,826,678	2,826,678
Assupol Life Limited	6,048,776	693,818
EDTP SETA	4,127,956	3,584,191
United Nations International Children's Emergency Fund (UNICEF)	586,132	105,250
Industrial Development Corporation (IDC)	777,781	-
KwaZulu-Natal Department of Education (KZNDoE)	206,711	-
Department of Basic Education	844,520	-
First Rand Empowerment Foundation (FREF)	-	7,900,000
	15,418,554	**15,109,937**
Other receivables		
Prepayments and deposits	511,931	668,592
VAT	2,680,608	-
Other debtors	70,991	58,895
	3,263,530	**727,487**
Total	**18,682,084**	**15,837,424**

6. CASH AND CASH EQUIVALENTS

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits for varying periods of between one day and 32 days, depending on the immediate cash requirements of the Trust, and earn interest at the respective short-term deposit rates.

At 31 December 2023, the Trust's Cash and cash equivalents comprised of the following:

	2023	**2022**
	R	**R**
Short-term deposits	139,799,399	238,507,326
Cash on hand	7,460	9,854
Credit Card	20,145	(1,926)
	139,827,004	**238,515,254**

7. LEASE LIABILITY

	2023	**2022**
Non-Current liabilities	**R**	**R**
Lease liability	91,031	1,403,462
Current liabilities		
Lease liability	1,737,793	1,313,248
	1,828,824	**2,716,710**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. LEASE LIABILITY (CONTINUED)

The undiscounted maturity analysis of lease liabilities on 31 December is as follows:

2023:

Minimum lease payments	Office Equipment R	Office Building R	Total R
1 year	63,000	1,762,225	1,825,225
2-3 years	57,750	37,375	95,125
Total undiscounted payments	**120,750**	**1,799,600**	**1,920,350**
Finance charges	(15,059)	(76,467)	(91,526)
Net Present values	**105,691**	**1,723,133**	**1,828,824**

2022:

Minimum lease payments	Office Equipment R	Office Building R	Total R
1 year	63,000	1,416,854	1,479,854
2-3 years	120,750	1,346,943	1,467,693
Total undiscounted payments	**183,750**	**2,763,797**	**2,947,547**
Finance charges	(32,931)	(197,906)	(230,837)
Net Present values	**150,819**	**2,565,891**	**2,716,710**

Lease liabilities as at 31 December are presented in the Statement of financial position as follows:

2023:

	Office Equipment R	Office building R	Total R
Current	51,704	1,686,090	1,737,793
Non-current	53,988	37,044	91,031
Total	**105,692**	**1,723,134**	**1,828,824**

2022:

	Office Equipment R	Office building R	Total R
Current	45,127	1,268,120	1,313,248
Non-current	105,691	1,297,771	1,403,462
Total	**150,819**	**2,565,891**	**2,716,710**

Lease payments not recognised as a liability.

The Trust has elected not to recognise a lease liability for short term leases (leases of expected term of 12 months or less). Payments made under such leases are expensed on a straight-line basis in Statement of comprehensive income as part of the administrative expenses.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. LEASE LIABILITY (CONTINUED)

The expense relating to payments not included in the measurement of the lease liability is as follows:

	31 December 2023 R	31 December 2022 R
Short-term leases	226,764	341,355

On 31 December 2023, the Trust was not committed to any short-term leases. The short-term lease for the SAFE rental office expired on 31 August 2023, and it is now on a month-to-month basis.

The Trust rents offices under a non-cancellable 3-year operating lease for the head office which commenced on 1 December 2021 and expiring on 30 November 2024 and a 2-year leases for project office in Centurion which expires on 1 January 2025 respectively.

The following amounts are recognised in the statement of cash flows:

Cash outflow for leases (IFRS16) – financing activity	**2023** **R**	**2022** **R**
Principal	1,607,745	1,442,887
Interest	224,587	259,143
Total cash outflow from financing activity	**1,832,332**	**1,702,030**
Short-term lease payments*	226,764	341,355
Total cash outflows from financing and Operating activity	**2,059,096**	**2,043,385**

*Short term lease payments are included in the 'cash paid to suppliers and employees' within Cash generated from operating activities in the statement of cash flows

8. DEFERRED INCOME

Deferred income relates to funds received from funders, but the Trust has not rendered the services at year end to recognise the income.

Deferred Income comprise:	**2023** **R**	**2022** **R**
Core programmes*	3,703,688	2,000,000
Special project: SAFE	1,963,335	41,212,841
Special project: Remote learning	5,860,880	10,193,900
Special project: Learner Teacher Support Materials	2,078,294	8,314,393
Special project: Early Childhood Development (ECD)	1,825,441	1,910,153
Special project: Life Orientation	525,667	3,296,806
Special project: Gender Responsiveness Pedagogy for ECD	1,078,026	-
Special project: SA-SAMS	85,785	6,322,529
Special project: CSTL (Tele-health)	-	166,663
Special project: PSRIP	-	2,390,191
Special project: EU/UNICEF- REALS	-	796,520
Special project: KZN Floods damage	-	5,237,419
	17,121,117	**81,841,414**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. DEFERRED INCOME (CONTINUED)

Deferred income notes:

* Core programmes deferred income includes income received in advance from Woolworths and Momentum.
**Deferred income is classified as Current liability as it is expected to be utilised within the next 12 months from the Reporting date.

The deferred income balances above primarily pertain to income received in advance from Sanlam (R5 million) for the Remote and Digital Learning (RDL) project, as well as interest on ring-fenced projects and ring-fenced DBE funding (LTSM and ECD) projects. It is anticipated that the aforementioned special projects will be completed in 2024.

9. TRADE PAYABLES AND ACCRUALS

Trade payables and accruals are non-interest bearing and normally settled on 30-day terms.

	2023	2022
	R	R
Trade payables	14,121,020	31,783,423
Accruals	5,365,921	19,593,062
	19 486 941	**51 376 486**

10. OTHER PAYABLES

Other payables are non-interest bearing and have an average term of less than 30 days.

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

	2023	2022
	R	R
PAYE, SDL & UIF	2,155,866	2,083,043
Employee related deductions	159,183	187,578
VAT	-	7,312,708
	2,315,049	**9,583,329**

11. PROVISIONS

	2023	2022
	R	R
Leave pay provision		
Opening balance	961,830	1,135,051
Movement for the year (Increase in the leave provision)	(172,258)	(173,221)
Closing balance	**789,572**	**961,830**
Other provision	246,976	246,976
Retrenchments	1,191,859	-
	2,228,406	**1,208,805**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. LEAVE PROVISIONS (CONTINUED)

The provision consists of leave accrual, retrenchment payments made in 2024, and a provision for the Imbono settlement payment.

Leave pay provision relates to a annual leave earned by the employee but not yet taken at the balance sheet date which is expected to be settled within 12 months. The leave provision is measured based on amount that the Trust expects to pay as a result of the unused entitlement that has accumulated at end of the financial year. The movement in the leave provision is recognised as employee costs expense in surplus and deficit.

Other provision relates to the settlement payment for the litigation brought by Imbono Architects. On 06 February 2023, the NECT received a summons from Imbono Architects for the breach of contract in failing to pay R609,925 invoice within 21 days. The NECT Quantity Surveyor estimated that the work done by Imbono Architects is estimated at R246,976, not R609,925. The matter is ongoing and the parties are currently finalising the pre-trial processes.

The retrenchment provision pertains to severance pay, which was paid to employees deemed surplus as a result of a reorganization process in 2023 but was only settled in 2024, in accordance with the Basic Conditions of Employment. The NECT underwent the reorganization to ensure its sustainability going forward, resulting in various changes affecting the structure, programs, and staffing.

12. GOVERNMENTS GRANTS & SETAs

	2023	2022
	R	R
Department of Basic Education	266,023,704	365,064,737
Western Cape Department of Education	892,529	2,502,497
ETDP SETA	22,085,185	29,731,838
Northern Cape Provincial	314,000	-
Limpopo Provincial	5,116,000	-
Eastern Cape	4,114,215	-
KwaZulu-Natal Department of Education	206,711	6,269,615
Gauteng Department of Education	-	391,688
Free State Department of Education	-	420,000
Mpumalanga Department of Education	-	2,328,000
North-West Department of Education	-	819,000
Chinese Embassy	-	200,000
South Korean Embassy	-	423,604
	298,752,343	**408,150,978**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. PRIVATE SECTOR DONATIONS

	2023	2022
	R	R
Donations-Unicef	7,261,214	24,651,946
Donations-Assupol Life Limited	4,819,462	9,880,996
Donations-Standard Bank	5,500,000	5,400,000
Donations-Old Mutual	1,649,998	4,573,181
Donations-Woolworths	2,000,000	2,000,000
Donations-Momentum	1,645,782	2,145,782
Donations-JSE Limited	350,000	350,000
Donations-Industrial Development Corporation(IDC)	3,290,623	1,214,113
Donations-Eskom Development Corporation	2,346,333	349,389
Donations-Road Traffic Management Corporation (RTMC)	172,884	-
Donations-Kagiso Trust Holdings	6,325	-
Donations-Mbekani Group (Donation-In-kind)	-	218,400
	29 042 621	**50 783 806**

14. OTHER INCOME

	2023	2022
	R	R
Overhead recovery fees	4,949,607.45	7,413,506
Board members donations (in lieu of pay)	280,317	263,061
Old Mutual Reimbursement	64,172	304,165
ETDP SETA Training reimbursement	142,612	55,729
	5,436,708	**8,036,462**

15. EXPENDITURE

The Programme expenses, Special projects and Administration expenses include the following:

	2023	2022
	R	R
Construction costs	110,399,626	178,084,147
Personnel-Consultants*	41,317,649	83,624,704
Employee costs**	65,781,126	58,471,943
Materials-Production	17,159,043	32,746,355
Travel expenses	24,554,885	29,446,695
Picking, Packing & Distribution	4,578,511	23,516,496
Broadcasting costs	10,818,752	16,997,546
Materials-Development	5,983,010	15,355,871
Personnel- Full and Part Time	12,093,418	14,947,985
Training costs (accommodation, catering, consultancy)	24,522,945	25,121,437
Other Expenses	8,787,114	10,081,063
Computer & IT Expenses***	2,289,520	9,997,629
Advertising, PR & Media	6,093,534	4,573,067
Depreciation & Amortisation****	2,271,268	2,294,705
Loss of disposal of assets	273,843	268,617
	336,924,246	**505,528,260**

***** The personnel consultants include the professional service providers for the SAFE project.

****** The Employee costs include the Provident fund expense of R1,068,533 (2022: R822,094).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. EXPENDITURE (CONTINUED)

***The depreciation and Amortisation costs are included as part of the administration's costs in the statement of comprehensive income.
This note disclosure has been included to provide additional information about the nature of the expenditure incurred.

16. SPECIAL PROJECTS (EXPENDITURE PER PROJECT)

	2023	2022
	R	R
Government Grant-Department of Basic Education (SAFE)	124,018,262	212,274,395
Donations - Assupol Life Limited (SAFE Phase V)	4,819,462	9,881,848
Donations - ETDPSETA (PSRIP)	14,690,152	5,548,755
Government Grant - Department of Basic Education (LTSM)	6,236,099	4,075,493
Government Grant - Department of Basic Education (RDL)	9,254,343	5,618,830
Donations - ETDPSETA (RDL)	76,460	12,791,815
Donations- UNICEF (EU REALS)	2,705,436	13,920,680
Donations - ETDPSETA (CATC)	531,641	464,983
Donations - UNICEF (ECD & Infrastructure Support)	4,050,703	10,626,016
Donations - Industrial Development Corporation (KZN RIOTS)	3,290,623	1,212,369
Donations - ETDPSETA (Gender Responsiveness Pedagogy for Early Childhood)	6,760,834	10,438,589
Donations-UNICEF-CSTL IP	683,963	226,637
Donations- Eskom Development Corporation (LO)	2,346,333	349,389
Donations-Road Traffic Management Corporation (LO)	172,884	-
Government Grants-Department of Basic Education (SA SAMS)	4,993,145	1,818,193
Government Grants- KwaZulu-Natal Department of Education (SA SAMS)	206,711	6,256,085
Government Grants-Western Cape Department of Education (SA SAMS)	844,451	2,502,497
Government Grants-North West Department of Education (SA SAMS)	309,651	823,403
Government Grants-Eastern Cape (SA SAMS)	4,114,215	-
Government Grants-Limpopo Provincial Government	5,100,866	-
Donations-UNICEF-DBE Public Consultation workshops	62,689	-
Donations-UNICEF (COVID-19 response)	-	105,250
Government Grant - Department of Basic Education (ECD)	-	1,340,199
Government Grant -Department of Basic Education (Flood Disaster)	-	19,354,735
Government Grant - Chinese Embassy (Flood Disaster)	-	150,429
Donation - Momentum (Flood Disaster)	-	500,009
Donation - ETDPSETA (Skills Development Project)	-	248,366
Government Grants-Gauteng Department of Education (SA SAMS)	-	384,284
Government Grants-Free State Department of Education (SA SAMS)	-	420,640
Government Grants-Mpumalanga Department of Education (SA SAMS)	-	2,328,742
Government Grant-South Korea Embassy (SAFE)	-	1,031,423
	195 268 922	**324 694 056**

Special projects refer to projects that are designed and/or funded based on specific ring-fenced arrangements with third parties.

17. FINANCE INCOME

	2023	2022
	R	R
Current and call accounts	10,495,765	9,414,006
	10 495 765	**9 414 006**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. FINANCE CHARGES

	2023 R	2022 R
Finance charges on lease liability	224,587	259,143
	224 587	**259 143**

19. CASH RECIEPTS FROM FUNDERS

	2023 R	2022 R
Trade and other receivables as at 1 January	15,837,424	49,807,661
Donations received	333,231,672	466,971,246
Trade and other receivables as at 31 December	(18,682,084)	(15,837,424)
	330,387,013	**500,941,482**
Deferred Income movement	(64,720,297)	(34,974,295)
	265,666,716	**465,967,187**

20. CASH PAID TO SUPPLIERS AND EMPLOYEES

	2023 R	2022 R
Payables as at 1 January*	(60,959,815)	(40,375,680)
Expenditure for the year	(333,134,946)	(502,888,177)
Payables as at 31 December*	21,801,990	60,959,815
	(372,292,771)	**(482,304,041)**

* Payables include Trade payables and accruals and other payables.

21. CASH GENERATED FROM/ (USED IN) OPERATIONS

	2023 R	2022 R
Surplus/(deficit) for year	6,803,192	(29,402,152)
Adjustment for non cash items		
Depreciation and amortisation	2,271,268	2,297,713
Provision movement	1,019,601	73,754
Loss on scrapping of non financial asset	273,843	268,617
Finance income	(10,495,765)	(9,414,006)
Finance charges	224,587	259,143
Operating cash inflow before working capital changes	**96,726**	**(35,916,931)**
Cash generated on working capital	**(106,722,781)**	**19,580,077**
(Increase)/decrease in trade and other receivables	(2,844,659)	33,970,237
Decrease in payables*	(103,878,122)	(14,390,160)
Net cash used in operating activities	**(106,626,055)**	**(16,336,854)**

* Payables include Trade payables and accruals, Deferred income, and other payables.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. CASH FLOWS FROM FINANCING ACTIVITIES

Reconciliation of liabilities arising from financing activities:	2023 R	2022 R
Opening balance	**2,716,710**	**4,005,287**
Additions	**719,859**	**154,310**
Net cash flows used in financing activities	**(1,607,745)**	**(1,442,887)**
Interest paid	224,587	259,143
Rental payments	(1,832,332)	(1,702,030)
Closing balance	**1,828,824**	**2,716,710**

23. TAXATION

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

24. RELATED PARTY TRANSACTIONS

24.1 Key Management personnel

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

2023

Name & Surname	Designation	Basic salary	Allowance	Pension fund	Bonuses	other payments (claims)	Death & Disability	Total
Dr Godwin Khosa	Chief Executive Officer	3,290,751	144,000	352,117	346,221	91,404	140,105	**4,364,598**
Salaelo Lekoloane	Programme Director	1,481,156	-	204,391	95,960	27,952	65,028	**1,874,487**
Sandile Mkhonto	Chief Financial Officer	1,195,336	-	169,576	131,024	19,703	50,302	**1,565,941**
Kanyisa Diamond	Senior Manager	1,282,882	-	184,429	136,306	24,279	60,850	**1,688,746**
Total		**7,250,124**	**144,000**	**910,514**	**709,511**	**163,338**	**316,286**	**9,493,772**

The merit and other payments include payments made during the year for performance bonuses as well as expense reimbursement.

2022

2022	Designation	Remuneration	Allowances	Pension	Short-term incentive	Other payments (claims)	Total
Godwin Khosa	Chief Executive Officer	3,142,398	144,000	352,117	392,819	140,701	**4,172,036**
Sandile Mkhonto	Chief Financial Officer	1,109,101	-	157,367	141,902	39,235	**1,447,605**
Selaelo Lekoloane	Programme Director	1,452,497	-	193,665	-	64,865	**1,711,027**
Kanyisa Diamond	Senior Manager	106,061		15,177		2,348	**123,586**
TOTAL		**5,810,057**	**144,000**	**718,327**	**534,721**	**247,149**	**7,454,254**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24.2 Executive Management (Continued)

The merit and other payments include payments made during the year for performance bonuses as well as expense reimbursement.

24.3 Board remuneration.

Non-executive board members of the Trust do not earn directors' fees. The amount of time that they spent in 2023 attending to the Trust's matters has been quantified into monetary value and recognised as a donation-in-kind.

Remuneration to Non-executive board members recognised in the current year is R280,316 (2022: R263,061).

The following are the Non-Executive Board members:

- Sizwe Nxasana
- Minister Angie Motshekga
- Futhi Mtoba
- Nkosana Dolopi
- Brian Figaji
- Basil Manuel
- Tebele Makhetha
- DG Mathanzima Mweli

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) Property, plant and equipment and Intangible Assets

Property, plant and equipment and intangible assets are depreciated or amortised over their useful life taking into account, where appropriate, residual values. The useful life of assets has been determined based on Market information, industry norms and management considerations. Assessment of useful lives and residual values are reviewed annually, and any changes could affect prospective depreciation rates and asset carrying values. In assessing the residual values, the remaining life of the asset, its projected disposal value and future market conditions are taken into account.

(b) Leases

IFRS 16 requires entities to make certain judgements and estimations, and those that are significant have be disclosed here or within the asset and liability notes within the financial statements.

Key sources of estimation and uncertainty include:

Discount rate: The lease agreement does not have an implicit interest rate that can be readily determined and as a result, the Trust estimated the incremental borrowing rate. The Trust has considered all relevant inputs to the determination of the incremental borrowing rate that are relevant to the underlying assets or similar groups of underlying assets being leased.

26. FINANCIAL RISK MANAGEMENT

The Trust's activities expose it to a variety of financial risks. These risks include credit risk, market risk, and liquidity risk. The Trust's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Trust's financial performance. Risk management is carried out by the Risk and Audit Committee as well as by the Management. The Board identifies, evaluates, and hedges financial risks in close cooperation with the Trust's operating units.

The Board provides principles for overall risk management, as well as policies covering specific areas such as interest rate risk, credit risk and investment of excess liquidity.

i) Interest rate risk

The Trust's interest rate risk arises from short-term investments with deposits. Financial assets with variable interest rates expose the Trust to cash flow interest rate risk.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Trust's exposure to interest rate risk is managed closely by the Risk and Audit Committee and Management. All investments are approved by this committee to minimise such risk. The Trust analyses its interest rate exposure on a dynamic basis.

Sensitivity analysis

IFRS 7 requires the disclosure of a sensitivity analysis that details the effects on the Trust's surplus and deficit. The sensitivity analysis of a 1% (100 basis points) increase or decrease in market interest rates has been prepared to illustrate the effect of the hypothetical variations in market rates on the fair value of the Trust's financial assets and liabilities:

	2023			2022		
	Balance R	Interest income R		Balance R	Interest income R	
Surplus /(deficit)	139,827,004	1,398,270	(1,398,270)	238,515,254	2,385,153	(2,385,153)

The movements noted above are mainly attributable to the SA prime lending rate.

ii) Liquidity risk

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

Prudent liquidity risk management implies maintaining sufficient cash. Management monitors rolling forecasts of the Trust's liquidity reserve comprised of cash and cash equivalents on the basis of expected cash flows. This is generally carried out at local level in the Trust in accordance with practice set by the Board.
The following are contractual maturities of liabilities, including estimated interest payments and exclude the impact of netting agreements:

2023	Carrying Amount	Contractual cash flows	Less than 1 year
Trade payables and accruals	19,486,941	19,486,941	19,486,941

2022	Carrying Amount R	Contractual cash flows R	Less than 1 year R
Trade payables and accruals	51,376,486	51,376,486	51,376,486

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

iii) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Trust is exposed to credit risk from its operating activities (primarily funding receivable from donors) and its financing activities, including deposits with banks.

Accrued Income

For Accrud Income, management assesses the quality of the donors, taking into account their financial position, past experience, and other factors beforehand. Outstanding Donor are regularly monitored. The Trust does not hold collateral in respect of other receivables. Generally, these receivables are written-off if past due for more than one year and are not subject to enforcement activity. Accrued income relates to the current financial year grant/donation income receivable as at 31 December 2023. The Trust evaluates the credit risk with respect to Accrued Income as low, as it was received subsequently to year end. The ECLs relating to Accrued income of the Trust rounds to zero.

The carrying amount of trade and other receivables recognised in the financial statements, which is net of impairment losses, represents the Trust's maximum exposure to credit risk.

Set out below is information about the Trust's maximum exposure to credit risk:

Other receivables	2023 R	2022 R
Accrued Income (Note 5)	15,418,554	15,109,937

Cash and cash equivalents

Credit risk from balances with banks and financial institutions is managed by the Management in accordance with the Trust's policy.

The cash and cash equivalents are held with reputable banks within South Africa, which possess good credit ratings of BBB- by S&P and Ba2 by Moody's credit agencies, respectively (2022: Ba1). The investment of surplus funds is monitored closely by the Risk and Audit Committee and the Board. The Trust invests only with reputable financial institution with very low credit risk. Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Expected Credit Losses relating to cash and short-term deposits of the Trust rounds to zero.

The Trust's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2023 and 2022 is the carrying amounts as illustrated in Note 6.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. MATURITY ANALYSIS OF FINANCIAL LIABILITIES

The table below shows an analysis of liabilities analysed according to when they are expected to be recovered or settled.

The maturity profile of the NECT assets and liabilities as at 31 December is as follows:

2023	Less than one year	More than one year	Total
	R	R	R
Liabilities			
Lease liability	1,737,793	91,031	1,828,824
Trade payables and accruals	19,486,941	-	19,486,941
Total liabilities	**21,224,734**	**91,031**	**21,315,765**

2022	Less than one year	More than one year	Total
	R	R	R
Liabilities			
Lease liability	1,313,248	1,403,462	2,716,710
Trade payables and accruals	51,376,486	-	51,376,486
Total liabilities	**52,689,734**	**1,403,462**	**54,093,196**

28. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

28.1 Adoption of new and revised pronouncements

In the current year the Trust has considered all new and revised pronouncements effective for annual reporting periods beginning on or after 1 January 2023. The Trust has identified that the following standards and amendments may be applicable:

- **IAS 1: Disclosure of Accounting Policies:** The amendments aim to help entities provide accounting policy disclosures that are more useful by: Replacing the requirement for entities to disclose their 'significant accounting policies' with a requirement to disclose 'material accounting policy information' And Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

- **IAS 1 Classification of Liabilities as Current or Non-Current Liabilities:** The amendments clarify what is meant by a right to defer settlement, that a right to defer settlement must exist at the end of the reporting period, that classification is unaffected by the likelihood that an entity will exercise its deferral right, That only if an embedded derivative in a convertible liability, is itself an equity instrument would the terms of a liability not impact its classification and Disclosures.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28.1 Adoption of new and revised pronouncements (Continued)

- **IAS 8: Definition of Accounting Estimates:** The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

No material impact on the annual financial statements was identified resulting from the adoption of these amendments made to IFRS.

28.2 New accounting standards and interpretations issued but not yet effective.

The Trust has chosen not to early adopt the following relevant standards and interpretations, which have been published and are mandatory for accounting periods beginning on or after 01 January 2022 or later periods:

Standard/Interpretation	Effective date on or after	Expected impact
IAS 7 and IFRS 7: The Amendments require entities to provide certain specific disclosures (qualitative and quantitative) related to supplier finance arrangements. The Amendments also provide guidance on characteristics of supplier finance arrangements.	1 January 2024	No impact, The NECT does not have Supplier Finance Arrangements.
IFRS 16: Lease Liability in a Sale and Leaseback: The Amendments provide a requirement for the seller-lessee to determine 'lease payments' or 'revised lease payments' in a way that the seller lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.	1 January 2024	No impact, there are no sale and leaseback arrangements that are currently in place.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29. GOING CONCERN

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

The NECT's income declined by 28.6% in 2023 from R466.9 million in 2022 to R333.2 million, which is attributed to the SAFE special project nearing its completion. It is worth noting that the income of R132.7 million from the Core program is comparable to the R134.9 million recorded in 2022. Similarly, expenditure in 2023 decreased by 33.4% from the prior year, in line with the decrease in income, resulting in a surplus of R6.8 million. The Trust has accumulated reserves of R118.7 million and confirmed core funding of R130.9 million to date. This funding will be adequate to cover the approved core expenditure budget of R133.3 million for the current year. Additionally, the Trust holds sufficient cash reserves amounting to R139.8 million to meet short-term commitments and day-to-day activities in 2024.

In addition, during 2023, the NECT engaged in a thorough restructuring and reorganization process to ensure the organization's long-term sustainability. Consequently, throughout the year, the organisation operated on dual tracks—sustaining ongoing standard activities initiated in 2022 and conceptualizing/implementing new initiatives aligned with the organization's freshly defined objectives.

During 2023, management focused on the following key objectives to put the NECT in good stead for sustainable operation:

- Transition Year: The year was used as a transitional period from the old programming to the new strategy and structure.
- Stakeholder Communication: Communicated and sought buy-in for the new strategy and approach from NECT stakeholders, including funders, districts, parents, and the Department of Basic Education (DBE).
- Resourcing Strategy & Exploration of Funding Avenues: Developed the resourcing strategy for the new organization in 2024 and explored new funding avenues.
- Reflection on NECT Journey: Reflected on the NECT's journey over the last 10 years and finalized the NECT strategy to ensure sustainability going forward.
- Change Management: Implemented change management strategies and appointed appropriate resources to drive the new strategy forward. 2023 was therefore used as a transitional year where the focus was on the reorganisation.

In light of the above, Management has monitored and reviewed the funding confirmations, cash flow forecasts, available cash balance, reserves, and is confident that the organization is financially stable and able to continue its operations in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. EVENTS SUBSEQUENT TO THE PERIOD END

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