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

Annual Financial Statements for the year ended 31 December 2021

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	A Trust registered as a non-profit organisation to strengthen partnerships among business, civil society, government and labour in South Africa to achieve the education goals of the country's National Development Plan. The Trust strives both to support and influence the agenda for the reform of basic education.
Trustees	Mr. Sizwe Errol Nxasana Ms. Angelina Motshekga Ms. Ntombifuthi Temperance Mtoba Ms. Tebele Makhetha Mr. Basil Lawrence Manuel Mr. Nkosana Dolopi Mr. Hubert Mathanzima Mweli Prof. Brian De Lacy Figaji Mr. Godwin Khosa
Registered office	Ground Floor, Block D Lakefield Office Park 272 West Avenue Centurion 0163
Business address	Ground Floor, Block D Lakefield Office Park 272 West Avenue Centurion 0163
Auditor	PricewaterhouseCoopers Inc. Registered Auditors
Trust registration number	IT2559/13T
Banker	First National Bank
Preparer	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 2021 and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards (IFRS). 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 behaviour are applied and managed within predetermined procedures and constraints.

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

The Trustees have reviewed the Trust's forecasts until 31 December 2022, 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 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 4 to 6.

The financial statements set out on pages 15 to 45, which have been prepared on the going concern basis, were approved by the Board of Trustees on 21 April 2022 and were signed on its behalf by:

Chairperson **Risk and Audit Committee** **Johannesburg**	**Chairman** **Board of Trustees**

Independent auditor's report

To the Trustees of The National Education Collaboration Trust

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The National Education Collaboration Trust (the Trust) as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The National Education Collaboration Trust's financial statements set out on pages 15 to 45 comprise:

- the statement of financial position as at 31 December 2021;
- the statement of comprehensive income for the year then ended;
- the statement of changes in funds for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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 "The National Education Collaboration Trust Annual Financial Statements for the year ended 31 December 2021". 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 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 International Financial Reporting 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
19 May 2022

REPORT OF THE TRUSTEES

The Trustees present their report which forms part of the Audited Financial Statements of the Trust for the year ended 31 December 2021.

INCORPORATION

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

BUSINESS AND OPERATIONS IN 2021

Flowing from the approved strategy by the Board, the year 2021 marked two (2) years since the Covid-19 pandemic was declared a national disaster and South Africa was placed on national lockdown. The NECT has continued to operate with agility and speed in response to the needs in the education system and has drawn on its existing social capital and partnerships to achieve this. Furthermore, the NECT's activities have been characterised by maintaining a balance between normal programming and Covid-19 response programming.

While schools have reopened, the education sector continued to grapple with the impact of the pandemic and there was a need to start planning for the rebooting and recovery of the system. To this end, the NECT worked with the Department of Basic Education (DBE) to develop the Covid-19 Response Initiative (CRI). The CRI proposes activities and interventions that are critical to rebooting the system in the short-term; driving focused recovery in the short- to medium term; and building back better for the long term. The initiative commenced with the implementation of 11 quick-win activities in November 2021, including convening 19 focus group dialogues with various stakeholders, and conducting a school functionality panel study in over 280 schools across the country.

ACHIEVEMENTS IN 2021

1. CONTINUED COVID-19 SUPPORT AND PREPARING FOR THE POST-COVID-19 PERIOD

1.1. Education Investment Portfolios

The Education Investment Portfolios (IPs) were introduced in 2020 in response to the need to prioritise areas critical to education improvement, and as vehicles for mobilising financial and non-financial resources to accelerate the development of these areas. Initially, six (6) critical areas were identified however, two (2) have gained traction, namely Remote and Digital Learning (RDL) and Care and Support for Teaching and Learning (CSTL).

1.1.1 Remote and Digital Learning

The 2021 RDL programme sought to provide teaching and learning support to recover from the impact of school closures and rotational timetabling. The programme aimed to offer supplementary learning support that could help learners, their teachers, and parents to catch up on curriculum learning, revision, enable care and support and exam preparation. This support was provided through the Woza Matrics Catch Up and the Tswelopele RDL campaigns. Another critical focus area for RDL has been developing a national RDL network of educational content providers and broadcasters.

REPORT OF THE TRUSTEES (CONTINUED)

In 2021, the NECT increased its RDL network from 15 to 28 partners including SABC, MultiChoice, and the South African Depression and Anxiety Group (SADAG), Matric Live, and Velle which is a Telegram chat-based tutoring service.

For Tswelopele, fifteen (15) content providers came on board with 1 388 content assets and on Woza Matrics' side, five (5) content providers shared 742 content assets. All this content was used on broadcasts and other digital platforms during 2021. In addition to the sourced digital content assets, the RDL Campaign produced Grade 3 EFAL and Mathematics Parent Guides to be converted into e-books in 2022, and worked with the DBE on the editing, design and layout of 54 new Matric Study Guides for high enrolment subjects and creative writing for home languages.

Some of the most notable numbers for the reach attained during the 2021 RDL Campaign are listed on the table below. These figures suggest that the RDL Tswelopele and Woza Matrics 2021 Campaigns achieved its modest targets in terms of reaching large numbers of learners, teachers, and parents as viewers of its programmes. The table below outlines the achievements:

Platform	Reach
DBE TV (Grades R – 12)	1,070,631 monthly average
SABC 1 (Woza Metrics)	5,890,000 monthly average
Woza Metrics YouTube Channel	13,100 subscribers
Matric Live App (Grades 10-12)	57,000 subscribers 14,000 content downloads
VELLE - Telegram Chat-based Tutoring (Grades 9-12)	773 registered learners
2Enable App – Tutoring	25,064 sessions

1.1.2 Care and Support for Teaching and Learning

Covid-19, and the disruptions caused by it, has not only affected teaching and learning but has also disrupted the provision of health and wellbeing support that many vulnerable learners rely on. The purpose of the CSTL IP is to work with the DBE and other role players across sectors, to deliver on the national care and support mandate during and beyond Covid-19. The CSTL IP mobilises and coordinates capacity and resources around a common vision and identified priorities for CSTL, so that learners, educators and families are equipped and supported to manage the socio-economic and health-related challenges that negatively impact their learning and their lives.

The One Million Ubuntu Youth Leaders Programme: This programme was initiated through a partnership between the DBE, NECT, the Ubuntu Leaders Academy, UNICEF, Standard Bank and MIET Africa. The programme, which develops youth leadership by building the capacity primarily of Learner Representative Councils, is currently being piloted in KwaZulu-Natal. Through the pilot programme 10 Ubuntu Youth Trainers and 500 Ubuntu Youth Leaders successfully completed the international Ubuntu Leaders Academy training course.

National CSTL conference: With the overarching theme, *Reimagining Care and Support - Taking Stock: Education Recovery & Continuity,* the national CSTL conference provided impetus to a much-needed national dialogue on the collaboration between government and its non-government partners necessary for delivering on the national care and support mandate in the country. Participation was good, with 377 delegates attending over the three days.

REPORT OF THE TRUSTEES (CONTINUED)

Rapid evaluation of CSTL: To assist the DBE and its partners in responding to the care and support needs of learners and teachers, MIET Africa and the NECT conducted a rapid evaluation of CSTL. Responses were received from 400 schools and 120 school principals, and the findings and recommendations were presented at the conference. These will be used to revise the CSTL Conceptual Framework and school-level Handbook.

Research on youth agency: South Africa is one of six Member States participating in a regional research study on youth agency. The findings will contribute to strengthening the education system so that learners are not only equipped with knowledge and skills but are able to apply these by exercising their agency.

Educators as CSTL researchers: Initial discussions were held between the University of the Western Cape, Western Cape Education Department, MIET Africa, the HSRC and the NECT on the establishment of a research initiative that would grow the capacity of educators registered as postgraduate students as CSTL researchers. A cohort of 30 students have presented research topics related to CSTL. A research strategy will be developed, and additional universities will be brought on board in 2022.

1.2. Covid-19 Response Initiative (CRI)

Evidence gathered by the NECT, and other organisations show that the greatest impact of Covid-19 has been seen in three areas: 1) lost teaching and learning time; 2) learning losses and; 3) loss of learning opportunities. Beyond the educational impact of the pandemic, the wellbeing of teachers and learners and the overall operations of the education sector have been disrupted. Given these observations, the NECT has worked with the DBE to propose an overarching Covid-19 Response Initiative (CRI). The CRI proposes activities and interventions that are critical to rebooting the system in the short-term; driving focused recovery in the short- to medium term; and building back better for the long term.
One of the highlights was the organisation of a series of 19 focus group dialogues which were convened in December 2021 and aimed at:

1. Gathering insights about the challenges schools have faced in returning all learners;
2. Understanding the challenges experienced by parents and communities where learners continue to attend school on a rotational timetable;
3. Using these insights to identify possible solutions to improve school operations.

Another key highlight was the conducting of a school functionality panel study in November 2021 to document the schooling recovery experience in South African schools, with a focus on indicators such as school functionality, time on task, and teacher pedagogy. The objectives of the panel study are to:

1. Determine the percentage of schools using the traditional timetable and schools using rotational timetabling approaches
2. Track school functionality based on key indicators
3. Ascertain time on task and learning at school
4. Understand teaching and learning through teacher pedagogy engagements

REPORT OF THE TRUSTEES (CONTINUED)

2. TEACHER PROFESSIONALISATION

The School and District Improvement Programme (DIP) supports the education system through interventions aimed at improving the quality of teaching and learning and providing capacity building to improve school management at the district and school levels. This is done through teacher professionalisation initiatives, leadership enhancement, parent and community involvement, and resource provision. The DIP has been instrumental to expanding the reach of the NECT over the years. By 2021, the NECT had reached 19 803 schools (85.8%), and over 103 600 teachers (25.5%).
In 2021, the DIP's focus was on supporting education recovery through resource provision; teacher professionalisation; and the community-based and school-based Psychosocial Support (PSS). Efforts to address the reading challenge in South Africa have continued through the Primary School Reading Improvement Programme (PSRIP) and the National Reading Coalition (NRC); and the NECT has continued to pilot Teaching Mathematics for Understanding (TMU) and the Home Language (HL) PSRIP. In 2021, PRSIP EFAL Programme reached, 283 Subject Advisors, 7 676 teachers and 1 584 School Management Team Members (SMTs).

3. NATIONAL READING COALITION

Since inception, the National Reading Coalition (NRC) has established several projects at the circuit level; focussing on 22 circuits that the NECT adopted out of the targeted 25% of circuits, nationally. In 2021, the NRC expanded its activities to other circuits, bringing the total number of NRC circuits to 222. Other achievements include the digitisation of storybooks, recruiting and allocating 15 050 Reading Champions in primary schools across the country, and collecting more than 7 000 books through book collection boxes across the country.

4. STRENGTHENING STATE CAPACITY TO DELIVER

4.1. Education Technical Assistance Office Education Technical Assistance Office

The Education Technical Assistance Office (ETAO) was established in 2019 to support the DBE with the conceptualisation, strategic planning, and successful implementation of three (3) strategic imperatives namely, 1) Early Childhood Development (ECD) function shift from the Department of Social Development (DSD) to DBE; 2) the Three Stream Curriculum Model implementation with testing and roll out of vocational and occupational subjects; and 3) institutionalisation of the National Institute for Curriculum Development (NICPD). ETAO has registered the following achievements in 2021:

- Supported the finalisation of the ECD Concept Note and Integrated Service Delivery Model which guide the delivery of quality ECD programmes and services under the DBE, and the designation of roles amongst various stakeholders at the national and provincial levels. By the end of 2021, a series of six (6) ECD dialogues were concluded which focussed on key ECD issues such as i) the new vision and service delivery model of ECD under DBE, ii) implications of the function shift on the existing ECD Policies, iii) Systems and registration procedures, iv) ECD Funding and v) ECD human resources. The dialogues incited a high level of interest and contributions from stakeholders and each dialogue was attended by over 250 participants.
- Assisted the DBE to conduct a readiness assessment of 90 schools across the country that are piloting 13 Grade 8 vocational subjects and produced detailed provincial reports that would be useful for provinces and schools to identify areas that need strengthening.

REPORT OF THE TRUSTEES (CONTINUED)

- Appointed a technical advisor to assist the DBE to develop a business plan that would meet the requirements to secure allocated funding from the European Union for the Three Stream Model. The plan aimed at addressing key issues related to the roll out of resource intensive vocational and occupational streams was approved by National Treasury and the EU, with an allocation of almost R85 million over three years. The first tranche of the allocation was transferred to the DBE in December 2021 and is being utilized to strengthen the vocational stream and GEC pilots.
- ETAO has secured R3 815 million in funding over three (3) years from Old Mutual Foundation to support the DBE with reviewing the implementation of the Language in Education Policy, and to create a conducive environment for the use of mother tongue as the language of teaching and learning beyond Grade 3. By the end of 2021, the project was in the final stages of conceptualisation and scoping with assistance from a multilingualism specialist from Wits University.

4.2 Modernisation of the South African School Administration and Management System

Following the review of the UNESCO OpenEMIS solution and the determination of the approach to acquiring the software in 2020, this year focused on the finalisation of the appropriation agreement between the NECT and UNESCO; implementation of and enhancement of the “out of the box” solution; and training on the use of the solution.

The acquisition of the OpenEMIS solution has ensured that 13 out of the 15 SA-SAMS modules would have a basic functionality of between 10% to 82% at the time of the first release. As planned, Release 1 of the solution was successfully implemented in July 2021 in the NECT cloud and training was conducted across the country. Four virtual training courses were provided by UNESCO in August 2021, with a focus on OpenEMIS Core fundamentals, data analytics fundamentals, and software development fundamentals.

4.3 Sanitation Appropriate for Education (SAFE)

In August 2018, the NECT signed a Memorandum of Agreement (MOA) with the Department of Basic Education (DBE) to contribute to addressing the backlog of unsafe pit latrines in schools as part of the Sanitation Appropriate for Education Programme (SAFE) . The NECT also entered into partnerships with the private sector and civil society to contribute to the programme since 2019. The NECT has continued to implement projects in schools across the Eastern Cape, Limpopo, and KwaZulu-Natal. For the 2020/21 and 2021/22 financial years, the DBE allocated 615 schools and it is envisaged that practical completion of ablution facilities in 300 schools will be achieved by March 2022, and the remaining schools will be completed by the end of the second quarter of 2022.
The private sector partners in the programme include Assupol and the South Korea Embassy (SKE). Assupol has committed a total of R50 million for five years towards the programme starting with R10 million in 2019 for 20 schools in Limpopo, Eastern Cape and KwaZulu Natal. For the 2021/22 financial year, 18 schools are under implementation in the Eastern Cape and the project is targeted to benefit 6 008 learners. The completion of projects in the identified schools will bring the total number of schools reached, through the Assupol partnership to 50.

REPORT OF THE TRUSTEES (CONTINUED)

In partnership with the South Korean Embassy (SKE) and DBE, six (6) schools have been identified for the construction of ablution facilities for Grade R learners, with 33 facilities completed in 2021. The funding of R3.2 million will build ablution facilities that will benefit 3 223 learners.
As part of the Covid-19 response, the NECT received R6.9 million from UNICEF to construct handwashing stations in 123 schools across the Eastern Cape, Limpopo, Mpumalanga, and KwaZulu-Natal. The project was completed in December 2021 and has benefited 60 000 learners across the four (4) provinces.

5. INNOVATION IN EDUCATION

The EdHub is responsible for researching, testing, and incubating innovations that will improve the delivery of education. The work of the EdHub focuses on interventions designed to facilitate the embedding of competencies fast-changing world and skills of the future in the basic education curriculum. This has been achieved through the Sandbox Schools Project, the Robotics and Coding intervention, and contributing to research and knowledge dissemination.

6. EDUCATION DIALOGUESA

Encouraging Dialogue and Active Citizenry
The transition to virtual platforms has allowed the NECT to convene meetings more regularly and with very few, if any, barriers to participation. In 2021, the DialogueSA programme has supported dialogues and engagement in the following areas:

- Convening three Civil Society Consultative Forums with the Minister and Deputy Minister
- Convened a research-based Dialogue on learning losses and curriculum recovery
- Supporting the participation of the basic education sector in the Human Resource Development Council (HRDC) summit held in August 2021, and following up on the social compact agreed upon at the Summit
- Convened a series of six stakeholder engagements on the migration of the ECD function, each focused on a different aspect
- Convened a dialogue on the SAPS Youth Gender-based Violence initiative
- Convened a series of focus group “rapid dialogues” as part of the NECT Covid-19 Response Initiative

7. STRATEGIC PARTNERSHIPS AND SPECIAL PROJECTS

The Strategic Partnerships and Special Projects programme aims to advance the collaborative agenda of the NECT and focuses on introducing initiatives that respond to emerging needs within the sector. To this end, the NECT conceptualized and implemented a talent management initiative which has the following programmes, namely the post-graduate support programme, executive support programme and the capacity building programme.

REPORT OF THE TRUSTEES (CONTINUED)

7.1. Postgraduate Support Programme

The postgraduate support programme was launched in December 2020 in partnership with the University of Limpopo, University of Venda and Nelson Mandela University to encourage master's and PhD candidates to focus on research topics, challenges, and innovative opportunities that are critical to the education system. Enrolment for the programme has increased since 2020, from 78 students to 92 students in 2021.

7.2. Executive Support Programme

The NECT has identified that the effectiveness and efficiency of the education system depends on the skills and competencies possessed by senior managers in the education sector. As such, the NECT commissioned a research study which focused on how education sector senior managers can be supported and developed in order to enhance the education system. The study also considered ways in which new leaders can be capacitated and mentored to manage the challenges facing the system.

In responding to the research study, the NECT will develop guidelines regarding the provinces and the cohort of senior managers to be enrolled into the programme. This will include looking at the delivery module, requirement for accreditation, development of a mentorship programme and identification of mentors to support officials post training.

7.3. Capacity Building Seminars

The capacity building seminars are demand led focusing on executive seminars aimed at building understanding, skills, and capacity of managers to address aspects of the managerial responsibility. To date, the NECT has hosted 3 workshops in collaboration with Professor Dugan Fraser who is the programme director at the Global Evaluation Initiative in the World Bank. The workshops were hosted on Utilisation-Focused Evaluation (UFE) by Michael Quinn Patton (UFE) and were attended by senior national and provincial DBE officials, universities, and the private sector. The value of the programme has been validated by DBE, PDE, academia and private sectors organisations.

The NECT also conducted internal capacity building by hosting the first NECT bootcamp. The programme was targeted at 30 young professionals and hosted between 01-06 August 2021. The intensive bootcamp was structured into 16 sessions which focused on education reform and planning in South Africa. The bootcamp was aimed at improving the skills and knowledge of young employees on the education sector and to develop their ability to understand education reform and practice.

7.4. Gender Responsiveness Pedagogy for Early Childhood Development (GRP4ECD)

The GRP4ECD programme commenced in December 2021 and is a partnership between the DBE, NECT, the ETDP-SETA, the Flemish Association for Development Cooperation and Technical Assistance (VVOB), and South Africa Council of Education (SACE). The programme aims to provide technical capacity building in gender responsive pedagogy for ECD practitioners. The NECT will manage the project amounting to R19 994 888 and a rollout plan has been developed and awaiting consolidation and finalisation.

REPORT OF THE TRUSTEES (CONTINUED)

8. FINANCIAL RESULTS

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

In 2021, the Trust recognised revenue of R433,965,214 (2020: R295,138,067). Total expenditure amounted to R375,624,660 (2020: R245,334,220), out of which 95% was direct investment in education programmes, while 5% was spent on administration expenses.

The 2021 Trust's operations recorded a surplus of R63,809,476 (2020: R52,431,729).

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

Tax status

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

Events subsequent to the year end

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.

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
Mr. Godwin Khosa (Chief Executive Officer)

NATIONAL EDUCATION COLLABORATION TRUST

STATEMENT OF FINANCIAL POSITION
as at 31 December 2021

ASSETS	Notes	2021 R	2020 R
Non-Current Assets		**6,360,393**	**4,236,148**
Property, plant & equipment	2	2,399,943	2,400,891
Right-of-use assets	3	3,898,678	1,790,353
Intangible assets	4	61,772	44,904
Current Assets		**304,566,708**	**266,139,185**
Trade and other receivables	5	57,087,185	24,259,679
Cash and cash equivalents	6	247,479,523	241,879,506
Total assets		**310,927,101**	**270,375,333**
FUNDS AND LIABILITIES			
Funds		**141,315,845**	**77,506,369**
Accumulated Funds		141,315,845	77,506,369
Non-Current Liabilities		**2,565,948**	**400,657**
Lease liability	7	2,565,948	400,657
Current Liabilities		**167,045,308**	**192,468,307**
Deferred Income	8	116,815,709	171,961,707
Lease liability	7	1,439,343	1,733,127
Trade payables and accruals	9	38,520,712	15,591,572
Other payables	10	9,134,492	2,170,108
Leave provision	11	1,135,051	1,011,794
Total funds and liabilities		**310,927,101**	**270,375,333**

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2021

	Notes	Year ended 31 December 2021 R	Year ended 31 December 2020 R
INCOME		**433,965,214**	**295,138,067**
Government grants & SETAs		351,602,130	185,105,096
Private Sector donations		72,447,815	99,997,962
Foundations and Trusts donations		395,857	6,003,029
Other income	12	9,519,412	4,031,980
EXPENDITURE		**375,624,660**	**245,334,220**
Programme expenses	13	92,346,537	115,352,773
Special Projects	13 &14	265,450,734	113,462,328
Administration expenses	13	17,827,389	16,519,119
OPERATING SURPLUS		**58,340,554**	**49,803,847**
NET FINANCE CHARGES		**5,468,922**	**2,627,882**
Finance received	15	5,622,629	2,944,153
Finance charges	16	(153,707)	(316,270)
SURPLUS FOR THE YEAR		**63,809,476**	**52,431,729**
Other comprehensive income		-	-
TOTAL COMPREHENSIVE SURPLUS		**63,809,476**	**52,431,729**

STATEMENT OF CHANGES IN FUNDS
for the year ended 31 December 2021

Balance as at 31 December 2019	**25,074,640**
Changes in funds	
Surplus for the year	52,431,729
Total comprehensive surplus for the year	52,431,729
Balance as at 31 December 2020	**77,506,369**
Changes in funds	
Surplus for the year	63,809,476
Total comprehensive surplus for the year	63,809,476
Balance as at 31 December 2021	**141,315,845**

STATEMENT OF CASH FLOWS
for the year ended 31 December 2021

	Notes	2021	2020
		R	R
Cash flows from operating activities			
Cash receipts from funders	17	345,991,710	457,145,050
Cash paid to suppliers and employees	18	(343,112,397)	(246,252,495)
Cash generated from operations	19	**2,879,313**	**210,892,555**
Interest received	15	5,622,629	2,944,153
Interest paid on lease liability	16	(153,707)	(316,270)
Net cash flows from operating activities		**8,348,235**	**213,520,437**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(899,810)	(681,206)
Purchase of intangible assets	4	(30,387)	-
Net cash used in investing activities		**(930,197)**	**(681,206)**
Cash flows from financing activities			
Capital repayment of lease liability	20	(1,818,026)	(1,716,871)
Net cash flows used in financing activities		**(1,818,026)**	**(1,716,871)**
Net increase in cash and cash equivalents		5,600,013	211,122,361
Cash and cash equivalents at beginning of period		241,879,506	30,757,145
Cash and cash equivalents at end of period		**247,479,523**	**241,879,506**

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The Trust's annual financial statements have been prepared under the historical cost basis.

The financial statements are presented in South African rand, 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1.1.2 Donations (continued)

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

- 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 of 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 have 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 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 in 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:

a. relevant to the economic decision-making needs of users; and
b. reliable, in that the financial statements:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1.1.2 Donations (continued)

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.

1.1.3 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.

1.1.4 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.

1.2 Project accounting and expense allocation

The project costs are measure 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.

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 include 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1.3 Property, plant and equipment (continued)

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 profit and loss.

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 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:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Trust;
- 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1.4 Leased Assets (Continued)

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.

1.5 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1.5 Intangible assets (Continued)

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.

1.7 Trade and other receivables

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

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

i) Accrued Income (Continued)

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.

ii) 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.

1.8 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1.8 Cash and cash equivalents (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1.11 Provisions and contingencies (continued)

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 are 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.

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

2021	Motor Vehicle R	Computer Equipment R	Office Equipment R	Furniture & Fittings R	Science Lab R	Total R
Cost	822,039	2,891,367	1,108,400	1,781,856	514,592	**7,118,254**
Accumulated depreciation	(739,835)	(1,666,105)	(802,099)	(1,040,277)	(469,995)	**(4,718,310)**
Carrying amount at 31 December 2021	**82,204**	**1,225,262**	**306,301**	**741,579**	**44,597**	**2,399,943**
Reconciliation of assets						
Carrying amount at 1 January 2021	**92,738**	**829,477**	**494,478**	**939,602**	**44,597**	**2,400,891**
Additions	-	896,939	-	2,871	-	**899,810**
Reclassification	-	-	-	-		**-**
Depreciation	(10,534)	(430,087)	(184,715)	(200,894)	-	**(826,230)**
Disposals at cost	-	(439,462)	(35,010)	-	-	**(474,472)**
Accumulated depreciation on disposals	-	368,396	31,548	-	-	**399,944**
Carrying amount at 31 December 2021	**82,204**	**1,225,262**	**306,301**	**741,579**	**44,597**	**2,399,943**

2020	Motor Vehicle R	Computer Equipment R	Office Equipment R	Furniture & Fittings R	Science Lab R	Total R
Cost	822,039	2,433,890	1,143,409	1,778,985	514,592	6,692,916
Accumulated depreciation	(729,301)	(1,604,413)	(648,932)	(839,383)	(469,995)	(4,292,024)
Carrying amount at 31 December 2020	**92,738**	**829,477**	**494,478**	**939,602**	**44,597**	**2,400,891**
Reconciliation of assets						
Carrying amount at 1 January 2020	**219,144**	**704,944**	**599,333**	**1,165,936**	**44,596**	**2,733,954**
Additions	-	547,738	128,468	5,000	-	**681,206**
Reclassification	-	-	-	-		**-**
Depreciation	(126,406)	(412,850)	(220,429)	(206,516)	-	**(966,201)**
Disposals at cost	-	(21,969)	(127,053)	(53,207)	-	**(202,229)**
Accumulated depreciation on disposals	-	11,615	114,158	28,390	-	**154,162**
Carrying amount at 31 December 2020	**92,738**	**829,477**	**494,478**	**939,602**	**44,596**	**2,400,891**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. RIGHT-OF-USE ASSETS

2021	Office Buildings R	Office Equipment R	Total R
Cost	4,733,481	208,015	**4,941,496**
Accumulated amortisation	(869,472)	(173,346)	**(1,042,818)**
Carrying amount at 31 December 2021	**3,864,009**	**34,669**	**3,898,678**
Reconciliation of assets			
Carrying amount at 1 January 2021	**1,686,346**	**104,008**	**1,790,353**
Additions	3,689,529	-	**3,689,529**
Depreciation	(1,511,866)	(69,338)	**(1,581,204)**
Disposals at cost	(3,930,375)	-	**-**
Accumulated amortisation on disposals	3,930,375	-	**-**
Carrying amount as at 31 December 2021	**3,864,009**	**34,669**	**3,898,678**

2020	Office Buildings R	Office Equipment R	Total R
Cost	4,974,327	208,015	5,182,343
Accumulated amortisation	(3,287,982)	(104,008)	(3,391,989)
Carrying amount at 31 December 2020	**1,686,346**	**104,008**	**1,790,353**
Reconciliation of assets			
Carrying amount at 1 January 2020	3,357,261	173,346	3,530,607
Additions	-	-	-
Depreciation	(1,670,916)	(69,338)	(1,740,254)
Disposals at cost	-	-	-
Accumulated amortisation on disposals	-	-	-
Carrying amount as at 31 December 2020	**1,686,346**	**104,008**	**1,790,353**

The Trust leases Office Buildings and some of the 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.

Leases of property generally have a lease term ranging from one (1) year to three (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. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. RIGHT-OF-USE ASSETS (CONTINUED)

The table below describes the nature of the Trust's leasing activities by type of right-of-use asset recognised on 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	1 - 3 years	2 years	-	-
Office Equipment (Printers)	2	6 months	6 months	-	-

4. INTANGIBLE ASSETS

2021	**Website R**	**Computer Software R**	**Total R**
Cost	-	379,622	379,622
Accumulated amortisation	-	(317,850)	(317,850)
Carrying amount at 31 December 2021	**-**	**61,772**	**61,772**
Reconciliation of assets			
Carrying amount at 1 January 2020	**-**	**44,904**	**44,904**
Additions	-	30,387	30,387
Amortisation	-	(13,519)	(13,519)
Disposals at cost	-	-	-
Accumulated amortisation on disposals	-	-	-
Carrying amount as at 31 December 2021	**-**	**61,772**	**61,772**

2020	**Website R**	**Computer Software R**	**Total R**
Cost	-	349,235	349,235
Accumulated amortisation	-	(304,331)	(304,331)
Carrying amount at 31 December 2020	**-**	**44,904**	**44,904**
Reconciliation of assets			
Carrying amount at 1 January 2020	259,431	73,590	333,020
Additions	-	-	-
Amortisation	(53,986)	(28,686)	(82,672)
Disposals at cost	(299,920)	-	(299,920)
Accumulated amortisation on disposals	94,475	-	94,475
Carrying amount as at 31 December 2020	**-**	**44,904**	**44,904**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. TRADE AND OTHER RECEIVABLES

As at 31 December 2021, 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	**2021**	**2020**
	R	**R**
Department of Basic Education		
First Rand Empowerment Foundation (FREF)	29 469 129	5 183 156
National Department of Basic Education	1 346 690	-
South Korea Embassy (SKE)	2 387 524	-
Assupol Life Limited	553 665	-
EDTP SETA	2 431 518	12 348 805
	36 188 525	**17 531 961**

Other receivables	**2021**	**2020**
	R	**R**
Prepayments and deposits	690 145	775 449
VAT	20 191 807	5 907 029
Other debtors	16 708	45 240
	20 898 660	**6 727 718**
Total	**57 087 185**	**24 259 679**

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 2021, the Trust's Cash and cash equivalents comprised of the following:

	2021	**2020**
	R	**R**
Short-term deposits	247,487,730	241,886,033
Cash on hand	9,645	13,288
Credit Card	(17,853)	(19,815)
	247 479 523	**241 879 506**

7. LEASE LIABILITY

	2021	**2020**
Non-Current liabilities	**R**	**R**
Lease liability	2,565,948	400,657
Current liabilities		
Lease liability	1 439 343	1 733 127
	4 005 291	**2 133 784**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. LEASE LIABILITY (CONTINUED)

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

2021:

Minimum lease payments	Office Equipment R	Office Building R	Total R
1 yea	40,419	1,656,361	1,696,780
2-3 years	-	2,763,797	2,763,797
Total undiscounted payments	**40,419**	**4,420,158**	**4,460,577**
Finance charges	(1,177)	(454,109)	(455,286)
Net Present values	**39,242**	**3,966,049**	**4,005,291**

2020:

Minimum lease payments	Office Equipment R	Office Building R	Total R
1 year	80,838	1,782,937	1,863,775
2-3 years	40,419	383,510	423,929
Total undiscounted payments	**121,257**	**2,166,447**	**2,287,704**
Finance charges	(9,303)	(144,617)	(153,920)
Net Present values	**111,954**	**2,021,830**	**2,133,784**

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

2021:

	Office Equipment R	Office building R	Total R
Current	39,242	1,400,158	1,439,400
Non-current		2,565,890	2,565,891
Total	**39,242**	**3,966,049**	**4,005,291**

2020:

	Office Equipment R	Office building R	Total R
Current	72,716	1,660,411	1,733,127
Non-current	39,238	361,419	400,657
Total	**111,954**	**2,021,830**	**2,133,784**

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 2021 R	31 December 2020 R
Short-term leases	334,999	322,959

On 31 December 2021, the Trust was committed to short term leases and the total commitment at that date was R322,228 (2020: R221,670).

The Trust rents offices under a non-cancellable 3-year operating lease at the head office which commenced on 1 December 2021 and expires on 30 November 2024 and a 3-year leases for project office in Centurion which expires on 31 January 2023 respectively.

The following amounts are recognised in the cash flow statement:

Cash outflow for leases (IFRS16) – financing activity	**2021** **R**	**2020** **R**
Principal	1,818,026	1,716,871
Interest	153,707	316,270
Total cash outflow from financing activity	**1,971,733**	**2,033,141**
Short-term leases payments*	334,999	322,959
Total cash outflows from financing and Operating activity	**2,306,732**	**2,356,100**

*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:	**2021** **R**	**2020** **R**
Core programmes*	2,000,000	3,645,782
Special project: SA-SAMS	20,871,628	22,396,653
Special project: SAFE	48,478,892	97,720,066
Special project: Remote learning	17,883,726	15,805,164
Special project: Learner Teacher Support Materials	12,389,886	15,739,876
Special project: Early Childhood Development (ECD)	3,165,640	4,219,030
Special project: Life Orientation	2,181,134	845,523
Special project: PSRIP	6,890,799	-
Special project: PSRIP - CATC	96,641	-
Special project: EU/UNICEF- REALS	2,857,364	-
Special project: COVID-19 Interventions (Handwashing stations)	-	10,589,612
Special project: Tshikululu Investments (ALA)	-	1,000,000
	116 815 709	**171 961 707**

* 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 Reporting date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. DEFERRED INCOME (CONTINUED)

The deferred income balances above mainly relate to the funds received for the DBE-SAFE, Remote and Digital learning (RDL), ETDP SETA – PSRIP, SA-SAMS projects and ring-fenced DBE funding for LTSM and ECD projects. The DBE-SAFE deferred income relates to the remaining funds from R171 million tranche received in November 2021 and these funds are expected to be utilised on the 1st quarter of 2022. The SA-SAMS project has delayed in past due to challenges in finding the suitable vendor for the project. The RDL project also delay due to challenges experienced in entering into agreement with SABC for radio broadcast programme and community radio stations.

9.TRADE PAYABLES AND ACCRUALS

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

	2021 R	2020 R
Trade payables	31,750,006	10,911,043
Accruals	6,770,705	4,680,530
	38 520 712	**15 591 572**

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:

	2021 R	2020 R
PAYE,SDL & UIF	1,646,080	1,817,722
VAT Output	7,279,524	130,435
Employee related deductions	208,888	221,951
	9 134 492	**2 170 108**

11. LEAVE PROVISIONS

	2021 R	2020 R
Leave pay provision		
Opening balance	1 011 794	890 245
Movement for the year (Increase in the leave provision)	123 258	121 549
Closing balance	**1 135 051**	**1 011 794**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. LEAVE PROVISIONS (CONTINUED)

The leave pay provision relates to the 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 profit and loss.

12. OTHER INCOME

	2021	2020
	R	R
Project Management fee	9,069,702	3,723,126
Board members donations (in lieu of pay)	279,431	294,463
Old Mutual Reimbursement	30,972	14,392
ETDP SETA Training Reimbursement	128,821	-
Refund Deposit- Tanenzo Trading and Projects	1,536	-
Interest received from SARS	8,950	-
	9,519,412	**4,031,980**

13. EXPENDITURE

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

	2021	2020
	R	R
Construction costs	156,645,120	-
Employee costs*	56,534,832	62,641,759
Personnel-Consultants	59,419,977	61,120,816
Personnel-Full Time & Part Time	14,785,072	23,187,436
Materials-Production	13,741,054	17,537,131
Broadcasting costs	12,446,310	17,224,724
Materials-Development	8,000,456	12,397,944
Travel Expenses	13,644,112	12,295,683
Picking, Packing & Distribution	9,678,013	10,178,809
Venue and catering	2,905,647	3,850,160
Accommodation	2,622,110	3,408,172
Other expenses	22,706,476	18,497,015
Loss of disposal of assets	74,528	205,445
Depreciation & Amortisation**	2,420,953	2,789,127
	375,624,660	**245,334,220**

* The Employee costs include the provident fund expense of R786 137 (2020: R678,479).

**The depreciation and Amortisation costs are included as part of the administration's costs in the statement of comprehensive income.

***The note disclosure has been included to provide additional information about the nature of expenditure incurred.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. SPECIAL PROJECTS

2020	Income	Expenditure
	R	R
Eskom (Life Orientation Project)	788,033	788,033
Momentum Metropolitan Foundation (LO)	364,053	364,053
Momentum Metropolitan Foundation (COVID-19)	1,687,559	1,687,559
Road Traffic Management Corporation (Life Orientation Project)	9,513,493	9,513,493
NESTLE	682,435	682,435
National Department of Basic Education (SAFE)	6,803,478	6,803,478
Assupol Life Limited - Sanitation Appropriate For Education)	11,627,128	11,627,128
Gauteng Provincial Department of Education (SA-SAMS Project)	44,237	44,237
ETDP SETA (PSRIP)	35,420,104	35,420,104
ETDP SETA (CATC)	1,891,534	1,891,534
Old Mutual	20,142,342	20,142,342
Government Grants-DBE-SA SAMS	656,675	656,675
Government Grant-DBE ETAO	2,730,970	2,730,970
Government Grant-DBE LTSM	960,124	960,124
Government Grant-DBE School Readiness	15,000,000	11,337,558
Government Grant-DBE Woza Matric	19,836	19,836
UNICEF (COVID-19)	1,454,771	1,454,771
Michael & Sudan Dell Foundation (SA-SAMS Project)	393,398	393,398
FirstRand Empowerment Fund (SA-SAMS Project)	4,412,456	4,412,456
National Department of Arts and Culture (Spelling Bee Project)	82,144	82,144
Donations-Woolworths Trust-Covid 19 Response	500,000	500,000
Donations-Standard Bank-Covid 19 Response	869,565	1,000,000
Tshikululu Investments (ALA)	950,000	950,000
	116 994 335	**113 462 328**

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

15. INTEREST RECEIVED

	2021	2020
	R	R
Current and call accounts	5,622,629	2,944,153
	5 622 629	**2 944 153**

16. FINANCE CHARGES

	2021	2020
	R	R
Finance charges on lease liability	153,707	316,270
	153 707	**316 270**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. CASH RECIEPTS FROM FUNDERS

	2021	2020
	R	R
Trade and other receivables as at 1 January	24,259,679	56,415,475
Income for the year	433,965,214	295,138,067
Trade and other receivables as at 31 December	(57,087,185)	(24,259,679)
	401,137,708	**327,293,863**
Deferred Income movement	(55,145,998)	129,851,187
	345,991,710	**457 145 050**

18. CASH PAID TO SUPPLIERS AND EMPLOYEES

	2021	2020
	R	R
Payables as at 1 January*	(17,761,680)	(22,734,388)
Expenditure for the year	(373,005,920)	(242,291,581)
Payables as at 31 December*	47,655,204	18,773,474
	(343,112,397)	**(246,252,495)**

* Payables include Trade payables and accruals and other payables.

19. CASH GENERATED FROM OPERATIONS

	2021	2020
	R	R
Surplus for year	63,809,476	52,431,729
Adjustment for non cash items		
Depreciation and amortisation	2,420,953	2,789,127
Leave movement	123,258	121,549
Loss on scrapping of non financial asset	74,528	253,512
Finance received	(5,622,629)	(2,944,153)
Finance charges	153,707	316,270
Operating cash inflow before working capital changes	**60,959,293**	**52,968,035**
Cash generated on working capital	**(58,079,980)**	**157,924,520**
Decrease/(Increase) in trade and other receivables	(32,827,506)	32,155,796
Increase/(decrease) in payables**	(25,252,474)	125,768,724
Net cash from operating activities	**2,879,313**	**210,892,555**

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. CASH FLOWS FROM FINANCING ACTIVITIES

Reconciliation of liabilities arising from financing activities:	2021 R	2020 R
Opening balance	**2,133,784**	**3,850,655**
Additions	**3,689,529**	**-**
Net cash flows from/used in financing activities	**(1,818,026)**	**(1,716,871)**
Interest paid	153,707	316 270
Rental payments	(1,971,733)	(2 033 141)
Closing balance	**4,005,287**	**2 133 784**

21. 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.

22. RELATED PARTY TRANSACTIONS

22.1 Executive remuneration

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

2021

2021	Designation	Remuneration	Allowances	Pension	Short-term incentive	Other payments (claims)	Total
Godwin Khosa	Chief Executive Officer	3,195,399	144,000	455,245	245,420	83,499	**4,123,563**
Sandile Mkhonto	Chief Financial Officer	931,452	-	161,585	78,713	17,775	**1,189,524**
Selaelo Lekoloane	Programme Director	1,342,181	12,729	234,928	103,349	14,582	**1,707,768**
TOTAL		**5,469,031**	**156,729**	**851,758**	**427,482**	**115,856**	**7,020,856**

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

2020

Name and Surname	Designation	Remuneration	Allowances	Pension	Short-term incentive	Reimburseme nt expenses	Total
Godwin Khosa	Chief Executive Officer	2 913 281	144 000	428 516	176 050	82 511	**3 744 359**
Sandile Mkhonto	Chief Financial Officer	791 268	99 251	126 506	51 802	11 312	**1 080 139**
Selaelo Lekoloane*	Programme Director	865 048	-	112 555	43 263	9 910	**1 030 776**
TOTAL		**4 569 597**	**243 251**	**667 577**	**271 115**	**103 733**	**5 855 274**

* Ms Lekoloane joined the NECT on 1 June 2020 as a Programme Director

Executive remuneration disclosure note has been updated to include additional information about post-employment benefit such as contribution to Pension.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22.2 Board remuneration

Non-executive board members of the Trust do not earn directors' fees. The amount of time that they spent in 2021 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 R279 431 (2020: R294 463).

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

23. 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 the 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 group of underlying assets being leased.

24. 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 co-operation with the Trust's operating units.

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

i) Interest rate risk

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. 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:

	2021			2020		
	Balance R	Interest income R		Balance R	Interest income R	
Surplus /(deficit)	247 479 523	2,474,877	(2,474,877)	241 879 506	2 418 795	(2 418 795)

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:

2021	Carrying Amount R	Contractual cash flows R	Less than 1 year R
Trade payables and accruals	38,520,712	38,520,712	38,520,712

2020	Carrying Amount R	Contractual cash flows R	Less than 1 year R
Trade payables and accruals	15 591 572	15 591 572	15 591 572

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. 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.

Other receivables

For receivables, management assesses the quality of the donors, taking into account their financial position, past experience and other factors beforehand. Outstanding Donor receivables 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 2021. 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	**2021** **R**	**2020** **R**
Accrued Income (Note 5)	36,188,525	17,531,961

Cash and cash equivalents

Credit risk from balances with banks and financial institutions is managed by the Management in accordance with the Trusts' policy.
The cash and cash equivalents are held with reputable banks within South Africa with high credit ratings of BB-/Ba2 (2020: BB-/Ba2) assigned by international credit-rating agencies.
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 2021 and 2020 is the carrying amounts as illustrated in Note 6.

25. MATURITY ANALYSIS OF FINANCIAL LIABILITIES

The table below shows an analysis of assets and 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:

2021	Less than one year	More than one year	Total
	R	R	R
Lease liability	1,439,345	2,565,948	4,005,293
Trade payables and accruals	38,520,712	-	38,520,712
Total financial liabilities	**39,960,057**	**2,565,948**	**42,526,005**

2020	Less than one year	More than one year	Total
	R	R	R
Liabilities			
Lease liability	1,733,127	400 657	2 133 784
Trade payables and accruals	15,591,572	-	15 591 572
Total liabilities	**17,324,699**	**400,657**	**17,725,356**

26. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

26.1 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 2021. The Trust has identified that the following standards and amendments may be applicable:

- Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases – interest rate benchmark (IBOR) reform (Phase 2)
- IFRS 16, Leases COVID-19-Related Rent Concessions Amendment

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

26.2 New accounting standards and interpretations issued not yet effective

The Trust has chosen not to early adopt the following relevant standard and interpretation, 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 1: Presentation of Financial Statements Classification of Liabilities as Current or Non-Current: Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current.	1 January 2022	The Trust will consider this amendment from the financial year ending 31 December 2022. No material impact expected to the Trust.

Standard/Interpretation	Effective date on or after	Expected impact
IAS 1: Disclosure of Accounting Policies The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.	1 January 2023	The Trust will consider this amendment from the financial year ending 31 December 2023. No material impact expected to the Trust.
IAS 8: Definition of Accounting Estimates The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.	1 January 2023	The Trust will consider this amendment from the financial year ending 31 December 2023. No material impact expected to the Trust.
IAS 16 *Property, Plant and Equipment* *Property, Plant and Equipment: Proceeds before Intended Use:* The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.	1 January 2022	The Trust will consider this amendment from the financial year ending 31 December 2022. No material impact expected to the Trust.
IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* *Onerous Contracts—Cost of Fulfilling a Contract:* The amendments specify which costs should be included in an entity's assessment whether a contract will be loss-making.	1 January 2022	The Trust will consider this amendment from the financial year ending 31 December 2022. No material impact expected to the Trust.

27. GOING CONCERN

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

The constrained environment created by COVID-19 containment measures affected the implementation of various planned Core programmes. Whilst the COVID-19 pandemic did not have a material impact on the Trust's income in 2021, management cannot rule out budget reductions across government and non-governmental funding sources in 2022. These envisaged reductions are being counteracted by the new NECT funding strategy that encompasses broadening the income base by re-establishing partnerships with previous donors from industries that were less impacted by COVID-19 such as Telecommunications and Mining. Furthermore, the Trust has accumulated sufficient reserves (R141,3 million) and cash reserves (R304,6 million) to offset any expected losses or income reductions that may incur in 2022.

In light of the above, Management has monitored and reviewed the funding confirmations, cash flow forecasts, available cash balance, reserves and is satisfied that going concern is appropriate at this stage.

28. 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.