

**FURTHER EDUCATION AND TRAINING COLLEGES EMPLOYERS' ORGANISATION  
(REGISTRATION NUMBER LR 2/6/3/742)  
ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

# FURTHER EDUCATION AND TRAINING COLLEGES EMPLOYERS' ORGANISATION

(REGISTRATION NUMBER LR 2/6/3/742)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

## GENERAL INFORMATION

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<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	Bargaining and dispute resolutions of the FET Colleges which are educational institution and operates principally in the nine provinces of South Africa
<b>Members</b>	Dr Joy Papier Mr Luvuyo Ngubelanga Ms Linah Malatjie Ms Lillian Mkhonza Mr Kobus Erasmus Mr Jimmy Manyobe Mr Marthinus Mouton Mr Alistair Davids Mr Dipane Hlalele Mr RP Dikotsi Ms Mavis Douws Mr Siyabulela Ndunge Mr Errence Vilakazi Mrs Faith Matshikiza Mr Stan Mathabatha Ms Marthie Botha Ms Rose Kunene Mr Sthembiso Mshengu Mr Mike Masuluke Mr Dan Mabuyakhulu Ms Nomcebo Zwane
<b>Business address</b>	First floor block H Crystal Office Park 249 Basden Avenue Centurion 0046
<b>Postal address</b>	Fisrt floor block H Crystal Office Park 249 Basden Avenue Centurion 0046
<b>Bankers</b>	First National Bank
<b>Company registration number</b>	LR 2/6/3/742
<b>Preparer</b>	The annual financial statements were independently compiled by: SizweNtsalubaGobodo Inc.

# FURTHER EDUCATION AND TRAINING COLLEGES EMPLOYERS' ORGANISATION

(REGISTRATION NUMBER LR 2/6/3/742)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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

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The following supplementary information does not form part of the annual financial statements and is unaudited:

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# FURTHER EDUCATION AND TRAINING COLLEGES EMPLOYERS' ORGANISATION

(REGISTRATION NUMBER LR 2/6/3/742)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

## MEMBER'S RESPONSIBILITIES AND APPROVAL

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The members are required in terms of the Constitution to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the organisation as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The members acknowledge that they are ultimately responsible for the system of internal financial control established by the organisation and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the organisation and all employees are required to maintain the highest ethical standards in ensuring the organisation's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the organisation is on identifying, assessing, managing and monitoring all known forms of risk across the organisation. While operating risk cannot be fully eliminated, the organisation endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The members 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 annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The members have reviewed the organisation's cash flow forecast for the year to 31 December 2013 and, in the light of this review and the current financial position, they are satisfied that the organisation has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the organisation's annual financial statements. The annual financial statements have been examined by the organisation's external auditors and their report is presented on pages 3 to 2.

The annual financial statements set out on pages 4 to 17, which have been prepared on the going concern basis, were approved by the members on 16 March 2015 and were signed on its behalf by:

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Member

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Member

# FURTHER EDUCATION AND TRAINING COLLEGES EMPLOYERS' ORGANISATION

(REGISTRATION NUMBER LR 2/6/3/742)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

## MEMBER'S REPORT

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The members submit their report for the year ended 31 December 2012.

### 1. REVIEW OF ACTIVITIES

#### Main business and operations

The organisation is engaged in bargaining and dispute resolutions of the FET colleges which are educational institutions and operates principally in the nine provinces of South Africa .

The operating results and state of affairs of the organisation are set out fully in the attached annual financial statements and do not, in our opinion, require any further comment.

Net surplus of the organisation was R 844,653 (2011: R 1,320,328)), after taxation of R - (2011: R -).

### 2. GOING CONCERN

We draw attention to the fact that at 31 December 2012, the organisation had accumulated surplus of R 1,898,553 and that the organisation's total assets exceed its liabilities by R 1,898,553.

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

### 3. EVENTS SUBSEQUENT TO YEAR END

The members are not aware of any matter or circumstance arising since the end of the financial year.

### 4. NEC BOARD MEMBERS

The members of the organisation during the year and to the date of this report are as follows:

<b>Name</b>	<b>Nationality</b>
Dr Joy Papier	South African
Mr Luvuyo Ngubelanga	South African
Ms Linah Malatjie	South African
Ms Lillian Mkhonza	South African
Mr Kobus Erasmus	South African
Mr Jimmy Manyobe	South African
Mr Marthinus Mouton	South African
Mr Alistair Davids	South African
Mr Dipane Hlalele	South African
Mr RP Dikotsi	South African
Ms Mavis Douws	South African
Mr Siyabulela Nduge	South African
Mr Errence Vilakazi	South African
Mrs Faith Matshikiza	South African
Mr Stan Mathabatha	South African
Ms Marthie Botha	South African
Ms Rose Kunene	South African
Mr Sthembiso Mshengu	South African
Mr Mike Masuluke	South African
Mr Dan Mabuyakhulu	South African
Ms Nomcebo Zwane	South African

### 5. REGISTERED ADDRESS

First floor block H  
Crystal Office Park  
249 Basden Avenue  
Centurion  
0046

# FURTHER EDUCATION AND TRAINING COLLEGES EMPLOYERS' ORGANISATION

(REGISTRATION NUMBER LR 2/6/3/742)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

## STATEMENT OF FINANCIAL POSITION

<b>Figures in Rand</b>	<b>Note(s)</b>	<b>2012</b>	<b>2011</b>
<b>ASSETS</b>			
NON-CURRENT ASSETS			
Property, plant and equipment	2	69,770	35,458
CURRENT ASSETS			
Trade and other receivables	3	1,626,499	1,159,988
Cash and cash equivalents	4	202,284	42,913
		<b>1,828,783</b>	<b>1,202,901</b>
<b>Total Assets</b>		<b>1,898,553</b>	<b>1,238,359</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Retained income		1,898,553	1,053,900
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	5	-	184,459
<b>Total Equity and Liabilities</b>		<b>1,898,553</b>	<b>1,238,359</b>

## FURTHER EDUCATION AND TRAINING COLLEGES EMPLOYERS' ORGANISATION

(REGISTRATION NUMBER LR 2/6/3/742)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

### STATEMENT OF COMPREHENSIVE INCOME

<b>Figures in Rand</b>	<b>Notes</b>	<b>2012</b>	<b>2011</b>
Revenue	6	3,250,000	3,250,000
Other income		678,316	323,187
Operating expenses		(3,083,663)	(2,252,679)
<b>Operating surplus (deficit)</b>	7	<b>844,653</b>	<b>1,320,508</b>
Finance costs	9	-	(180)
<b>Surplus (deficit) for the year</b>		<b>844,653</b>	<b>1,320,328</b>
Other comprehensive income		-	-
<b>Total comprehensive surplus (deficit) for the year</b>		<b>844,653</b>	<b>1,320,328</b>

# FURTHER EDUCATION AND TRAINING COLLEGES EMPLOYERS' ORGANISATION

(REGISTRATION NUMBER LR 2/6/3/742)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

## STATEMENT OF CHANGES IN EQUITY

<b>Figures in Rand</b>	<b>Retained income</b>	<b>Total equity</b>
<b>Balance at 01 January 2011</b>	<b>(266,428)</b>	<b>(266,428)</b>
Deficit for the year	1,320,328	1,320,328
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>1,320,328</b>	<b>1,320,328</b>
<b>Balance at 01 January 2012</b>	<b>1,053,900</b>	<b>1,053,900</b>
Surplus for the year	844,653	844,653
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>844,653</b>	<b>844,653</b>
<b>Balance at 31 December 2012</b>	<b>1,898,553</b>	<b>1,898,553</b>



# FURTHER EDUCATION AND TRAINING COLLEGES EMPLOYERS' ORGANISATION

(REGISTRATION NUMBER LR 2/6/3/742)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

## STATEMENT OF CASH FLOWS

<b>Figures in Rand</b>	<b>Notes</b>	<b>2012</b>	<b>2011</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	10	208,589	(204,479)
Finance costs	9	-	(180)
<b>Net cash from operating activities</b>		<b>208,589</b>	<b>(204,659)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	2	(49,218)	(11,200)
<b>Total cash movement for the year</b>		<b>159,371</b>	<b>(215,859)</b>
Cash at the beginning of the year		42,913	258,772
<b>Total cash at end of the year</b>	4	<b>202,284</b>	<b>42,913</b>

# FURTHER EDUCATION AND TRAINING COLLEGES EMPLOYERS' ORGANISATION

(REGISTRATION NUMBER LR 2/6/3/742)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

## ACCOUNTING POLICIES

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### 1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities, and the Constitution. The annual financial statements have been prepared on the historical cost basis, except where otherwise indicated, and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous period.

#### 1.1 SIGNIFICANT JUDGEMENTS

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

##### Trade Receivables

The organisation assesses its trade receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the organisation makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

##### Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The organisation recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The organisation recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the organisation to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the organisation to realise the net deferred tax assets recorded at the reporting date could be impacted.

#### 1.2 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible items that:

- are held for use in the production or supply of goods or services, for rental or others, or for administrative purposes; and
- are expected to be used during more than one period.

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

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

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

# FURTHER EDUCATION AND TRAINING COLLEGES EMPLOYERS' ORGANISATION

(REGISTRATION NUMBER LR 2/6/3/742)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

## ACCOUNTING POLICIES

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### 1.2 PROPERTY, PLANT AND EQUIPMENT (continued)

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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

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

Item	Average useful life
Furniture and fixtures	5 years
IT equipment	5 years

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

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

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

### 1.3 FINANCIAL INSTRUMENTS

#### Definitions

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A financial asset is any asset that is:

- cash;
- an equity instrument of another entity;
- a contractual right to receive cash or another financial asset from another entity; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- a contract that will or may be settled in the entity's own equity instruments and is a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

A financial liability is any liability that is:

- a contractual obligation to deliver cash or another financial asset to another entity; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- a contract that will or may be settled in the entity's own equity instruments and is a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

# FURTHER EDUCATION AND TRAINING COLLEGES EMPLOYERS' ORGANISATION

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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

## ACCOUNTING POLICIES

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### 1.3 FINANCIAL INSTRUMENTS (continued)

#### Initial recognition and measurement

Financial instruments are recognised initially when the organisation becomes a party to the contractual provisions of the instruments.

The organisation classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available for sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

#### Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

#### Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the income statement.

Trade and other receivables are classified as loans and receivables.

#### Trade and other payables

Trade payables are classified as financial liabilities at amortised cost.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are classified as loans and receivables.

# FURTHER EDUCATION AND TRAINING COLLEGES EMPLOYERS' ORGANISATION

(REGISTRATION NUMBER LR 2/6/3/742)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

## ACCOUNTING POLICIES

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### 1.4 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. Leases are classified as either operating or finance leases at the inception of the lease.

#### Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

### 1.5 IMPAIRMENT OF ASSETS

The organisation assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the organisation estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

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

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

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

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

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

### 1.6 SHARE CAPITAL AND EQUITY

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

### 1.7 REVENUE

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the organisation;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

# FURTHER EDUCATION AND TRAINING COLLEGES EMPLOYERS' ORGANISATION

(REGISTRATION NUMBER LR 2/6/3/742)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand 2012 2011

### 2. PROPERTY, PLANT AND EQUIPMENT

	2012			2011		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	-	-	-	15,856	(20,696)	(4,840)
Office equipment	39,218	(1,750)	37,468	-	-	-
IT equipment	87,686	(55,384)	32,302	77,686	(37,388)	40,298
<b>Total</b>	<b>126,904</b>	<b>(57,134)</b>	<b>69,770</b>	<b>93,542</b>	<b>(58,084)</b>	<b>35,458</b>

#### Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Other changes, movements	Depreciation	Total
Furniture and fixtures	(4,840)	-	4,840	-	-
Office equipment	-	39,218	-	(1,750)	37,468
IT equipment	40,298	10,000	-	(17,996)	32,302
	<b>35,458</b>	<b>49,218</b>	<b>4,840</b>	<b>(19,746)</b>	<b>69,770</b>

#### Reconciliation of property, plant and equipment - 2011

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	(1,669)	-	(3,171)	(4,840)
IT equipment	44,262	11,200	(15,164)	40,298
	<b>42,593</b>	<b>11,200</b>	<b>(18,335)</b>	<b>35,458</b>

#### Property, plant and equipment - 2010

	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	15,856	(17,525)	(1,669)
IT equipment	66,486	(22,224)	44,262
	<b>82,342</b>	<b>(39,749)</b>	<b>42,593</b>

### 3. TRADE AND OTHER RECEIVABLES

Trade receivables	1,624,999	1,136,398
Deposits	1,500	1,500
Other receivables	-	22,090
	<b>1,626,499</b>	<b>1,159,988</b>

The carrying value of trade and other receivables reflects the approximate fair value at year end.

# FURTHER EDUCATION AND TRAINING COLLEGES EMPLOYERS' ORGANISATION

(REGISTRATION NUMBER LR 2/6/3/742)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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### 4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand	-	28,712
Bank balances	202,284	14,201
	<b>202,284</b>	<b>42,913</b>

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Cash and bank earns interest at floating rate based on a daily bank deposit rate.

### 5. TRADE AND OTHER PAYABLES

Trade payables	-	184,459
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### 6. REVENUE

Membership fees	3,250,000	3,250,000
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### 7. OPERATING SURPLUS (DEFICIT)

Operating profit for the year is stated after accounting for the following:

#### Operating lease charges

Premises		
Contractual amounts	250,480	135,294

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Depreciation on property, plant and equipment	19,746	18,335
Employee costs	252,242	356,945

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### 8. AUDITORS' REMUNERATION

Fees	-	102,374
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### 9. FINANCE COSTS

Bank	-	180
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### 10. CASH GENERATED FROM OPERATIONS

Profit before taxation	844,653	1,320,328
<b>Adjustments for:</b>		
Depreciation and amortisation	19,746	18,335
Finance costs	-	180
Other non-cash items	(4,840)	-
<b>Changes in working capital:</b>		
Trade and other receivables	(466,511)	(799,147)
Trade and other payables	(184,459)	(744,175)
	<b>208,589</b>	<b>(204,479)</b>

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# FURTHER EDUCATION AND TRAINING COLLEGES EMPLOYERS' ORGANISATION

(REGISTRATION NUMBER LR 2/6/3/742)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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### 11. COMMITMENTS

#### Operating leases – as lessee (expense)

##### Minimum lease payments due

- within one year	67,320	218,880
- in second to fifth year inclusive	-	75,240
	<b>67,320</b>	<b>294,120</b>

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Operating lease payments represent rentals payable by the organisation for certain of its office properties. Leases are negotiated for an average term of five years and rentals are fixed for an average of three years. No contingent rent is payable.

### 12. GOING CONCERN

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

The ability of the organisation to continue as a going concern is dependent on a number of factors. The most significant of these is that the members continue to procure funding for the ongoing operations for the organisation so long as it takes to restore the solvency of the organisation.

### 13. TAXATION

No provision has been made for prior year as the organisation had no taxable income. For the current year the organisation has a surplus which could potentially result in a tax liability. The organisation is in the process of applying for tax exemption in terms of sections 30 and 10(1)(cN) in terms of the Income Tax Act.

### 14. CONTINGENCIES

#### Value Added Tax (VAT) Liability

The organisation received membership fees exceeding R1m in the current and prior financial year. This membership fees are potentially subject to Value Added Tax (VAT). The organisation has not provided for the output tax liability at year end. Membership fee income has not been adjusted for this impact. Consultations with SARS on this matter is still pending.

#### Pay As You Earn (PAYE) Liability

Although employee cost has been incurred during the year, no PAYE has been deducted or paid over to the Receiver of Revenue. A liability for this has not been raised at year end.



## FURTHER EDUCATION AND TRAINING COLLEGES EMPLOYERS' ORGANISATION

(REGISTRATION NUMBER LR 2/6/3/742)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

### DETAILED INCOME STATEMENT

<b>Figures in Rand</b>	<b>Note(s)</b>	<b>2012</b>	<b>2011</b>
<b>Revenue</b>			
Membership Fees		3,250,000	3,250,000
<b>Other income</b>			
Other income		202,800	123,187
AGM levies		-	200,000
Asset revaluation		2,840	-
Creditors written off		472,676	-
		<b>678,316</b>	<b>323,187</b>
<b>Expenses (Refer to page 17)</b>		<b>(3,083,663)</b>	<b>(2,252,679)</b>
<b>Operating Surplus (deficit)</b>	<b>7</b>	<b>844,653</b>	<b>1,320,508</b>
Finance costs	9	-	(180)
<b>Surplus (Deficit) for the year</b>		<b>844,653</b>	<b>1,320,328</b>
Other comprehensive income		-	-
<b>Total comprehensive income (loss) for the year</b>		<b>844,653</b>	<b>1,320,328</b>

# FURTHER EDUCATION AND TRAINING COLLEGES EMPLOYERS' ORGANISATION

(REGISTRATION NUMBER LR 2/6/3/742)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

## DETAILED INCOME STATEMENT

Figures in Rand	Note(s)	2012	2011
<b>Operating expenses</b>			
Accounting fees		(2,785)	(23,860)
Administration and management fees		(81,233)	(33,436)
Advertising		(3,000)	-
Attendance fees		(161,455)	(151,452)
Auditors remuneration	8	-	(102,374)
Bad debts		(493,399)	-
Bank charges		(5,386)	(5,463)
Catering fees		-	(1,500)
Cleaning		(491)	-
Computer expenses		(5,999)	(8,802)
Conference fees		(89,654)	(30,162)
Consulting and professional fees		(1,000)	(23,710)
Contract fees		(16,315)	-
Depreciation, amortisation and impairments		(19,746)	(18,335)
Employee costs		(252,242)	(356,945)
Entertainment		(23,002)	(5,981)
Subsistence and travelling allowance		(28,785)	-
Sitting allowances		(104,830)	-
Fines and penalties		(200)	(1,108)
General Expenses		(1,363)	-
Hire		(474)	(106,091)
Insurance		(4,687)	(4,450)
Lease rentals on operating lease		(250,480)	(135,294)
Legal expenses		-	(33,616)
Levies		(4,104)	-
Negotiators fees		(594,964)	(18,100)
Packaging		(11,787)	(2,363)
Petrol and oil		(300)	(550)
Postage		(550)	-
Printing and stationery		(7,964)	(2,600)
Recruitment		-	(1,500)
Repairs and maintenance		(1,642)	-
Staff loans written off		-	(8,000)
Staff welfare		(266)	(50)
Telephone and fax		(59,809)	(74,691)
Travel and accommodation		(837,724)	(1,088,793)
Utilities		(18,027)	(13,453)
		<b>(3,083,663)</b>	<b>(2,252,679)</b>