

# ANNUAL REPORT 21/22



 **Mayibuye  
Transport  
Corporation**

>> move **easier.**  
>> hamba **lula.**



# ABBREVIATIONS

AFS	Annual Financial Statements
AGSA	Auditor-General South Africa
AOP	Annual Operational Plan
BBBEE	Broad-Based Black Economic Empowerment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operations Officer
CP	Corporate Plan
CSI	Corporate Social Investment
DoT	Department of Transport
GAAP	Generally Accepted Accounting Practices
GTAC	Government Technical Advisory Centre
GRAP	Generally Recognised Accounting Practices
HRD	Human Resource Development
HRM	Human Resource Management
IA	Internal Audit
IAS	International Accounting Standard
ICT	Information Communication Technology
MEC	Member of the Executive Council
MTC	Mayibuye Transport Corporation
MTEF	Medium Term Expenditure Framework
OHSA	Occupational Health and Safety Act (No.85 of 1993)
PFMA	Public Finance Management Act
PAA	Public Audit Act of South Africa 2004 (Act No. 25 of 2004)
PGDP	Provincial Growth and Development Plan
PMDS	Performance Management and Development Systems
PrDP	Professional Driving Permit
SCOPA	Standing Committee on Public Accounts
SLA	Service Level Agreement
TETA	Transport Education Training Authority
WSP	Workplace Skills Plan



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**Physical Address**

81 Cnr. Drummond & Mdantsane Access Road  
Reeston, East London  
Contact No.: 043 745 2582  
5247

**Postal Address :**

P.O. Box 19596 Tecoma 5214  
**Email:** [info@mtcec.co.za](mailto:info@mtcec.co.za)  
[www.mtcec.co.za](http://www.mtcec.co.za)

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Corporation Annual Report 2021/2022

# HIGHLIGHTS 21/22

**R137,2m**

Budget allocation by the Department of Transport

**R8m**

additional budget allocation later in the year

**05**

Unqualified Consecutive audits

**R17,2m**

Total revenue in the year under review

**R0**

Finance Costs

**R0**

Irregular expenditure

Partnership with Buffalo City TVET College





# HIGHLIGHTS

## BUS ROUTE STATS 21/22



**941 144**

passengers serviced  
in the 2021/22 year



**0**

Fatalities



**16%**

Reduction in  
Minor Accidents



**99 %**

Percentage of trips  
started on timer



**50 BUSES**

on average operational  
in 2021/22





# GENERAL INFORMATION



---

# A



# ABOUT MAYIBUYE TRANSPORT CORPORATION (MTC)

**The principal purpose of the Mayibuye Transport Corporation is to provide safe, reliable and affordable public transport to predominantly rural areas of the Eastern Cape. This strategic intent is expanded by the necessity to be self-sustainable in accordance the National Land Transport Act.**

The Corporation is governed by the Corporations Transitional Provisions (Eastern Cape) Act 12 of 1995 with the objective to plan and finance or to establish undertakings for the transportation of passengers at reasonable rates along designated routes and per set timetables. It is listed in the Public Finance Management Act (PFMA) as a Schedule 3D provincial public entity under the jurisdiction of the Department of Transport. The institutional environment of good governance is prescribed by the Constitution of South Africa, 1996; the Public Finance Management Act, 1999 and the Protocol on Corporate Governance and/or the King Code IV on Corporate Governance.

Through the provision of public transportation, MTC assists in advancing the values of human dignity, equality and freedom, whilst ensuring the realization of the economic and social advancement of citizens by contributing to the overall economic growth of the province. The success of MTC is deeply rooted in its human capital and the underpinning corporate strategy.

MTC has redesigned and strengthened its business model as a transport Corporation, whilst at the same time being compliant with the PFMA. Through its understanding of the importance of collaboration and partnerships, the organisation continues to deliver services in many marginalised and under-served rural communities of the Eastern Cape.

These services transform lives and give hope to many people. Beyond its transport operations, MTC acts as an implementing agent in artisan development programmes, assisting government to advance the achievement of the National Skills Development Strategy providing a safe, reliable and affordable public transport to the community of the Province of the Eastern Cape.





## VISION

The vision of MTC is "To be the Public Transporter of Choice"



## MISSION

It is the mission of MTC to "Provide a safe, reliable, affordable public bus transport service that is responsive to its environment"



## VALUES

MTC's values are the cornerstone of its organisational culture and its way of providing public transport services. MTC is guided by and committed to the following values:

**Batho-Pele (Sotho for "People First"):** Service oriented organisation which strives for excellence in service delivery and is committed to continuous service delivery improvement for the achievement of a better-life-for-all whilst including all citizens through services and programmes.

**Integrity:** Work ethically, honestly and transparently.  
**Consultation:** Create an enabling environment for community and stakeholder participation.

**Innovation:** Strive towards radical and revolutionary changes in thinking, services, processes or organisation.

**Accountability:** Act honourably and take ownership of our actions and the outcomes thereof.

# LEGISLATIVE AND OTHER MANDATES

MTC is registered as a Corporation in terms of the Corporations Transitional Provisions Act 12 of 1995 and a Schedule 3D organisation in terms of the Public Finance Management Act (PFMA). MTC is considered a public entity and its shareholder is the Department of Transport in the Eastern Cape. MTC's mandate is to render an effective and efficient public transport service primarily for workers to industries and other places of employment in the adjacent South African urban areas.

At present, MTC receives a subsidy in the form of a grant-in-aid to cover the operating expenses of the Corporation. The principal purpose of the Mayibuye Transport Corporation is to provide safe, reliable and affordable public transport to predominantly rural areas of the Eastern Cape. This strategic intent is expanded by the necessity to be self-sustainable in accordance with the National Land Transport Act.

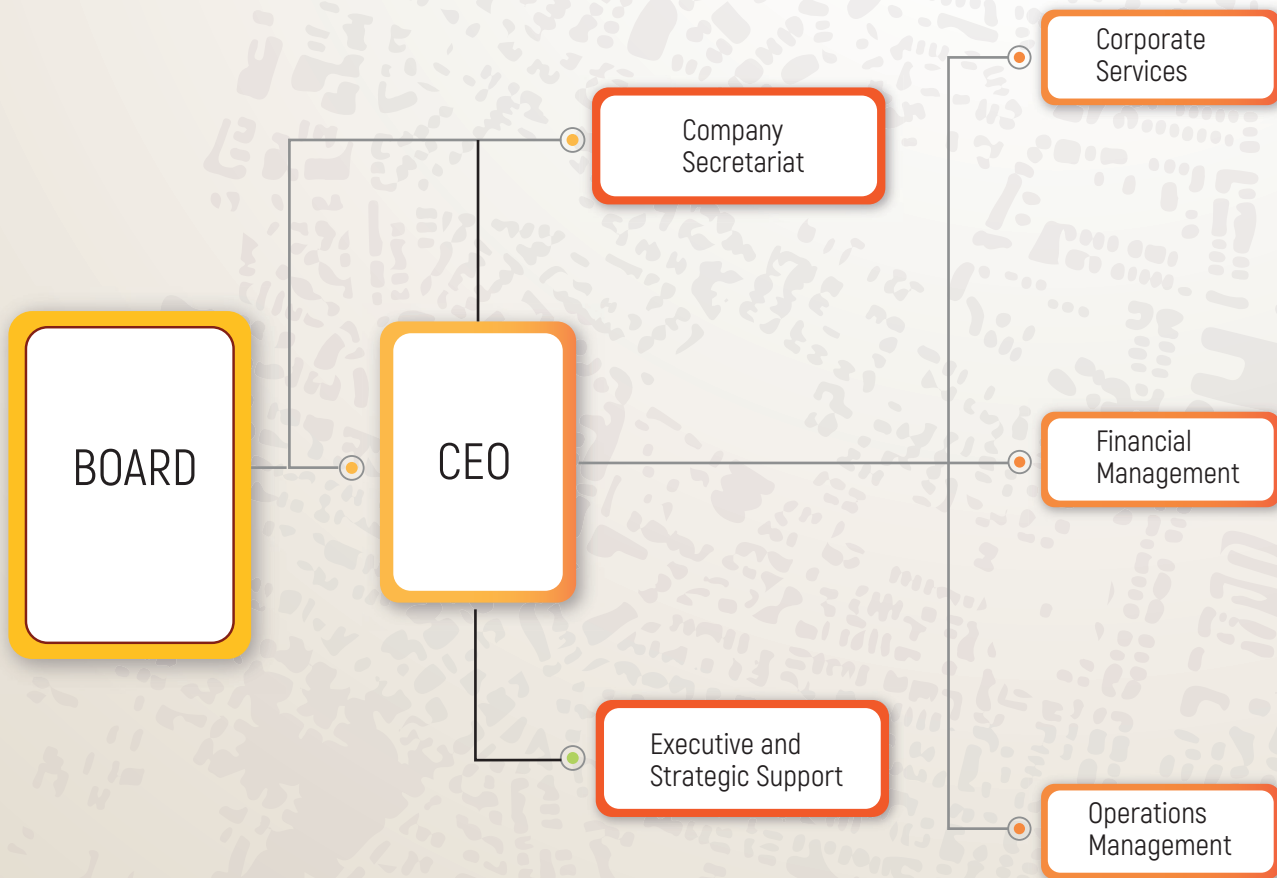
Government has approved a "Protocol on Corporate Governance in the Public Sector", which is to be read in conjunction with the King IV Report. The protocol is applicable to all public entities listed in Schedule 2, 3B and D of the PFMA. It is intended to provide guidance on how to achieve the socio-political-economic objectives of government; good governance in the public sector; freedom to manage and effective accountability of both financial and non-financial matters. MTC regards good corporate governance as integral to good performance. It is critical for MTC to fulfil its mandate in a manner that is consistent with best practices and regarding accountability, transparency, fairness and responsibility. For this reason, MTC subscribes to the principles of good governance as laid down by the King IV Report and the Protocol on Good Governance in the Public Sector. MTC undertakes to maintain effective governance and the highest standard of ethical business operations.

MTC executes its mandate in accordance with its constitutive documents and applicable legislation as reflected in the Corporate Plan. Its Board exercises its fiduciary duties in pursuance of strategic objectives as set out in the Corporate Plan.

Further, the Board ensures that targets are met, monitored and reported on a regular basis.



# ORGANISATIONAL STRUCTURE





# Statement of Responsibility and Confirmation of the Accuracy of the Annual Report

To the best of our knowledge and belief, we confirm the following:

All information and amounts disclosed in the annual report are consistent with the annual financial statements audited by the Auditor General.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part G) have been prepared in accordance with the Generally Recognised Accounting Practices (GRAP) standards applicable to the public entity.

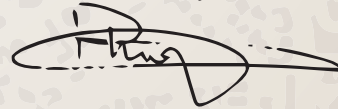
The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The accounting authority is responsible for establishing, and implementing a system of internal control to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2022.

Yours faithfully



Chief Executive Officer  
Ms Pashee Nompelo Roboji  
Date: 31 August 2022



Chairperson of the Board  
Ms Pumla Nazo-Makatala  
Date: 31 August 2022





**PERFORMANCE  
INFORMATION**

**B**



# MAYIBUYE BOARD MEMBERS



**Ms Pumla Nazo-Makatala**  
Chairperson

- Certificate in Community Relations & Development Communication
- Advanced Project Management
- Certificate in Management Practice
- Certificate in Development and Management of Local Government Programmes
- Diploma in Practical Labour Law

#### Other Governance Positions (Selected)

- Mayoral Committee Member (MMC) for Local Economic Development (BCM) 2011-2016
- Mayoral Committee Member (MMC) for Spatial Planning & Development (BCM) 2016-2021
- Eastern Cape Geographical Names Change Committee Chairperson 2016-2021
- East London Industrial Zone (ELIDZ) 2011-2020
  - Chair - Investment Committee
  - Chair - Risk Management & Operations
  - Chair - Finance Committee



**Mr Radhesh Surajbali**

- Masters Degree in Public Administration [Cum Laude]
- Post Graduate Diploma in Public Management and Administration;
- National Diploma in Public Administration;
- Post Graduate Certificate-Executive Development Programme.



**Ms Nomthandazo Ntshanga**

- Masters in Public Administration (Incomplete)
- B-Tech in Cost and Management Accounting
- National Diploma in Accounting
- Certificate in Municipal Financial Management NQF level 6 (CPMD)
- GRAP Competency Training NQF level 8



**Ms Noxolo Mbokoma**

- Masters in Business Administration (MBA)
- Bachelor of Commerce



**Ms Lungelwa Mpepo**

- Masters of Business Administration (MBA)
- Bachelor of Administration
- Higher Education Diploma



**Mr Butise Makambi**

- Bachelor of Public Administration Honors
- B-Tech in Public Management
- B-Tech in Transport Management
- National Diploma in Transport Management



**Adv. Pretorius Vusumzi Msiwa, SC**

- Advanced Programme in Alternative Dispute Resolution [Cum Laude]
- LLB
- B.Juris



# CHAIRPERSON'S FOREWORD

The Covid-19 pandemic demonstrated the importance of an accounting authority with the collective skill to navigate complex phenomena and the ability to respond to these with the requisite skill. A novel situation in itself, the pandemic tested our collective wisdom and resolve in ensuring that the Corporation is well-equipped to withstand the pressure it placed on sustainability.

Undoubtedly, MTC successfully navigated this period with a greater sense of dexterity as evidenced by the many highlights achieved during this reporting period.

I would like to express my appreciation to the departing board on behalf of Mayibuye Transport Corporation and the current Board for their wisdom, devotion, and hard work in carrying out their oversight duties of the company's operations.

I am honored and deeply grateful to the new board's expressed commitment to building a stronger and more dynamic future for Mayibuye Transport Corporation and the public transportation in the Eastern Cape.

A novel situation in itself, the COVID-19 pandemic tested our collective wisdom and resolve in ensuring that the Corporation is well-equipped to withstand the pressure it placed on sustainability. The pandemic demonstrated the importance of an accounting authority with the collective skill to navigate complex phenomena and the ability to respond to these with the requisite skill.

Whilst we have scored very exciting victories, the period under review has been one of the most challenging periods in living memory; for individuals, communities, and businesses across the globe.

The post COVID-19 economic effects continue to have a debilitating effect not only on Mayibuye Transport Corporation, but on almost every aspect of our lives.

Whilst the pace and nature of recovery from the pandemic is not yet clear, I have no doubt that the organisation will weather the tide and come out stronger.

It is impossible to overestimate the scope of the difficulties our company has experienced, and I have deep admiration for all of our employees who have shown tremendous talent, resilience, and dedication throughout this period.

I want to express my gratitude to every colleague across our business for their continued commitment to MTC and our customers. MTC has an important purpose of supporting our communities even in the most challenging times. More than ever, I am immensely proud of how well we have lived up to this ideal.

## Enhancing our Corporate Governance arrangements

After the previous Board's term ended, a new Board was elected through a traditional public procedure. The combined experience and foresight of the new collective, will enable the Corporation to respond well to both the challenges and opportunities ahead.

To further bolster the senior leadership team, in the last financial year we appointed a new Chief Executive Officer, Ms Pashee Nompelo Roboji, who will remain in the role until 2026, having been appointed in June 2021. Processes are well underway to recruit a permanent Chief Operations Officer, Chief Financial Officer and the Head of Corporate Services. These appointments will further bolster the corporation's senior management team and corporate governance.

Since senior executives are in charge of the company's vision, strategy, values, management culture, and priority targets, the significance of stability at this level cannot be



overstated.

## OPERATIONAL PERFORMANCE

I am pleased to report that the Auditor-General has once again given MTC an unqualified audit opinion for the 2021-22 fiscal year. This audit opinion shows that the corporation is aware of the levers that must be pulled in order to produce shareholder value. The business case for increased capitalization from the shareholder should be made possible by the prudent management of financial resources in order to strengthen the balance sheet. The much-needed capitalization ought to be essential in assisting with the expansion of the public bus service transportation program.

In this regard, I'm happy to report that the Corporation, using just the competent team internally successfully prepared and submitted the Annual Financial Statements in accordance with Generally Accepted Accounting Practice (GRAP) as prescribed by law.

## FINANCIAL OVERVIEW

The total budget allocation to the Corporation by the Eastern Cape Department of Transport (ECDoT) for the 2021/22 financial year was R137,190,000. The Corporation budgeted for own generated revenue to an amount of R28,193,000, and the total budget therefore was R165,383,000. The Corporation submitted a request for additional funding from ECDoT and was allocated an amount of R8,000,000 which was factored into the adjustment budget. This amount was used towards the settlement of buses. This then brought the total estimated budget to R173,383,000.

MTC is aware of its unique situation, which necessitates maintaining a careful balance between its financial viability and the development program, despite being a Schedule 3D organization of the state. This balancing act is especially important in a climate of ongoing economic restraints marked by a contracting economy, rising unemployment, and downgrades to the nation's sovereign credit ratings. This situation was made worse by the COVID-19 pandemic's arrival.

## STAKEHOLDER RELATIONS

MTC is aware that the development of strategic alliances and maintaining relations with other stakeholders in the industry is crucial to carry out its mandate. In the 2021/22 financial year, engagements with the taxi industry to improve relations was performed continuously. Additionally, the newly-formed partnership with the Buffalo City TVET Colleges is an important step towards anchoring MTC as a transporter of choice in the

Province and growing revenues. Various engagement forums which constitute MTC and other industry operators occurred. This is to ensure that MTC is kept abreast of developments in the transport industry.

## CONCLUSION

Over time, our investment and recapitalisation argument has been bolstered by the strength of our balance sheet. Protecting it has been of the utmost importance to us during the pandemic, and we are glad that our stern and methodical activity has led to such a solid position. Although limitations have lessened, the situation has not yet abated, therefore, we continue to monitor funds allocation with extreme caution.



Ms Pumla Nazo-Makatala  
MTC BOARD CHAIRPERSON





# MTC EXECUTIVE TEAM



**Ms Pashee Nompelo Roboji**  
Chief Executive Officer

Ms Roboji has been with the corporation since 2021. She has extensive and diverse background in the Public sector, as well as a keen knowledge of public transport strategic business operations. She has a fearless sense of adventure, foresight and strategic leadership which is key for MTC's growth plan and prospects.

She brings to the organisation a deep understanding of transportation and infrastructure performance measurement tools, and public transport regulatory environment.

Her primary goal is to direct the Corporation towards infrastructure efficiency, technology based trans-

portation systems, improved customer care, alternative income streams and general competitiveness. Prior to joining MTC she was Deputy Director General (DDG) in the Provincial Department of Cooperative Governance and Traditional Affairs. She previously worked as a Senior Manager in the same department after a stint with the national department of Land Affairs.

She holds a Bachelor's degree in Agricultural Economics, Honours degree in Social Science and MA in Development Studies from Nelson Mandela Metropolitan University (NMMU).



**Mr Spelele Galada**  
Chief Financial Officer

Spelele Galada joined Mayibuye Transport Corporation in July 2014. He came with vast experience in the Public Sector finance management having been in Senior Management in the public sector for seven years prior to joining. Since joining the Corporation, he has ensured that there are sound financial management practices compliant with the governing laws and regulations.

This has improved the audit outcomes the Corporation from a disclaimer audit opinion to and sustained unqualified audit opinion over the last five (5)

financial years.

He has also brought focus on the utilisation of the Corporation's financial resources to deliver the best services to the commuters.

Spelele holds various finance qualifications, the highest being the B.Com Honours in Accounting from the University of Kwa-Zulu Natal and the Certificate in the Theory of Accounting, and is currently studying towards an MBA with the Nelson Mandela University Business School.



**Ms Phumza Somyo**  
Acting Chief Operations Officer

Phumza Somyo boasts 15 years management experience in the improvement of operational efficiencies and fostering inter-departmental synergies within organisations. She is instrumental in managing the corporation's fleet, and enhancing its profile in the public transport sector working with all key stakeholders in the industry. She has kept the corporation moving during the pandemic ensuring that MTC keeps up with its mandate of promoting economic growth, prosperity and safety through the sustainable mobility of people and goods.

She is responsible for managing high value contracts with key strategic partners, including government

authorities, to ensure the smooth running of public transport networks. Managing employee relations within various organisations and proactively resolving conflicts has been her singular success in the organisations she has worked with.

She holds a Bachelor of Commerce in Business Management degree and an Honours degree specialising in Industrial Psychology. In addition she is also armed with an Operations Management certificate. As the Acting Chief Operating Officer of MTC, she manages the teams responsible for developing systems, an impeccable safety record for the corporation and ensuring that busses are on the road on schedule.



# CHIEF EXECUTIVE OFFICER'S REPORT

Access to reliable and affordable public transport is particularly important in a province like the Eastern Cape where a majority of people reside in primarily rural settings with no other sources for mobility. The ability to access jobs, education, and public services is a fundamental part of human rights, as such an efficient and cost-effective public transport system essentially connects people to daily life. For MTC, a high-quality public transport system remains an indispensable element in creating an environment where people and community come first.

## INTRODUCTION

The Annual Report provides information regarding the use of financial resources entrusted to the Mayibuye Transport Corporation (MTC) for the purpose of providing a reliable public transport service to the citizens in the defined area of operation.

In addition to providing an overview of MTC's 2022 financial performance and position, this report describes significant fiscal policies, strategies and plans related to financial control, accountability, service improvement, long-term sustainability and risk management.

The 2022 Annual Report includes MTC's financial statements, which have been prepared in accordance with government's public sector accounting standards. The Auditor General has audited MTC's financial statements and provided an Independent Auditor's Report. The financial statements and auditor's report satisfy the legislative reporting requirement set out in the PFMA and related legislation.

The following financial statement analysis should be read in conjunction with the financial statements and MTC's corporate Plan 2022-2023. Both have been prepared by and are the responsibility of MTC.

We all entered the 2022 FY full of optimism, with clear goals to continue building MTC into a stronger, resilient, reliable and profitable government entity. But within only a few short months, 2022 quickly became a year like no other.

The financial strain caused by the COVID-19 pandemic put pressure on administration to manage the opera-

tions of the corporation within the health restrictions and find cost savings throughout the organization. While budgetary concerns are expected to continue beyond 2022, MTC remains committed to carefully managing expenses, and seeking new ways of doing business more efficiently. A part of this work includes MTC's Rebranding and positioning plan, which was released in May this year.

Our rebranding and positioning exercise is our approach to building a healthy, reliable and prosperous MTC in preparation for and during the recovery phase of the pandemic. It includes a series of recommendations for becoming more efficient and responsive to the financial, economic and social changes in our environment. We are reimagining the work we do related service improvement, financial viability, workforce and customer relationships. All of this work is framed by the long-term vision and goals for MTC.

The Corporation continues to focus on the outcomes as outlined in the Corporate Plan including:

- Improved governance and administrative systems to ensure sustainability of service; and
- Safe, reliable, and affordable public transport services.

This report details the endeavors of the Corporation towards achieving the targets set out in the Corporate and Annual Operational Plans.

The Corporation continued to operate within the constraints of the Covid-19 pandemic that has affected global economies. The Eastern Cape is the hardest hit province in the Country and has consequentially recorded the highest rate of unemployment. The impact of this is that, although the Corporation has focused on providing



the services, there were lesser passengers boarding the bus than that which were expected.

The Corporation continues to implement the key strategic project to ensure improved operational efficiencies, improved Corporate Brand and business process re-engineering. The review of the organisational structure and the operating model will be the cornerstones on stabilising the organisation and future growth, supported by procurement of enabling technologies to enhance revenue and cost containment.

The year was eventful and continued to demonstrate our ability to provide a safe, reliable and affordable public transport to the community of the Province of the Eastern Cape amidst challenges.

## CORPORATE PERFORMANCE



**54%**  
Corporate  
Performance  
targets



**89%**  
Annual Operational  
Plan targets



Mayibuye Transport Corporation (MTC) achieved 54% of its predetermined corporate performance objectives for the Financial year.

The Corporation achieved a score of 89% to the annual operational plan targets. MTC had a total of 35 work-packages during the period under review. Of the 35 work-packages issued, 31 were achieved and 4 were not achieved.

### The non-achieved Corporate Plan targets relate to :

- The target for grant vs own income ratio which was not achieved. The Corporation did not meet its revenue targets during the financial year.
- % Uptime of core-digital systems: The target was not achieved due the malfunctioning of the uptime virtual programme that monitors the uptime of the core digital systems as a result of load shedding.
- The target for obtaining a 75% score on Corporate Governance was not achieved during the financial year.

- Enrolment of graduates in MTC Internship Programme to provide them with on the job training and experience funded by TETA. The application for funding to TETA was unsuccessful, therefore the programme could not be implemented.
- Percentage Unfavourable Budget Expenditure variance for the Office of the Company Secretary: There was overspending under the legal expenses account as a result of the number of legal cases.
- Percentage of Marketing and ICT Departmental Strategic Risks Action Plans implemented: The risk action plans with respect to these two department are still work in progress and will continue to be monitored to ensure that all identified risks and action plans are done.
- Average number of working days to finalise disciplinary inquiry from date Corporation became aware of the alleged offence: This is due to delays in disciplinary hearing sittings as a result of unavailability of both parties due working from home arrangement, sickness note submission. The Corporation has developed a schedule for the outstanding cases to be concluded. The HR division will be prioritising all the long outstanding cases in order for speedy finalisation of these. The HR division is also emphasising to all represented parties during the DC sessions that cases should be finalised within targeted timeframes.

## FINANCIAL MANAGEMENT

### TOTAL REVENUE

**2020/21**

**2021/22**

**R16.1m**

**R17,2m**

AVG Avail Buses  
**51 Buses**

AVG Avail Buses  
**50 Buses**

Revenue Collection continues to be a challenge.

- The unavailability of buses continues to hinder revenue generation.
- The Automated Fare Collection system challenges added to revenue targets not being met.
- Damaged roads as a result of heavy rains also hindered revenue collection efforts.



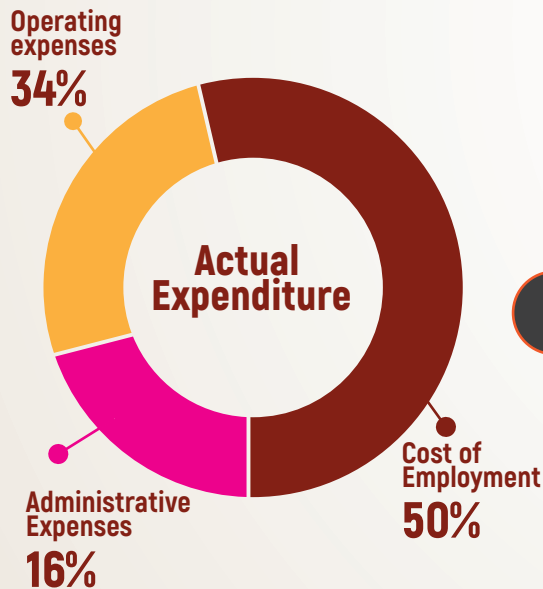


Figure 1: Actual Expenditure

The total cost of employment of the Corporation currently constitutes 50% of the total expenditure, this is very high compared to the 40% target set by the Eastern Cape Provincial Government.

The operating expenses and administrative expenses of 34% and 16% respectively.

## CAPITAL EXPENDITURE

- A substantial portion i.e. 99% of the budgeted capital expenditure for the 2021/22 financial year was utilised to settle finance lease obligation of buses.
- These buses have been fully transferred to the Corporation and the Corporation has no lease liability as of the end of the financial year.
- There was limited expenditure on all other capital items due to budget constraints. The Corporation will be finalising the business plan and recapitalisation plan for submission to government.

## KEY PROJECTS

### Repeal of Ciskei Act

The Corporation has established a Management Committee reporting to the Chief Executive Officer and includes Legal and Company Secretariat. The Chief Financial Officer, the Acting Chief Operations Officer and the Company Secretary have been included in the Multi-stakeholder Provincial Committee, driven by the Department of Transport that is dealing with matter. The objective thereof is to establish a founding Act for MTC and the repeal of the Ciskei Corporation's Act.

There was a draft policy paper that was submitted to the Department of Transport Head of Department and the Chief Executive Officer for input and further guidance to the Committee. This is receiving attention from the Legal Unit of the Department of Transport.

The Office of the Premier is also been involved in the process.

### Amalgamation of Entities

The Corporation, in line with the GTAC report, is continuing to pursue the amalgamation of the entities: MTC, Government Fleet Management Services and the Aviation function.

#### The recommendation of the report was that the Corporation should:

- Restructure for efficiencies;
- Ensure that the Ciskei Corporations Act is repealed and that there is founding legislation that will then include these envisaged functions; and
- The alignment of the objective of the Corporation to the Act and that of the Department of Transport.

The Corporation has started work on the items above as detailed in projects.

## Organisational Restructuring

Restructuring (organisational structure) of Mayibuye Transport Corporation for efficiencies with GTAC funded by the Department of Transport was finalised and report submitted to the Department of Transport on the 30th of November 2021. The report is still being processed by the EC Department of Transport.

## Bus Industry Technical Specialist

The services of a Bus Industry Technical Specialist have commenced.

- A Comprehensive Fleet assessment has been performed with recommendations and the Corporation will be developing an Implementation Plan in this regards.
- A Technical Competency Assessment is currently underway to assess the technical staff on the ability to maintain buses and develop appropriate training programmes for the generation buses.
- Performance of detailed route analysis to determine the Corporation can operate for efficiently achieving the goals of the Corporation and improving viability.
- Development of Comprehensive Business Plan and Recapitalisation Plan will commence on completion of the activities above by the end of the seconds quarter which will detail MTC funding requirements.

## Marketing Strategy and Brand Development

The Integrated Communications and Marketing strategy (ICMS) developed seeks to enhance the Corporation's Public Relations, Stakeholder Engagemment, Marketing, Media Relations, Branding and Communications towards a corporate rebranding campaign.

This is to align the Corporation's brand to that of the mother department whilst carving an identity and messaging aligned with its core values, brand promise, customer experience, and brand identity elements. The project is currently underway and monitored through a Service Level Agreement.

## REBRANDING



The Corporation colours are currently blue, white and grey which are colours that were mainly drawn from the then Ciskeian Flag as depicted above in 1990 when the Corporation was established.

**There was a discussion by the Board in 2015 to have these colours revised, however the study performed by the Office if the Strategic Management affirmed these colours and changed only the logo of the Corporation.**

- Revitalising and repositioning a brand through gradual, incremental modification of the brand proposition and marketing aesthetics is considered a natural progression and a necessity.
- A possible characterisation of rebranding in the case of the Corporation is therefore the creation of a new symbol, design, name or a combination of them with the intention of developing a differentiated (new) position in the mind of stakeholders and competitors.

**The rationale behind this may be summarised as follows;**

- The rebranding is an administrative necessity following a corporate strategic repositioning of the organisation as per the new corporate plan.
- The second stream of explanation pertains to the need to foster a new image or rationalise the brand portfolio and reveal a rebranding approach that is a strategic decision in its own right.

- Align the brand to other associated brand symbols of the Province.
- Alignment to the provincial branding symbols such as the home of legends and adventure province e.g. Eastern Cape yours to explore.
- Our buses must be carriers of brand Eastern Cape. Wherever they are seen they must invoke a sense of pride and affinity to the home of legends. Essentially, they are moving billboards that showcase the Province of the Eastern Cape.
- Change unsavoury experiences of the past. Mayibuye, the name carries varying interpretations of many epics of our political evolution as a province.

### New colour scheme

These colour schemes are borrowed from the Provincial Coat of Arms, Adventure Province logo, home of legends logo and the department of transport.

### APPRECIATION

I extend my appreciation to MTC Board Members for their valuable insight and oversight acumen. Their support and wise counsel to management is well-received and acknowledged.

I am equally thankful to the shareholder department, the Department of Transport for its ongoing support which ensures that MTC is able to effect the required socio-economic returns. I am grateful to the management team for its support and leadership acumen and to the entire MTC staff contingent for their diligent discharge of mandate delivery. I am also appreciative of the support of MTC's partners and stakeholders which is valuable in the attainment of the organisational vision.

Lastly and by no means least I would like to acknowledge MTC staff for their invaluable contribution towards making Mayibuye an organisation that delivers value to its customers and stakeholders alike. I would also be amiss if I did not thank the staff for their fundraising efforts as well as contributions made towards the worthy causes that Mayibuye is involved in. Truly, a little goes a long way!

Thank You.



Chief Executive Officer  
Ms Pashee Nompelo Roboji  
Date: 31 August 2022

[Picture below] MTC giving back to the surrounding communities







100%

ON  
CORPORATE  
PLAN TARGETS  
ACHIEVEMENT

5

UNQUALIFIED  
AUDITS

# CHIEF FINANCIAL OFFICER'S REPORT

In an environment of muted economic growth, high unemployment rate in the province and high inflation rate in the automotive industry, the Corporation delivered another year of strong resilience, tight expense control, efficient operating leverage and sound working capital management. The diligent pursuit and implementation of MTC's financial management policies, systems and processes forms a central pillar in the development of a responsive and financially astute public bus service.

## INTRODUCTION

The Finance Department ensures the provision of systematic financial management systems designed to co-ordinate the organisation's budget and resource requirements.

Such activities include ensuring compliance with regulatory provisions required to facilitate the funding of MTC as well as to take appropriate steps to ensure that expenditure occurs within the approved budget and to prevent overspending of the budget.

Systematic financial management systems also entail the maintenance of a procurement system that is fair, equitable, transparent, competitive and cost-effective; it also ensures that effective and appropriate steps are taken to prevent unauthorised, irregular or fruitless and wasteful expenditure.

Added to the functions of the department is the management of cost of the Corporation and the improvement in the generation of the revenue of the

Corporation, a task we take seriously. However, like most organisations, the Corporation's revenues were severely constrained by the continued Covid-19 lockdown restrictions which meant limited mobility for our passengers. The organisation has, however, introduced various mitigating measures towards raising revenues which should bear fruit in the new financial year.

## SOURCES OF INCOME

The Corporation currently sources income through the provision of scheduled bus transport services to commuters. The Corporation is also allocated grant funding by its parent Eastern Cape Department of Transport (ECDoT) through Current and Capital Transfer. The Corporation also receives grant funding in the form of reimbursement from relevant Training Authorities "Transport Education Training Authority (TETA)".

## FINANCIAL OVERVIEW

### R137,19m

Budget allocation from DoT for 2021/22 financial year

### R28,19m

MTC Revenue projection for 2021/22 financial year

### R8m

additional budget allocation from DoT later in the year

**TOTAL BUDGET FOR  
2021/22 FINANCIAL YEAR**

# R173,383,000

## REVENUE

The revenue of the Corporation for the year to the end of the financial year is as follows:

### Grant Income

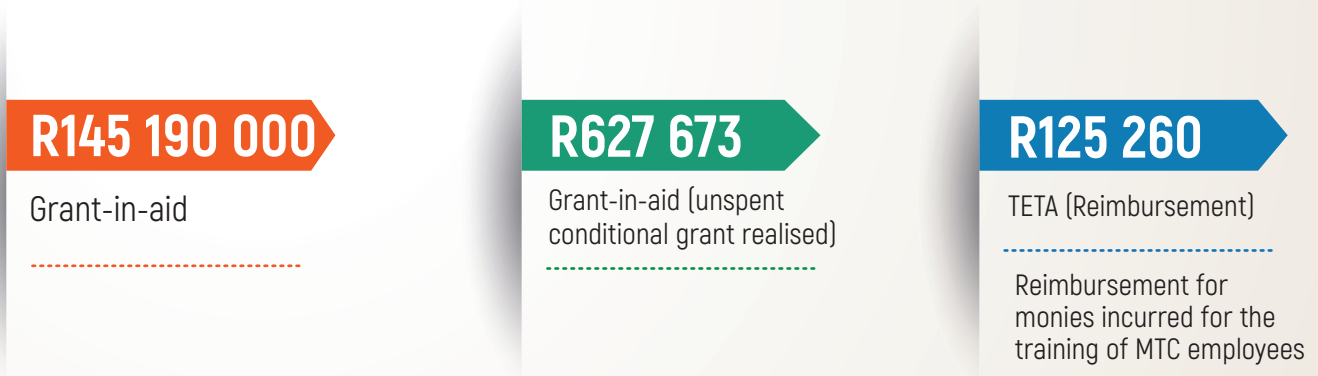


Figure 2: Grant Income

The Corporation has negotiated to receive the transfers on a quarterly basis and the Corporation continues to receive the Grant-in-aid quarterly. The realised conditional grant reflects the amount spent on the Covid requirement of the Corporation.

### Own Revenue

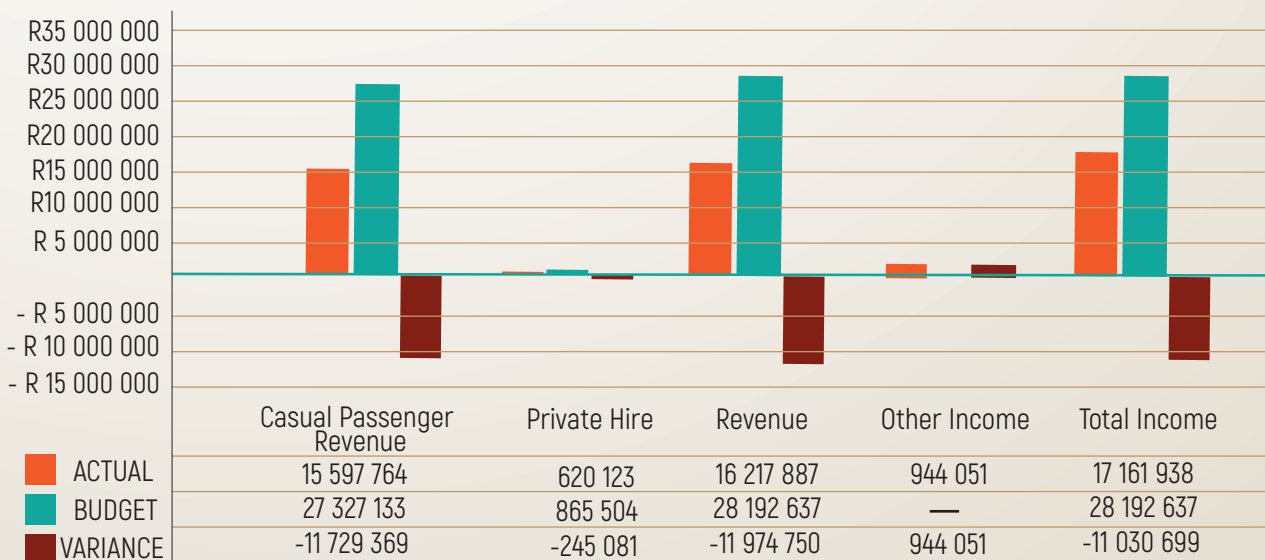


Figure 3: Own Revenue

### The Corporation did not meet its revenue target to the end of the fourth quarter due to the following reasons:

- The Corporation transported less passengers than expected due to the reduced economic activity and also operated less trips than scheduled.
- The implementation of the new cashless system presented many challenges and resulted in the resumption of cash-based ridership.
- The number of buses on the road continue to pose a challenge although the average has generally increased.

### Accordingly, the Corporation has implemented the following mitigating measures:

- Increasing the number of buses that are operational to ensure that the trips are operated as scheduled.
- Improving revenue collection and utilising all resources available to improve the control environment in the collection of revenue from casual passengers.

### BEE status level of contributor

- The corporation is currently in the process of being evaluated and assessed to determine its BEE status level.

OTHER INCOME INCLUDES

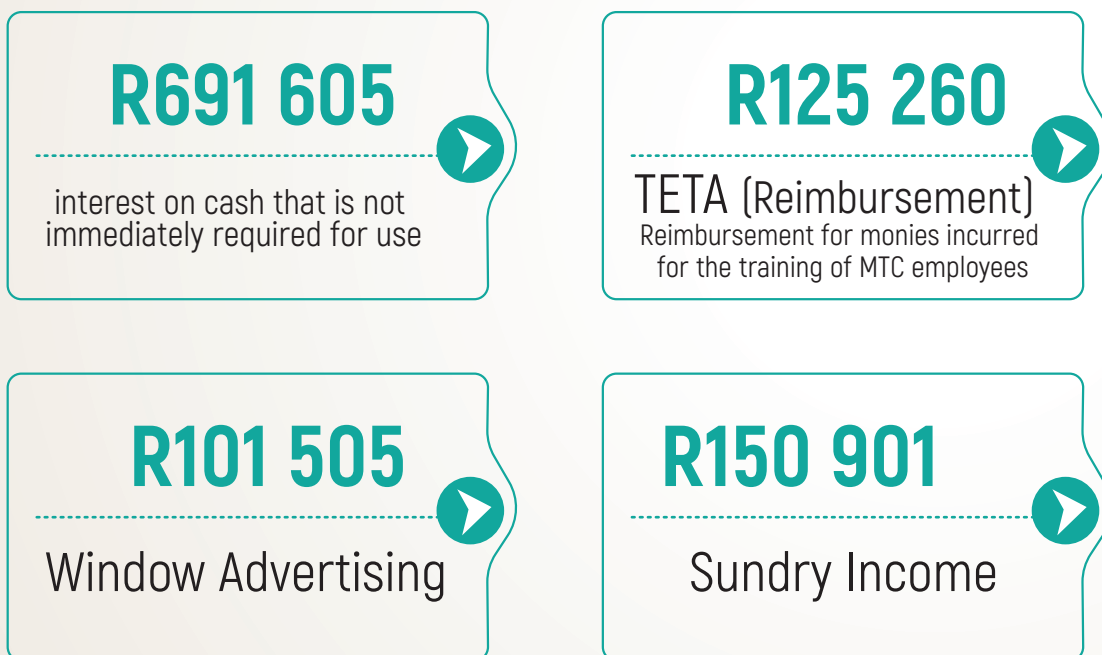


Figure 4: Other Income

**Overall Own Revenue vs Grant-in-Aid**

The Corporation has a target to improve the overall ratio of own generated revenue against the amount received from the Department of Transport. The budget had been prepared on this basis that 84% would be grant income and 16% own generated income .

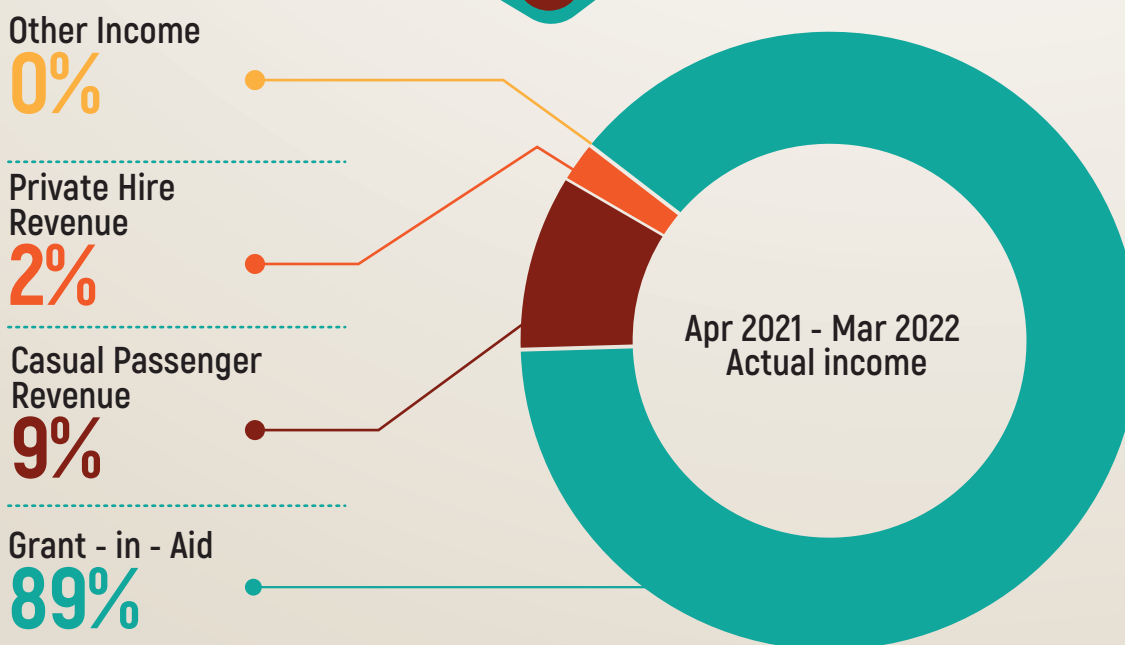


Figure 5: Actual Income

The Corporation was therefore subsidised to an extent of 89% for the period 01st of April 2021 to the 31st of March 2022. This is a consequence of the revenue targets not having been met both as a result of the current economic climate and the operational challenges.

The Passenger Revenue fell short by an amount of R11 030 699 and Private Hire by R245 081 as indicated above. The revenue is, however, in a consistent upward trajectory as a result of the efforts of the team.



## EXPENDITURE

The proportions of expenditure excluding non cash expenditure are illustrated by the graph, figure 6 below;

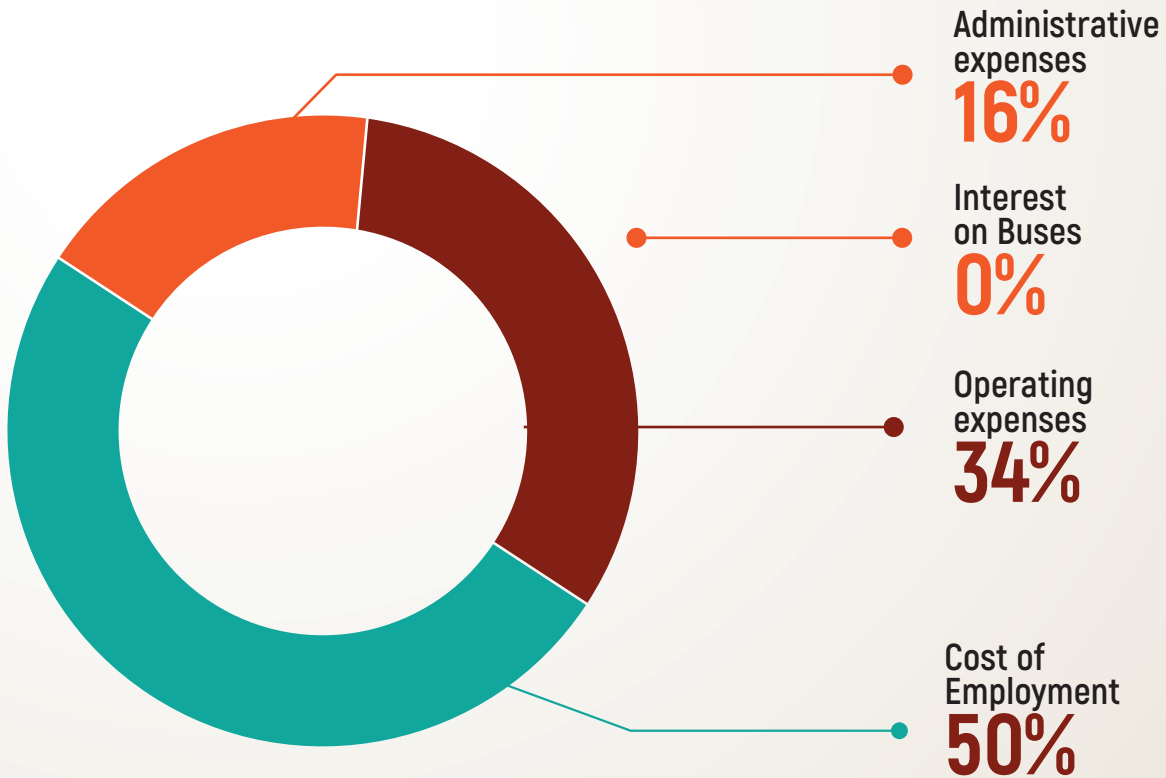


Figure 6: Expenditure

The total cost of employment of the Corporation currently constitutes 50% of the total expenditure, this is a very high proportion compared to the 40% proportion that the Eastern Cape Provincial Government seeks to achieve.

The total expenditure incurred until the end of the financial year is as indicated below and the variance thereof explained below:

### TOTAL EXPENDITURE

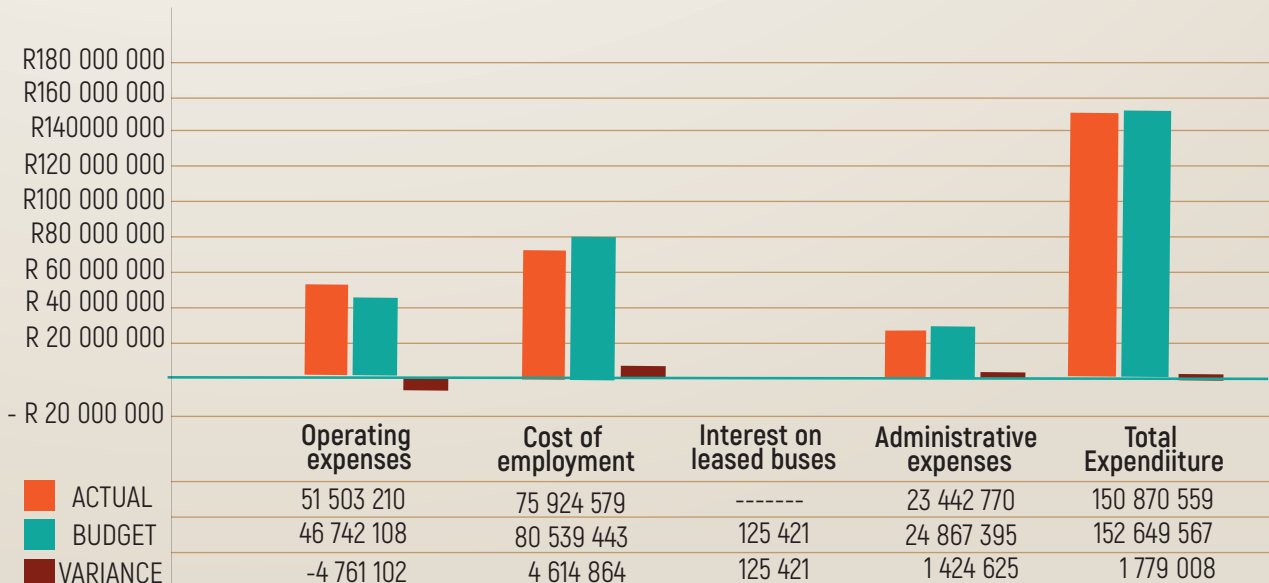


Figure 7: Total Expenditure



PI#	Performance Indicator	Owner Department	Target 2020/2021	Actual 2020/2021
<b>Corporate Plan (CP)</b>				
01	% of procurement spend on designated group: • Youth • Women • People with disabilities"	Finance	40%	47%
<b>Annual Operational Plan (AOP)</b>				
16	Average number of working days to finalise an order from date of issuing an electronic requisition for orders below and up to R30 000.	Finance	5	7
17	Average number of working days to finalise an order from date of issuing an electronic requisition for orders above R30 000	Finance	10	6
24	Percentage Unfavourable Budget Expenditure Variance for the Finance Department	Finance	3.00%	-2.00%
29	Percentage of requirements complied with for all legislation applicable to MTC Finance Department as defined in the 2021/22 Corporate Plan	Finance	95%	100%
40	Percentage of Finance Department Strategic Risks Action Plans implemented	Finance	100%	100%
52	Number of days to issue bid recommendation to the CEO from date of receiving CEO approved specification	Finance	90	74

Table 1: Finance Performance Indicators

The Finance Department had the following targets for the year:

## CORPORATE PLAN

The department has in the current financial year achieved 100% with respect to Corporate Plan targets. The Finance Department met the target of 40% in terms of the procurement of goods and services from designated groups, achieving 47%.

## OPERATIONAL PLAN

The department has achieved in overall 5 out of the 6 targets, scoring 83.3%. The non-achieved target was due to turnaround times (#16) for procurement below R30,000 that were affected by the extent of prioritisation of procurement which is causing a delay. This has been adversely affected by the

number of days that it is taking for service providers to return quotations.

## CONCLUSION

The Corporation is still, however, financially constrained, and strict cost measure need to be applied to ensure that operations continue efficiently, effectively and economically.

**Mr Spelele Galada**  
Chief Financial Officer  
31 August 2022



**100%**  
ACHIEVEMENT

ON ANNUAL OPERATIONAL PLAN TARGETS

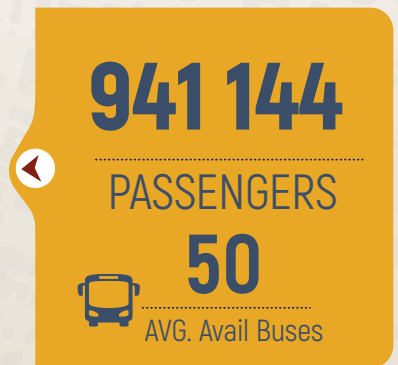
# ACTING CHIEF OPERATIONS OFFICER'S REPORT

Operational efficiencies remain at the core of how MTC seeks to ensure increased revenue while maintaining a no fatalities environment by adherence to consistent fleet maintenance.

## INTRODUCTION

The main objective during the period under review was to ensure that service offering is on time and at the most affordable fares.

The reports highlights numerous accomplishments and demonstrated success in handling possibilities and challenges that confronted the Corporation in the year under review. The prosperity and well-being of urban and rural communities rely on public transportation and MTC is at the centre of it all. MTC links communities to services, employment, and recreation. Despite the fact that COVID-19 fundamentally undermined these relationships, MTC took steps to ensure continued use of bus service.



<b>90</b> ALLOCATED ROUTES	<b>85</b> OPERATED ROUTES	<b>78</b> PLANNED DUTIES	<b>62</b> OPERATED DUTIES
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# OPERATIONAL PERFORMANCE 2021/22



**1 495 944**  
kms were travelled

-  **65%** CUSTOMER SATISFACTION
-  **667** AVERAGE WEEKLY TRIPS OPERATED
-  **50** OPERATIONAL BUSES
-  **99%** TRIPS DEPARTED ON TIME
-  **0%** FATAL ACCIDENTS
-  **100%** SAFETY CHECKS CONDUCTED
-  **85%** UNSCHEDULED ROUTE MONITORING
-  **16%** DECREASE IN MINOR ACCIDENTS

## OPERATIONAL EFFICIENCIES

The main objective during the period under review, was to ensure that service offering is on time and at the most affordable fares. The reports highlights numerous accomplishments and demonstrated success in handling possibilities and challenges that confronted the Corporation in the year under review. Reliability of service was negatively affected as only 60% of buses were operational during the year under review.

To address some of the inefficiencies, the Corporation implemented stringent measures for consistent maintenance of MTC fleet. This resulted in the department achieving 100% in buses that were serviced on schedule. Services of the Bus Industry Technical Specialist were also sourced during the year under review. Furthermore, route analysis exercise was conducted throughout the year to monitor performance of routes. Regular maintenance and repairs of buses to ensure availability is always prioritised.

## PARTNERSHIPS

In an endeavour to enhance revenue, a partnership agreement was signed between MTC and Buffalo City TVET College towards the end of the reporting period. MTC is implementing a plan to re-claim passengers who were forced to use alternative transport due to non-availability of buses and to attract new passengers.

## PASSENGER SAFETY

In its endeavour to provide safe and reliable service to commuters, eight aging buses with high mileage were disposed of during the year under review. The Corporation has once again recorded no fatal accidents in the 2021/22 financial year. The Corporation has also maintained 100% achievement on safety checks conducted. The number of minor accidents decreased from 38 in the 2020/21 financial year to 32 in the 2021/22 financial year.

## AUTOMATED FARE COLLECTION

In the 2021/22 the Corporation introduced cashless ridership onboard buses. This initiative was aimed at increasing revenue and improving efficiencies. This was also to ensure that fares are collected in an efficient manner while fare evasion is avoided. The system, however, presented challenges and had to be suspended. The Corporation returned to cash-based fare collection system.



## FLEET MANAGEMENT AND MAINTENANCE

The fleet management system continued to yield positive results in the year under review. The system is providing detailed awareness and monitoring of fleet movement and the behaviour of drivers. Various deviations that were committed by drivers of vehicles were recorded and the reports from the system were analysed. Exceptions and transgressions were investigated and consequence management was implemented against violators.

## FACILITIES AND BUILDING MAINTENANCE

There is a major plan to upgrade the Reeston and Zwelitsha depots before they deteriorate further. This plan will form part of Recapitalisation of the Corporation by the Department of Transport.

## FUTURE OUTLOOK

To ensure that systems are automated and integrated to improve operational efficiencies and cost effectiveness, focus areas will be:

- (a) Recapitalisation of the Corporation.
- (b) Reeston and Zwelitsha depots infrastructure updates.
- (c) Cashless Ridership on-board buses.
- (d) Fuel Management.
- (e) Availability of Wi-fi in all buses.

Ms Phumza Somyo  
Acting Chief Operations Officer  
31 August 2022



PI#	Performance Indicator	Target 2021/2022	Actual 2021/2022
<b>Corporate Plan (CP)</b>			
3	"Number of fare structure reviews approved by the Board	1	1
8	% of operational buses serviced according to maintenance schedule.	100%	100%
9	% of safety checks conducted on operational buses.	100%	100%
10	% of trips departing within 15 minutes of scheduled time.	90%	99%
13	% of respondents which are satisfied with MTC bus service	65%	65%
<b>Annual Operational Plans (AOP)</b>			
20	% Unfavourable Budget Expenditure Variance for the Operations Department.	3%	3%
30	% of requirements complied with for all legislation applicable to the Operations Department as defined in the 2021/22 Corporate Plan	95%	100%
41	Number of Operations Department Strategic Risks Action Plans implemented.	100%	100%
59	Number of fatal accidents caused by MTC.	0	0
60	% of operational buses cleaned according to the bus cleanliness checklist.	95%	100%
62	Number of buses that complete a minimum of 10 operational days per quarter.	50	75
63	% of unscheduled monitoring conducted on operational routes.	85%	85%
64	Number of days to resolve customer complaints from date of receipt.	7	3
	Percentage of prior year COO approved route analysis report recommendations implemented.	90	90

Table 2: Operations Performance Indicators





# CORPORATE PERFORMANCE

# C







## INTRODUCTION

Mayibuye Transport Corporation (MTC) achieved a score of 89% for the Annual Operational Plan targets. MTC had a total of 35 work packages during the period under review. Of the 35 work packages issued, 31 were achieved and 4 were not achieved. The Corporation achieved five out of the six targets in the financial year.

A key achievement that is a highlight relates to 99% of trips departing within 15 minutes of scheduled time; the Corporation has overachieved by 9% with respect to this target achieving 99% against a target of 90%. This is a clear commitment of the Corporation to improve its reliability and improving customer satisfaction. This was done whilst also continuing to maintain the record of no fatal accidents in the period. The target with respect to the medical assessment of the drivers was also exceeded; the target of 50 bus drivers was exceeded by 3 drivers.

## PERFORMANCE OF THE CORPORATION AGAINST PREDETERMINED OBJECTIVES

1st April 2021- 31st March 2022

SO #	Outcome	O#	Output	PI#	Performance Indicator	Reporting Frequency	Indicator Calculation	Ideal movement	Nature of the indicator	Owner Department	Division	Target: Annual 2021/2022	Actual: Q1 2021/2022
1	Improved governance and administrative systems to ensure sustainability of service	1.1	Audit Improvement Plan Developed and Implemented	1	% of Audit Improvement Plan actions resolved by end of the financial year	Annual	Cumulative	Upward	Strategic	Executive Office	CEO's Strategic and Executive Support	100	-
1	Improved governance and administrative systems to ensure sustainability of service	1.2	Increased number of buses on the road	2	Grant versus Own Income Ratio	Annual	Cumulative	Upward	Strategic	Executive Office	CEO's Strategic and Executive Support	86:14	-
1	Improved governance and administrative systems to ensure sustainability of service	1.3	Fare structure reviewed	3	Number of fare structure reviews approved by the Board	Annual	Periodic	Upward	Strategic	Operations	Operations	1	-
1	Improved governance and administrative systems to ensure sustainability of service	1.4	Availability of ICT Core-systems for continuous operations	4	% Uptime of core-digital systems	Quarterly	Average	Upward	Strategic	Corporate Services	Information and Communication Technology	90	85
1	Improved governance and administrative systems to ensure sustainability of service	1.5	Corporate Governance Assessment conducted	5	% Score Attained on Corporate Governance	Annual	Periodic	Upward	Strategic	Executive Office	Company Secretariat	75	-
1	Improved governance and administrative systems to ensure sustainability of service	1.6	Interns recruited to participate in the Internship Programme Procurement Plan developed and Implemented	6	% of the TETA funded Internship Programme implemented	Annual	Cumulative	Upward	Strategic	Corporate Services	Human Resource Management	100	-
1	Improved governance and administrative systems to ensure sustainability of service	1.7	Procurement Plan developed and Implemented	7	% of procurement spend on designated group: -Youth -Women -People with disabilities	Quarterly	Average	Upward	Strategic	Finance	Supply Chain Management	40	44
2	Safe, reliable and affordable public transport services	2.1	Fleet maintained in accordance with maintenance plan	8	% of operational buses serviced according to maintenance schedule	Quarterly	Cumulative	Upward	Strategic	Operations	Engineering	100	61
2	Safe, reliable and affordable public transport services	2.2	Regular safety checks conducted	9	% of safety checks conducted on operational buses	Quarterly	Cumulative	Upward	Strategic	Operations	Engineering	100	100
2	Safe, reliable and affordable public transport services	2.3	Trips operated on time	10	% of trips departing within 15 minutes of scheduled time	Quarterly	Average	Upward	Strategic	Operations	Operations	90	100
2	Safe, reliable and affordable public transport services	2.4	Drivers trained/ developed	11	% of drivers trained/ developed in accordance with the Bus Driver Training Programme	Quarterly	Cumulative	Upward	Strategic	Corporate Services	Human Resource Management	100	-
2	Safe, reliable and affordable public transport services	2.5	Bus Drivers fit-for-purpose	12	% of drivers medically assessed in accordance with the Bus Driver Wellness Plan	Quarterly	Cumulative	Upward	Strategic	Corporate Services	Human Resource Management	100	26
2	Safe, reliable and affordable public transport services	2.6	Customer Satisfaction Survey Conducted	13	% of respondents which are satisfied with MTC bus service	Annual	Periodic	Upward	Strategic	Operations	Operations	65	-

Table 3: MTC Corporate Performance



Actual: Q2 2021/2022	Actual: Q3 2021/2022	Actual: Q4 2021/2022	Actual: Annual 2021/2022	Deviation: Annual 2021/2022	Reason for Deviation: Annual 2021 /2022	Remedial Action: Annual 2021 /2022	Remedial Action Due Date: Annual 2021/2022
-	-	73	73	27	The target was not achieved. By the end of the financial year, not all findings raised by the Auditor General during the 2020/21 financial years audit could be addressed. Of the 15 findings that were raised 11 have been fully addressed, 3 were partially addressed and 1 has not yet been addressed. The findings which the entity has not yet been able to fully address are in relation to the ICT department, which currently has skill and human capital challenges.	MTC has embarked on an organisational review process which is aimed at increasing efficiencies as well as addressing skill and capacity gaps within the Corporation. The implementation of the new organisational structure is planned for the 2022/23 financial year.	2023/03/31
-	-	89.11	89.11	3	The target for grant vs own income ratio was not achieved. The Corporation did not meet its revenue target during the financial year. This was mainly attributed by the following factors: 1)The inadequate technical skills within the department greatly affected the Corporation's ability to timeously diagnose and adequately repair the buses, in order for them to be back on the road quickly; 2) Slow turnaround times are often experienced when buses go in for minor services due to the age of our fleet as additional defects are often identified during the servicing of buses; 3) During the year, heavy rains were experienced which resulted in damage to some of the roads MTC operates on therefore inhibiting the Corporation's ability to accessing those areas; 4) The inability of the aging fleet to endure the terrain in which MTC operates on resulting in frequent breakdowns of fleet.	MTC has appointed a Bus Industry Technical Specialist to provide technical and operational support and recommendations to management to improve the efficiency and cost-effectiveness of the maintenance and operations sections of the Corporation.	2022/09/30
-	-	1	1	0	Not applicable. Target Achieved.	Not applicable. Target Achieved.	N/A
83	81	93	86	4	The set target of 90% uptime of core digital systems could not be achieved during the financial year. In the first six months of the financial year the Queenstown and Alice depots were connected to the head office servers via the Telkom telephone lines. Unfortunately, there was cable theft around the Beacon Bay area in which MTC head offices were situated during this period, which adversely affected the connection between these two depots and the head office, causing connection downtime for most of the period. In trying to mitigate this risk, the entity decided that both depots be wirelessly connected to the head office which would ensure continuous connection and this project was completed in October. A much improved connection was seen during the third quarter in terms of the uptime of all systems at MTC, however in December we saw another challenge with the malfunctioning of the uptime virtual programme which monitors the uptime of the core digital systems due to load shedding. Although the core systems were operational during the days the machine was down, there was no evidence to support this claim. At the last quarter of the financial year all control issues were resolved which saw MTC recording an average uptime of 93% for all its core digital systems.	The issues that were experienced during the first three quarters of the year were dealt with during the last quarter of the year, which resulted in an increased uptime performance score to 93%. The unit will continuously monitor and attend to matters with speed to ensure that all core digital systems are available for operation at all times.	N/A
-	-	0	0	75	The target was not achieved due to financial constraints within the Corporation that resulted in the entity being unable to source an independent service provider that will assess and measure the Corporation's level of corporate governance as per governance standards.	In the 2022/23 financial year, the Corporation has planned on developing a tool that will assist with the monitoring and reporting of the entities compliance levels within the areas of risk, governance and compliance. The services of an expert within these areas will be obtained to assist the Corporation in the development of a comprehensive tool, which will be implemented during the financial year.	2023/03/31
-	-	0	0	100	The target was not achieved. The Corporation submitted an application to TETA requesting funding for the implementation of its Internship Programme. Unfortunately, the Corporation's application was unsuccessful, therefore the programme could not be implemented.	This project has been placed on hold in the new financial year, due to the Corporation's financial constraints resulting in non-availability of internal funding for the internship programs and the dependency of MTC on external funding for its implementation.	N/A
23	46	40	40	0	Not applicable. Target Achieved.	Not applicable. Target Achieved.	N/A
95	100	100	91	9	The Corporation was only able to ensure 91% of buses which required service were serviced in accordance to their service interval. During the first six months of the financial year, there were challenges experienced within the technical unit which resulted in the late servicing of buses. In Q1 of the year 11 buses were serviced late, however this was mainly due to a number of them being carried over from the prior year due to them having missed their service interval. In Q2 of this year we saw a significant improvement in the controls that were put in place as only 2 buses were serviced late. Continual monitoring and implementation of the controls resulted in significant improvements in the last two quarters of the year, where all buses that were due for service were serviced in accordance to their service intervals, thus resulting in the targets for these 2 periods being met.	The measures that were put in place during the financial year to address the issues within the technical unit yielded much improved controls around proper monitoring of kilometres to ensure bus service intervals are met. This is attested by the last two quarters of the financial year where all buses that were due for service were serviced in accordance to their service intervals. The Department will continue reviewing and improving controls that are geared in improving service delivery.	N/A
100	100	100	100	0	Not applicable. Target Achieved.	Not applicable. Target Achieved.	N/A
99	99.7	99.7	100	-10	The target was overachieved. This is due to monitoring of routes since auxiliary vehicles were procured by the Corporation.	Continuous monitoring is being exercised by the department to ensure that trips are started within 15 minutes of scheduled time.	N/A
20	-	113	113	-13	The target was overachieved. The Corporation was able to obtain discounted rates on trainings offered by training institutions which resulted in additional bus drivers being able to attend offered training.	MTC will always strive to maximisation beneficiaries from its training initiatives working within its available resources for the betterment of its employees.	N/A
53	80	100	100	0	Not applicable. Target Achieved.	Not applicable. Target Achieved.	N/A
-	-	65	65	0	Not applicable. Target Achieved.	Not applicable. Target Achieved.	N/A



# HUMAN RESOURCES

# D

In support of the Corporation's vision of being a public transport partner of choice, the human resource division responds by providing an internal enabling environment and support service to other programmes within MTC.

This includes managing recruitment, human capital development, coordinating the management of employee performance and development, administration of employee benefits, promoting a labour-friendly environment, and integrated employee wellness. The Human Resource Management division provides guidance on how to strategically manage people as a business resource. This is all aimed at increasing the overall value to the organisation.

## KEY INTERVENTIONS

During the period under review the Corporation completed and submitted a Workplace Skills Plan (WSP) for the 2021/22 financial year. A total of 96 employees to be trained as per the WSP was submitted to the Transport Education Training Authority (TETA).

There was an overachievement of the annual target by a number of 2 with total of 98 employees trained by the end of the financial year.

The Corporation also supports the personal and academic development of staff through the provision of study assistance. The study assistance are converted to bursaries on successful completion of the academic programme and the candidate is reimbursed in full on submission of results. Six (06) employees benefited from the program in the year under review. This program produced a Chartered Accountant and Bachelor of Laws graduate to mention but a few.

## WORKFORCE PLANNING

In the year under review a Human Resources Plan (HRP) was developed utilizing the internal talent and product was adopted and approved. Human resource planning enables businesses to meet their current and future demands for talent, allowing human resource management to anticipate and develop the skills most valuable to an organisation, and providing the Corporation with the optimal balance of staff in terms of available skill-sets and number of personnel. The plan is to ensure the best fit between employees and jobs while avoiding manpower shortages and surpluses.

## EMPLOYEE PERFORMANCE MANAGEMENT

The Performance Management and Development System (PMDS) is a driver for change. It identifies the internal and external customers and their expectations and how to align team and individual performance plans to meet these expectations. Managers are instrumental in effectively implementing the PMDS in order to improve individual performance and in driving service delivery. MTC seeks to manage the performance of its employees towards the achievement of its organisational objectives. The organisational objectives are clearly defined within the approved Corporate Plan and Annual Operational Plan. The departmental and individual key performance areas deliverables and standards are formulated to align with the delivery of organisational objectives.

The PMDS involves developing a performance plan and agreement, performance monitoring, performance assessments and managing the outcomes of assessments.

## EMPLOYEE WELLNESS PROGRAMME

The integrated employee health and wellness program implementation framework seeks to represent an integrated, needs driven, participative and holistic approach to employee health and wellness within MTC. This framework recognises the importance of individual health, wellness and safety and its linkages to organisational wellness, environmental sustainability, quality management and productivity within the Corporation. Through this programme Bus Drivers were medically screened to ensure their health and fitness to prevent accidents.

## HUMAN RESOURCE MANAGEMENT HIGHLIGHTS

The Corporation in the 2021/22 financial year made an appointment of the Chief Executive Officer to ensure there is clear strategic direction to steer the Corporation to achieve its vision.

## FUTURE HR PLANS

MTC plans to drive paperless processes within its systems. Another focus area is the employment of females in strategic positions to balance equity in the organisation.



## HUMAN RESOURCE OVERSIGHT STATISTICS

### 1. Personnel Cost by programme 1 April 2021 to 31 March 2022\*

Programme	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp.(R'000)	No. of employees	Average personnel cost per employee (R'000)
1. Office of the CEO	10 161	5 618	55%	5	1 124
2. Financial Management	18 478	13 836	75%	28	494
3. Corporate Services	12 282	7 036	57%	14	503
4. Operations	139 146	49 186	35%	186	264
<b>Total</b>	<b>180 067</b>	<b>75 676</b>	<b>42%</b>	<b>233</b>	<b>325</b>

Table 4: Personnel Cost programme

### 2. Personnel cost by salary band 1 April 2021 to 31 March 2022\*

Level	Personnel Expenditure	% of personnel exp. to total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Top Management	4 586	6%	2	2 293
Senior Management	6 416	8%	5	1 283
Professional qualified	14 668	19%	23	638
Skilled	33 732	45%	102	331
Semi-skilled	10 492	14%	37	284
Unskilled	5 782	8%	64	90
<b>Total</b>	<b>75 676</b>	<b>100%</b>	<b>233</b>	<b>325</b>

Table 5: Personnel Cost by Salary

### 3. Training Costs

Programme/ activity/ objective	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Expenditure	No. of employees trained	Ave training cost per employee (R'000)
1. Office of the CEO	5 618	29	0,5%	3	10
2. Financial Management	13 836	47	0,3%	9	5
3. Corporate Services	7 036	38	0,5%	8	5
4. Operations	49 186	151	0,3%	78	2
<b>Total</b>	<b>75 676</b>	<b>265</b>	<b>0,4%</b>	<b>98</b>	<b>3</b>

Table 6: Training costs

#### 4. Employment and vacancies per Level

Programme	2021 /2022 No. of Employees	2021 /2022 Approved Posts	2021/2022 No. of Employees within the establishment*	2021 /2022 Vacancies	% of vacancies	Employees additional to the establishment*
Top Management	2	5	2	3	3.33%	0
Senior Management	5	9	6	3	3.33%	0
Professional qualified	23	9	9	0	0%	0
Skilled	102	145	129	16	18%	0
Semi-skilled	37	112	57	55	6.1%	0
Unskilled	64	70	57	13	14%	44
<b>Total</b>	<b>233</b>	<b>350</b>	<b>260</b>	<b>90</b>	<b>45%</b>	<b>44</b>

Table 7: Employment and Vacancies

#### 5. Employment changes

Salary Band	Employment at beginning of period*	Appointments	Terminations	Employment at end of the period~
Top Management	1	1	0	2
Senior Management	5	0	0	5
Professional qualified	25	0	2	23
Skilled	109	0	12	97
Semi-skilled	55	0	1	54
Unskilled	56	0	3	52
<b>Total</b>	<b>251</b>	<b>1</b>	<b>18</b>	<b>233</b>

Table 8: Employment Changes

#### 6. Reasons for staff leaving

Reason	Number*	% of total no. of staff leaving
Dismissal	6	2.57%
Resignation	5	2.15%
Death	1	0.43%
Expiry of contract	0	0%
Retirement	4	1.72%
Ill health	1	0.43%
Other	1	0.43%
<b>Total</b>	<b>18</b>	<b>7.73%</b>

Table 9: Staff Departures

## 7. Labour Relations: Misconduct and disciplinary action

Nature of Disciplinary Action	Number
Verbal Warning	0
Written Warning	0
Final Written warning	4
Dismissal	0
<b>Total</b>	<b>4</b>

Table 10: Labour Relations

## 8. Equity Target and Employment Equity Statistics

Levels	MALE			
	African	Coloured	Indian	White
Top Management	1	0	0	0
Senior Management	2	0	0	0
Professional qualified	3	1	0	0
Skilled	93	0	0	0
Semi-skilled	28	0	0	0
Unskilled	30	0	0	1
<b>TOTAL</b>	<b>157</b>	<b>1</b>	<b>0</b>	<b>1</b>

Table 11: Equity Target stats

Levels	FEMALE			
	African	Coloured	Indian	White
Top Management	1	0	0	0
Senior Management	3	0	0	0
Professional qualified	20	0	0	0
Skilled	11	0	0	1
Semi-skilled	21	0	0	0
Unskilled	20	1	0	0
<b>TOTAL</b>	<b>76</b>	<b>1</b>	<b>0</b>	<b>1</b>

Table 12: Equity Target stats

Levels	DISABLED	
	Male	Female
Top Management	0	0
Senior Management	0	0
Professional qualified	0	0
Skilled	1	0
Semi-skilled	0	0
Unskilled	0	0
<b>TOTAL</b>	<b>1</b>	<b>0</b>

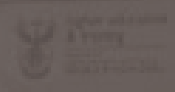
Table 13: Staff Departures: Equity Target stats



8427



144 MAYIBUYE TRANSPORT CORPORAT



BUFFALO CITY  
TVET COLLEGE

ADMIN CENTRE

EAST LONDON CAMPUS  
14th Road, Sakhisani, East London, 6000  
Tel: 031 262 2424 Fax: 031 262 2424



# CORPORATE GOVERNANCE



# CORPORATE GOVERNANCE REPORT

## INTRODUCTION

In terms of King IV, corporate governance is defined as the exercise of ethical and effective leadership by the governing body towards the achievement of an ethical culture, good performance, effective control and legitimacy. Corporate governance endeavours to assist the Corporation keep inline with legislative requirements governing public entities including the Public Finance Management Act (PFMA) and the King IV Report on Corporate Governance.

The Eastern Cape Provincial Legislature, the executive and the accounting authority of the public entity are responsible for corporate governance.

## PORTFOLIO COMMITTEE

The entity appeared twice before the Portfolio Committee to deliberate on the analysis of its Quarterly Performance Reports, Budget, and Annual Performance Plan. During the sittings, the entity further provided progress reports on the implementation of the Committee's resolutions.

MTC appeared before the Portfolio Committee on the following dates:

- 06 May 2021
- 19 November 2021

## EXECUTIVE AUTHORITY

The Corporation is compliant with all laws and regulations relevant to its areas of operation. As a public entity, the Corporation is committed to providing the shareholder with all relevant performance and organisational information to allow for effective monitoring, evaluation and oversight. To date, it has ensured that all reports due for submission to the shareholder,

stakeholders and other authorities have been developed and submitted with the legislative time lines.

## ACCOUNTING AUTHORITY

The Board members of the Mayibuye Transport Corporation represent the Corporation's system of corporate governance and it is the ultimate accounting authority and is responsible for the performance and affairs of the Corporation. Good corporate governance is regarded as critical to the success of the business of the Corporation. The Board and management are committed to the fundamental principles of good governance these principles emphasise transparency, integrity, accountability and responsibility – in all dealings by, in respect and on behalf of the Corporation.

The Board embraces the principles of good governance as set out in the King Code of Governance for South Africa and the King Code of Governance Principles (known collectively as "King IV"), and it seeks to comply with the Public Finance Management Act (PFMA), Act No 1 of 1999, and the National Treasury Regulations, as amended.

The Board assumed office on 01st February 2019 to 31st March 2022 . The interim board was appointed on the 01st of April 2022 and their term of office ended on the 31st July 2022. The Shareholder has appointed a seven (7) member permanent board from the 01st August 2022 to the 31st March 2025. The Board reports to the executive authority on performance in relation to its mandate and targets agreed upon with the Executive authority in the Shareholders Compact.

In addition, all reports submitted to the legislature and other stakeholders are submitted through the executive authority (shareholder).

## BOARD CHARTER

MTC's Board Charter which is the terms of reference within which the exists, defines the governance parameters, and sets out specific responsibilities to be discharged by the Board, as well as roles and responsibilities incumbent upon directors as individuals. The Board Charter further serves to ensure that all Board members, the employees of the Corporation and other stakeholders are aware of the duties and responsibilities of the Board as well as the basis upon which it interacts with management to give effect to its obligations.

## BOARD COMPOSITION

The Board is appointed by the executive authority. In determining the optimum composition of the Board, the executive authority sought to ensure that it collectively contains the appropriate skills set, experience and mix of personalities appropriate to the strategic direction of the Corporation and necessary to secure its sound performance.

The Board is led by an independent non-executive Chairperson who, inter alia, presides over meetings of the Board. The Chairperson is responsible for ensuring the integrity and effectiveness of the Board governance process. The role of the Chairperson is critical to good governance as defined in the Board Charter.

The Chief Executive Officer (CEO), Chief Financial Officer (CFO) and the Chief Operations Officer (COO) are permanent invitees in all the Board meetings.

Irrespective of a director's special expertise or knowledge, all members of the Board recognise that they are collectively accountable to the executive authority for the performance of the Corporation.

The Board Charter sets out the broad governance principles and parameters within which the Board operates, and it constitutes an integral part of setting out the composition and meeting procedures for the Board. The Board supports the concept of materiality, which emphasises within which the Board operates, and it constitutes an integral part of setting out the composition and meeting procedures for the Board. The Board supports the concept of materiality, which emphasises integrated reporting based on issues, risks and opportunities that could materially impact the performance of the Corporation over the short, medium and long-term.





## OUTGOING BOARD COMPOSITION

Board member	Appointment date	Retirement Date
Adv A Mini	01st February 2019	31st March 2022
Rev L Mantini	01st February 2019	31st March 2022
Ms N Pietersen	01st February 2019	31st March 2022
Mr G Qotywa	01st February 2019	31st March 2022
Dr N Khewu	01st February 2019	31st March 2022
Mr M Metuse	01st February 2019	31st March 2022
Maj Gen Ret. T. Khumalo	01st February 2019	31st March 2022
Mr L Sisilana	01st February 2019	31st March 2022
Mr R. Surajbali	01st February 2019	31st March 2022
Mrs Z Pakati	01st June 2020	31st March 2022

## INTERIM BOARD

<b>Mrs P. Makatala-Nazo</b> (Interim Board Chairperson)	01st April 2022	31 st July 2022
<b>Mr B. Makhambi</b> (Interim Board Member)	01st April 2022	31 st July 2022
<b>Mr R. Surajbali</b> (Interim Board Member)	01st April 2022	31 st July 2022

## PERMANENT BOARD

<b>Ms Pumla Nazo-Makatala</b>	01st August 2021	31st March 2025
<b>Noxolo Mbokoma</b>	01st August 2021	31st March 2025
<b>Mr Pretorius Vusumzi Msiwa</b>	01st August 2021	31st March 2025
<b>Nomthandazo Ntshanga</b>	01st August 2021	31st March 2025
<b>Lungelwa Mpepo</b>	01st August 2021	31st March 2025
<b>Mr Radhesh Surajbali</b>	01st August 2021	31st March 2025
<b>Mr Butise Makambi</b>	01st August 2021	31st March 2025

BOARD MEMBER	BOARD MEETINGS (4)	SPECIAL BOARD MEETINGS (6)
Adv A Mini	4	6
Rev L Mantini	4	6
Ms N Pietersen	4	6
Mr G Qotywa	4	6
Dr N Khewu	4	6
Mr. M Metuse	4	6
Maj Gen Ret. T. Khumalo	4	6
Mr L Sisilana	3	2
Mr R Surajbali	3	3
Mrs Z Pakati	4	6

Table 14: Board Meetings

### BOARD COMMITTEES

The effectiveness of the Board is assured by the work of five duly-constituted Board sub-committees which assist the Board with its performance of tasks to comply with the principles of good governance.

The Committees are chaired by independent, non-executive directors, and they enhance decision-making by providing more detailed attention to matters within their terms of reference. They also assist the Board in meeting its oversight responsibilities and ensuring the integrity of financial and non-financial controls. Board committees meet before Board meetings to review matters and to take appropriate decisions. Committee meetings are regulated in terms of an approved calendar. Deliberations are recorded in the form of minutes and resolutions are implemented.

### GOVERNANCE COMMITTEE

The Governance Committee reviews and evaluates the governance practices and structures of the Corporation and it recommends any changes to the Board for decision-making. The focus during this period was on ensuring that the Corporation complies with the King IV Code of Corporate Practices and Conduct. International standards of corporate governance were considered alongside local practices to ensure that the Corporation adopted best practice. During the period under review, the Committee reviewed the governance charter, the Board Fee policy in order to ensure that savings are realised on Board fees.

### AUDIT AND RISK COMMITTEE

This is a statutory Committee provided in terms of section 77 of the Public Finance Management Act. It assists the Board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control processes and the

preparation of accurate financial reporting and statements in compliance with all applicable legal requirements and accounting standards. The Committee provides a forum for discussing business risks and control issues for developing relevant recommendations for consideration and approval by the Board.

### FINANCE AND INVESTMENT COMMITTEE

The Finance and Investment Committee provides leadership in the development of MTC finance and investment policies, strategies and plans. The Finance and Investment Committee also provides governance direction and advice to management on finance and investment opportunities for MTC. This Committee also considers all significant tenders within its delegation and makes recommendations to the Board for approval and award.

### OPERATIONS AND ENGINEERING COMMITTEE

The Operations and Engineering Committee provides leadership in the development of MTC operations and engineering strategies and plans. The Operations and Engineering Committee provides governance direction, guidance and advice to management on industry operations and engineering norms, standards and new technological innovations. The committee also monitors progress in the achievement of the core operations.

### HUMAN RESOURCES AND REMUNERATION COMMITTEE

The Committee considers human resource and labour-related matters in respect of personnel and corporate services issues including communication, administration and marketing. The Committee is also charged with recommending the succession planning of the Corporation, the review of the remuneration of members of the executive management, and guiding the employment equity status of the Corporation.

## BOARD COMMITTEE COMPOSITION - 2021/2022 FINANCIAL YEAR

Board member	Governance	Audit & Risk	Finance & Investment	Operations & Engineering	Human Resources & Remuneration
Adv A Mini	■		■	■	
Rev L Mantini	■		■		■
Ms N Pietersen	■	■	■		
Mr G Qotywa		■		■	■
Dr N Khewu			■	■	■
Mr M Metuse	■		■		■
Maj Gen Ret. T. Khumalo		■		■	
Mr L Sisilana	■			■	
Mr R Surajbali			■		■
Mrs Z Pakati			■	■	■

Table 15: Board Committees

## BOARD COMMITTEE MEETING ATTENDANCE

Board member	Governance (4)	Audit & Risk (6)	Finance & Investment (7)	Operations & Engineering (4)	Human Resources & Remuneration (6)
Adv A Mini	4		7	4	
Rev L Mantini	4		7		5
Ms N Pietersen	4	6	7		
Mr G Qotywa		5	4		3
Dr N Khewu	4			3	5
Mr M Metuse	4		7		6
Maj Gen Ret. T. Khumalo		5		4	
Mr. L Sisilana	3			3	
Mr R Surajbali			4		4
Mrs N. Mnconywa*		6			
Ms W Dukuza		1			
Mr A Latchu		1			
Mrs Z Pakati			6	3	2

\* Ms W Dukuza, Mr A Latchu were appointed as external Audit & Risk Committee members as from 01st January 2021. Ms Mnconywa was reappointed on the 01st January 2021

Table 16: Board Meetings



## RESPONSIBILITIES

The Corporation's philosophy of leadership is based on the principle of providing effective leadership based on ethical foundation. In this regard, it has two focus areas:

- Firstly, it is responsible for determining the Corporation's strategic direction and consequently its ultimate performance.
- Secondly, it is responsible for the strategic control of the Corporation. The Board requires management to execute strategic decisions effectively and as per legislations and the legitimate expectations of the stakeholders. The Board maintains that it has done everything necessary to fulfil its role set out in its charter.
- Retaining full and effective control over the Corporation, and monitoring management's implementation of the strategic plans and financial objectives as defined by the Board;
- Defining levels of delegation of authority to Board sub-committees and management and continually monitoring the exercise of delegated powers;
- Ensuring that a comprehensive system of policies and procedures is in place and that appropriate governance structures exist to ensure the smooth, efficient and prudent stewardship of the Corporation;

The Board had specifically:

- Acted as the focal point for, and custodian of, corporate governance by managing its relationships with management and other stakeholders of the Corporation along sound corporate governance principles.
- Appreciated that strategy, risk, performance and sustainability are inseparable and gave effect to this by:
  - Contributing to and approving the Corporate Plan 2021- 2022;
  - Satisfying it that the strategy and operational plans do not give rise to risks that have not been thoroughly assessed by management;
  - Identifying key performance and risk areas, and monitoring the Corporation's performance against agreed objectives (including the assessment of the evaluation of the performance of executive management in terms of defined objectives and applicable public service and public transport industry standards) ensuring that the strategy will result in sustainable outcomes;
  - Providing effective leadership on an ethical foundation;
  - Ensuring that the Corporation's ethics are managed effectively;
  - Ensuring compliance by the Corporation with all relevant laws and regulations, audit and accounting principles, the Corporation's code of conduct, and such other principles as may have been established by the Board from time to time;
  - Ensuring that the Corporation has an effective and independent Audit and Risk Committee;
  - Ensuring that there is an effective risk-based internal audit;
  - Being responsible for Information Communication Technology (ICT) governance;
  - Being responsible for the governance of risk and regularly reviewing and evaluating risks to the Corporation and ensuring the existence of comprehensive, appropriate internal controls to mitigate against such risks;
  - Acting in the best interests of the Corporation by ensuring that individual directors:
    - Adhere to legal standards of conduct;
    - Are permitted to take independent advice about their duties following an agreed procedure; and
    - Disclose real or perceived conflicts to the Board and dealing with them accordingly;
  - Exercising objective judgement on the business affairs of the Corporation, independent from management but with sufficient management information to enable a proper and informed assessment to be made;

- Ensuring that the Corporation is and is seen to be a responsible corporate citizen by having regard to not only the financial aspects of the business of the Corporation but also the impact that the business operations have on the environment and the society within which it operates;
- Identifying and monitoring non-financial aspects relevant to the business of the Corporation;
- Ensuring the integrity of the Corporation's Annual Report;
- Evaluating the performance of the Chief Executive Officer;
- Together with the CEO evaluating the performance of the Board Secretary; and
- Reviewing and evaluating the adequacy of the Board Charter.

In terms of the Board's oversight function, the Board Chairperson and the Chief Executive Officer held bilateral meetings at least once each month.

## REMUNERATION OF THE BOARD

The remuneration of the Board members as approved by the Member of Executive Council is benchmarked against fees paid by other public entities in the Eastern Cape Province. The Board members are remunerated at a flat rate per meeting and they are reimbursed for kilometres travelled in terms of MTC's subsistence and travel policy. Board members do not claim for preparation fees and they do not receive retention allowances.

### Members 2021/22

	Other benefits*	Members' fees	Total
Adv. A Mini ( Board Chairperson)	20,941	496,743	517,684
Rev. L Mantini (Deputy Chairperson)	364	313,091	313,455
Mr. T Khumalo	-	187,933	187,933
Dr. N Khewu	795	327,121	327,916
Ms. N Pietersen	757	312,787	313,544
Mr. M Metuse	1,559	374,893	376,452
Mr. G Qotywa	1,796	241,051	242,847
Ms. Z Pakati	793	262,012	262,805
Mr. R. Surajbali**	-	-	-
Mr. L Sisilana***	-	-	-

\* Other benefits comprise re-imbursive travel allowance and subsistence.

\*\*Representing EC Treasury and not remunerated

\*\*\*Represents EC Department of Transport and not remunerated

Table 17: Board Remuneration

## FRAUD AND CORRUPTION

The Corporation considers fraud risk and controls as an objective of internal control activities. Fraud is perceived to be potential internal control failures. The Corporation deems fraud risk monitoring as positive cost due to the benefit of protecting revenue and/or recouping losses. MTC is committed to mitigating the risk of Fraud and has an Anti-Fraud Policy approved by the Board which guides its fraud risk management initiatives. The concepts incorporated in the Anti-Fraud Policy were developed to detect and prevent fraud and to implement effectively and homogeneously the policies and objectives set by management. The policy conveys the expectations of the Board and executive management regarding fraud risk and control.

## CODE OF CONDUCT

MTC's Code of Conduct is designed to communicate the expected standards of business conduct to management and other employees, who are required to comply with applicable laws and regulations wherever MTC operates. The code specifically prohibits any illegal acts or violation of the law as well as any unethical business dealings.

Contravention of the code is subject to disciplinary action including dismissal wherever employees have been informed of such code of business and, wherever appropriate, criminal prosecution. The process followed for the Breach of the code of conduct is as follows:

- Where violation or contravention of the provisions of the code occurs, it must be brought to the attention of the management and the Board and disciplinary action will be taken irrespective of the extent of the matter concerned;
- A preliminary investigation is conducted to obtain sufficient evidence for the alleged offender to be dealt with in terms of our disciplinary procedures or to refer the matter to an appropriate court of law in the case of an outsider;
- No employee may participate, incite or further any strike action unless such action has followed laid down dispute resolution guidelines and is carried out lawfully and within the ambit of Labour Relations Act No. 66 of 1995; and
- Serious breaches of the Code of Conduct and malpractices may lead to the termination of any Board member or employee's contract of service or appointment. In the event of conviction by the court, the information regarding the matter concerned will be kept in the Corporation's records and will be conveyed to future potential employers who ask for a reference on any Board member or employee concerned.

## HEALTH, SAFETY AND THE ENVIRONMENT

The Health, Safety and Environmental compliance issues still pose a great challenge at MTC. This is a result of depot revamps or upgrades that have been put on hold due to no availability of capital budgets which ensure that the value of an immovable asset is optimised throughout its lifecycle. MTC is fully committed to comply Facilities regulations, National Building Regulations and Environmental Management Laws. Occupational Health and Safety Policy have been established, implemented and maintained. All non-conformances are addressed and at very early stages with Risk Assessment conducted already.

Interventions, corrective action, remedial actions and compliance matters have been greatly hampered by no funding available for infrastructure capital projects. Immovable Assets Management Plans require committed funding for multi years and at MTC it has been difficult financial times. Mayibuye Transport Corporation will develop an Environmental Management Plan with sole purpose to provide a structured framework for the proactive identification and elimination, or acceptable management and mitigation of some environmental issues that may be associated with the day to day running of MTC Operations.

To achieve this MTC must invest and investigate and implement measures, where appropriate, within the terms of the legal requirements. MTC is committed to ensure proper storage of hazardous chemical substances like lubricants, oils, fuel, detergents, disinfectants, construction material and any other material used in the operations that will adversely affect the environment.

Erosion Control and Stormwater Management is closely monitored but urgent upgrade is required to avoid further deterioration and meet acceptable standards and regulations. Wash bays need to be modernised to comply with water saving municipal by-laws and mechanisms. Dust and noise control will be greatly improved as soon as all depots are revamped. Municipal infrastructure is aging at a rapid pace and population is growing, vandalism, cable theft, illegal electricity connections and supply of potable water has a huge effect at MTC. Mayibuye Transport Corporation must take steps to conserve the scarce water resources and explore best practices in the industry.

Installation of sufficient lighting like high masts will increase safety and security. Energy Saving Lights installation



will contribute to low energy use. Alternative energy sources and methods needs to be investigated and explored thoroughly at MTC and their economic benefits. Waste management, minimisation, disposal, recycling options need to be explored as the Waste Disposal Centres in the municipalities we operate in are under severe strain and running out of space and rehabilitation is costly.

Fire risks mitigation measures needs major investment like fire suppression tanks in all depots. Investment in fire detection systems at MTC is needed urgently as we operate highly flammable chemical substances and liquids including the bus fleet and ancillary vehicles. This will have a great impact to the environment, safety and security of our neighbours and adjoining properties and vice versa when fire starts on the side of the community and other businesses.

## COMPANY SECRETARY

The Company Secretary has an independent relationship with the Board and is not a director of the Corporation. The Company Secretary duties include, but are not restricted to:

- Guides the Board collectively, and each director individually, as to their duties and responsibilities and make them aware of all legislation and regulations relevant to this entity.
- Ensures proper induction and orientation of directors, including assessing the specific training needs of directors and executive management in regard to their fiduciary and other responsibilities.
- Is always available to provide comprehensive practical support and guidance to directors, with emphasis on supporting the non-executive directors and chairperson.
- Ensures unhindered access to information by all board and committee members that they can contribute to board meetings and other discussions.
- Compiles the board papers and paginates them to ensure compliance with the required standards of good governance.
- Raises all matters that warrant attention by the Board.
- Ensures compliance with all relevant statutory and regulatory requirements, having due regard for the specific business interests of the company.
- Also assist carrying out corporate strategies by ensuring that the Board's decisions and instructions are clearly communicated to the relevant persons.;
- Ensuring Board and Committee Charters are kept up to date;
- Preparing and circulating board papers;
- Elicit responses, input, feedback for board and Board Committee meetings;
- Ensuring that minutes of all Board and Board Committees' meetings are recorded accordance with the relevant laws and prescripts;
- Ensuring preparation and circulation of minutes of Board and committee meetings;
- Assisting with evaluation of the Board, committees and individual directors; and
- Assisting with director induction, training and education.



# AUDIT AND RISK COMMITTEE



# AUDIT AND RISK COMMITTEE

## AUDIT AND RISK COMMITTEE REPORT

The Audit & Risk Committee presents this report in terms of the requirements of the Public Finance Management Act (PFMA), and in accordance with the King IV Code of Governance Principles for South Africa for the financial year ended 31 March 2022. The Audit and Risk Committee ("hereafter referred to as Committee") is set up in terms of the Public Finance Management Act, sections 76(4)(d) and 77, and Treasury Regulation 3.1.

## MEMBERS AND MEETINGS

Surname and Initials	Qualifications	Appointment Date	Retirement Date	Number of meetings attended
Ms Pieterse N (Chairperson)	CA (SA) & MBA	1 February 2019	31 March 2022	7/7
Mr Qotywa G	MA, MBA & IPDET	1 February 2019	31 March 2022	7/7
Gen Khumalo T	Qualified Military Pilot	1 February 2019	31 March 2022	5/7
Mrs Mnconywa N	CA (SA) & MCom	1 January 2021	31 December 2024	7/7
Mr Latchu A	BSC Honours IT	1 January 2021	31 December 2024	7/7
Ms Dukuza W	BProc & MBA	1 January 2021	31 December 2024	7/7

## THE COMMITTEE RESPONSIBILITIES

The Committee reports that it has adopted formal terms of reference as its Committee Charter and conducted its responsibilities in accordance with approved terms of reference. The Board of directors approved the charter.

The committee has discharged all its responsibilities contained in the charter which were oversight duties relating to:

- The adequacy, reliability and accuracy of financial information that was provided by management.
- Effectiveness of internal control systems and management of risks.
- Effectiveness of processes and systems of risk management, including follow up on emerging risks and risks of fraud and corruption.
- Financial management and other practices relating to reporting.
- Compliance with laws and regulations.
- Internal audit function - The Internal Audit unit that is outsourced has performed its duties effectively.
- The external audit function - The Committee has assessed the independence and skills of the external audit team through the review of the audit strategy that was tabled by the AGSA.

The Committee has relied extensively on representations made by executive management, internal and external auditors to discharge the above responsibilities.

## BUSINESS CONTINUITY AND GOING CONCERN

The Committee assessed the going concern status of Mayibuye Transport Corporation (hereafter referred to as "the Corporation") at year-end and was satisfied that the Corporation will continue to operate in the near future.



## FRAUD AND CORRUPTION

The Corporation has adopted an annual fraud management plan that forms part of a risk management framework. The plan was fully implemented in the 2021/2022 financial year. A fraud hotline has been in place for the full financial year. The Committee for further investigation by Internal Audit reviews matters reported through the fraud hotline. Protection is in place for whistleblowers.

## REVIEW OF ANNUAL FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION

The Committee has:

- Reviewed the annual financial statements for approval by the Board and submission to the Auditor General South Africa (AGSA).
- Reviewed the annual performance report submitted to the AGSA subsequent to approval by the Board.

The annual financial statements were prepared in accordance with the Generally Recognised Accounting Practices (GRAP) and in the manner required by the PFMA.

The Committee concurs with the audit opinion expressed by the AGSA on the annual financial statements for the financial year ended 31 March 2022, the report on the usefulness and reliability of performance information and the report on compliance with legislation for the year then ended.

## APPRECIATION

The Committee expressed its appreciation to the Board of the Corporation, Management, Internal Audit and the AGSA for the support and co-operation during the financial year ended 31 March 2022.

On behalf of the Audit & Risk Committee



Ms N Mnconywa  
Audit and Risk Committee Member  
31 August 2022

# Audit and Risk Committee Members



**Mr Radhesh Surajbali**  
Member



**Mr Butise Makambi**  
Member



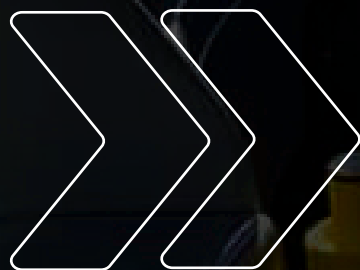
**Ms N Mnconywa CA(SA)**  
Independent Member



**Ms W Dukuza**  
Independent Member



**Mr A Latchu**  
Independent Member



# FINANCIAL STATEMENTS

# G



## Report of the auditor-general to Eastern Cape Provincial Legislature on Mayibuye Transport Corporation

### Report on the audit of the financial statements

#### Opinion

- 1 I have audited the financial statements of the Mayibuye Transport Corporation set out on pages 61 to 110, which comprise the statement of financial position as at 31 March 2022, statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
- 2 In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mayibuye Transport Corporation as at 31 March 2022, and its financial performance and cash flows for the year then ended, in accordance with South African Standards of General Recognise Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

#### Basis for opinion

- 3 I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
- 4 I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
- 5 I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Emphasis of matter

6. **I draw attention to the matter below. My opinion is not modified in respect of this matter.**

##### **Material impairments - receivables from non-exchange transactions**

7. As disclosed in note 6 of the financial statements, a material loss of R11,2 million was incurred as a result of the provision for impairment on doubtful debts.

## Responsibilities of the accounting authority for the financial statements

8. The board, which constitutes the accounting authority, is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, the accounting authority is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

## Auditor-general's responsibilities for the audit of the financial statements

10. My 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 my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

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## Report on the audit of the annual performance report

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### Introduction and scope

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
13. My procedures address the usefulness and reliability of the reported performance information, which must be based on the entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the entity's annual performance report for the year ended 31 March 2022:

<b>Programme</b>	<b>Pages in the annual performance report</b>
Programme 2 - operations	34 - 35

15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

#### Programme 2 - operations

16. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected programme.

#### Other matter

17. I draw attention to the matter below.

#### Achievement of planned targets

18. Refer to the annual performance report on pages 34 to 35 for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets.

## Report on the audit of compliance with legislation

### Introduction and scope

19. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
20. The material finding on compliance with specific matters in key legislation is as follows:

### Financial statements and annual report

21. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1)(b) of the PFMA. Material misstatements of non-current assets and expenditure identified by the auditors in the submitted financial statements were corrected subsequently which resulted in the entity receiving an unqualified audit opinion.



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## Other information

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22. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.
23. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance or conclusion on it.
24. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or my knowledge obtained during the audit or otherwise appears to be materially misstated.
25. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

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## internal control deficiencies

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26. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
27. Although the accounting authority exercised oversight over the preparation of the financial statements, the review processes by management were not sufficient to prevent and detect errors that resulted in material adjustments to the financial statements.

Auditor-General.

East London  
29 July 2022



AUDITOR - GENERAL  
SOUTH AFRICA

Auditing to build public confidence

## Annexure - Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for the selected programme and on the entity's compliance with respect to the selected subject matters.

### Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I 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 my 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 entity's internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board, which constitutes the accounting authority
  - conclude on the appropriateness of the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Mayibuye Transport Corporation to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause an entity to cease operating as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.



# Mayibuye Transport Corporation

Financial Statements for the year ended 31 March 2022

## General Information

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<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	Mayibuye Transport Corporation is Schedule 3D Provincial Government Business Enterprise providing subsidised public transport, governed by the Public Finance Management Act 1 of 1999 as amended.
<b>Members</b>	Executive: Ms. PN Roboji (Chief Executive Officer) Adv. A Mini (Board Chairperson) Rev. L Mantini (Deputy Chairperson) Mr. T Khumalo Dr. N Khewu Ms. N Pietersen CA(SA) Mr. M Metuse Mr. G Qotywa Mr. L Sisilana Mr. R Surajbali Ms. Z Pakati
<b>Registered office</b>	Reeston Depot Corner of Drummond and Mdantsane Access Road East London Eastern Cape 5247
<b>Bankers</b>	Standard Bank of South Africa Limited
<b>Auditors</b>	Auditor General of South Africa
<b>Secretary</b>	Adv. U Tshikovhi





# Mayibuye Transport Corporation

Financial Statements for the year ended 31 March 2022

## Index

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The reports and statements set out below comprise the financial statements presented to the provincial legislature:

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Notes to the Financial Statements	
COID	Compensation for Occupational Injuries and Diseases Mayibuye
Corporation	Transport Corporation
GRAP	Generally Recognised Accounting Practice
SDL	Skills Development Levy
UIF	Unemployment Insurance Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards Board Members'
Members	- Accounting Authority
MEC	Member of the Executive Council
SARPAC	South African Road Passenger Bargaining Council Chief Executive
CEO	Officer
GBE's	Government Business Enterprise



## Mayibuye Transport Corporation

Financial Statements for the year ended 31 March 2022

### Board Members' Responsibilities and Approval

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The members are required by the Public Finance Management Act (Act 1 of 1999), 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 the responsibility of the members to ensure that the financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the financial statements and was given unrestricted access to all financial records and related data.

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

The financial statements 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 entity and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the board of members sets standards for internal control aimed at reducing the risk of error or deficit 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 entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity 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 financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The members have reviewed the entity's cash flow forecast for the year to 31 March 2023 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is substantially dependent on government for continued funding of operations. The financial statements are prepared on the basis that the entity is a going concern and that the entity has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

Although the board of members are primarily responsible for the financial affairs of the entity, they are supported by the entity's external auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's financial statements.

The financial statements set out on pages 6 to 51, which have been prepared on the going concern basis, were approved by the board of members on 30 May 2022 and were signed on its behalf by:

Executive: Ms. PN Roboji (Chief Executive Officer)

Member  
Mrs. P Nazo-Makatala (Board Chairperson)



# Mayibuye Transport Corporation

Financial Statements for the year ended 31 March 2022

## Board Members' Report

The members submit their report for the year ended 31 March 2022.

### 1. Nature of business

#### Main business and operations

Mayibuye Transport Corporation is a Scheduled 3D provincial government business enterprise providing subsidised public transport, governed by the public finance management act 1 of 1999 as amended. The entity operates principally in South Africa.

### 2. Going concern

We draw attention to the fact that at 31 March 2022, the entity had an accumulated (deficit) of R(148,971,213) and that the entity's total assets exceed total liabilities by R99,384,862.

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 entity has areas that confirms the factors which impact on entities going concern status. The entity still shows struggles in paying its creditors as they become due i.e. within 30 days period. Even though the entity is constrained in paying its debts as they become due it continues to ensure that the third-party deductions i.e. provident fund, medical aid and garnishees including statutory deductions (PAYE, UIF and skills development levy) are paid on time to avoid penalties and interest. As much as the entity continues to be under financial constraints close monitoring of cash management continues to be the key under Financial Management.

The entity continues to have vacancies on key personnel and having acting positions for lengthy period. The entity has made plans to be able to continue to operate, by appointing acting personnel.

The ability of the entity to continue as a going concern is dependent on a number of factors which negatively impact going concern as detailed above. The most significant of these factors is that the entity continue to rely on funding by government into the foreseeable future.

### 3. Subsequent events

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

### 4. Members' interest in contracts

During the financial year, no material contracts were entered into with members of the entity who had an interest and which significantly affected the business of the financial year.

### 5. Accounting policies

The financial statements have been prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP), issued by the Accounting Standards Board, as the prescribed framework by National Treasury.

### 6. Share capital / contributed capital

There were no changes in the authorised or issued share capital of the entity during the year under review.

### 7. Board Of Members

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

Name	Nationality	Changes
Executive: Ms. PN Roboji (Chief Executive Officer)	South African	Appointed 07 June 2021
Adv. A Mini (Board Chairperson) Rev. L	South African	
Mantini (Deputy Chairperson) Mr. T Khumalo	South African	
Dr. N Khewu	South African	
Ms. N Pietersen CA(SA)	South African	
Mr. M Metuse	South African	





## Mayibuye Transport Corporation

Financial Statements for the year ended 31 March 2022

### Board Members' Report

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Mr. G Qotywa	South African
Mr. L Sisilana	South African
Mr. R Surajbali	South African
Ms. Z Pakati	South African

#### 8. Secretary

The secretary of the entity is Adv. U Tshikovhi of: Business

address

Shop No.15 Beacon Bay  
Crossing East London  
5247

Postal address

Shop No.15 Beacon Bay  
Crossing East London  
5247

#### 9. Auditors

Auditor General of South Africa will continue in office for the next financial period.

The financial statements set out on pages 6 to 51, which have been prepared on the going concern basis, were approved by the board of members on 30 May 2022 and were signed on its behalf by:

Executive: Ms. PN Roboji (Chief Executive Officer)

Member

Mrs. P Nazo-Makatala (Board Chairperson)



## Mayibuye Transport Corporation

Financial Statements for the year ended 31 March 2022

### Statement of Financial Position as at 31 March 2022

	Note(s)	2022 R	2021 R
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	7	2,484,499	2,953,590
Receivables from exchange transactions	5	964,872	296,039
Receivables from non-exchange transactions	6	1,473,820	5,472,798
Non-Current Asset Held for Sale	10	-	164,368
Cash and cash equivalents	4	3,809,399	23,514,116
		<b>8,732,590</b>	<b>32,400,911</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	8	111,129,451	117,890,414
Intangible assets	9	1,665,734	1,665,734
		<b>112,795,185</b>	<b>119,556,148</b>
<b>Total Assets</b>		<b>121,527,775</b>	<b>151,957,059</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Finance lease obligation	13	-	18,790,899
Payables from exchange transactions	11	20,360,178	16,358,265
Payables from non-exchange transactions	12	565,490	801,075
Unspent conditional grants and receipts	38	1,217,248	1,844,921
		<b>22,142,916</b>	<b>37,795,160</b>
<b>Total Liabilities</b>		<b>22,142,916</b>	<b>37,795,160</b>
<b>Net Assets</b>		<b>99,384,859</b>	<b>114,161,899</b>
Share capital / contributed capital	14	248,356,075	248,356,075
Accumulated deficit		(148,971,213)	(134,194,174)
<b>Total Net Assets</b>		<b>99,384,862</b>	<b>114,161,901</b>



## Mayibuye Transport Corporation

Financial Statements for the year ended 31 March 2022

### Statement of Financial Performance

	Note(s)	2022 R	2021 R
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Private hire	18	620,123	77,802
Passenger fare	18	15,597,764	15,425,849
Other income	16	252,446	196,853
Interest received - investment	15	691,605	359,568
<b>Total revenue from exchange transactions</b>		<b>17,161,938</b>	<b>16,060,072</b>
<b>Revenue from non-exchange transactions</b>			
<b>Transfer revenue</b>			
Government grants & subsidies	17	145,942,933	154,465,540
<b>Total revenue</b>	18	<b>163,104,871</b>	<b>170,525,612</b>
<b>Expenditure</b>			
Employee costs	19	(75,924,579)	(77,465,054)
Operating expenses	20	(48,741,723)	(34,720,655)
Depreciation and amortisation	8	(11,848,915)	(18,753,182)
Finance costs	21	-	(1,754,007)
Lease rentals on operating lease	22	(2,761,487)	(2,691,163)
Debt Impairment	6	(11,287,838)	-
Administrative expenses	23	(23,442,770)	(22,241,429)
<b>Total expenditure</b>		<b>(174,007,312)</b>	<b>(157,625,490)</b>
<b>Operating (deficit) surplus</b>	24	<b>(10,902,441)</b>	<b>12,900,122</b>
Loss on disposal of assets and liabilities Gain/(Loss)	25	(665,497)	(709,202)
on lease liability settlement	8	(3,209,101)	-
		<b>(3,874,598)</b>	<b>(709,202)</b>
<b>(Deficit) surplus for the year</b>		<b>(14,777,039)</b>	<b>12,190,920</b>





## Mayibuye Transport Corporation

Financial Statements for the year ended 31 March 2022

### Statement of Changes in Net Assets

	Share capital / contributed capital R	Accumulated deficit R	Total net assets R
<b>Balance at 01 April 2020</b>	<b>248,356,075</b>	<b>(146,385,094)</b>	<b>101,970,981</b>
Changes in net assets (Deficit)/Surplus for the year	-	12,190,920	12,190,920
Total changes	-	12,190,920	12,190,920
<b>Balance at 01 April 2021</b>	<b>248,356,075</b>	<b>(134,194,174)</b>	<b>114,161,901</b>
Changes in net assets (Deficit)/Surplus for the year	-	(14,777,039)	(14,777,039)
Total changes	-	(14,777,039)	(14,777,039)
<b>Balance at 31 March 2022</b>	<b>248,356,075</b>	<b>(148,971,213)</b>	<b>99,384,862</b>
Note(s)	14		



## Mayibuye Transport Corporation

Financial Statements for the year ended 31 March 2022

### Cash Flow Statement

	Note(s)	2022 R	2021 R
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		15,621,359	15,134,609
Grants		145,064,740	149,780,065
Interest income		691,605	359,568
Other receipts		252,446	196,853
		<u>161,630,150</u>	<u>165,471,095</u>
<b>Payments</b>			
Employee costs		(75,924,579)	(77,465,054)
Suppliers		(77,821,206)	(74,222,583)
		<u>(153,745,785)</u>	<u>(151,687,637)</u>
<b>Net cash flows from operating activities</b>	26	<b><u>7,884,365</u></b>	<b><u>13,783,458</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	8	(7,319,868)	(1,571,267)
Proceeds from sale of property, plant and equipment of discontinued operations	8	1,692,287 38,500	143,650 -
		<u>(5,589,081)</u>	<u>(1,427,617)</u>
<b>Net cash flows from investing activities</b>		<b><u>(5,589,081)</u></b>	<b><u>(1,427,617)</u></b>
<b>Cash flows from financing activities</b>			
Finance lease payments		(22,000,000)	(4,013,851)
		<u>(19,704,716)</u>	<u>8,341,990</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b><u>(19,704,716)</u></b>	<b><u>8,341,990</u></b>
Cash and cash equivalents at the beginning of the year		23,514,116	15,172,127
<b>Cash and cash equivalents at the end of the year</b>	4	<b><u>3,809,400</u></b>	<b><u>23,514,117</u></b>



## Mayibuye Transport Corporation

Financial Statements for the year ended 31 March 2022

### Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
	R	R	R	R	R

#### Statement of Financial Performance Revenue

##### Revenue from exchange transactions

Rendering of services

Private hire

Passanger fare

Other income

Interest received - investment

**Total revenue from exchange transactions**

**Revenue from non-exchange transactions**

**Transfer revenue**

Government grants & subsidies

**Total revenue**

##### Expenditure

Personnel

Operating expenses Depreciation and amortisation

Finance costs

Lease rentals on operating lease Debt

Impairment Administrative expenses

**Total expenditure**

**Operating deficit**

Loss on disposal of assets and liabilities

Loss on foreign exchange

**Deficit before taxation**

**Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement**

-	-	-	-	-	-
865,504	-	<b>865,504</b>	620,123	<b>(245,381)</b>	
27,327,133	-	<b>27,327,133</b>	15,597,764	<b>(11,729,369)</b>	
-	-	-	252,446	<b>252,446</b>	
-	-	-	691,605	<b>691,605</b>	
<b>28,192,637</b>	-	<b>28,192,637</b>	<b>17,161,938</b>	<b>(11,030,699)</b>	
145,190,000	-	<b>145,190,000</b>	145,942,933	<b>752,933</b>	
<b>173,382,637</b>	-	<b>173,382,637</b>	<b>163,104,871</b>	<b>(10,277,766)</b>	
(80,539,443)	-	<b>(80,539,443)</b>	(75,924,579)	<b>4,614,864</b>	
(46,845,968)	-	<b>(46,845,968)</b>	(48,741,723)	<b>(1,895,755)</b>	
-	-	-	(11,848,915)	<b>(11,848,915)</b>	
(125,421)	-	<b>125,421</b>	-	<b>125,421</b>	
(1,359,951)	-	<b>(1,359,951)</b>	(2,761,487)	<b>(1,401,536)</b>	
-	-	-	(11,287,838)	<b>(11,287,838)</b>	
(23,778,784)	-	<b>(23,778,784)</b>	(23,442,770)	<b>336,014</b>	
<b>(152,649,567)</b>	-	<b>(152,649,567)</b>	<b>(174,007,312)</b>	<b>(21,357,745)</b>	
20,733,070	-	<b>20,733,070</b>	<b>(10,902,441)</b>	<b>(31,635,511)</b>	
-	-	-	(665,497)	<b>(665,497)</b>	
-	-	-	(3,209,101)	<b>(3,209,101)</b>	
-	-	-	<b>(3,874,598)</b>	<b>(3,874,598)</b>	
<b>20,733,070</b>	-	<b>20,733,070</b>	<b>(14,777,039)</b>	<b>(35,510,109)</b>	
<b>20,733,070</b>	-	<b>20,733,070</b>	<b>(14,777,039)</b>	<b>(35,510,109)</b>	

**Mayibuye Transport Corporation**

Financial Statements for the year ended 31 March 2022

**Statement of Comparison of Budget and Actual Amounts**

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
	R	R	R	R	R
<b>Statement of Financial Position</b>					
<b>Assets</b>					
<b>Current Assets</b>					
Inventories	-	-	-	2,484,499	2,484,499
Receivables from exchange transactions	-	-	-	964,872	964,872
Receivables from non-exchange transactions	-	-	-	1,473,820	1,473,820
Cash and cash equivalents	-	-	-	3,809,399	3,809,399
	-	-	-	<b>8,732,590</b>	<b>8,732,590</b>
<b>Non-Current Assets</b>					
Property, plant and equipment	20,733,069	-	20,733,069	111,129,451	90,396,382
Intangible assets	-	-	-	1,665,734	1,665,734
	<b>20,733,069</b>	-	<b>20,733,069</b>	<b>112,795,185</b>	<b>92,062,116</b>
<b>Total Assets</b>	<b>20,733,069</b>	-	<b>20,733,069</b>	<b>121,527,775</b>	<b>100,794,706</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Payables from exchange transactions	-	-	-	20,360,178	20,360,178
Taxes and transfers payable (non-exchange)	-	-	-	565,490	565,490
Unspent conditional grants and receipts	-	-	-	1,217,248	1,217,248
	-	-	-	<b>22,142,916</b>	<b>22,142,916</b>
<b>Total Liabilities</b>	-	-	-	<b>22,142,916</b>	<b>22,142,916</b>
<b>Net Assets</b>	-	-	-	<b>22,142,916</b>	<b>22,142,916</b>
<b>Net Assets</b>	<b>20,733,069</b>	-	<b>20,733,069</b>	<b>99,384,859</b>	<b>78,651,790</b>
<b>Net Assets Attributable to Owners of Controlling Entity</b>					
Share capital / contributed capital					
<b>Reserves</b>	-	-	-	248,356,075	248,356,075
Accumulated deficit	-	-	-	(148,971,216)	(169,704,285)
<b>Total Net Assets</b>	<b>20,733,069</b>	-	<b>20,733,069</b>	<b>99,384,859</b>	<b>78,651,790</b>





# Mayibuye Transport Corporation

Financial Statements for the year ended 31 March 2022

## Accounting Policies

	Note(s)	2022 R	2021 R
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### 1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

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

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

These accounting policies are consistent with the previous period.

#### 1.1 Presentation currency

These financial statements are presented in South African Rand, which is the functional currency of the entity.

#### 1.2 Going concern assumption

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

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

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the entities's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed.

The key assumptions, estimates and judgements concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of the assets and liabilities within the next financial year are discussed below.

The residual values and estimated useful lives of property, plant and equipment were assessed and found to be reasonable. Residual values of property, plant and equipment are determined with reference to market related prices of property, plant and equipment in a similar conditions.

#### Impairment testing

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time.

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.



## Mayibuye Transport Corporation

Financial Statements for the year ended 31 March 2022

### Accounting Policies

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#### 1.3 Significant judgements and sources of estimation uncertainty (continued)

##### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 11 - of the financial statements.

##### Contingent liabilities/Assets

Contingencies recognised in the current year required estimates and judgments, refer to note 30 of the financial statements.

#### 1.4 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

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

Property, plant and equipment excluding Land are depreciated on the straight line basis over their expected useful lives to their estimated residual value. Land is not depreciated as it is deemed to have an indefinite useful life.

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

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

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Item	Depreciation method	Average useful life
Buildings	Straight-line	5 to 25
Lease buses	Straight-line	Useful life of buses-Body; Buses Chasis; Engine etc.

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## Mayibuye Transport Corporation

Financial Statements for the year ended 31 March 2022

### Accounting Policies

#### 1.4 Property, plant and equipment (continued)

Workshop equipment	Straight-line	3 to 8
Ancillary vehicles	Straight-line	3 to 10
Office equipment	Straight-line	3 to 12
Furniture and Fixtures	Straight-line	3 to 12
Property fencing	Straight-line	5 to 25
Buses - Body	Straight-line	7 to 15
Internal roads	Straight-line	5 to 30
Operating equipment	Straight-line	5 to 10
Lease equipment	Straight-line	3 to 8
Buses - Chassis, Engine etc	Straight-line	7 to 15

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

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

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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

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

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

#### 1.5 Intangible assets

An asset is identifiable if it either:

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

An intangible asset is recognised when:

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

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets.

Item	Depreciation method	Average useful life
Computer software, other	Straight-line	Indefinite



## Mayibuye Transport Corporation

Financial Statements for the year ended 31 March 2022

### Accounting Policies

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#### 1.6 Financial instruments

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

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

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

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

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

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

A financial asset is:

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

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

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

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

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

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

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

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

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

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.





## Mayibuye Transport Corporation

Financial Statements for the year ended 31 March 2022

### Accounting Policies

#### 1.6 Financial instruments (continued)

##### Classification

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

Class	Category
Other financial asset	Financial asset measured at cost
Receivables from exchange transactions	Financial asset measured at cost
Cash and cash equivalent	Financial asset measured at cost

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

Class	Category
Payables from exchange transaction	Financial liability measured at cost

#### 1.7 Tax

##### Tax expenses

No provision has been made for taxation as the corporation is a tax exempt institution in terms of section 10(1)(a) of the Income Tax Act No. 58 of 1962.

#### 1.8 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.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

##### Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

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

##### Operating leases - lessee

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

#### 1.9 Inventories

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

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

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

- distribution at no charge or for a nominal charge; or



## Mayibuye Transport Corporation

Financial Statements for the year ended 31 March 2022

### Accounting Policies

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#### 1.9 Inventories (continued)

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

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

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

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

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

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Inventory gains/losses might arise as a result of fluctuations in the unit prices of the inventory costs. When they arise they will be recognised as either income/expense in the Statement of Financial Performance.

#### 1.10 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale measured at the lower of their carrying amount and fair value less costs to sell.

A non-current asset is not depreciated while it is classified as held for sale.

#### 1.11 Share capital / contributed capital

Share Capital is a contribution by the executive authority of capital. This is authorised for issue in the Government gazette.

#### 1.12 Employee benefits

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

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

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

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

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

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



## Mayibuye Transport Corporation

Financial Statements for the year ended 31 March 2022

### Accounting Policies

#### 1.12 Employee benefits (continued)

Composite social security programs are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

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

#### Short-term employee benefits

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

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

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

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

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

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

#### Termination benefits

The entity recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or provide termination
- benefits as a result of an offer made in order to encourage voluntary redundancy.

The entity is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated; the termination
- benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.



## Mayibuye Transport Corporation

Financial Statements for the year ended 31 March 2022

### Accounting Policies

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#### 1.13 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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

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

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

Provisions are not recognised for future operating (deficit).

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 30.

#### 1.14 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

#### 1.15 Revenue from exchange transactions

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

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

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





## Mayibuye Transport Corporation

Financial Statements for the year ended 31 March 2022

### Accounting Policies

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#### 1.15 Revenue from exchange transactions (continued)

##### Measurement

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

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

##### Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### Rendering of services

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

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

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

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

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

#### 1.16 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

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

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.



## Mayibuye Transport Corporation

Financial Statements for the year ended 31 March 2022

### Accounting Policies

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

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

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

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

##### Recognition

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

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

##### Measurement

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

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

#### 1.17 Turnover

Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value-added taxation.

#### 1.18 Government grants

Government grants are recognised as revenue when:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- to the extent that there has been compliance with any restrictions and conditions associated with the grant

#### 1.19 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

#### 1.20 Fruitless and wasteful expenditure

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

#### 1.21 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -



## Mayibuye Transport Corporation

Financial Statements for the year ended 31 March 2022

### Accounting Policies

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#### 1.21 Irregular expenditure (continued)

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

#### 1.22 Budget information

Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2020-04-01 to 2021-03-31.

The budget for the economic entity includes all the entities approved budgets under its control.

The financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

#### 1.23 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.



## Mayibuye Transport Corporation

Financial Statements for the year ended 31 March 2022

### Accounting Policies

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#### 1.23 Related parties (continued)

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

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

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its financial statements.

#### 1.24 Events after reporting date

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

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

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.





# Mayibuye Transport Corporation

Financial Statements for the year ended 31 March 2022

## Notes to the Financial Statements

2022	2021
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### 2. New standards and interpretations

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

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2022 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"> <li>• GRAP 104 (amended): Financial Instruments</li> </ul>	01 April 2025	Impact is currently being assessed
<ul style="list-style-type: none"> <li>• Guideline: Guideline on the Application of Materiality to Financial Statements</li> </ul>	01 April 2023	Impact is currently being assessed
<ul style="list-style-type: none"> <li>• GRAP 1 (amended): Presentation of Financial Statements</li> </ul>	01 April 2023	Impact is currently being assessed

#### 2.2 Standards and interpretations not relevant GRAP 18 -

##### Segment definition

A segment is an activity of an entity :

(a) that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);

(b) whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and

(c) for which separate financial information is available. Terms defined in other Standards of GRAP are used in this Standard with the same meaning as in those other Standards.

The Corporation does not have segments as defined.

The mandate of the Corporation is to provide public transport service. This is the only activity that the Corporation is pushing towards. In providing this service it has administration offices that support the mandate, Finance to ensure the money's collected are banked, Human Resource to ensure the employment of drivers and support staff and the Office for Oversight for reporting since this is a Public Entity reporting to the Department of Transport and Treasury.

These support units as explained cannot be separated as activities within Corporation as the activity is one of providing public transport services.

The four (4) Depots that Corporation owns are just areas to keep buses closer to their servicing routes, these are not allocated their revenue or expenditure to operate but Revenue is all centralised.

There is no performance information that is monitored that is separate from the main mandate of the Corporation.

There are no separate financial results that are regularly reviewed. There is no distinction between the financial statements of the Corporation and revenue from buses. Therefore, this requirement is also not met.

### 3. Risk management

#### Financial risk management

The entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

#### Liquidity risk

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



## Mayibuye Transport Corporation

Financial Statements for the year ended 31 March 2022

### Notes to the Financial Statements

	2022	2021
	R	R

#### 3. Risk management (continued)

##### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors.

##### Market risk

##### Interest rate risk

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

##### Price risk

The entity has no equity investments which are publicly traded and therefore is not exposed to price risk.



## Mayibuye Transport Corporation

Financial Statements for the year ended 31 March 2022

### Notes to the Financial Statements

	2022 R	2021 R
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#### 4. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	3,809,399	23,514,116
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#### The entity had the following bank accounts

Account number / description	Bank statement balances		Cash book balances		
	31 March 2022	31 March 2021	31 March 2022	31 March 2021	
FNB - Ewallet Cash	190	190	190	190	-
FNB - Bank account Standard Bank	1,474	[121]	1,474	[121]	--
KWT - Current account	686,487	13,121,549	686,487	13,121,549	-
Standard Bank - Call account					-
<b>Total</b>	<b>3,121,248</b>	<b>10,392,498</b>	<b>3,121,248</b>	<b>10,392,498</b>	<b>-</b>
	<b>3,809,399</b>	<b>23,514,116</b>	<b>3,809,399</b>	<b>23,514,116</b>	<b>-</b>

#### 5. Receivables from exchange transactions

Trade debtors	955,804	250,891
Staff Study Loans	9,068	45,148
	<b>964,872</b>	<b>296,039</b>

The debtors in this category were assessed for impairment and the disclosed amount was assessed as recoverable.

Debtors Aging	180 days or More	90 days or More	Current	Total
Receivables from Exchange Transactions	180,461	11,591	772,820	964,872

#### 6. Receivables from non-exchange transactions

Sundry debtors	1,118,887	526,620
Other debtors	11,357,532	4,410,855
Prepayments	285,239	535,323
Provision for Impairment	[11,287,838]	-
	<b>1,473,820</b>	<b>5,472,798</b>

#### Receivables from non-exchange transactions impaired

As of 31 March 2022, the lease debtor under receivables from non-exchange transactions of R 11,287,838 were impaired and provided for. The debtor is under business rescue and as per the letters from the lawyers it does not have assets or cash to be able to settle its liabilities. The Corporation on assessment based on the factors decided to make a provision for the impairment of the lease debtor.

The amount of the provision was R11,287,838 as of 31 March 2022, this was raised due to uncertainty on the recoverability of this receivable, an impairment loss equal to entire value of the debtor has been raised.

The ageing of this debt is as follows:

180 Days or more	4,591,498	-
90 Days or less	6,696,340	-

#### Reconciliation of provision for impairment of receivables from non-exchange transactions

Provision for impairment	11,287,838	-
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## Mayibuye Transport Corporation

Financial Statements for the year ended 31 March 2022

### Notes to the Financial Statements

2022	2021
R	R

#### 6. Receivables from non-exchange transactions (continued)

The creation and release of provision for impaired receivables have been included in administrative expenses. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

Debtors Aging	180 days or More	90 days or More	30 days or More	Current	Total
Receivables from Non - Exchange Transactions	4,870,831	7,374,917	371,450	144,451	12,761,649

#### 7. Inventories

Inventories	2,484,499	2,953,590
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#### Inventory adjustments recognised by the Corporation

Inventory loss adjustment	955,885	350,786
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#### Inventory movement reconciliation

Opening balance of year	2,953,590	2,504,538
Additions	19,704,629	13,939,229
Consumption	(19,217,835)	(13,139,391)
Inventory adjustment	(955,885)	(350,786)
	<b>2,484,499</b>	<b>2,953,590</b>

#### Breakdown of the Inventory balance at year end

	2022	2021
Fuel	51,182	397,845
Tyres & units	402,416	473,536
Consumables (Spares, stationery)	1,956,858	2,082,209
Lubricants	74,043	-
	<b>2,484,499</b>	<b>2,953,590</b>



**Mayibuye Transport Corporation**  
Financial Statements for the year ended 31 March 2022

**Notes to the Financial Statements**

	2022 R	2021 R
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**8. Property, plant and equipment**

	2022		2021			
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	3,877,745	-	3,877,745	3,877,745	-	3,877,745
Buildings	29,769,014	(14,344,573)	15,424,441	29,769,014	(12,772,053)	16,996,961
WIP - Revenue system	6,928,751	-	6,928,751	-	-	-
Lease buses	-	-	-	81,894,351	(35,371,292)	46,523,059
Workshop equipment	2,791,589	(2,533,733)	257,856	2,709,975	(2,446,749)	263,226
Ancillary vehicles	4,008,325	(2,570,419)	1,437,906	4,056,721	(2,318,680)	1,738,041
Office equipment	6,881,230	(4,825,032)	2,056,198	6,675,160	(4,380,268)	2,294,892
Office furniture	2,218,894	(1,585,248)	633,646	2,119,655	(1,470,834)	648,821
Property fencing	1,315,503	(961,861)	353,642	1,315,503	(933,396)	382,107
Buses	119,894,103	(41,375,642)	78,518,461	83,472,281	(40,362,072)	43,110,209
Internal roads	1,577,575	(1,577,576)	(1)	1,577,575	(1,577,576)	(1)
Operating equipment	11,092,803	(9,451,997)	1,640,806	11,092,804	(9,037,450)	2,055,354
<b>Total</b>	<b>190,355,532</b>	<b>(79,226,081)</b>	<b>111,129,451</b>	<b>228,560,784</b>	<b>(110,670,370)</b>	<b>117,890,414</b>

**Reconciliation of property, plant and equipment - 2022**

	Opening balance	Additions	Disposals	Transfers Buses	Depreciation	Total
Land	3,877,745	-	-	-	-	3,877,745
Buildings	16,996,961	-	-	-	(1,572,520)	15,424,441
WIP - Revenue System	-	6,928,751	-	-	-	6,928,751
Lease buses	46,523,059	-	-	(43,802,222)	(2,720,837)	-
Workshop equipment	263,226	81,614	-	-	(86,984)	257,856
Ancillary vehicles	1,738,041	-	(48,397)	-	(251,738)	1,437,906
Office equipment	2,294,892	206,070	-	-	(444,764)	2,056,198
Office furniture	648,821	103,433	-	-	(118,608)	633,646

**Mayibuye Transport Corporation**  
Financial Statements for the year ended 31 March 2022

**Notes to the Financial Statements**

					2022 R	2021 R
<b>8. Property, plant and equipment (continued)</b>						
Property fencing	382,107	-	-	-	(28,465)	353,642
Buses	43,110,209	-	(2,183,519)	43,802,222	(6,210,451)	78,518,461
Internal roads	(1)	-	-	-	-	(1)
Operating equipment	2,055,354	-	-	-	(414,548)	1,640,806
	<b>117,890,414</b>	<b>7,319,868</b>	<b>(2,231,916)</b>	<b>-</b>	<b>(11,848,915)</b>	<b>111,129,451</b>

**Reconciliation of property, plant and equipment - 2021**

	Opening balance	Additions	Disposals	Other changes, movements	Depreciation	Total
Land	3,877,745	-	-	-	-	3,877,745
Buildings	18,571,791	8,075	-	-	(1,582,905)	16,996,961
Lease buses	53,638,097	-	-	-	(7,115,038)	46,523,059
Workshop equipment	157,399	148,635	-	-	(42,808)	263,226
Ancillary vehicles	1,495,065	984,710	(248,027)	(164,368)	(329,339)	1,738,041
Office equipment	2,582,584	267,485	-	-	(555,177)	2,294,892
Office furniture	868,226	2,749	-	-	(222,154)	648,821
Property fencing	416,985	-	-	-	(34,878)	382,107
Buses	50,247,741	159,613	(604,825)	-	(6,692,320)	43,110,209
Internal roads	18,029	-	-	-	(18,030)	(1)
Operating equipment	4,215,889	-	-	-	(2,160,535)	2,055,354
	<b>136,089,551</b>	<b>1,571,267</b>	<b>(852,852)</b>	<b>(164,368)</b>	<b>(18,753,184)</b>	<b>117,890,414</b>

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

**Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance**

Repairs and maintenance	<u>21,103,351</u>	<u>13,497,739</u>
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A fixed asset register containing the detail of information as disclosed in note 8 above is available for inspection within the entity.



## Mayibuye Transport Corporation

Financial Statements for the year ended 31 March 2022

### Notes to the Financial Statements

2022	2021
R	R

#### 8. Property, plant and equipment (continued)

Zone 8 Zwelitsha - the entity has been given the right to use the property indefinitely. A process for the acquisition of the title deed has been initiated with the Eastern Cape Department of Public Works and Infrastructure. Improvement to property are capitalised.

The Corporation entered into a finance lease for the acquisition of buses. The lessor held titles as securities. On termination a resolution was made to settle the lease liability with a payment of R22,000,000, the Corporation now holds the title of the buses. The Corporation suffered a loss of R3,209,101 as result of settlement.

# Mayibuye Transport Corporation

Financial Statements for the year ended 31 March 2022

## Notes to the Financial Statements



	2022 R	2021 R
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### 9. Intangible assets

	2022			2021		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	1,665,734	-	1,665,734	1,665,734	-	1,665,734

#### Reconciliation of intangible assets - 2022

	Opening balance	Total
Computer software, other	1,665,734	1,665,734

#### Reconciliation of intangible assets - 2021

	Opening balance	Total
Computer software, other	1,665,734	1,665,734

#### Other information

Intangible assets have been determined to have indefinite useful lives as the software programmes are utilized until such time as a decision is taken to replace the system. Annual licence fees are paid to keep the programmes updated. Intangible assets will be fully impaired when a decision is taken to no longer use the system, a new system is implemented and the old system is no longer used.

### 10. Non-Current Assets Held For Sale (NCAHS)

The Corporation decided to dispose certain class of its Property Plant and Equipment (PPE).





## Mayibuye Transport Corporation

Financial Statements for the year ended 31 March 2022

### Notes to the Financial Statements

	2022	2021
	R	R

The decision was approved by Management in the current financial year under review to dispose certain assets that have reached their economic useful lives.

The assets classified as Non-Current Asset Held for Sale have not yet been disposed as at 31 March 2021 year end hence reclassified from PPE to asset held for sale. The NCAHS have been disposed off in the 2021/22 financial year.

#### Reconciliation

Opening Balance	164,368	-
Transfer from PPE	-	164,368
Disposal	(164,368)	-
	<u>-</u>	<u>164,368</u>

**Mayibuye Transport Corporation**

Financial Statements for the year ended 31 March 2022

**Notes to the Financial Statements**

	2022 R	2021 R
<b>11. Payables from exchange transactions</b>		
Trade payables	5,767,905	7,178,836
Amounts received in advance	407,211	334,905
Accrued leave pay	4,181,761	4,726,546
Accrued bonus	1,216,947	1,385,214
Accrued workmen's compensation	1,182,250	1,141,659
Other accrued expenses	7,604,104	1,591,105
	<b>20,360,178</b>	<b>16,358,265</b>
<b>12. Payables from non-exchange transactions</b>		
Deposit by Eastern Cape of Transport	-	552,997
Deposit by Indwe Risk Services	565,490	248,078
	<b>565,490</b>	<b>801,075</b>
The deposit received of R565,490 is still under investigations of what they are relating as at year end.		
<b>13. Finance lease obligation</b>		
<b>Minimum lease payments due</b>		
- within one year	-	18,795,661
less: future finance charges	-	18,795,661
	-	(4,762)
<b>Present value of minimum lease payments</b>	-	<b>18,790,899</b>
<b>Present value of minimum lease payments due</b>		
- within one year	-	18,790,899
It is entity policy to lease certain buses under finance leases.		
The average lease term was 5 years and the average effective borrowing rate was 9% (2021: 9%).		
Interest rates are fixed at the contract date. All leases have fixed repayments .		
The entity's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer to note 8.		
Finance lease liability for the purchase of buses was set off against Finance lease asset during in the year ending 31 March 2022. Due to contract between Corporation and service provider that became onerous the finance lease contract was terminated between the Corporation and its Lessor. Refer to note 8 the detail.		
<b>14. Share capital / contributed capital</b>		
<b>Authorised</b>		
Ordinary shares of R1 each	250,000,000	250,000,000
<b>Issued</b>		
Ordinary	248,356,075	248,356,075

100% of the shares are held by the Eastern Cape Department of Transport and the corporation has one class of ordinary shares which carry no right to the Provincial Administration. The corporation has one class of ordinary shares which carry no right to fixed income. The authorised share capital was not increased during the current financial year.



## Mayibuye Transport Corporation

Financial Statements for the year ended 31 March 2022

### Notes to the Financial Statements

	2022 R	2021 R
<b>15. Investment revenue Interest revenue</b>		
Bank	691,605	359,568
<b>16. Other income</b>		
Sundry income	150,901	114,335
Advertising	101,545	82,518
	<b>252,446</b>	<b>196,853</b>
<b>17. Government grants and subsidies</b>		
<b>Operating grants</b>		
Grant-in-Aid	145,817,673	154,342,475
Teta grant	125,260	123,065
	<b>145,942,933</b>	<b>154,465,540</b>

#### Conditional and Unconditional grant

Included in above are the following grants and subsidies received:

The Corporation get it's grant for the operations from its parent Eastern Cape Department of Transport (DOT).

DOT is the sole shareholder of the Corporation and the Corporation acts as the service delivery arm of the Department. The Department provides the grant-in-aid and the Corporation report on its activities.

During the year DOT provided the Corporation with Grant in aid for the operations and a Grant that had a specific condition.

Conditional amounts not yet spent in full by the Corporation for the current year and allocated, amounts to **R1 043 369** for 2021/22 financial year and **R1 844 921** as comparative figure for 2020/21 financial year.

The Corporation also gets conditional grant from TETA for training its employees. The Corporation only get the grant on reimbursement of monies incurred for the training of the employees this as per contract signed by the Corporation with TETA. The Corporation claimed an amount of **R125 259.90** for the financial year under review.

Conditional grants opening balance	1,844,921	6,530,396
Unconditional grants received	145,190,000	149,657,000
Conditional grants received	125,260	123,065
Unspent Conditional grant	(1,217,248)	(1,844,921)
	<b>145,942,933</b>	<b>154,465,540</b>

Description	Grant received 2021 and previous years	Grant Utilised 2021 and previous years	Grant received 2022	Grant Utilised 2022	Total
Grant for purchase of Bus Grant	10,800,000	(10,621,672)	-	-	178,328
for Maintenance of Buses	5,131,000	(5,131,000)	-	-	-
Covid 19			-		
TETA Grant/Re-imburement	4,474,300	(2,807,707)	-	(627,673)	1,038,920
	123,065	(123,065)	125,260	(125,260)	-
	<b>20,528,365</b>	<b>(18,683,444)</b>	<b>125,260</b>	<b>(752,933)</b>	<b>1,217,248</b>

**Mayibuye Transport Corporation**

Financial Statements for the year ended 31 March 2022

**Notes to the Financial Statements**

	2022 R	2021 R
<b>17. Government grants and subsidies (continued)</b>		
<b>Grant reconciliation</b>		
Balance unspent at beginning of year	1,844,921	6,530,396
Conditions met - transferred to revenue	(627,673)	(4,685,475)
	<b>1,217,248</b>	<b>1,844,921</b>
Conditions still to be met - remain liabilities (see note 38).		
<b>18. Revenue</b>		
Private hire	620,123	77,802
Passanger fare	15,597,764	15,425,849
Other income	252,446	196,853
Interest received - investment	691,605	359,568
Government grants & subsidies	145,942,933	154,465,540
	<b>163,104,871</b>	<b>170,525,612</b>
<b>The amount included in revenue arising from exchanges of goods or services are as follows:</b>		
Private hire	620,123	77,802
Passanger fare	15,597,764	15,425,849
Other income	252,446	196,853
Interest received - investment	691,605	359,568
	<b>17,161,938</b>	<b>16,060,072</b>
<b>The amount included in revenue arising from non-exchange transactions is as follows:</b>		
<b>Taxation revenue</b>		
<b>Transfer revenue</b>		
Government grants & subsidies	145,942,933	154,465,540
<b>19. Employee related costs</b>		
Basic		
Medical aid - company contributions		
UIF	56,546,890	56,724,815
Workman's Compenastion	5,129,928	5,192,709
SDL	429,989	407,187
Leave pay provision charge	1,072,812	1,100,000
Defined contribution plans	632,410	627,832
Overtime payments	(253,811)	1,336,703
13th Cheque	7,584,684	7,538,987
Transport allowance	545,783	420,409
Car allowance	3,084,019	3,234,156
Housing benefits and allowances	95,100	88,465
Bargaining council levy	716,245	545,177
Other allowance	3,992	9,323
	68,359	70,252
	268,179	169,039
	<b>75,924,579</b>	<b>77,465,054</b>





## Mayibuye Transport Corporation

Financial Statements for the year ended 31 March 2022

### Notes to the Financial Statements

	2022 R	2021 R
<b>20. Operating expenses</b>		
Fuel	16,143,999	9,706,012
Tyres	2,385,545	2,974,474
Licences and permits	2,626,016	2,597,737
Fines and penalties	-	9,314
Repairs and maintenance	21,103,351	13,497,739
Consumables (lubricants and grease)	688,291	458,905
Motor vehicle expenses	88,336	211,546
Inventory loss adjustment	955,885	350,786
Other operating expenses	815,836	79,753
Fleet management	593,947	560,875
Insurance	3,340,517	4,273,514
	<b>48,741,723</b>	<b>34,720,655</b>
<b>21. Finance costs</b>		
Finance leases	-	1,754,007

Total interest expense, calculated using the effective interest rate of 9% for leased buses.



## Mayibuye Transport Corporation

Financial Statements for the year ended 31 March 2022

### Notes to the Financial Statements

	2022 R	2021 R
<b>22. Lease rentals on operating lease</b>		
<b>Premises and Copiers</b>		
Contractual amounts	2,761,487	2,691,163
Operating lease payments represent rentals payable by the entity for certain of its office properties and copiers. Leases have specified periods as per their contracts.		
<b>Premises Rental</b>		
The entity has an operating lease rental with Hemipac Investments (Pty) Ltd for its Administration offices, the contract is for a period of 36 months with rental escalating at 8% on a yearly basis. The contract started in July 2016 and will be ending in June 2019. The contract also has a renewal option for a period of two years starting from July 2019 to June 2021. The contract has no restrictions imposed on it. The option for renewal has been exercised in the current financial year under review the extension has been made until 31 March 2022.		
<b>Copiers rental</b>		
The entity has an operating lease rental with Aloe Office and Business equipment for the use of Copies machines, the contract is for a period of 36 months the rental has no escalation. The contract started in June 2018 and will be ending in June 2021. The contract has a renewal option and no restrictions imposed on it. The option for renewal has been exercised in the current financial year under review the extension has been made until 31 March 2022.		
<b>23. Administrative expenses</b>		
Auditors remuneration	3,746,464	3,062,994
Computer expenses	91,333	55,662
Consulting and professional fees	2,235,069	596,345
Recruitment costs	177,857	371,204
Printing and stationery	239,507	293,140
Security expenses	4,587,526	4,439,127
Telephone, cellphone and postage	1,807,386	1,691,553
Training cost	418,057	106,886
Subsistence, Travel and accommodation	743,821	468,819
Water and Electricity	2,581,487	2,320,634
Legal expenses	1,451,225	896,103
Internal audit	702,214	1,821,969
Board members fees and expenses	1,911,325	3,068,153
Other expenses	2,749,499	3,048,840
	<b>23,442,770</b>	<b>22,241,429</b>
<b>24. Operating (deficit) surplus</b>		
Operating (deficit) surplus for the year is stated after accounting for the following:		
<b>Operating lease charges</b>		
Premises & Copiers		
• Contractual amounts	2,761,487	2,691,163
Loss on sale of property, plant and equipment	(539,629)	(709,202)
Loss on sale of Non- Current Assets Held for Sale	(125,868)	-
Depreciation on property, plant and equipment	11,848,915	18,753,182
Employee costs	75,924,579	77,465,054



## Mayibuye Transport Corporation

Financial Statements for the year ended 31 March 2022

### Notes to the Financial Statements

	2022 R	2021 R
<b>25. Loss on disposal of assets</b>		
Property, plant and equipment	(539,629)	(709,202)
Gain/Loss of Non Current Assets held for sale	(125,868)	-
	<b>(665,497)</b>	<b>(709,202)</b>
<b>26. Cash generated from operations</b>		
(Deficit) surplus	(14,777,039)	12,190,920
<b>Adjustments for:</b>		
Depreciation and amortisation	11,848,915	18,753,182
Loss on sale of assets and liabilities	665,497	709,202
Loss on lease liability settlement	3,209,101	-
Finance costs - Finance leases	-	1,754,007
Debt impairment	11,287,838	-
<b>Changes in working capital:</b>		
Inventories	469,091	(449,052)
Receivables from exchange transactions	(668,833)	(105,012)
Consumer debtors	(11,287,838)	-
Other receivables from non-exchange transactions	3,998,978	(3,939,766)
Payables from exchange transactions	4,001,913	(11,245,623)
Payables from non exchange transactions	(235,585)	801,075
Unspent conditional grants and receipts	(627,673)	(4,685,475)
	<b>7,884,365</b>	<b>13,783,458</b>
<b>27. Auditors' remuneration</b>		
Fees	3,746,464	3,062,994
<b>28. Financial instruments disclosure</b>		
<b>Categories of financial instruments</b>		
<b>2022</b>		
<b>Financial assets</b>		
	At cost	Total
Trade and other receivables from exchange transactions	964,872	964,872
Receivables from non-exchange transactions	12,761,658	12,761,658
Cash and cash equivalents	3,809,399	3,809,399
	<b>17,535,929</b>	<b>17,535,929</b>
<b>Financial liabilities</b>		
	At cost	Total
Trade and other payables from exchange transactions	19,967,572	19,967,572
Payable from on-exchange transactions	565,490	565,490
	<b>20,533,062</b>	<b>20,533,062</b>



## Mayibuye Transport Corporation

Financial Statements for the year ended 31 March 2022

### Notes to the Financial Statements

	2022 R	2021 R
<b>28. Financial instruments disclosure (continued)</b>		
<b>2021</b>		
<b>Financial assets</b>		
	At cost	Total
Trade and other receivables from exchange transactions	296,039	296,039
Receivables from non-exchange transactions	5,472,798	5,472,798
Cash and cash equivalents	23,514,116	23,514,116
	<b>29,282,953</b>	<b>29,282,953</b>
<b>Financial liabilities</b>		
	At cost	Total
Trade and other payables from exchange transactions	16,358,265	16,358,265
Payables from non-exchange transactions	801,075	801,075
	<b>17,159,340</b>	<b>17,159,340</b>





## Mayibuye Transport Corporation

Financial Statements for the year ended 31 March 2022

### Notes to the Financial Statements

	2022 R	2021 R
<b>29. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Already contracted for but not provided for</b>		
• Property, plant and equipment	3,698,352	10,627,103
• Intangible assets	9,630,000	9,630,000
	<b>13,328,352</b>	<b>20,257,103</b>
<b>Total capital commitments</b>		
Already contracted for but not provided for	13,328,352	20,257,103
<b>Total commitments</b>		
<b>Total commitments</b>		
Authorised capital expenditure	13,328,352	20,257,103

The capital committed expenditure relates to Fare Evasion and Collection equipment installation costs of the newly acquired system over lease contract which was awarded at year end. The costs committed will be financed by the additional grant of R19 million received from the parent Eastern Cape Department of Transport, the remainder will be financed through rentals over a period of the lease. This amount is also appearing as cash on hand at the end of the financial year under Cash and Cash equivalents.

#### Operating leases - as lessee (expense) Minimum

##### lease payments due

- within one year	-	685,864
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Operating lease payments represent rentals payable by the entity for certain of its office properties and copiers. Leases have specified periods as per their contracts. There are no contingent rentals payable by the entity.

##### Rental expenses relating to operating leases

Minimum lease payments	2,761,487	2,691,163
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##### Premises Rental

The entity has an operating lease rental with Hemipac Investments (Pty) Ltd for its Administration offices, the contract is for a period of 36 months with rental escalating at 8% on a yearly basis. The contract started in July 2016 and to be ending in June 2019. The contract also had a renewal option for a period of two years starting from July 2019 to March 2022. The contract has no restrictions imposed on it. The renewal option has been exercised.

##### Copiers rental

The entity has an operating lease rental with Aloe Office and Business equipment for the use of Copies machines, the contract is for a period of 36 months the rental has no escalation. The contract started in June 2018 and to be ending in October 2021. The contract has a renewal option and no restrictions imposed on it. The renewal option has been exercised ending 31 March 2022.

**Mayibuye Transport Corporation**

Financial Statements for the year ended 31 March 2022

**Notes to the Financial Statements**

2022	2021
R	R

**30. Contingencies****Contingent liabilities**

During the reporting period, there were matters arising due to labour matter pending with CCMA and breach of contract by the Corporation service providers.

Other contingent matters that were raised in the previous years were no longer applicable in the current year under review as cases were either subsequently closed and others had CMMA rulings which confirms for closing of the cases.

2022	Anticipated legal fees	Estimated claim	Nature	Referred to	Total contingent liabilities
Mayibuye Transport vs Questec/Vix Technology	350,000	-	Breach of contract	Mbabane Attorneys	350,000
Mayibuye Transport vs Questec/Vix Technology	400,000	-	Breach of contract	Mbabane Attorneys	400,000
Tonise Attorneys-Amusa obo Mlungiseleli Mhambi	87,550	-	Labour dispute	Labour court	87,550
Mayibuye Transport vs N Madyibi	350,000	-	Labour dispute	Labour court	350,000
Mayibuye Transport vs N Madyibi vs Business Connecction	300,000	-	Breach of contract	Mbabane Attorneys	300,000
Tonise Attorneys- Mr Makhaya Fuba- Labour Court - Claim for compensation of injuries on duty	60,000	-	Labour dispute	Labour court	60,000
Bowes Loo & Connellan Incorporated t/a BLC Attorneys - Arbitration proceedings in respect of SIGA Capital Asset Finance and Lease Solutions (Pty) Ltd	700,000	-	Arbitration	Arbitration	700,000

**2021**

Tonise Attorneys-L Busika & others- Mutual interest Dispute	<b>2,247,550</b>	<b>-</b>			<b>2,247,550</b>
Ntsiki Pakade attorneys S Jali Ntsiki Pakade attorneys Futshane Tonise Attorneys- Mr Makhaya Fuba- Labour Court - Claim for compensation of injuries on duty	<b>Anticipated legal fees</b>	<b>Estimated claim</b>	<b>Nature</b>	<b>Referred to</b>	<b>Total contingent liabilities</b>
	-	214,357	CCMA	CCMA	214,357
	140,000	110,000	Labour dispute	Labour Court	250,000
	140,000	110,000	Labour dispute	Labour Court	250,000
	-	39,440	Labour dispute	Labour Court	39,440



## Mayibuye Transport Corporation

Financial Statements for the year ended 31 March 2022

### Notes to the Financial Statements

				2022 R	2021 R
<b>30. Contingencies (continued)</b>					
Bowes Loon & Connellan Incorporated t/a BLC	1,050,000	-	Arbitration	Arbitration	1,050,000
Attorneys - Arbitration proceedings in respect of SIGA Capital Asset Finance and Lease Solutions (Pty) Ltd					
	<b>1,330,000</b>			<b>473,797</b>	<b>1,803,797</b>

### 31. Related parties

Relationships

Members

Members of key management (Senior Management)

Refer to members' report note 32 Refer to note 31

#### Related party balances

#### Related party transactions

#### Grant aid received

Eastern Cape Department of Transport

145,190,000

149,657,000

#### Eastern Cape Department of Transport

Private Hire revenue/debtor

90,149

90,149

In the previous financial year on 01 August 2019 the parent Eastern Cape Department of Transport (DOT) seconded Mr K Gazi CA(SA) as the Acting Chief Executive Officer (ACEO) of the Corporation. The Corporation only pays Acting Allowance to the ACEO as per the Corporation acting allowance policy. The amount is disclosed in note 31 under Senior Management salaries.

169,977

692,640

Eastern Cape Department of Transport - The Department is the sole shareholder of the Corporation and the Corporation acts as the service delivery arm of the Department. The Department provides the grant-in-aid and the Corporation report on its activities.

Board members - Refer to note 32 for details of transactions with board members. The Board is appointed by the Executive Authority and fulfils a governance and oversight role.

Key management personnel - Refer to note 31 for detail of transactions with key personnel. Management is responsible for the day-to-day operations of the Corporation.

#### Remuneration of management

#### Senior management

#### 2022

Name	Basic salary	Car Allowance	Cash Allowance	Reimbursement KM'S	Acting Allowance	Other benefits received	Total
Acting CEO: K Gazi	-	-	-	464	169,513	-	169,977
CFO: S Galada	1,342,859	180,000	395,511	2,077	-	21,170	1,941,617
Acting COO: P Somyo	-	-	-	-	525,359	-	525,359
Ms. PN Roboji	1,141,919	147,460	396,055	22,133	-	241,240	1,948,807



**Notes to the Financial Statements**

2022  
R

2021  
R

**31. Related parties (continued)**

2,484,778	327,460	791,566	24,674	694,872	262,410	4,585,760
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**Mayibuye Transport Corporation**  
Financial Statements for the year ended 31 March 2022

**Notes to the Financial Statements**

	2022		2021						
	R		R						
<b>31. Related parties (continued) 2021</b>									
Name	Termination lumpsum	Basic salary	Car Allowance	Cash Allowance	Reimbursement KM'S	Back Pay	Acting Allowance	Other benefits	Total received
Acting CEO: K Gazi	-	-	-	-	5,548	-	678,051	9,041	692,640
CFO: S Galada	254,514	895,239	120,000	263,674	-	-	634,864	25,839	2,194,130
Acting COO: P Somyo	-	-	-	-	-	-	525,359	-	525,359
Acting CFO: A Nqikashe	-	-	-	-	-	-	199,207	-	199,207
COO: D Gwabeni	799,321	-	-	-	-	-	-	-	799,321
	<b>1,053,835</b>	<b>895,239</b>	<b>120,000</b>	<b>263,674</b>	<b>5,548</b>	<b>634,864</b>	<b>1,402,617</b>	<b>34,880</b>	<b>4,410,657</b>

Other Benefits received relate to UIF, SDL, Medical aid and other benefits.

Termination lumpsum for Mr. Gwabeni relate to the settlement that was agreed to be paid by Mayibuye Transport Corporation to him as a 6 months remuneration subsequent to his termination which was on the 28<sup>th</sup> of February 2020. The portion disclosed relate to amount paid for the remaining 5 months,

**32. Members' emoluments**

**Members**

**2022**

	Other benefits*	Members' fees	Total
Adv. A Mini (Board Chairperson)	9,245	276,525	285,770
Rev. L Mantini (Deputy Chairperson)	159	199,100	199,259
Mr. T Khumalo	274	138,600	138,874
Dr. N Khewu	90	73,300	73,390
Ms. N Pietersen	103	163,400	163,503
Mr. M Metuse	1,004	207,400	208,404
Mr. G Qotywa	1,140	161,635	162,775
Ms. Z Pakati	115	186,508	186,623
	<b>12,130</b>	<b>1,406,468</b>	<b>1,418,598</b>

**2021**

	Other benefits*	Members' fees	Total
Adv. A Mini (Board Chairperson)	20,941	496,743	517,684
Rev. L Mantini (Deputy Chairperson)	364	313,091	313,455
Mr. T Khumalo	-	187,933	187,933
Dr. N Khewu	795	327,121	327,916
Ms. N Pietersen CA(SA)	757	312,787	313,544
Mr. M Metuse	1,559	374,893	376,452
Mr. G Qotywa	1,796	241,051	242,847
Ms. Z Pakati	793	262,012	262,805
	<b>27,005</b>	<b>2,515,631</b>	<b>2,542,636</b>

\* Other benefits comprise re-imbursive travel allowance and subsistence.



## Mayibuye Transport Corporation

Financial Statements for the year ended 31 March 2022

### Notes to the Financial Statements

	2022	2021
	R	R

#### 33. Audit committee

Fees for attending the meetings.

	Meetings	Total
<b>2022</b>		
Ms N. Pietersen CA(SA) (Chairperson) Ms N. Mnconywa CA(SA)	60,000	60,000
Mr T. Khumalo	60,500	60,500
Mr G Qotywa	53,000	53,000
Mrs W. Dukuza	62,000	62,000
Mr A. Latchu	60,500	60,500
	68,000	68,000
	<b>364,000</b>	<b>364,000</b>
<b>2021</b>		
Ms N. Pietersen CA(SA) (Chairperson) Mr T. Khumalo	73,223	73,223
Mr G Qotywa	60,335	60,335
Mrs W. Dukuza	49,221	49,221
Ms. T Cumming CA(SA)	17,000	17,000
Dr Bosire	49,056	49,056
Mrs N Mnconywa CA(SA)	28,814	28,814
Mr A. Latchu	52,035	52,035
	17,000	17,000
	<b>346,684</b>	<b>346,684</b>

#### 34. Going concern

We draw attention to the fact that at 31 March 2022, the entity had an accumulated (deficit) of R(148,971,213) and that the entity's total assets exceed total liabilities by R99,384,862.

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 entity has areas that confirms the factors which impact on entities going concern status. The entity still shows struggles in paying its creditors as they become due i.e. within 30 days period. Even though the entity is constrained in paying its debts as they become due it continues to ensure that the third-party deductions i.e. provident fund, medical aid and garnishees including statutory deductions (PAYE, UIF and skills development levy) are paid on time to avoid penalties and interest. As much as the entity continues to be under financial constraints close monitoring of cash management continues to be the key under Financial Management.

The entity continues to have vacancies on key personnel and having acting positions for lengthy period. The entity has made plans to be able to continue to operate, by appointing acting personnel.

The ability of the entity to continue as a going concern is dependent on a number of factors which negatively impact going concern as detailed above. The most significant of these factors is that the entity continue relying on funding by government into the foreseeable future.



## Mayibuye Transport Corporation

Financial Statements for the year ended 31 March 2022

### Notes to the Financial Statements

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2022  
R

2021  
R

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#### 35. Events after the reporting date

The board members are not aware of any matters or circumstances arising since the end of the financial year that have not been taken into account in this set of financial statements.

**Mayibuye Transport Corporation**

Financial Statements for the year ended 31 March 2022

**Notes to the Financial Statements**

	2022 R	2021 R
<b>36. Irregular expenditure</b>		
<b>Reconciliation of Irregular</b>		
Opening balance - Irregular expenditure from previous years	25,925,077	25,925,077
<ul style="list-style-type: none"> <li>As per the reconciliation above there is no Irregular expenditure incurred in the current year and comparative hence there is no movement in the reconciliation as presented, the expenditure as on the opening balance relate to prior years.</li> </ul>		
<b>37. Fruitless and wasteful expenditure</b>		
<b>Reconciliation of Fruitless and Wasteful Expenditure</b>		
Fruitless and wasteful expenditure	1,434,669	1,427,127
Add: Movement in current year	157	7,542
	<b>1,434,826</b>	<b>1,434,669</b>
<b>Incident</b>		
Interest due to late payment	157	7,542
<b>Disciplinary steps taken</b>		
Investigations have been completed and Disciplinary action has been instituted against responsible officials for all Fruitless and Wasteful expenditure incurred in the affected years. The recommendation for condonation of Fruitless and Wasteful expenditure incurred is in the process of being submitted by Corporation Management to Provincial Treasury.		
<b>38. Unspent conditional grants and receipts</b>		
<b>Unspent conditional grants and receipts comprises of:</b>		
<b>Unspent conditional grants and receipts</b>		
Covid 19 & Bus Purchase, with Maintenance	1,217,248	1,844,921
<b>Movement during the year</b>		
Balance at the beginning of the year	1,844,921	6,530,396
Income recognition during the year	(627,673)	(4,685,475)
	<b>1,217,248</b>	<b>1,844,921</b>

See note 17 for reconciliation of grants from the Corporation parent Eastern Cape Department of Transport.



# Mayibuye Transport Corporation

Financial Statements for the year ended 31 March 2022

## Notes to the Financial Statements

2022  
R

2021  
R

### 39. Budget differences

#### Material differences between budget and actual amounts

#### Differences between budget and actual amounts basis of preparation and presentation

The budget and the accounting bases differ. The financial statements for the Corporation are prepared on the accrual basis using a classification based on the nature of expenses in the statement of financial performance. The financial statements differ from the budget, which is approved on the cash basis the differences are explained in the table below.

#### Changes from the approved budget to the final budget

There are no changes from approved budget to final. The variances are as explained in the table below.

Component	Variance Amount	Reason for Variance
Private Hire	(245,381)	The 2021/22 under-collection of private hire revenue in 2021/22 is due to the Coronavirus (COVID-19) pandemic, as the restrictions and regulations imposed with each national lockdown level limited the number of people who could gather in one place during the attendance of major events and this gradually lead to the loss of major customers since the outbreak in 2020 and causing a significant decline in the Corporation's private bookings.



# Mayibuye Transport Corporation

Financial Statements for the year ended 31 March 2022

## Notes to the Financial Statements



	2022 R	2021 R
<b>39. Budget differences (continued)</b>		
Passanger Fare	(11,586,075)	
		<p>The 2021/22 under-collection in own revenue has been negatively affected by the following factors such as the:</p> <ol style="list-style-type: none"> <li>1.Restrictions imposed with each lockdown alert level due to Coronavirus (COVID-19) pandemic;</li> <li>2.The April 2021 disruption with the fare evasion collection system;</li> <li>3.The commuter adjustment with regards to corporations newly implemented cashless system in the own revenue collection.</li> <li>4.The December 2021 drastic revenue decline which was negatively affected by stock-out of cards including the decline in operations as a result of the road condition when the weather was rainy.</li> <li>5.Routes temporary on halt due to commuters that work on a rotational basis resulting in a decline in operations.</li> </ol> <p>No budget allocated for this item No budget allocated for this item</p> <p>The Government grant received by the entity is based on the approved Treasury allocations to the entity and therefore the variance in the grant is affected by the recognition of income against the 2019/20 conditional grant rollover funds utilized within the current financial period for the Coronavirus (COVID-19) allocation and this also includes the TETA Grant/Re-imbusement received during 2021/22 financial period.</p> <p>The underspending in the COE is due savings on employee costs as a result of vacant positions that had been budgeted for at the start of the financial period but became vacant due to resignations/terminations, and another major factor contributing to the decline is the saving made against the budgeted salary increase of all employees on cost to company package who did not receive an increase during the financial period.</p>
Other Income	205,853	
Interest received-Investment	359,568	
Government Grant & Subsidies	752,933	
Employee Cost	4,614,864	



# Mayibuye Transport Corporation

Financial Statements for the year ended 31 March 2022

## Notes to the Financial Statements

	2022 R	2021 R
<b>39. Budget differences (continued)</b>		
Operating Expenses	(1,895,755)	The overspending is as a result of the increased fleet expenditure due to high repair and maintenance costs incurred by the corporation as the fleet gradually ages including the increased maintenance of the former leased buses which is now being directly maintained by the Corporation.
Depreciation and amortisation	(11,848,915)	No budget allocated for item because the Corporation currently has insufficient resources to account for non-cash items on its budget as a result of financial constraints.
Finance Costs	125,421	The underspending variance in the interest portion of the finance lease is caused by the fluctuations against the initial projected spending that was tabled as per the amortisation schedule by March 2021 and this expenditure has since not been realised as a result of the acquisition of the former leased buses through ABSA bank during the current financial period.
Lease Rentals on operating lease	(1,401,536)	The overspending in the 2021/22 lease rentals is due Office and parking space the Corporation had occupied till March 2022 whilst the provision was only made till June 2021 for the financial period, the extension was as a result of the unforeseen major repair and maintenance work required at the Reeston and Zwelitsha depots before the relocation process could commence.
Administrative expenses	(10,951,824)	The overspending in Administrative expenses is as result of impairment provision on debtors whose recoverability is uncertain.
Loss on disposal of assets and liabilities	(665,497)	No budget allocated for this item.
Gain/(Loss) on derecognised Leased Assets Inventories	(3,209,101)	No budget allocated for this item.
	2,484,499	No direct budget allocated for this item as the purchase of stock item goes through via issues which have been allocated as part of the operating expenses
Receivables from exchange transactions	964,872	No budget allocated for this item.
Receivables from non-exchange transactions	1,473,820	No budget allocated for this item.

# Mayibuye Transport Corporation

Financial Statements for the year ended 31 March 2022

## Notes to the Financial Statements



	2022 R	2021 R
<b>39. Budget differences (continued)</b>		
Cash & cash equivalents	3,809,399	
Property, plant & Equipment	90,396,382	
		No budget allocated for this item.
		The allocated budget for the 2021/22 financial period is compared with the cumulative actuals from prior years as per the AFS report and therefore the actual variance for 2021/22 would be -R8 586 799.00 based on the budget vs actual of (R20 733 069.00 less R29 319 868.00) and the overspending in the capital expenditure is primarily caused by the actual expenditure realized in the current financial as a result of the acquisition of the Corporation's fare collection and fare evasion system even though the actual funding from the mother department was transferred in March 2021.
Intangible assets	1,665,734	
		There was no budget allocated for intangible assets during the 2020/21 financial period and the actual amount only reflects cumulative actuals from prior years as per the AFS report, therefore the actual spending for 2020/21 is not reflected correctly due to the CaseWare difference calculation design meaning the actual variance should be R0 against the main approved operational budget.
Payables from exchange transactions	20,360,178	
		No budget allocated for this item as the budget is allocated per expenditure item stated in the Statement of Financial Performance.
Payables from non-exchange transactions Unspent conditional grants and receipts	565,490 1,217,248	
		No budget allocated for this item.
Share Capital & Equity	248,356,075	
Accumulated Surplus/(Loss)	<u>(169,311,679)</u>	
	<u><b>166,236,573</b></u>	No budget allocated for this item.