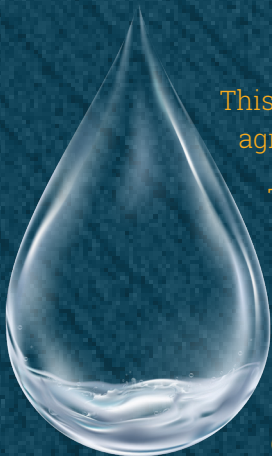




• AGRICULTURE SECTOR EDUCATION AND TRAINING AUTHORITY •

The background of the entire page is a vibrant sunset over a field of young green plants. A large, clear water droplet is the central focus, with a black irrigation sprinkler head on top. The droplet is filled with water and reflects the sunset. The text 'ANNUAL REPORT 2025/26' is written in bold, dark blue, sans-serif font inside the droplet. The overall scene is bright and colorful, with a warm orange and yellow sky and green plants in the foreground.

ANNUAL REPORT 2025/26



This year's theme centres on water as life, its conservation, sustainable agriculture, and intelligent irrigation, blending nature and innovation.

The central water droplet, topped with an irrigation sprinkler, symbolises water as the foundation of agricultural productivity and environmental sustainability. The surrounding field emphasises the importance of water as an essential element in plant growth, while the radiant sunlight and dramatic sky convey hope, renewal, and a future-oriented approach to farming.

Overall, the design communicates a commitment to responsible water management, agricultural resilience, and modern farming technologies supporting food security and sustainable development.



PART F
FINANCIAL
INFORMATION

BOARD OF MEMBERS' RESPONSIBILITIES AND APPROVAL

The Board is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the members to ensure that the annual financial statements fairly present the state of affairs of the AgriSETA 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 annual financial statements and was given unrestricted access to all financial records and related data.

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

The Board acknowledge that they is ultimately responsible for the system of internal financial control established by the AgriSETA and place considerable importance on maintaining a strong control environment. To enable the Board to meet these responsibilities, the Board 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 AgriSETA and all employees are required to maintain the highest ethical standards in ensuring the AgriSETA's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the AgriSETA is on identifying, assessing, managing and monitoring all known forms of risk across the AgriSETA. While operating risk cannot be fully eliminated, the AgriSETA endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The Board have reviewed the AgriSETA's cash flow forecast for the year to 31 March 2027 and, in the light of this review and the current financial position, it is satisfied that the AgriSETA has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

Although the Board is primarily responsible for the financial affairs of the AgriSETA, they are supported by the AgriSETA's external auditors.

The external auditors are responsible for independently reviewing and reporting on the AgriSETA's annual financial statements. The annual financial statements have been examined by the AgriSETA's external auditors and their report is presented on page 80.

The annual financial statements set out on page 87 to 154, which have been prepared on the going concern basis, were approved by the Board of Members on 31 July 2026 and were signed on its behalf by:


Prof. Puffy Soundy
Designation: Board Chairperson

REPORT OF THE AUDITOR-GENERAL



REPORT OF THE AUDITOR-GENERAL TO THE PARLIAMENT ON AGRICULTURE SECTOR EDUCATION AND TRAINING AUTHORITY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

QUALIFIED OPINION

1. I have audited the financial statements of Agriculture Sector Education and Training Authority (the public entity) set out on pages 87 to 154, which comprise the statement of financial position as at 31 March 2026, statement of financial performance, statement of changes in net assets, the 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, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Agriculture Sector Education and Training Authority as at 31 March 2026, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) as issued by the Accounting Standards Board of South Africa, the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Skills Development Act 97 of 1998 (SDA).

BASIS FOR QUALIFIED OPINION

CONDITIONAL GRANT EXPENDITURE: NATIONAL SKILLS FUND

3. I was unable to obtain sufficient appropriate audit evidence for the conditional grant expenditure incurred in the current year due to limited submission of information by the public entity. I was unable to confirm the expenditure amounts through alternative means. Consequently, I was unable to determine whether any adjustment relating to conditional grant expenditure, stated at R738 948 000 in the financial statements, was necessary.

DISCRETIONARY GRANTS PROJECTS EXPENDITURE

4. I was unable to obtain sufficient appropriate audit evidence for the discretionary grants project expenditure incurred in the current year due to limited submission of information by the public entity. I was unable to confirm the expenditure amounts through alternative means. Consequently, I was unable to determine whether any adjustment relating to discretionary grants project expenditure, stated at R530 670 000 in the financial statements, was necessary.
5. In addition, during 31 March 2025, the discretionary grants project expenditure was not correctly accounted for as required by GRAP 1, Presentation of financial statements. The public entity accounted for transactions in the incorrect accounting periods. I was unable to confirm the adjustments of the correction of the prior year expenditure due to the status of accounting records. Consequently, the corresponding figure of discretionary grants project expenditure were overstated by R67 035 000, and the accruals were understated by the same amount. My audit opinion on the financial statements for the period ended 31 March 2025 was modified accordingly. My opinion on the current year financial statements is also modified because of the possible effect of this matter on the comparability of the discretionary grants project expenditure for the current period.

DISCRETIONARY GRANTS ACCRUALS

6. I was unable to obtain sufficient appropriate audit evidence that discretionary grants accruals for the current and previous year had been properly accounted for, due to the status of the accounting records. I was unable to confirm whether all the discretionary grants accruals were recorded through alternative means. Consequently, I was unable to determine whether any adjustment was necessary to discretionary grants accruals stated at R98 411 000 in the financial statements.

COMMITMENTS

7. Commitments were not accounted for in accordance with the Standards of GRAP 1, *Presentation and disclosure of financial statements*. The public entity recorded commitments at the incorrect amounts by included contracts that have since expired with no movements in the current year. Consequently, the commitments were overstated by R41 796 000.
8. I was unable to obtain sufficient appropriate audit evidence for the commitment projects that were terminated in the current year due to limited submission of information by the public entity. I was unable to confirm the validity of the terminated commitments amount through alternative means. Consequently, I was unable to determine whether any adjustment relating to commitments, stated at R63 562 000 in the financial statements, was necessary.

CONTEXT FOR OPINION

9. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
10. 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.
11. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

12. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP, the requirements of the PFMA and SDA and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
13. In preparing the financial statements, the accounting authority is responsible for assessing the public 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 public entity or to cease operations or has no realistic alternative but to do so.

RESPONSIBILITIES OF THE AUDITOR-GENERAL FOR THE AUDIT OF THE FINANCIAL STATEMENTS

14. 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.
15. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 85, forms part of my auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

16. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected programmes presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
17. I selected the following programmes presented in the annual performance report for the year ended 31 March 2026 for auditing. I selected programmes that measures the entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page numbers	Purpose
Programme 2: skills planning	27	To provide relevant and accurate information that contributes to skills development planning and career guidance.
Programme 3: learning programmes and projects	30	To impact vibrant entrepreneurship and self-reliance, especially for rural economies, through skills development on the productivity and profitability of the agricultural sector and contribute to food security.

18. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the entity's planning and delivery on its mandate and objectives.
19. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
 - all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included
 - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
 - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
 - the reported performance information is presented in the annual performance report in the prescribed manner.
 - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
20. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.
21. I did not identify any material findings on the reported performance information for the selected programmes with no material findings.

OTHER MATTERS

22. I draw attention to the matters below.

ACHIEVEMENT OF PLANNED TARGETS

23. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under-achievements. This information should be considered in the context of the material findings on the reported performance information.
24. The following table provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 39 to 40.

PROGRAMME 3 LEARNING PROGRAMMES AND PROJECTS

Targets achieved: 67%			
Budget spent 73%			
Indicator number	Key indicators not achieved	Planned target	Reported achievement
3.1.1	Percentage of discretionary grant budget allocated for developing high-level skills	19%	8%
3.1.2	Percentage of discretionary grant budget allocated for developing intermediate skills	21%	18%
3.1.6	Number of employed learners entering skills programmes	600	387
3.1.8	Number of employed learners completing skills programmes	450	385
3.1.9	Number of employed learners entering AET programmes	300	65
3.1.11	Number of learners entering internship programmes	700	473
3.1.13	Number of TVET students entering graduate placement programmes	400	288
3.1.15	Number of university students entering graduate placement programmes	250	109
3.1.16	Number of university students who completed graduate placement programmes	125	23
3.1.18	Number of bursaries to employed learners continuing their studies	50	18
3.1.21	Number of bursaries to unemployed learners continuing their studies	100	1
3.1.22	Number of unemployed learners completing bursary programmes	100	46
3.1.23	Number of learners entering artisan development programmes	600	425
3.3.9	Number of small businesses supported with training interventions	100	53
3.4.2	Number of partnerships with public sector in support of ministerial projects	2	1

MATERIAL MISSTATEMENTS

25. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for programme 3 (Learning programmes and projects). Management subsequently corrected all the misstatements, and I did not include any material findings in this report.

REPORT ON COMPLIANCE WITH LEGISLATION

26. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.
27. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
28. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
29. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

ANNUAL FINANCIAL STATEMENTS

30. The financial statements submitted for auditing were not fully prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1)(a) and 55(1)(b) of the PFMA.

31. Material misstatements of related parties, subsequent events and commitments not yet contracted for and authorised by members identified by the auditors in the submitted financial statements were corrected, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified opinion.

CONSEQUENCE MANAGEMENT

32. Disciplinary steps were not taken against the officials who permitted fruitless and wasteful expenditure, as required by section 51(1)(e)(iii) of the PFMA.
33. Allegations of fraud which exceeded R100 000 were not reported to SAPS, as required by section 34(1) of the PRECCA.

OTHER INFORMATION IN THE ANNUAL REPORT

34. The accounting authority is responsible for the other 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 this auditor's report.
35. My opinion on the financial statements and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
36. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
37. 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.

INTERNAL CONTROL DEFICIENCIES

38. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
39. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
40. Management did not prepare accurate and complete financial statements that was supported by reliable evidence as the financial statements and annual performance report contained material misstatements.
41. Delays in submission of requested information were experienced due to lack of a proper record management system.
42. Management did not review and monitor compliance with applicable legislation.

Auditor General

Pretoria

31 July 2026



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

- The Auditor-General's responsibility for the audit
- The selected legislative requirements for compliance testing

AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

PROFESSIONAL JUDGEMENT AND PROFESSIONAL SCEPTICISM

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 selected programmes and on the public entity's compliance with selected requirements in key legislation.

FINANCIAL STATEMENTS

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 public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the 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 public entity 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 a public 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

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.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and 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.

COMPLIANCE WITH LEGISLATION – SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

LEGISLATION	SECTIONS OR REGULATIONS
Public Finance Management Act 1 of 1999	Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56; 57(b); 66(3)(c); 66(5)
Treasury Regulations, 2005	Regulation 16A3.2; 16A3.2(a); 16A6.1; 16A6.2(a); 16A6.2(b); 16A6.3(a); 16A6.3(b); 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; 16A.7.1; 16A.7.3; 16A8.3; 16A8.4; 16A9.1(b)(ii); 16A 9.1(d); 16A9.1(e); 16A9.1(f); 16A9.2; 16A9.2(a)(ii); 30.1.1; 31.1.2(c); 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; 31.2.1; 31.2.5; 31.2.7(a); 31.3.3; 32.1.1(a); 32.1.1(b); 32.1.1(c); 33.1.1; 33.1.3
Companies Act 71 of 2008	Section 45(2); 45(2)(c); 45(3)(a)(ii); 45(3)(b)(i); 45(3)(b)(ii); 45(4); 46(1)(a); 46(1)(b); 46(1)(c); 112(2)(a); 129(7)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A); 25(9)(a); 25(10)
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2(b); 4.3; 4.4(a); 4.17; 7.2; 7.6
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
National Treasury Practice Note 5 of 2009/10	Paragraph 3.3
National Treasury Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2(1)(a); 2(1)(b); 2.1(f)
Preferential Procurement Regulations, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2026

FIGURES IN RAND THOUSAND

		2026	2025
	Note(s)		Restated*
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	394 622	873 403
Inventories	5	134	160
Receivables from exchange transactions	6	662	1 269
Receivables from non-exchange transactions	7	96 195	15 050
		491 613	889 882
NON-CURRENT ASSETS			
Property, plant and equipment	3	8 973	8 229
Intangible assets	4	3 334	3 609
		12 307	11 838
Total Assets		503 920	901 720
LIABILITIES			
CURRENT LIABILITIES			
Payables from exchange transactions	12	4 761	4 357
Payables from non-exchange transactions	13	168 807	123 522
Unspent conditional grants and receipts	14	-	398 785
Provisions	11	32 602	34 432
		206 170	561 096
Total Liabilities		206 170	561 096
Net Assets		297 750	340 624
RESERVES			
Capitalisation reserves		3 107	3 107
Discretionary reserves		282 336	325 679
Administration reserves		12 307	11 838
Total Net Assets		297 750	340 624

STATEMENT OF FINANCIAL PERFORMANCE



FOR THE YEAR ENDED 31 MARCH 2026

FIGURES IN RAND THOUSAND

		2026	2025
	Note(s)		Restated*
REVENUE			
REVENUE FROM EXCHANGE TRANSACTIONS			
Proceeds from Insurance	16	1	71
Income from Public Works: Administration	16	495	990
Interest received - investment	15	25 059	31 453
Total revenue from exchange transactions		25 555	32 514
REVENUE FROM NON-EXCHANGE TRANSACTIONS			
TRANSFER REVENUE			
Government grants and Donor Funded Income	19	886	7 886
Skills Development Levy: Income	17	724 030	662 049
Conditional grant revenue: National skills funds	20	738 948	-
Skills Development Levy: Penalties and Interest	18	4 539	4 961
Total revenue from non-exchange transactions		1 468 403	674 896
Total revenue	16	1 493 958	707 410
EXPENDITURE			
Employee related costs	24	(52 008)	(52 251)
Depreciation and amortisation	26	(1 968)	(1 861)
Operating lease expense	10	(216)	(289)
Conditional grant expenditure: National skills funds	22	(738 948)	-
Employer grants and projects expenditure	21	(697 255)	(642 716)
Government grants and donor funded expenditure	23	(886)	(7 886)
Loss on disposal of assets and theft of assets		-	(15)
Loss on impairment		(2 123)	-
General expenses	25	(43 428)	(43 843)
Total expenditure		(1 536 832)	(748 859)
Deficit for the year		(42 874)	(41 449)

STATEMENT OF CHANGES IN NET ASSETS

AS AT 31 MARCH 2026

FIGURES IN RAND THOUSAND

	Capital reserve	Discretionary Grant reserves	Employer Grant (mandatory reserve	Administration reserves	Total reserves	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	3 107	396 714	-	13 502	413 323	-	413 323
Adjustments							
Prior year adjustments 34	-	(31 248)	-	-	(31 248)	-	(31 248)
Balance at 01 April 2024 as restated*	3 107	365 466	-	13 502	382 075	-	382 075
Changes in net assets							
Deficit for the year	-	-	-	-	-	(41 449)	(41 449)
Transfer between reserves	-	(82 966)	49 227	(7 710)	(41 449)	41 449	-
Excess Reserves transferred to discretionary reserves	-	43 179	(49 227)	6 048	-	-	-
Total changes	-	(39 787)	-	(1 662)	(41 449)	-	(41 449)
Restated* Balance at 01 April 2025	3 107	325 679	-	11 838	340 624	-	340 624
Changes in net assets							
Deficit for the year	-	-	-	-	-	(42 874)	(42 874)
Transfer between reserves	-	(87 485)	45 188	(577)	(42 874)	42 874	-
Excess Reserves transferred to discretionary reserves	-	44 142	(45 188)	1 046	-	-	-
Total changes	-	(43 343)	-	469	(42 874)	-	(42 874)
Balance at 31 March 2026	3 107	282 336	-	12 307	297 750	-	297 750
	9	9	9	9			

CASH FLOW STATEMENT



FOR THE YEAR ENDED 31 MARCH 2026

FIGURES IN RAND THOUSAND

		2026	2025
	Note(s)		Restated*
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS			
Cash receipt from stakeholders and customers		1 388 360	671 218
Interest income		25 059	31 453
		1 413 419	702 671
PAYMENTS			
Employee costs (Administration and projects)		(82 874)	(83 046)
Cash paid to stakeholders and suppliers		(1 806 891)	(224 818)
		(1 889 765)	(307 864)
Net cash flows from operating activities	27	(476 346)	394 807
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	3	(1 894)	(103)
Purchase of other intangible assets	4	(542)	(110)
Proceeds from insurance		1	71
Net cash flows from investing activities		(2 435)	(142)
Net increase/(decrease) in cash and cash equivalents		(478 781)	394 665
Cash and cash equivalents at the beginning of the year		873 403	478 738
Cash and cash equivalents at the end of the year	8	394 622	873 403

The accounting policies on pages 92 to 122 and the notes on pages 123 - 154 form an integral part of the annual financial statements.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

AS AT 31 MARCH 2026

FIGURES IN RAND THOUSAND

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Ref.
STATEMENT OF FINANCIAL PERFORMANCE						
REVENUE						
REVENUE FROM EXCHANGE TRANSACTIONS						
Proceeds from Insurance	-	-	-	1	1	
Other Income - Public works Administration	2 073	-	2 073	495	(1 578)	
Interest received - investment	35 954	(8 605)	27 349	25 059	(2 290)	40.3
Total revenue from exchange transactions	38 027	(8 605)	29 422	25 555	(3 867)	
REVENUE FROM NON-EXCHANGE TRANSACTIONS						
TRANSFER REVENUE						
Government grants & donor funded income	886	-	886	886	-	40.7
Skills development levies	627 335	58 719	686 054	724 030	37 976	40.1
Conditional grants income (National skills funds)	808 286	-	808 286	738 948	(69 338)	40.8
Penalties and Interests	-	-	-	4 539	4 539	40.2
Total revenue from non- exchange transactions	1 436 507	58 719	1 495 226	1 468 403	(26 823)	
Total revenue	1 474 534	50 114	1 524 648	1 493 958	(30 690)	
EXPENDITURE						
Employee related costs	(52 674)		(52 674)	(52 008)	666	40.5
Depreciation and amortisation	(2 012)		(2 012)	(1 968)	44	
Government grants and donor funded expenditure	(886)		(886)	(886)	-	40.7
Lease rentals on operating lease	(2 676)	2 326	(350)	(216)	134	40.6
Employer grants and projects expenditure	(570 036)	(388 444)	(958 480)	(697 255)	261 225	40.4
Conditional grants expenditure (National skills funds)	(808 286)		(808 286)	(738 948)	69 338	40.8
General expenses	(37 964)	(36 260)	(74 224)	(43 428)	30 796	40.6
Total expenditure	(1 474 534)	(422 378)	(1 896 912)	(1 534 709)	362 203	
Operating deficit	-	(372 264)	(372 264)	(40 751)	331 513	
Loss on impairment	-	-	-	(2 123)	(2 123)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	(372 264)	(372 264)	(42 874)	329 390	

SIGNIFICANT ACCOUNTING POLICIES



1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 BASIS OF PREPARATION

The annual 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 annual 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.

The annual financial statements present fairly, in all material respects, the state of affairs of AgriSETA as at end of the financial year and the results of its operations and cash flows for the reported period.

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

These accounting policies are consistent with the previous period, except for the changes set out in note First-time adoption of Standards of GRAP.

1.2 PRESENTATION CURRENCY

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

1.3 GOING CONCERN ASSUMPTION

The SETA is currently established until 31 March 2030. There are no known instances which cast doubt on the SETA's ability to continue as a going concern for the next 12 months.

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

1.4 MATERIALITY

Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

The entity does not retrospectively adjust the accounting of past items (or group of items) that were previously assessed as immaterial, unless an error occurred.

1.5 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at year end, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

1.5.1 PROPERTY, PLANT AND EQUIPMENT

The SETA reviews the estimated useful lives of property, plant and equipment and intangible assets at each reporting date. Property, plant and equipment is initially measured at its cost, subsequently either using a cost or revaluation model, and depreciated so that its depreciable amount is allocated on a systematic basis over its useful life. The depreciable amount (cost less residual value) should be allocated on a systematic basis over the asset's useful life. Refer to notes 3 and 4.

1.5.2 SEGMENT REPORTING

AgriSETA does not have an activity or unit that meets the definition of a 'Segment as defined, as AgriSETA administrative units and functional department do not undertake activities that generate economic benefits or services potential separately from the AgriSETA as a whole. Management have assessed that AgriSETA operates as one segment both from services and geographical point of view. Management have not divided the financial information into different segments as required by GRAP 18.

1.5.3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

The AgriSETA assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the AgriSETA makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

1.5.4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

A receivable relating to overpayments made in earlier periods is recognised at the amount of the grant over payment, net of bad debts and allowance for irrecoverable amounts.

1.5.5 PAYABLES FROM EXCHANGE TRANSACTIONS

Payables from exchange transactions are stated at their nominal value. The carrying amount of these payables approximates fair value due to the short period to maturity of these instruments.

1.5.6 PAYABLES FROM NON-EXCHANGE TRANSACTIONS

Payables from non-exchange transactions are stated at their nominal value. The carrying amount of these payables approximates fair value due to the short period to maturity of these instruments.

1.5.7 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 - Provisions.

1.5.8 LEAVE AND BONUS PROVISION

The liability for accumulated leave and bonus provision is recognised and measured at the estimated future cash flows to be made in respect of all employees at the reporting date.

1.5.9 EFFECTIVE INTEREST RATE

The AgriSETA used the prime interest rate to discount future cash flows.

1.5.10 ACCOUNTING BY PRINCIPALS AND AGENT

The AgriSETA makes assessments on whether it is the principal or agent in principal-agent relationships. Significant judgements applied are as follow :

- An entity assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.
- Binding arrangements can be evidenced in several ways:
 - (i) a contract concluded between the parties;
 - (ii) legislation, supporting regulations or similar means including, but not limited to, laws, regulation, policies, decisions concluded by authorities such as cabinet, executive committees, boards, municipal councils and ministerial orders; or
 - (iii) through the operation of law, including common law. A binding arrangement is often, but not always, in writing, in the form of a contract or documented discussions between the parties.

Additional information is disclosed in Note 1.20.

1.5.11 IMPAIRMENT – EXPECTED CREDIT LOSSES (ECL)

The entity measures expected credit losses (ECL) on financial assets measured at amortised cost, lease receivables, and on loan commitments and financial guarantee contracts, using the requirements in GRAP 104.5.17–5.35. Financial assets measured at cost (i.e. investments in residual interests where fair value cannot be measured reliably) are subject to a separate impairment model described in note [6] (see GRAP 104.5.36). ECL measurement involves significant judgement, including in:

- defining “default” and segmenting exposures into appropriate groups;
- estimating probabilities of default, loss given default and exposures at default;
- assessing the impact of collateral and other credit enhancements; and
- incorporating forward-looking information and any post-model adjustments where model outputs do not fully capture emerging risks.

1.5.12 USE OF FORWARD-LOOKING AND MACRO-ECONOMIC INFORMATION

Assumptions used in ECL models incorporate reasonable and supportable forward-looking information available without undue cost or effort at the reporting date, including relevant macro-economic variables (such as indicators of economic growth, employment, inflation and interest rates). ECL estimates are derived from probability-weighted scenarios that reflect this information in an unbiased manner.

1.6 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.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

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

NOTES

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

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Buildings	Straight-line	20
Plant and machinery	Straight-line	15
Furniture and fixtures	Straight-line	20
Motor vehicles	Straight-line	5
Office equipment	Straight-line	15
IT equipment	Straight-line	3

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 AgriSETA. 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 AgriSETA assesses at each reporting date whether there is any indication that the AgriSETA 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 AgriSETA 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.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note).

1.7 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 AgriSETA or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

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 AgriSETA; and
- the cost or fair value of the asset can be measured reliably.

The AgriSETA assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

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, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Licences	Straight-line	12 months
Computer software, other	Straight-line	1 - 8 years
Intangible assets under development	Straight-line	1 - 8 years

1.8 FINANCIAL INSTRUMENTS - GRAP 104 (REVISED 2019) - CURRENT POLICY

Applied from the effective date prescribed for the entity by regulation of the Minister of Finance and the applicable Directive (see note “Changes in accounting policy”). Any references to paragraph numbers in this accounting policy relates to paragraphs in GRAP 104 (revised 2019), relating Appendices or relating Basis for Conclusions.

DEFINITIONS

Financial assets include:

- cash;
- residual interests of another entity; or
- contractual rights to receive or exchange cash or another financial asset.

Financial liabilities are contractual obligations to deliver cash or another financial asset, or to exchange financial assets or liabilities under conditions that are potentially unfavourable to the entity.

Residual interests represent a claim on the entity's net assets after deducting all liabilities and include contributions from owners, equity instruments such as shares, or formal arrangements establishing an interest in the net assets of the entity.

The **amortised cost** of a financial asset or liability is the amount at which it is measured initially, minus principal repayments, plus or minus cumulative amortisation using the effective-interest rate method, and less any loss allowance.

12 month expected credit losses is the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Credit-adjusted effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial asset to the amortised cost of a financial asset that is a purchased or originated credit- impaired financial asset. When calculating the credit-adjusted effective interest rate, an entity shall estimate the expected cash flows by considering all contractual terms of the financial asset (for example, prepayment, extension, call and similar options) and expected 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, 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 remaining 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).

Credit-impaired financial asset is a financial asset that is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- (e) the disappearance of an active market for that financial asset because of financial difficulties; or
- (f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event - instead, the combined effect of several events may have caused financial assets to become credit-impaired.

Credit loss is the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). An entity shall estimate cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument. The cash flows that are considered shall

include cash flows from the sale of collateral held (where applicable) or other credit enhancements that are integral to the contractual terms. There is a presumption that the expected life of a financial instrument can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the expected life of a financial instrument, the entity shall use the remaining contractual term of the financial instrument.

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.

Credit risk rating grades are the ratings of credit risk based on the risk of default occurring on the financial instrument.

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.

A derivative is a financial instrument or other contract within the scope of GRAP 104 (revised 2019) (see paragraphs 1.2 to 1.12) with all three of the following characteristics:

- (a) Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the "underlying").
- (b) It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- (c) It is settled at a future date.

The effective interest method is the method that is used in the calculation of the amortised cost of a financial asset or a financial liability and in the allocation and recognition of interest revenue or interest expense in surplus or deficit in the relevant period.

Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, an entity shall estimate the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but shall not consider the expected 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, 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).

Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

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:

- (a) cash;
- (b) a residual interest of another entity; or
- (c) a contractual right to:
 - (i) receive cash or another financial asset from another entity; or

- (ii) exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A **financial guarantee contract** is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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.

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

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

Financial liability at fair value through surplus or deficit is a financial liability that meets one of the following conditions:

- (a) It meets the definition of held for trading.
- (b) Upon initial recognition it is designated by the entity as at fair value through surplus or deficit in accordance with paragraph 4.8 or 4.13.

Firm commitment is a binding agreement for the exchange of a specified quantity of resources at a specified price on a specified future date or dates.

Forecast transaction is an uncommitted but anticipated future transaction.

Gross carrying amount of a financial asset is the amortised cost of a financial asset, before adjusting for any loss allowance. A financial asset or financial liability that is held for trading:

- (a) is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- (b) on initial recognition is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) is a derivative (except for a derivative that is a financial guarantee contract).

Impairment gain or loss is a gain or loss that is recognised in surplus or deficit in accordance with paragraph 5.23 and 5.36.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

Loss allowance is the allowance for expected credit losses on financial assets measured in accordance with paragraph 4.2, lease receivables and the provision for expected credit losses on loan commitments and financial guarantee contracts.

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 that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Modification gain or loss is the amount arising from adjusting the gross carrying amount of a financial asset to reflect the renegotiated or modified contractual cash flows. The entity recalculates the gross carrying amount of a financial asset as the present value of the estimated future cash payments or receipts through the expected life of the renegotiated or

modified financial asset that are discounted at the financial asset's original effective interest rate (or the original credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). When estimating the expected cash flows of a financial asset, an entity shall consider all contractual terms of the financial asset (for example, prepayment, call and similar options) but shall not consider the expected credit losses, unless the financial asset is a purchased or originated credit-impaired financial asset, in which case an entity shall also consider the initial expected credit losses that were considered when calculating the original credit-adjusted effective interest rate.

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 counterparty has failed to make a payment when that payment was contractually due.

Purchased or originated credit impaired financial asset is a purchased or originated financial asset(s), other than a receivable, that is credit-impaired on initial recognition.

Reclassification date is:

- (a) the first day of the first reporting period following the change in management model that results in an entity reclassifying financial assets; and
- (b) the date on which a reliable measure of fair value ceases to be, or becomes, available for an investment in a residual interest that meets the criteria in paragraph 4.5.

A **residual interest** is any contract that represents an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- (a) equity instruments or similar forms of unitised capital;
- (b) a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- (c) a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability (see Appendix A paragraph AG5.57). An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

INITIAL RECOGNITION

The entity recognises a financial asset or a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

CLASSIFICATION

CLASSIFICATION OF FINANCIAL ASSETS

The entity classifies financial assets as subsequently measured at amortised cost or fair value through surplus or deficit on the basis of both:

- (a) the entity's management model for managing the financial assets; and
- (b) the contractual cash flow characteristics of the financial asset.

A financial asset is measured at amortised cost if both of the following conditions are met:

- (a) the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows; and

- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the purpose of applying (b) above:

- Principal is the fair value of the financial asset at initial recognition
- Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin (where applicable).

A financial asset is measured at fair value through surplus or deficit unless it is measured at amortised cost or cost.

Investments in residual interests are measured at fair value through surplus or deficit. As a practical expedient, an investment in a residual interest whose fair value cannot be reliably measured is measured at cost. If a reliable measure of fair value becomes available, the investment is measured at fair value through surplus or deficit.

OPTION TO DESIGNATE A FINANCIAL ASSET AT FAIR VALUE THROUGH SURPLUS OR DEFICIT

The entity might, at initial recognition, irrevocably designate a financial asset as measured at fair value through surplus or deficit if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on different bases.

CLASSIFICATION OF FINANCIAL LIABILITIES

The entity classifies all financial liabilities as subsequently measured at amortised cost, except for:

- (a) Financial liabilities at fair value through surplus or deficit. Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value.
- (b) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition.
- (c) Financial guarantee contracts. After initial recognition, the issuer of such a contract (unless paragraph 4.7(a) or (b) applies) subsequently measures it at the higher of:
 - (i) the amount of the loss allowance determined in accordance with paragraphs 5.17 to 5.35; and
 - (ii) the amount initially recognised less, when appropriate, the cumulative amount of revenue recognised in accordance with the principles of the Standard of GRAP on Revenue from Exchange Transactions (GRAP 9) (where applicable).
- (d) Commitments to provide a loan at a below-market interest rate. The issuer of such a commitment (unless paragraph 4.7(a) applies) subsequently measures it at the higher of:
 - (i) the amount of the loss allowance determined in accordance with paragraphs 5.17 to 5.35 plus, for concessionary loans, any social benefit provided; and
 - (ii) the amount initially recognised less, when appropriate, the cumulative amount of revenue recognised in accordance with the principles of GRAP 9 (where applicable).
- (e) Contingent consideration recognised by an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfers of Functions Between Entities Not Under Common Control applies. Such contingent consideration is subsequently measured at fair value with changes recognised in surplus or deficit.

OPTION TO DESIGNATE A FINANCIAL LIABILITY AT FAIR VALUE THROUGH SURPLUS OR DEFICIT

The entity might, at initial recognition, irrevocably designate a financial liability as measured at fair value through surplus or deficit when permitted by GRAP 104 (revised 2019), or when doing so results in more relevant information, because either:

- (a) it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as “an accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or

- (b) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's management (as defined in the Standard of GRAP on Related Party Disclosures (GRAP 24)).

RECLASSIFICATION

The entity reclassifies financial assets when:

- (a) it changes its management model for managing financial assets, it reclassifies all affected financial asset in accordance with GRAP 104 (revised 2019);
- (b) a reliable measure of fair value either becomes, or ceases to be, available for an investment in a residual interest.

The entity does not reclassify any financial liability.

MEASUREMENT

INITIAL MEASUREMENT

Except for, where at initial recognition, the entity measures receivables and payables at their transaction price if they do not contain a material financing transaction, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or a financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

However, if the fair value of the financial asset or financial liability at initial recognition differs from the transaction price, the entity applies the relevant paragraphs in GRAP 104 (revised 2019).

Despite the above, at initial recognition, the entity measures receivables and payables at their transaction price if they do not contain a material financing transaction.

SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS

After initial recognition, the entity measures a financial asset at:

- (a) amortised cost;
- (b) fair value through surplus or deficit; or
- (c) cost.

The entity applies the impairment requirements in paragraphs 5.17 to 5.35 to financial assets that are measured at amortised cost in accordance with paragraph 4.2 and paragraph 5.36 to financial assets measured at cost in accordance with paragraph 4.5.

SUBSEQUENT MEASUREMENT OF FINANCIAL LIABILITIES

After initial recognition, the entity measures a financial liability in accordance with the section on "Classification of Financial Liabilities".

FAIR VALUE MEASUREMENT

In determining the fair value of a financial asset or a financial liability for the purpose of applying GRAP 104 (revised 2019), the entity applies paragraphs AG5.35 to AG5.49 of Appendix A.

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing

parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, the entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

AMORTISED COST MEASUREMENT

FINANCIAL ASSETS

EFFECTIVE INTEREST METHOD

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (a) Purchased or originated credit-impaired financial assets. For those financial assets, the entity applies the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition.
- (b) Financial assets, other than receivables, that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the entity applies the effective interest rate to the amortised cost of the financial asset in subsequent reporting periods.

MODIFICATION OF CONTRACTUAL CASH FLOWS

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset in accordance with GRAP 104 (revised 2019), the entity recalculates the gross carrying amount of the financial asset and recognises a modification gain or loss in surplus or deficit.

The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

WRITE-OFF

The entity directly reduces the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

IMPAIRMENT

RECOGNITION OF EXPECTED CREDIT LOSSES

GENERAL APPROACH

The entity recognises a loss allowance for expected credit losses on a financial asset that is measured in accordance with paragraphs 4.2, a lease receivable, or a loan commitment and a financial guarantee contract to which the impairment requirements apply in accordance with paragraphs 1.3(e), 4.7(c) or (d).

Subject to paragraphs 5.28 to 5.30, at each reporting date, an entity measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

If the entity measured the loss allowance for a financial instrument at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the above paragraph is no longer met, the entity measures the loss allowance at an amount equal to 12-month expected credit losses at the current reporting date.

Subject to paragraphs 5.28 to 5.30, if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the entity measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The entity recognises in surplus or deficit, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised in accordance with GRAP 104 (revised 2019).

DETERMINING SIGNIFICANT INCREASES IN CREDIT RISK

At each reporting date, the entity assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the entity uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the entity compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

PURCHASED OR ORIGINATED CREDIT IMPAIRED FINANCIAL ASSETS

Despite paragraphs 5.18 and 5.20, at the reporting date, the entity only recognises the cumulative changes in lifetime expected credit losses since initial recognition as a loss allowance for purchased or originated credit-impaired Financial assets.

At each reporting date, the entity recognises in surplus or deficit the amount of the change in lifetime expected credit losses as an impairment gain or loss. It recognises favourable changes in lifetime expected credit losses as an impairment gain, even if the lifetime expected credit losses are less than the amount of expected credit losses that were included in the estimated cash flows on initial recognition.

SIMPLIFIED APPROACH FOR RECEIVABLES AND LEASE RECEIVABLES

Despite paragraphs 5.18 and 5.20, the entity always measures the loss allowance at an amount equal to lifetime expected credit losses for receivables and lease receivables.

The requirements for purchased or originated credit impaired financial assets do not apply to receivables.

MEASUREMENT OF EXPECTED CREDIT LOSSES

The entity measures expected credit losses of a financial instrument in a way that reflects:

- (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) the time value of money; and
- (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Some financial instruments include both a loan and an undrawn commitment component and the entity's contractual ability to demand repayment and cancel the undrawn commitment does not limit the entity's exposure to credit losses to the contractual notice period. For such financial instruments, the entity measures expected credit losses over the period that the entity is exposed to credit risk and expected credit losses would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period.

FINANCIAL ASSETS MEASURED AT COST

If there is objective evidence that an impairment loss has been incurred, using the definition of a “credit impaired financial asset”, on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Such impairment losses are not reversed.

RECLASSIFICATION OF FINANCIAL ASSETS

If the entity reclassifies financial assets in accordance with paragraph 4.16, it applies the reclassification prospectively from the reclassification date. The entity does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

If the entity reclassifies a financial asset out of the amortised cost measurement category and into the fair value through surplus or deficit measurement category, its fair value is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortised cost of the financial asset and fair value is recognised in surplus or deficit.

If the entity reclassifies a financial asset out of the fair value through surplus or deficit measurement category and into the amortised cost measurement category, its fair value at the reclassification date becomes its new gross carrying amount.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value through surplus or deficit to cost. The carrying amount at the date that fair value is no longer available becomes the cost. If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, the entity reclassifies the investment from cost to fair value through surplus or deficit and recognises the difference between its carrying amount and fair value in accordance with paragraph 5.42.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, the entity reclassifies the investment from cost to fair value through surplus or deficit and recognises the difference between its carrying amount and fair value in accordance with paragraph 5.42.

1.9 STATUTORY RECEIVABLES IDENTIFICATION

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

RECOGNITION

The AgriSETA recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

INITIAL MEASUREMENT

The AgriSETA initially measures statutory receivables at their transaction amount.

SUBSEQUENT MEASUREMENT

The AgriSETA measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

ACCRUED INTEREST

Where the AgriSETA levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

CLASSIFICATION

AgriSETA has the following class of statutory receivables as reflected on the face of the statement of financial position and in the notes thereto:

- Employer receivables (SARS adjustments)

IMPAIRMENT LOSSES

The AgriSETA assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the AgriSETA considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the AgriSETA measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

In estimating the future cash flows, an AgriSETA considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

DERECOGNITION

The AgriSETA derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the AgriSETA transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the AgriSETA, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
 - derecognise the receivable; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.10 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.

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.

1.11 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
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Inventory consists of consumables on hand at their reporting date. Inventories are initially measured at cost and subsequently measured at the lower cost and net replacement value.

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.

1.12 CASH AND CASH EQUIVALENTS

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

Some equity investments are included in cash equivalents when they are, in substance, cash equivalents.

1.13 IMPAIRMENT OF CASH-GENERATING ASSETS

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use. Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

1.14 EMPLOYEE BENEFITS

IDENTIFICATION

EMPLOYEE BENEFITS

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

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

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.

Other long-term employee benefits are all employee benefits other than short-term employee benefits, post-employment benefits and termination benefits.

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either: (a) an AgriSETA's decision to terminate an employee's employment before the normal retirement date; or (b) an employee's decision to accept an offer of benefits in exchange for the termination of employment.

DEFINED CONTRIBUTION PLAN

Service cost comprises: (a) current service cost, which is the increase in the present value of the defined benefit obligation resulting from employee service in the current period; (b) past service cost, which is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or a curtailment (a significant reduction by the entity in the number of employees covered by a plan); and (c) any gain or loss on settlement.

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Remeasurements of the net defined benefit liability (asset) comprise: (a) actuarial gains and losses; (b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and (c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

LEAVE

AgriSETA recognises a liability and an expense for accumulating leave as and when employees render services that entitle them to leave days. The amount of the liability and expense is determined as the additional amount payable because of unused leave days owed to employees at the end of the period.

PENSION FUND

The AgriSETA provides a Pension fund for all its employees through a defined contribution plan. Payments to the fund are charged as part of salary expenses as they fall due.

PERFORMANCE BONUS

The performance bonus is recognised when the entity has a constructive obligation to pay bonuses and when a reliable estimate can be made. AgriSETA provides for the upcoming year's bonus payments, which is amortised in the following year for usage and write-off residual balance.

1.15 PROVISIONS, CONTINGENCIES AND ACCRUALS

Provision should be recognized only when there is a liability, that is a present obligation resulting from past events.

Accruals should be reported as part of trade and other payables in the financial statements, whereas provisions must be reported separately in the statement of financial position.

The AgriSETA shall raise a provision in the financial statements in the period in which the outflow of resources becomes probable.

Contingent liabilities shall not be recognized as liabilities and contingent assets as assets in the financial statements rather shall be disclosed in the notes to the financial statements.

Contingent liabilities and contingent assets shall be reviewed continuously to determine if the outflow of resources have become probable.

RECOGNITION AND MEASUREMENT

1.14.1 PROVISIONS

Provisions are recognised when:

- the AgriSETA 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.

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.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating surplus (deficit).

1.14.2 CONTINGENCIES

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 33.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

A contingent liability is:

- a possible obligation that arises from past events whose existence will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the entity; or
- a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Amounts disclosed in respect of contingent liabilities are measured on the basis of the best estimate of the outcome of the possible obligation that may arise, using experience of similar transactions or reports from independent experts.

A contingent assets is:

- a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Amounts disclosed in respect of contingent assets are measured on the basis of the best estimate of the outcome of the possible asset that may arise, using experience of similar transactions or reports from independent experts.

1.14.3 ACCRUALS

An accruals accounting policy for discretionary grants (typically applied by public entities like SETAs) recognizes expenses and liabilities when a present obligation exists, payment is probable, and the amount can be estimated reliably.

An accruals for administration is an Obligations to pay for goods or services that have been received or supplied but have not been paid or invoiced. These obligations shall be recorded as liabilities in the financial statements of the AgriSETA. In the event that goods or services have not been invoiced as at the end of the reporting period, the AgriSETA shall recognise accruals based on the most recent quotation of the supplier / service provider or estimates of the official order issued to the supplier / order for such goods and / or services.

Discretionary grant expenses and corresponding payables or accruals are recognized when:

- **Approval and Agreement:** A valid, approved service level agreement (SLA) or contract exists between the entity and the beneficiary/training provider.
- **Performance/Milestone Met:** The grantee has successfully completed the stipulated training phase, project milestone, or delivered the required services.
- **Reliable Estimate:** The amount payable for the achieved milestone can be calculated accurately according to the approved funding framework.

Measurement of Discretionary grant expenses:

- Grants are measured at the fair value of the consideration transferred or the fixed rates stipulated in the grant policy framework.

- If a milestone is completed by the end of the financial year but the invoice is received late, an accrual is raised for the precise amount earned by the grantee.

1.14.4 COMMITMENTS (DISCLOSURE)

In addition to recognized accruals and payables, discretionary grants require strict disclosure of commitments. These represent the unspent portions of approved discretionary grant contracts where the entity has a present obligation, but the grantee has not yet met the required performance milestones to trigger payment.

1.14.5 REVERSAL OF ACCRUALS

Discretionary grant expenditures are recorded in the financial period in which the associated service or training actually took place. Any accrued amounts where the service was ultimately not delivered or the contract expired without claims should be reversed to avoid inflating liability figures.

1.16 COMMITMENTS

Items are classified as commitments when the SETA 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.

1.17 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 SETA 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.

INVESTMENT INCOME

Interest income from investments including Corporation for Public Deposits and cash held in current accounts, is accrued on a time proportion basis, taking into account the principal outstanding and the effective interest rate over the period to maturity.

OTHER INCOME

Other income from rendering of services is recognised as revenue when the outcome of a transaction can be estimated reliably.

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).

- 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. Revenue from exchange transactions is measured at the fair value of the consideration received or receivable.

EFFECTIVE INTEREST RATE

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the AgriSETA, and
- The amount of the revenue can be measured reliably.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

1.18 REVENUE FROM NON-EXCHANGE TRANSACTIONS

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

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transactions, 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.

SKILLS DEVELOPMENT LEVY (SDL) INCOME

In terms of section 3(1) and 3(4) of the Skills Development Levies Act (the Levies Act), 1999 (Act No. 9 of 1999) registered member companies of AgriSETA pay 1% of the total payroll cost as Skills Development Levy (SDL). The levies paid to the South African Revenue Services (SARS) that collects the levies on behalf of the Department of Higher Education and Training (DHET).

Eighty percent (80%) of SDL contributions by companies in the mining and minerals sector are transferred to AgriSETA and 20% to the National Skills Fund (NSF) by the Department of Higher Education and Training. SDL income received by AgriSETA is set aside in terms of the Skills Development Act, 1998 (Act No. 97 of 1998) as amended and the Skills Development Levy Grant Regulations (Grant Regulations), issued in terms of this Act, for the purposes of:

- Administration costs (includes 0.5% to QCTO) 10,5%
- Mandatory Grants 20,0%
- Discretionary Grants 49,5%

In addition to these amounts, employers that fail to file their returns and pay skills development levies within the prescribed time limits as set by SARS, are charged interest and penalties at rates prescribed by SARS from time to time. The said

regulation regulating the 20% mandatory grant was set aside, however the court did not indicate what mandatory grant percentage should be paid. AgriSETA continued measuring mandatory grants at 20% since it's the best available information. The interest and penalties charged are remitted to the DHET, which in turn transfers them to AgriSETA. The interest and penalties are disclosed separately as Skills Development Levy penalties and interest. With effect from 01 August 2005 companies with an annual payroll cost by DHET of less than R500 000, are exempted in accordance with section 4(b) of the Skills Development Levies Act, 1999, as amended.

Also included in the Skills Development Levy income is Departmental levy received/receivable from the Provincial departments of Agriculture. Their contributions are accounted for as follows:

- Administration Grants 1/3 (33,3%)
- Discretionary Grants 2/3 (66,6%)

INTER-SETA TRANSFERS

Revenue is adjusted for transfers of employers between SETAs that arise due to incorrect allocation to a SETA on registration for Skills Development Levy or changes to their business that result in a need to change SETAs. Such adjustments are disclosed separately as Inter-SETA transfers. The amount of Inter-SETA adjustments is calculated according to the most recent Standard Operating Procedure as issued by the DHEST.

When transfers from other SETAs to AgriSETA occur, the levies transferred are recognised as revenue and allocated between the respective categories as reflected above to maintain their original identity. For transfers from AgriSETA to other SETAs, the levies in the respective categories are reduced by the amounts transferred or transferable to other SETAs.

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.

Skills Development Levy income is recognised when it is probable that future economic benefits will flow to AgriSETA and these benefits can be measured reliably. This occurs when the DHET either makes an allocation or payment to AgriSETA, whichever occurs first, as required by Section 8 of the Skills Development Levies Act, 1999 (Act No.9 of 1999).

Levy contributions from employers with an annual payroll of less than R500,000, are not recognised as revenue but as a provision, as they represent an obligation as they are due to be refunded to such employers because the employers are exempted from paying skills development levies. Previously, this provision was accumulated indefinitely, but with effect from the 25 August 2013, the DHET advised SETAs that this provision may be utilised for discretionary grants purposes after the expiry of 5 years in terms of section 109(4) of the Tax Administration Act, as the employers may not claim the moneys back after 5 years.

MEASUREMENT

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

When, as a result of a non-exchange transaction, the SETA 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.

SDL income is measured at the fair value of the consideration received or receivable and that is the amount of the increase in net assets recognised by AgriSETA. Unconditional grants received are recognised as revenue when the amounts are received or become receivable. Funds for special projects transferred from government grants and other donors are recognised as a liability until the related eligible special project expenses are incurred, when the liability is extinguished, and revenue is recognised. Adjustments to revenue already recognised, arise from the completion of internal review process, and/or the outcome of an external appeal or objection process undertaken by employers.

Adjustments to revenue include any refunds that become payable as a result of the completion of a review, appeal or objection process. Refunds are recovered directly from monthly returns and are reflected as a net reversal per scheme year on the revenue details provided by DHET. The SETA recognises revenue monthly on net basis per scheme as after taking into account monthly net reversals per scheme year. The SETA has no access to or control to the appeal or review process carried on by SARS, and hence could not reasonably be expected to have access to reliable information at the initial stage of recognition. The adjustments to revenue already recognised following the outcome of a review, appeal or objection process are therefore accounted for as a change in an accounting estimate.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

GOVERNMENT GRANTS AND DONOR FUNDING INCOME

Funds transferred by the government and other donor funding are accounted for in the financial statements of the AgriSETA as a liability until the related eligible expenses are incurred and the relevant conditions of the grant are met when the liability is utilised, the revenue is recognised as other income in the statement of financial performance.

Conditional government grants and other conditional donor funds received are recorded as deferred income when they are receivable and then recognised as income when the conditions attached to the grant are met. Unconditional grants are recognised as other income when the amounts have been received.

1.19 INVESTMENT INCOME

Investment income is recognised on a time-proportion basis using the effective interest method.

1.20 ACCOUNTING BY PRINCIPALS AND AGENTS

IDENTIFICATION

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

IDENTIFYING WHETHER AN ENTITY IS A PRINCIPAL OR AN AGENT

When the SETA is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether the SETA is a principal or an agent requires the SETA to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

BINDING ARRANGEMENT

The SETA assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

ASSESSING WHICH ENTITY BENEFITS FROM THE TRANSACTIONS WITH THIRD PARTIES

When the SETA in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the SETA concludes that it is not the agent, then it is the principal in the transactions.

The SETA is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the SETA has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The SETA applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the SETA is an agent.

RECOGNITION

The SETA, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The SETA, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The SETA recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.21 COMPARATIVE FIGURES

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

1.22 UNAUTHORISED EXPENDITURE

Unauthorised expenditure means:

- overspending of a budget or a main division within a budget; and
- expenditure not in accordance with the purpose of a budget or, in the case of a main division, not in accordance with the purpose of the main division.

Unauthorised expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.23 IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

Irregular, fruitless and/or wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular, fruitless and/or wasteful expenditure incurred, unless it is impractical to determine, in which case reasons therefore must be provided in the notes.

Irregular, fruitless and/or wasteful expenditure receivables are measured at the amount that is expected to be recovered and are de-recognised when settled or written-off as irrecoverable.

Irregular, fruitless and/or wasteful expenditure must be removed from the balance of the irregular, fruitless and/or wasteful expenditure notes when it is either:

- condoned by the relevant authority if no official was found to be liable in law;
- recovered from an official liable in law;
- written-off if it's irrecoverable from an official liable in law; or
- written-off if it's not condoned and not recoverable;

1.24 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 approved budget.

The approved budget covers the fiscal period from 2025/04/01 to 2026/03/31.

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

The annual 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.

The annual 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.

1.25 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.

Management are those persons responsible for planning, directing and controlling the activities of the AgriSETA, including those charged with the governance of the AgriSETA 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 AgriSETA.

The AgriSETA 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 AgriSETA 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 AgriSETA is exempt from the disclosures in accordance with the above, the AgriSETA 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 annual financial statements.

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

The AgriSETA 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.

Non-adjusting events which take place after the reporting date are not recognised in the financial statements.

1.27 EMPLOYER GRANTS AND PROJECT EXPENDITURE

A registered employer may recover a maximum of 20% of its total levy payment as a mandatory grant (excluding interest and penalties) by complying with the criteria in accordance with the skills Development Act, 1993 SETA Grant regulations regarding monies received and related matters (the SETA Grant Regulations)

MANDATORY GRANTS

Grants equivalent to 20% of the total levies received by AgriSETA during the corresponding financial year are paid to employers who meet the criteria in the SETA Grant Regulations

DISCRETIONARY GRANTS AND PROJECT EXPENDITURE

The funding for discretionary grants and projects comprise 49.5% of the total levies paid by the employers, levy grants that are not claimed by employers, the surplus of administration levies not utilised, investment income, and other income generated by the SETA.

AgriSETA allocates discretionary grants to employers who have submitted an application for a discretionary grant in the prescribed form within the agreed upon cut-off period. Discretionary grant expenditure is recognised as expenses in the period in which they are incurred, in which the conditions are met.

Project expenditure comprises:

- costs and/or credit adjustment that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the project; and
- such other costs as are specifically chargeable to the SETA under the terms of the contract.

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

RETROSPECTIVE ADJUSTMENTS BY SOUTH AFRICAN REVENUE SERVICES

There are instances where South African Revenue Services retrospectively amends the information on levies collected on behalf of AgriSETA. This amendment may result in grants that have been under/over paid to or from certain employers. This adjustment is accounted for retrospectively by AgriSETA in the statement of financial performance. A receivable/payable relating to the over/underpayment to or from the employer in earlier years is raised at the amount of such grant over/underpayment, net of bad debts and provision for irrecoverable amounts.

ADMINISTRATION EXPENDITURE

Administration expenditure is recognised on an accrual basis of accounting. Unless permitted by another standard of GRAP, Administration expenditure has not been offset against revenue.

GOVERNMENT GRANTS AND DONOR FUNDED EXPENDITURE

Government grants and donor project expenditure are recognised as expenses in the Statement of Financial Performance in the period in which they are incurred. The expenditure for the project is recognised when the appointed service providers are eligible for payment, which is at the point when the deliverables are achieved according to predetermined project milestones and funds are received from Department of Public Works and Infrastructure.

1.28 GRANTS AND PROVISIONS

Collateral held includes financial assets, non-financial assets and other forms of collateral such as guarantees or encumbrances over assets.

The entity recognises assets relating to collateral held if it meets the recognition criteria in other accounting policies. The entity discloses the nature and amounts of collateral recognised or held, in the notes to the financial statements.

MANDATORY GRANT PROVISION

A liability is recognised for mandatory grant payments once the specific criteria set out in the SETA Grant Regulation has been complied with by member of companies, and it is probable that AgriSETA will approve the grant application for payment. The liability is measured at the net present value of the expected future cash outflow as determined in accordance with the Act. This measurement involves an estimate, based on the amount of levies received.

DISCRETIONARY PROVISION

No provision is made for projects approved at year-end, unless the service in terms of the contract has been delivered. Where the project has been approved, but has been accrued for or provided for, it is disclosed as commitments in the notes to the annual financial statements.

1.29 CONDITIONAL GRANTS RECEIPT

Conditional grants are recognized as a liability upon receipt. Revenue is only recognized and measured when qualifying expenditures are incurred and attached performance conditions are met. Any unspent funds at the end of the period typically revert to the grantor or require rollover approval.

Recognition and measurement Recognition criteria:

- The receipt of cash does not immediately translate to revenue. Because a conditional grant imposes "barriers" (i.e., specific performance or usage stipulations), the AgriSETA recognizes the cash received as a current liability, classified as Unspent Conditional Grants in the statement of financial position.
- AgriSETA recognizes the grant as Revenue (Statement of Financial Performance) only to the extent that the conditions of the grant have been met. This usually corresponds to the actual eligible expenses incurred or project milestones completed.
- AgriSETA recognizes the grant expenditure (Statement of Financial Performance) only to the extent that the conditions of the grant have been met.
- Revenue is recognized in the same period that the related eligible expenditures are incurred.
- The liability is reduced and conditional grant revenue is recognized only when the AgriSETA complies with the attached conditions.

MEASUREMENT

- Initial Measurement: The grant is measured at the fair value of the cash or asset received.
- Subsequent Measurement: The liability remains cash-backed (held in designated investment or cash accounts) until the funds are utilized. Interest earned on unspent grants may also be subject to the grant conditions and must be accounted for accordingly.

CONDITIONAL GRANT SHORTFALL

- Conditional Grant Shortfall occurs when the SETA spend more than the grant provided for a specific project. It represents an under-funded obligation or an expenditure awaiting reimbursement.
- Conditional grant shortfall is recorded as a receivable from the funder, or an excess expenditure absorbed by the AgriSETA's own funds.
- The AgriSETA maintain a grant register tracking the opening balance, amounts received, amounts spent, and closing balance. This must reconcile to your General Ledger. The shortfall is recorded in the grant register and recognized as a non-exchange receivables on the statement of financial position.

1.30 RESERVES

Equity is classified based on the restrictions placed on the distribution of monies received in accordance with the Regulation issued in terms of the Skills Development Act, 1998 (Act 97 of 1998) statement of changes in equity as follows:

- Administration Reserves;
- Employer Grant Reserves;
- Discretionary Grant Reserves; and
- Unappropriated surplus.

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

	2025/26	2024/25
Administration & QCTO costs of AgriSETA	10,5	10.5
Employer Grant Fund Levy	20	20
Discretionary Grants and Projects	49.5	49.5
Received by AgriSETA	80	80
Contribution to the National Skills Fund	20	20
	100	100

In addition, contributions received from public services employers in the national or provincial spheres of government may be used to fund AgriSETA's administration costs. One third of the amounts received from national and provincial spheres is allocated to administration costs.

Interest and penalties received from SARS as well as interest received on investments is utilised for discretionary grant projects.

DISCRETIONARY GRANT RESERVE

Surplus funds in the administration and unallocated funds in the employer grant reserves are moved to the discretionary fund reserve.

MANDATORY GRANT RESERVE

Provision is made in the mandatory grant reserve for newly registered companies, participating after the legislative cut-off date.

CAPITALISATION RESERVES

The capitalisation reserves included in the net assets is related to building and is transferred directly to accumulated surplus or deficit when the building derecognised.

ADMINISTRATION RESERVES

Administration reserve represents the net book value of property, plant and equipment and intangible assets.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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 2026 or later periods:

STANDARD/ INTERPRETATION:	EFFECTIVE DATE: YEARS BEGINNING ON OR AFTER	EXPECTED IMPACT:
GRAP 107 (as revised) Mergers	01 April 2009	Unlikely there will be a material impact
GRAP 106 (as revised) Transfer of Functions Between Entities Not Under Common Control	01 April 2009	Unlikely there will be a material impact
GRAP 105 Transfer of Functions Between Entities Under Common Control	01 April 2009	Unlikely there will be a material impact
Amendments) Improvements to the Standards of GRAP	01 April 2009	Unlikely there will be a material impact
GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	01 April 2009	Unlikely there will be a material impact
GRAP 103 (amended): Heritage Assets	01 April 2009	Unlikely there will be a material impact

FIGURES IN RAND THOUSAND

3. PROPERTY, PLANT AND EQUIPMENT

	2026			2025		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	4 575	-	4 575	4 575	-	4 575
Buildings	144	-	144	144	-	144
Plant and machinery	399	(164)	235	399	(138)	261
Furniture and fixtures	1 951	(902)	1 049	1 951	(805)	1 146
Motor vehicles	661	(529)	132	661	(397)	264
Office equipment	2 403	(1 159)	1 244	2 336	(1 000)	1 336
IT equipment	6 777	(5 182)	1 595	4 950	(4 447)	503
Other property, plant and equipment	42	(42)	-	42	(42)	-
Total	16 952	(7 978)	8 974	15 058	(6 829)	8 229

FIGURES IN RAND THOUSAND

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2026

	Opening balance	Additions	Disposals	Depreciation	Total
Land	1 288	-	-	-	1 288
Buildings	3 431	-	-	-	3 431
Plant and machinery	261	-	-	(27)	235
Furniture and fixtures	1 146	-	-	(97)	1 049
Motor vehicles	264	-	-	(132)	132
Office equipment	1 336	67	-	(160)	1 243
IT equipment	504	1 827	-	(735)	1 595
	8 230	1 894	-	(1 151)	8 973

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2025

	Opening balance	Additions	Disposals	Depreciation	Total
Land	1 288	-	-	-	1 288
Buildings	3 431	-	-	-	3 431
Plant and machinery	288	-	-	(27)	261
Furniture and fixtures	1 243	-	-	(97)	1 146
Motor vehicles	396	-	-	(132)	264
Office equipment	1 473	18	-	(154)	1 336
IT equipment	984	85	(15)	(550)	504
	9 103	103	(15)	(960)	8 230

EXPENDITURE INCURRED TO REPAIR AND MAINTAIN PROPERTY, PLANT AND EQUIPMENT

	2026	2025
Repairs and maintenance	246	106

Repairs and maintenance are separately disclosed hereunder, to comply with the requirements of GRAP 17, as well as to ensure a better presentation of the financial statements.

PROPERTY VALUATION

The building is situated at 529 Belvedere Street, Arcadia. There are no restrictions on the title of the property, plant and equipment and no items are pledged as security for liabilities.

The office building was re-valued during 2025 activity by an independent valuer, who holds a qualification in property valuations and is a member of South African Council for Property Valuer's Profession. The valuation was carried out with reference to comparable market related sales and this method was used to determine the market related valuation. The building is due for another revaluation in 2030.

DEPRECIATION - LAND AND BUILDING

Land is not depreciated as it is deemed to have indefinite useful life. The estimated useful life for the building is twenty years, however, AgriSETA has a depreciation charged at zero because the residual value is above the carrying value as per GRAP 17 paragraph 67.

FIGURES IN RAND THOUSAND

4. INTANGIBLE ASSETS

	2026			2025		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	6 077	(2 743)	3 334	7 276	(3 667)	3 609

RECONCILIATION OF INTANGIBLE ASSETS - 2026

	Opening balance	Additions	Amortisation	Total
Computer software, other	3 609	542	(817)	3 334

RECONCILIATION OF INTANGIBLE ASSETS - 2025

	Opening balance	Additions	Amortisation	Total
Computer software, other	4 400	110	(901)	3 609

5. INVENTORIES

	2026	2025
Cleaning	-	-
Cartridges	45	46
Stationery	89	114
Total	134	160

6. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Accrued interests	660	1 267
Staff debtors	2	2
Total Receivables from exchange transactions	662	1 269

SPLIT BETWEEN NON-CURRENT AND CURRENT PORTIONS

SPLIT BETWEEN FINANCIAL INSTRUMENTS AND NON-FINANCIAL INSTRUMENTS

Carrying amount of non-financial instruments	-	-
Carrying amount of financial instruments	662	1 269
Total split between financial instruments and non-financial instruments	662	1 269

SPLIT OF CARRYING AMOUNT OF FINANCIAL INSTRUMENTS INTO CATEGORIES

Financial assets measured at amortised cost	662	1 269
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FINANCIAL INSTRUMENT DISCLOSURE

Additional information on the financial instrument components of this note, as required by GRAP 104, is provided in note 28 Financial Instruments - Risk Management and Other Disclosures.

FIGURES IN RAND THOUSAND

7. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2026	2025
DPW receivables (Donor funded project)	2 101	4 406
Mandatory grant SARS Adjustments	1 042	1 071
Provincial Departments of Agriculture Levy receivables	4 679	7 142
Discretionary grants receivables (7.1)	728	2 414
Inter-SETA Receivables	-	17
National Skills Fund Receivables: Conditional grant related (7.2)	87 645	-
Total Receivables from non-exchange transactions	96 195	15 050

7.1 Two employers (Nika ithemba and At-Thale) applied and were approved for bursaries. These companies received the funds from AgriSETA and did not pay these bursaries to the respective academic institutions for the benefit of the learners. These two companies have not refunded the money to AgriSETA as at 31 March 2026. These companies have been referred to AgriSETA legal team to institute civil claim to recover the money during 2026/27 financial year.

Loss on impairment is recognised on the presentation of financial performance

Balance at the beginning of the year	291	831
Amount recovered during the year	(196)	(540)
Receivable recognised during the year	2 756	2 123
Balance before impairment	2 851	2 414
Loss on impairment	(2 123)	-
Discretionary grants receivables	728	2 414

7.2 AgriSETA entered into partnership contract with National Skills fund (NSF) on 04 December 2024 for the implementation of 12700 targets in Learnerships, Graduate Placements and Artisans. The Conditional grant expenditure incurred exceeded the deferred grant income (liability) balance by R87,6 million. This indicates that the AgriSETA exceeded the expected performance target or the grant was insufficient to cover the intended project costs.

The Conditional grant shortfall is recognized as a non- exchange receivable in the statement of financial position.

Balance unspent at the beginning of the year	(398 785)	-
Current year receipts	(246 423)	-
Interest earned during the year	(6 096)	-
Subtotal	(651 304)	-
Project exepnses incurred (Conditions met)	738 948	-
National Skills Fund Receivables	87 645	-

SPLIT BETWEEN CURRENT AND NON-CURRENT PORTIONS

SPLIT BETWEEN FINANCIAL INSTRUMENTS AND NON-FINANCIAL INSTRUMENTS

Statutory related	1 042	1 071
Other non-financial instruments related	-	-
Carrying amount of non-financial instruments	1 042	1 071
Carrying amount of financial instruments	95 153	13 979
Total split between financial instruments and non-financial instruments	96 195	15 050

SPLIT BETWEEN FINANCIAL INSTRUMENTS AND NON-FINANCIAL INSTRUMENTS

Financial assets measured at amortised cost	95 153	13 979
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FIGURES IN RAND THOUSAND

**7. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS
(CONTINUED)**

2026 2025

STATUTORY RECEIVABLES GENERAL INFORMATION

STATUTORY RECEIVABLES PAST DUE BUT NOT IMPAIRED

Statutory receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2026, 2025: 1 071) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

3 months past due	1 042	1 071
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RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS PAST DUE BUT NOT IMPAIRED

Other receivables from non-exchange transactions which are less than 3 months past due are not considered to be impaired. At 31 March 2026, R 95,2 million (2025: R 15,1 million) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	95 153	15 050
2 months past due	-	-

RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS IMPAIRED

As of 31 March 2026, Discretionary grants receivables from non-exchange transactions of R2,1 million (2025: -) were impaired and provided for.

The amount of the provision was R 2,1 million as of 31 March 2026 (2025: R-). The ageing of these receivables is as follows:

3 to 6 months	-	-
Over 6 months	2 123	-

FINANCIAL INSTRUMENT DISCLOSURE

Additional information on the financial instrument components of this note, as required by GRAP 104, is provided in note 28 Financial Instruments - Risk Management and Other Disclosures.

8. CASH AND CASH EQUIVALENTS

For the purpose of the Cash Flow Statement, cash and cash equivalents include cash on hand and banks and investments in short-term deposits. Cash and cash equivalents at the end of the financial year as shown in the Cash Flow Statement can be reconciled to the related items in the balance sheet as follows:

Cash on hand	-	-
Bank balances	130 275	530 666
Short-term deposits	264 347	342 737
	394 622	873 403

As required by National Treasury Regulations 31.2, National Treasury approved the banks where the bank accounts are held. The average interest rate for the year on short-term bank deposits is 6,75% (7,25% in 2025).

Cash and cash equivalents comprise cash held by AgriSETA as well as short-term bank deposits on call. The carrying amount of these assets approximates their fair values.

The Skills Development Act Regulations state that a Seta may, if not otherwise specified by the Public Finance Management Act, invest monies in accordance with the investment policy approved by the relevant Seta.

8. CASH AND CASH EQUIVALENTS (CONTINUED)**2026****2025**

Seta invested its surplus funds in line with an investment policy as required by Treasury Regulation 31.3.5.

In response to the National Treasury Investment circular AgriSETA transferred/invested all surplus funds with the Corporation for Public Deposits.

SPLIT BETWEEN FINANCIAL INSTRUMENTS AND NON-FINANCIAL INSTRUMENTS

Carrying amount of non-financial instruments	-	-
Carrying amount of financial instruments	394 622	873 403
Total split between financial instruments and non-financial instruments	394 622	873 403

SPLIT OF CARRYING AMOUNT OF FINANCIAL INSTRUMENTS INTO CATEGORIES

Financial assets measured at amortised cost	394 622	873 403
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FINANCIAL INSTRUMENT DISCLOSURE

Additional information on the financial instrument components of this note, as required by GRAP 104, is provided in note 28 - Financial Instruments - Risk Management and Other Disclosures.

9. ALLOCATION OF NET SURPLUS FOR THE YEAR TO RESERVES

YEAR ENDED 31 MARCH 2026	Administration Grant reserves	Employer grant (Mandatory reserves)	Discretionary grant reserves	Total
SDL Revenue	92 629	176 607	436 635	705 871
SDL Penalties and interest received	-	-	4 539	4 539
Levy from departments	6 041	-	12 082	18 123
Donor funded income	-	-	886	886
Investments income	-	-	25 095	25 095
Public works project fee and other income	496	-	-	496
National skills funds income	-	-	738 948	738 948
Subtotal	99 166	176 607	1 218 185	1 493 958
Administration expenditure	(99 743)	-	-	(99 743)
Employer grants and project expenditure	-	(131 419)	(565 836)	(697 255)
Donor funded expenditure	-	-	(886)	(886)
Discretionary Grants Expenditure : NSF	-	-	(738 948)	(738 948)
Net surplus per statement of financial performance allocated	(577)	45 188	(87 485)	(42 874)

FIGURES IN RAND THOUSAND

9. ALLOCATION OF NET SURPLUS FOR THE YEAR TO RESERVES (CONTINUED)

YEAR ENDED 31 MARCH 2025	Administration Grant reserves	Employer grant (Mandatory reserves)	Discretionary grant reserves	Total
Public works project fee and Other income	84 985	161 906	401 652	648 543
SDL Penalties and interest received	-	-	4 961	4 961
Levy from departments	4 502	-	9 004	13 506
Donor funded income	-	-	7 886	7 886
Investments income	-	-	31 453	31 453
Other income	1 061	-	-	1 061
Subtotal	90 548	161 906	454 956	707 410
Administration expenditure	(98 258)	-	-	(98 258)
Employer grants and project expenditure	-	(112 679)	(530 036)	(642 715)
Donor funded expenditure	-	-	(7 886)	(7 886)
Net deficit per statement of financial performance allocated	(7 710)	49 227	(82 966)	(41 449)

10. LEASE RENTALS ON OPERATING LEASE

2026 2025

EQUIPMENT

Rental of printer machine	216	289
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The monthly operating lease payments of R17 thousand consists of payments for the Itqulate systems printer machine, with the last lease contract ending 31 January 2027.

11. PROVISIONS

RECONCILIATION OF PROVISIONS - 2026	Opening Balance	Additions	Utilised during the year	Total
Provision for Performance Bonus	5 410	5 264	(5 738)	4 936
Provision - Levies from small companies	25 189	-	(1 240)	23 949
Provision for Leave Pay	3 833	408	(524)	3 717
	34 432	5 672	(7 502)	32 602

RECONCILIATION OF PROVISIONS - 2025	Opening Balance	Additions	Utilised during the year	Total
Provision for Performance Bonus	4 943	5 974	(5 507)	5 410
Provision - Levies from small companies	23 781	1 408	-	25 189
Provision for Leave Pay	3 355	765	(287)	3 833
	32 079	8 147	(5 794)	34 432

PROVISION FOR PERFORMANCE BONUS

Employees sign performance contracts as part of their conditions of service at the beginning of each financial year. Employees are assessed bi-annually and the bonus is paid in September each year. The amount is dependent on the outcome of individual performance evaluation.

11. PROVISIONS (CONTINUED)**PROVISION: LEVIES FOR SMALL COMPANIES**

The amount of R23.9 million (2025: R25.2 million) relates to levies contributed by employers who are exempted from contributing skills development levies, after being exempted from contributing SDL due to legislation changes which came into effect from 01 August 2005. The South African Revenue Services(SARS) collects the levies on behalf of DHET and the responsibility to refund the employers remains with SARS. In terms of Skills Development Circular No. 09/2013, issued by the DHET on 25 August 2013, SETAs can utilise exempted amounts contributed after expiry date of five years as stipulated in terms of Section 190 (4) of the Tax Administration Act. These amounts are being transferred to discretionary funds in line with the aforementioned circular.

PROVISION FOR LEAVE

In terms of AgriSETA leave policy, the entity has an obligation to either pay out unused leave on termination of service or allow employees to carry over unused leave for the next six months. At each financial year end an obligation is recognized for the full leave pay entitlement due to employees.

12. PAYABLES FROM EXCHANGE TRANSACTIONS

	2026	2025
Trade and other payables	3 105	2 871
Accruals Administration	464	340
Sundry creditors	5	5
Payables - structured salaries	1 187	1 141
	4 761	4 357

The Payables - structured salaries amount relates to salaries that were withheld from the employees from January to March 2026, and will be paid over to the employees in December 2026, or upon earlier resignation of an employee

SPLIT BETWEEN FINANCIAL INSTRUMENTS AND NON-FINANCIAL INSTRUMENTS

Statutory related	-	-
Other non-financial instruments related	-	-
Carrying amount of non-financial instruments	-	-
Carrying amount of financial instruments	4 761	4 357
Total split between financial instruments and non-financial instruments	4 761	4 357

SPLIT OF CARRYING AMOUNT OF FINANCIAL INSTRUMENTS INTO CATEGORIES

Financial liabilities measured at amortised cost	4 761	4 357
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FINANCIAL INSTRUMENT DISCLOSURE

Additional information on the financial instrument components of this note, as required by GRAP 104, is provided in Note 28 Financial Instruments - Risk Management and Other Disclosures.

FIGURES IN RAND THOUSAND

13. PAYABLES FROM NON-EXCHANGE TRANSACTIONS

	2026	2025
Trade Payables Discretionary Grants	58 188	26 356
Employer payables (Mandatory grants payables)	12 208	76 134
Discretionary grants Accruals	98 411	21 032
	168 807	123 522

SPLIT BETWEEN FINANCIAL INSTRUMENTS AND NON-FINANCIAL INSTRUMENTS

Statutory related	12 208	76 134
Other non-financial instruments related	-	-
Carrying amount of non-financial instruments	12 208	76 134
Carrying amount of financial instruments	156 599	47 388
Total split between financial instruments and non-financial instruments	168 807	123 522

SPLIT OF CARRYING AMOUNT OF FINANCIAL INSTRUMENTS INTO CATEGORIES

Financial liabilities measured at amortised cost	156 599	47 388
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FINANCIAL INSTRUMENT DISCLOSURE

Additional information on the financial instrument components of this note, as required by GRAP 104, is provided in note 28 - Financial Instruments - Risk Management and Other Disclosures.

14. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

AgriSETA entered into partnership contract with National Skills fund (NSF) on 04 December 2024 for the implementation of 12700 targets in Learnerships, Graduate Placements and Artisans.

AgriSETA has met the grant conditions and eligible expenditure was incurred; The liability was reduced and income of R735 million was recognised in the Statement of financial performance.

AgriSETA does not have conditions that were not met as of 31 March 2026, therefore, there is no remaining liability for the financial year 2025/26

Any interest earned on the grant funds is treated in accordance with the conditions, and if it is repayable, it is added to the unspent grant. The interest for an amount of R6,09 million : 2026 (R753 million :2025) was added to unspent grant.

Unspent conditional grants and receipts comprises of:

UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Unspent conditional grants	-	398 785
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MOVEMENT DURING THE YEAR

Balance at the beginning of the year	398 785	398 032
Additions during the year	246 423	-
Current-year receipts (Interest earned)	6 096	753
Income recognition during the year - condition met	(738 948)	-
Receivable recognized during the year	87 644	-
	-	398 785

FIGURES IN RAND THOUSAND

**14. UNSPENT CONDITIONAL GRANTS AND RECEIPTS
(CONTINUED)**

2026 2025

SPLIT BETWEEN FINANCIAL INSTRUMENTS AND NON-FINANCIAL INSTRUMENTS

Statutory related	-	-
Other non-financial instruments related	-	-
Carrying amount of non-financial instruments	-	-
Carrying amount of financial instruments	-	398 785
Total split between financial instruments and non-financial instruments	-	398 785

SPLIT OF CARRYING AMOUNT OF FINANCIAL INSTRUMENTS INTO CATEGORIES

Financial liabilities measured at amortised cost	-	398 785
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15. INVESTMENT REVENUE

INTEREST RECEIVED - INVESTMENTS

Interest received - investment	21 610	28 208
Interest received - Bank	3 449	3 245
	25 059	31 453

Total interest revenue included above, calculated using the effective interest method for financial assets that are measured at amortised cost, amounted to 25 059 (2025: 31 453).

FINANCIAL INSTRUMENT DISCLOSURE

Additional information on the financial instrument components of this note, as required by GRAP 104, is provided in note 28 Financial Instruments - Risk Management and Other Disclosures.

16. REVENUE

Proceeds from Insurance	1	71
Income from Public works : Administration	495	990
Interest received - investment	25 059	31 453
Government grants & subsidies	886	7 886
Skills Development Levy: Income	724 030	662 049
Public contributions and donations	738 948	-
Skills Development Levy: Penalties and Interest	4 539	4 961
	1 493 958	707 410

THE AMOUNT INCLUDED IN REVENUE ARISING FROM EXCHANGES OF GOODS OR SERVICES ARE AS FOLLOWS:

Proceeds from Insurance	1	71
Income from Public works : Administration	495	990
Interest received - investment	25 059	31 453
	25 555	32 514

FIGURES IN RAND THOUSAND

16. REVENUE (CONTINUED)

2026 2025

THE AMOUNT INCLUDED IN REVENUE ARISING FROM NON-EXCHANGE TRANSACTIONS IS AS FOLLOWS:

Government grants & subsidies	886	7 886
Skills Development Levy: Income Levies	724 030	662 049
Public contributions and donations	738 948	-
Skills Development Levy: Penalties and Interest	4 539	4 961
	1 468 403	674 896

17. SKILLS DEVELOPMENT LEVY : INCOME

Levy transfer -Administration	92 629	84 985
Levy transfer -Discretionary grants	436 671	401 529
Levy transfer -Mandatory grants	176 607	162 029
Levy transfer -Provincial Department of Agriculture (Administration)	6 041	4 502
Levy transfer -Provincial Department of Agriculture (Discretionary)	12 082	9 004
	724 030	662 049

18. SKILLS DEVELOPMENT LEVY : PENALTIES AND INTEREST

Penalties - Late Payment	2 953	2 922
Interest - Collection System	1 586	2 039
	4 539	4 961

19. GOVERNMENT GRANTS AND DONOR FUNDED INCOME

Government grants and Donor Funded Income	886	7 886
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20. CONDITIONAL GRANT REVENUE : NATIONAL SKILLS FUNDS

Transferred to revenue	738 948	-
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RECONCILIATION OF CONDITIONAL GRANTS

Balance unspent at beginning of year	398 785	-
Current-year receipts	246 423	-
Interest earned during the year	6 096	-
Conditions met - transferred to revenue	(738 948)	-
Receivable recognized	87 644	-
	-	-

Conditional grant revenue is recognized only when specified performance barriers (such as spending requirement or target, project milestones) are met. Funds received in advance are recorded as a liability (deferred income) until the required conditions are met. GRAP 23

AgriSETA has met the grant conditions and eligible expenditure was incurred; The liability was reduced and income of R739 million was recognised in the Statement of financial performance.

AgriSETA does not have conditions that were not met as of 31 March 2026, therefore, there is no remaining liability for the financial year 2025/26 (see note 14)

21. EMPLOYER GRANTS AND PROJECT EXPENDITURE**2026****2025****DISCRETIONARY EXPENDITURE**

Discretionary Grants Project Expenditure	530 670	495 094
Discretionary Grants Administration Expenditure	4 300	4 148
Discretionary Grants Employee costs	30 866	30 795
	565 836	530 037

MANDATORY GRANTS EXPENDITURE

Mandatory Grants Expenditure	131 419	112 679
	697 255	642 716

22. CONDITIONAL GRANT EXPENDITURE : NATIONAL SKILLS FUNDS

Conditional grant Projects expenditure	711 845	-
Conditional grant Admin expenditure	27 104	-
	738 948	-

CONDITIONAL GRANT EXPENDITURE INCURRED

AgriSETA entered into partnership contract with National Skills fund (NSF) on 04 December 2024 for the implementation of 12700 targets in Learnerships, Graduate Placements and Artisans.

The grant is initially recorded as a liability (unspent grant) until the required conditions are met. AgriSETA has met the grant conditions and eligible expenditure of R735 million was incurred; The liability was reduced and income of R735 million was recognised in the Statement of financial performance.

Conditional grants expenditure incurred	738 948	-
Transferred to revenue	(738 948)	-
	-	-

23. GOVERNMENT GRANTS AND DONOR FUNDED EXPENDITURE

Donor funded project expenditure : Public works	886	7 886
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AgriSETA has entered into contract for the implementation of a partnership Expanded Public Works Programme (EPWP) with Department of Public Works and Infrastructure on 02 July 2020 for the implementation of training of 400 EPWP participants at the total cost of R 66 million which includes R4,95 million project administration cost. In the current year, R1,1 million (2025: R7,9 million) has been incurred and paid or payable to the service providers contracted for implementation of the programme.

The appointed service providers are paid as and when the deliverables are achieved according to predetermined project milestones and funds are received from Department of Public Works and Infrastructure.

FIGURES IN RAND THOUSAND
24. EMPLOYEE RELATED COSTS

	2026	2025
Basic salary	39 687	39 220
Structured salaries	2 997	2 925
Medical aid expense	295	279
UIF contributions	130	131
SDL contributions	458	425
Leave expense	293	682
Pension fund contributions	3 791	3 733
Overtime expense	650	740
Long-service awards	36	51
Acting allowances	218	144
Performance bonus	3 453	3 921
	52 008	52 251

As at 31 March 2026, AgriSETA had 110 total number of employees, compared to a count of 105 employees as at 31 March 2025.

25. GENERAL EXPENSES

	2026	2025
Information technology costs	11 201	11 510
Advertising	1 094	1 694
Audit fees - External	4 343	4 712
Bank charges	296	216
Consulting and professional fees	2 031	1 021
Audit fees - Internal	-	101
Catering	85	103
Quality Council for Trade and Occupations (QCTO)	4 716	4 213
Insurance	924	711
Conferences and seminars	11	941
Marketing	291	-
Postage and courier	113	61
Printing, stationery and cleaning	511	658
Fuel expense	29	42
Repairs and maintenance	245	106
Security (Guarding of SETA property)	705	763
Subscriptions and membership fees	38	42
Telephone landlines	1 069	1 045
Training	1 645	1 680
Travel and accommodation	6 243	3 798
Assets expensed	92	10
Municipal costs (Rates, Water & Electricity)	1 481	1 571
License (Annual subscription)	1 917	2 468
Recruitment costs	149	649
Board and Audit and Risk Committee fees	2 727	4 056
Workmen's Compensation	125	123
Equipment rental	1	-
Workshop costs (AGM)	1 346	1 550
	43 428	43 844

FIGURES IN RAND THOUSAND

26. DEPRECIATION AND AMORTISATION

	2026	2025
Property, plant and equipment	1 151	960
Intangible assets	817	901
	1 968	1 861

27. CASH (USED IN) GENERATED FROM OPERATIONS

Surplus\Deficit for the year	(42 874)	(41 449)
Adjustments for:		
Depreciation and amortisation	1 968	1 861
Proceeds from insurance and assets Disposal	(1)	(71)
Loss on fixed assets	-	15
Impairment loss	2 123	-
Movements in provisions	(1 830)	2 353
Changes in working capital:		
Inventories	26	223
(Increase)/Decrease in exchange and non exchange receivables current year	(82 662)	(8 275)
Increase /(Decrease) in payables from exchange,non-exchange current year	45 689	41 365
Increase/(decrease) in conditional grants and receipts	(398 785)	398 785
	(476 346)	394 807

28. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND OTHER DISCLOSURES

SIGNIFICANCE OF FINANCIAL INSTRUMENTS FOR FINANCIAL POSITION AND FINANCIAL PERFORMANCE

STATEMENT OF FINANCIAL POSITION

CARRYING AMOUNTS OF FINANCIAL ASSETS

CLASS OF FINANCIAL INSTRUMENT 2026	At amortised cost	At fair value through surplus or deficit (mandatory)	At fair value through surplus or deficit (designated)	Total
Cash and cash equivalents	-	394 622	-	394 622
Trade and other receivables from exchange	662	-	-	662
Receivables from non-exchange transactions	96 153	-	-	96 153
Total carrying amounts	96 815	394 622	-	491 437

The financial assets excluded the statutory receivables (employer receivables) amount of R1,04 million.

CLASS OF FINANCIAL INSTRUMENT 2025	At amortised cost	At fair value through surplus or deficit (mandatory)	At fair value through surplus or deficit (designated)	Total
Cash and cash equivalents	-	873 403	-	873 403
Trade and other receivables from exchange	1 269	-	-	1 269
Receivables from non-exchange transactions	13 979	-	-	13 979
Total carrying amounts	15 248	873 403	-	888 651

The financial assets excluded the statutory receivables (employer receivables) amount 1,07 million)

FIGURES IN RAND THOUSAND

28. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND OTHER DISCLOSURES (CONTINUED)

CARRYING AMOUNTS OF FINANCIAL LIABILITIES

CLASS OF FINANCIAL INSTRUMENT 2026

	At amortised cost	At fair value through surplus or deficit (mandatory)	At fair value through surplus or deficit (designated)	Total
Trade and other payables from exchange transactions	4 761	-	-	4 761
Payable from non-exchange	(156 599)	-	-	(156 599)
Unspent conditional grants and receipts	-	-	-	-
Total carrying amounts	(151 838)	-	-	(151 838)

The financial liabilities excluded the statutory receivables (employer receivables) amount of R12,2 million.

CLASS OF FINANCIAL INSTRUMENT 2025

	At amortised cost	At fair value through surplus or deficit (mandatory)	At fair value through surplus or deficit (designated)	Total
Trade and other payables from exchange transactions	(4 357)	-	-	(4 357)
Payable from non-exchange	(47 388)	-	-	(47 388)
Unspent conditional grants and receipts	(398 785)	-	-	(398 785)
Total carrying amounts	(450 530)	-	-	(450 530)

The financial liabilities excluded the statutory receivables (employer receivables) amount of R76,1 million.

STATEMENT OF FINANCIAL PERFORMANCE

ITEMS OF REVENUE, EXPENSES, GAINS OR LOSSES

2026

	At amortised cost / Not At FVTSD	At fair value through surplus or deficit (mandatory)	At fair value through surplus or deficit (designated)	At Other (specify)	Total
Net gains or net losses on financial assets and financial liabilities	-	-	-	-	-
Bad debts written of - Financial Instruments	-	-	-	-	-
Interest earned	25 059	-	-	-	25 059
Total net gains or net losses on financial assets and financial liabilities	25 059	-	-	-	25 059

2025

	At amortised cost / Not At FVTSD	At fair value through surplus or deficit (mandatory)	At fair value through surplus or deficit (designated)	At Other (specify)	Total
Net gains or net losses on financial assets and financial liabilities	-	-	-	-	-
Bad debts written of - Financial Instruments	-	-	-	-	-
Interest earned	31 453	-	-	-	31 453
Total net gains or net losses on financial assets and financial liabilities	31 453	-	-	-	31 453

FIGURES IN RAND THOUSAND

28. FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND OTHER DISCLOSURES (CONTINUED)

NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

QUALITATIVE & QUANTITATIVE DISCLOSURES

CREDIT RISK

CREDIT RISK EXPOSURE

For purposes of determining the credit loss allowances, management determine the credit rating grades of each financial asset at the end of the reporting period. These ratings are determined either externally through ratings agencies or internally where external ratings are not available.

FINANCIAL INSTRUMENTS WITHIN THE SCOPE OF GRAP 104 (REVISED 2019), BUT TO WHICH THE IMPAIRMENT REQUIREMENTS ARE NOT APPLIED

THE MAXIMUM EXPOSURE TO CREDIT RISK OF SUCH FINANCIAL INSTRUMENTS IS PRESENTED IN THE TABLE BELOW:

The following table summarises the entity's maximum exposure to credit risk for financial instruments within the scope of GRAP 104 for which no ECL is recognised. The maximum exposure is generally the carrying amount, without taking account of collateral or other credit enhancements.

CONTROLLING ENTITY FINANCIAL INSTRUMENT CLASS	2026			2025		
	Carrying amount exposed to credit risk	Adjustments required to the carrying amount (if any)	Maximum exposure to credit risk	Carrying amount exposed to credit risk	Adjustments required to the carrying amount (if any)	Maximum exposure to credit risk
Cash and cash equivalents	394 622	-	394 622	873 403	-	873 403

29. FINANCIAL INSTRUMENTS DISCLOSURE – PRE-REVISED GRAP 104

CATEGORIES OF FINANCIAL INSTRUMENTS

2026

FINANCIAL ASSETS	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	662	662
Other receivables from non-exchange transactions	-	95 153	95 153
Cash and cash equivalents	394 622	-	394 622
	394 622	95 815	490 437

FINANCIAL LIABILITIES	At fair value	At amortised cost	Total
Trade and other payables from exchange transactions	-	(4 761)	(4 761)
Taxes and transfers payable (non-exchange)	-	(156 599)	(156 599)
	-	(161 360)	(161 360)

FIGURES IN RAND THOUSAND

29. FINANCIAL INSTRUMENTS DISCLOSURE – PRE-REVISED GRAP 104 (CONTINUED)

2025

FINANCIAL ASSETS

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	1 269	1 269
Other receivables from non-exchange transactions	-	13 979	13 979
Cash and cash equivalents	873 043	-	873 043
	873 043	15 248	888 291

FINANCIAL LIABILITIES

	At fair value	At amortised cost	Total
Trade and other payables from exchange transactions	-	(4 357)	(4 357)
Taxes and transfers payable (non-exchange)	-	(42 687)	(42 687)
Unspent conditional grants and receipts	-	(398 785)	(398 785)
	-	(445 829)	(445 829)

30. RISK MANAGEMENT - PRE-REVISED GRAP 104

LIQUIDITY RISK

The AgriSETA's risk to liquidity is a result of the funds available to cover future commitments. The AgriSETA manages liquidity risk through:

- Review of future commitments and credit facilities,
- Regular cash flow forecasting and monitoring;
- Maintaining adequate cash reserves;
- Monitoring working capital requirements; and
- Compliance with approved cash management and investment policies.

The SETA's financial liabilities are mainly short term in nature and are expected to be settled within 12 months.

The table below analyses the AgriSETA's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

AT 31 MARCH 2026	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade payables from exchange transactions				
• Carrying amount	(4 761)	-	-	
Trade payables from non-exchange transaction				
• Carrying amount	(156 599)	-	-	-
AT 31 MARCH 2025	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade payables from exchange transactions				
• Carrying amount	(4 537)	-	-	-
Trade payables from non-exchange transaction				
• Carrying amount	(47 388)	-	-	-

30. RISK MANAGEMENT - PRE-REVISED GRAP 104 (CONTINUED)**CREDIT RISK**

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The AgriSETA only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

FINANCIAL INSTRUMENT	2026	2025
Effective Interest rate on short term bank deposits	7	7

The AgriSETA is exposed to a number of guarantees for the overdraft facilities of economic entities and for guarantees issued in favour of the creditors of A (Pty) Ltd. Refer to note for additional details.

MARKET RISK

AgriSETA is exposed to fluctuations in the employment market, for example, sudden increases in unemployment and changes in wage rates. No significant events occurred during the year in the market that AgriSETA is aware of. There are adequate procedures in place to address changes in the market when necessary.

INTEREST RATE RISK

The AgriSETA manages its interest risk by effectively investing surplus funds in short-term deposits and call accounts with different accredited financial institutions according to the SETA's investment policy. Any movement in the interest rates will affect interest income. Interest income is utilised for additional discretionary grants and therefore will not affect the operations of the AgriSETA adversely.

AgriSETA manages its interest risk by spreading its funds over the two major banks in which it uses current account, call account and short-term investments. A cash management system is used for monitoring bank balances. The sensitivity of surplus funds to interest rates is dependent on the prime rate variations. At the reporting date, the prime rate was 7.25 % (Prior year: 8.25%).

31. CHANGES IN ACCOUNTING POLICY

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the adoption of the following new or revised standards.

GRAP 104 FINANCIAL INSTRUMENTS

FINANCIAL INSTRUMENTS (GRAP 104, REVISED 2019) NATURE OF CHANGE

During the current reporting period, the AgriSETA applied the revised Standard of GRAP on Financial Instruments (GRAP 104, revised 2019) for the first time.

The revised Standard introduces, inter alia:

- A new classification model for financial assets and financial liabilities, based on the entity's management model for managing financial assets and on the characteristics of the contractual cash flows (SPPI condition).
- A new expected credit loss (ECL) model for the impairment of financial assets measured at amortised cost, certain loan commitments, financial guarantee contracts and lease receivables.
- Revised requirements for the presentation of own-credit risk on financial liabilities designated at fair value through surplus or deficit; and
- Specific guidance on residual interests (including measurement at cost as a practical expedient when fair value is not reliably measurable).

The revised Standard became effective for the entity on [1 April 2025].

TRANSITIONAL PROVISIONS

The AgriSETA applied the Standard of GRAP on Financial Instruments (GRAP 104) (2019) retrospectively, in accordance with GRAP 3, except as specified otherwise in the transitional provision. GRAP 104 (2019) was not applied to items that have already been derecognised at the date of initial adoption.

Despite the requirement to apply the Standard of GRAP on Financial Instruments (GRAP104) (2019) retrospectively, the AgriSETA was not required to restate prior periods.

The AgriSETA did not restate prior periods, and recognised any difference between the previous carrying amount and the carrying amount at the beginning of the reporting period that includes the date of initial adoption in the opening accumulated surplus or deficit (or other component of net assets, as appropriate) of the annual reporting period that includes the date of initial adoption.

CLASSIFICATION AND MEASUREMENT – TRANSITIONAL ELECTIONS

At the date of initial adoption, the AgriSETA:

- Assessed whether a financial asset meets the condition in paragraph 4.2(a) of GRAP 104 (2019) on the basis of the facts and circumstances that exist at that date. The resulting classification was applied retrospectively irrespective of the entity's management model in prior reporting periods.
- Designated financial assets as measured at fair value through surplus or deficit in accordance with paragraph 4.6 of GRAP 104 (2019). Such a designation is made on the basis of the facts and circumstances that exist at the date of initial adoption. That classification was applied retrospectively.
- Made the designation in paragraph 1.10 of GRAP 104 (2019) for contracts that already exist on the date, and designated all similar contracts. The change in the net assets resulting from such designations was recognised in accumulated surplus or deficit at the date of initial adoption.

31. CHANGES IN ACCOUNTING POLICY (CONTINUED)

- Determined whether the objective of the entity's management model for managing any of its financial assets met the condition in paragraph 4.2(a) of GRAP 104 (2019). For that purpose, the entity determined whether financial assets met the definition of held for trading as if the entity has purchased the assets at the date of initial adoption.

Where the AgriSETA measured a hybrid contract at fair value in accordance with paragraphs 4.4 and 4.6 of GRAP 104 (2019) but the fair value of the hybrid contract had not been measured in comparative reporting periods, the fair value of the hybrid contract in the comparative reporting periods is the sum of the fair values of the components (i.e. the non-derivative host and the embedded derivative) at the end of the previous reporting period.

IMPAIRMENT – EXPECTED CREDIT LOSSES (ECL)

The AgriSETA applied the impairment requirements in paragraphs 5.17 to 5.36 of GRAP 104 (2019) retrospectively in accordance with GRAP 3.

As entities are not required to restate comparative information, applying the impairment requirements retrospectively means that the AgriSETA measured impairment losses using expected credit losses on the date of adoption.

At the date of initial adoption, the entity used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that a financial instrument was initially recognised (or for loan commitments and financial guarantee contracts at the date that the AgriSETA became a party to the irrevocable commitment in accordance with paragraph 5.21 of GRAP 104 (2019)) and compared that to the credit risk at the date of initial adoption of the Standard.

On transition, the AgriSETA sought to approximate the credit risk on initial recognition by considering all reasonable and supportable information that was available without undue cost and effort. The AgriSETA is not required to undertake an exhaustive search for information when determining, at the date of transition, whether there have been significant increases in credit risk since initial recognition.

When determining whether there has been a significant increase in credit risk since initial recognition, the AgriSETA applied:

- (a) the requirements in paragraphs 5.25 and Appendix A paragraphs AG5.81 to AG5.83 of GRAP 104 (2019);
- (b) the rebuttable presumption in paragraph 5.26 of GRAP 104 (2019) for contractual payments that are more than 30 days past due if the AgriSETA applied the impairment requirements by identifying significant increases in credit risk since initial recognition for those financial instruments on the basis of past due information.

Where, at the date of initial adoption, determining whether there has been a significant increase in credit risk since initial recognition required undue cost or effort, the AgriSETA recognises a loss allowance at an amount equal to lifetime expected credit losses at each reporting date until that financial instrument is derecognised (unless that financial instrument is low credit risk at a reporting date, in which case the relevant requirements apply).

DISCLOSURE OBLIGATIONS ON INITIAL ADOPTION (HIGH LEVEL)

The following disclosures are required by the Transitional Provison, as applicable: Reconciliation of measurement categories and carrying amounts – at the date of initial adoption

Financial instruments that were previously designated as measured at fair value through surplus or deficit but are no longer so designated - at the date of initial adoption

Financial instruments that have been reclassified out of fair value through surplus or deficit as a result of the adoption of the standard

Financial instruments that have been reclassified so that they are measured at amortised cost as a result of the transition to the Standard

FIGURES IN RAND THOUSAND

31. CHANGES IN ACCOUNTING POLICY (CONTINUED)

Reconciliation of impairment allowances/provisions to opening loss allowances – at the date of initial adoption Disclosures for modified time value of money and prepayment features

QUALITATIVE DISCLOSURES

On this initial adoption of the Standard, an entity is not required to disclose the line item amounts that would have been reported in accordance with the classification and measurement requirements (which includes the requirements related to amortised cost measurement of financial assets and impairment in paragraphs 5.13 to 5.36) of GRAP 104 (2019) of:

- (a) the Standard for prior periods; and
- (b) GRAP 104 (2009) for the current period.

32. COMMITMENTS

DISCRETIONARY FUNDED PROJECT

ALREADY CONTRACTED FOR BUT NOT PROVIDED FOR

	2026	2025
Adult Education and Training (AET)	371	1 941
Agri College support	-	176
Artisans Development	128 657	135 899
Bursaries	15 726	24 907
Graduate Placements	17 840	41 794
Internships	27 995	24 384
Learnerships	19 163	31 387
Lecture Development	-	148
Mentorships	15	30
Occupational Qualifications	9 049	5 155
Partnerships	66 800	65 801
Recognised Prior Learning (RPL)	5 804	2 427
Skills programs	1 458	1 512
Commodity organisations	400	200
TVET/ATVET Office establishment	136	55
Learning Material Development	3 837	3 323
Persons Living with Disabilities	79	16
Career Guidance - Summits	453	-
Small Business Support	-	25
	297 783	339 180
Not yet contracted for and authorised by members	365 551	260 515

TOTAL OPERATIONAL COMMITMENTS

Already contracted for but not provided for	297 783	339 180
Not yet contracted for and authorised by members	365 551	260 515
	663 334	599 695

The commitment balances were adjusted at 31 March 2025 by R 15,6 million of contracts and R 21 million of accruals not recognised during the previous financial year.

32. COMMITMENTS (CONTINUED)

TOTAL COMMITMENTS	2026	2025
Authorised operational expenditure	663 334	599 695

The Board approved the R 365 million discretionary grant allocation on 26 March 2026. Offer letters were issued during April 2026, respective contracts are expected to be finalised during 2026/27 financial year.

PROGRESS ON THE IMPLEMENTATION OF CONTRACT FUNDED BY DISCRETIONARY FUND AS AT 31 MARCH 2026

AUTHORISED OPERATIONAL EXPENDITURE	Opening balance	Contracts 2025/26	Expenditure	Terminations	Closing balance
Artisans	135 899	67 994	(59 144)	(16 092)	128 657
Partnerships	65 801	141 459	(129 929)	(10 531)	66 800
Learnerships 18.1	12 644	15 360	(19 140)	(2 314)	6 550
Learnerships 18.2	18 741	163 782	(161 276)	(8 634)	12 613
Skills Program 18.1	482	6 787	(5 833)	(935)	501
Skills Program 18.2	1 030	23 047	(22 279)	(841)	957
Internships	24 384	43 740	(34 800)	(5 329)	27 995
Graduate Placement	41 794	38 280	(52 379)	(9 855)	17 840
Bursaries	24 907	19 428	(21 302)	(7 308)	15 725
Small Business Support	25	-	(25)	-	-
AET	1 942	779	(853)	(1 494)	374
Mentorships	30	2 880	(2 805)	(90)	15
Commodity Organisations	200	4 755	(4 555)	-	400
Persons Living with Disability	16	943	(864)	(16)	79
Seasonal Workers	-	464	(346)	(118)	-
RPL	2 428	6 434	(3 058)	(1)	5 803
Occupational Qualifications	5 155	8 100	(4 207)	-	9 048
Agri College Support	176	-	(176)	-	-
Learning Material Development	3 323	6 000	(5 485)	(1)	3 837
TVET/ATVET Office Establishment	55	205	(120)	(3)	137
Lecture Development	148	-	(148)	-	-
Career Support	-	2 400	(1 947)	-	453
Subtotal	339 180	552 837	(530 671)	(63 562)	297 784
	-	-	-	-	-

Included in the expenditure of R530 million is the reversal of 2024/25 R21 million accruals and recognition of R98 million in the 2025/26 financial year.

FIGURES IN RAND THOUSAND

32. COMMITMENTS

2026 2025

OPERATING LEASES - AS LESSEE (EXPENSE)

MINIMUM LEASE PAYMENTS DUE

• within one year	189	211
• in second to fifth year inclusive	-	193
	189	404

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

RENTAL EXPENSES RELATING TO OPERATING LEASES

Minimum lease payments	216	289
Contingent rents	-	-
Sublease payments	-	-
	216	289

CONTRACTUAL COMMITMENTS (NATIONAL SKILLS FUNDS)

AgriSETA entered into partnership contract with National Skills fund (NSF) on 04 December 2024 for the implementation of 12700 targets in Learnerships, Graduate Placements and Artisans.

National Skills funds contract was implemented effective from 01 April 2025. The contractual commitments as of 31 March 2026 is:

Amount committed for National Skills funds projects	69 333	-
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33. CONTINGENCIES

33.1 CONTINGENT ASSETS INTERSETA RECEIVABLES

The SETA has Inter-SETA balances that meet the recognition criteria for interSETA receivables in alignment to the Standard Operating Procedure issued by the Department of Higher Education and Training. There is no receivable that was confirmed during the financial year 2025/26.

In respect of the fruitless and wasteful expenditure referred to in Note 38, civil proceedings have commenced against the companies concerned to recover an amount of R2,1 million -. According to Council's legal advisors, it is probable that the proceedings will result in the recovery of the full amount but this recovery is virtually certain.

33.2 CONTIGENTS LIABILITIES

33.2.1 RETENTION OF SURPLUS FUNDS

In terms of section 53 (3) of PFMA, constitutional institutions and public entities listed in schedules 3A and 3C to the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) may not accumulate surpluses that were realised in the financial year without obtaining prior written approval of the relevant Treasury.

On 02 September 2020, National Treasury issued a new instruction note 12 of 2020/21 effective for the surpluses realized in the 2019/20 financial years and beyond, this instruction note repealed Instruction note no. 06 of 2017/2018 on the retention of cash surpluses and introduced the revised provisions of the retention of surpluses to be followed by the public entities listed in Schedule 3A and 3C of the PFMA. According to this Instruction a Surplus is based on the Cash and Cash Equivalent at the End of the year add Receivables less Current liabilities

33. CONTINGENCIES (CONTINUED)**2026****2025**

The National Treasury issued the new instruction note 3 of 2025/26 paragraph 3.2 effective from 25 August 2025. This instruction note repealed instruction note 12 of 2020/21 on the retention of cash surpluses and introduced the revised provisions of the retention of surpluses to be followed by the public entities listed in Schedule 3A and 3C of the PFMA. According to this Instruction a Surplus is based on the Cash and Cash Equivalent at the End of the year add Receivables less Current liabilities; add back the provisions and less the ringfenced funds.

A submission has been made to the National Treasury to retain the following surplus:

Cash and cash equivalent at the end of the year	394 622	873 403
Add : Receivables	96 195	16 319
Less : Current Liabilities	(206 170)	(561 096)
Add: Provisions (excl. accruals)	32 602	-
Less: Ringfenced funds (conditional & donor funds)	-	-
Accumulated surplus	317 249	328 626
Less: Commitments	(663 334)	(599 695)
Net surplus after taking into account commitments	(346 085)	(271 069)

Notwithstanding the accumulated surplus of R317,9 million above, AgriSETA has at year end the commitments in the form of contracts with various service providers as indicated in note 32, The commitment value on these contracts is R663,3 million. The Net surplus after taking into account these commitments is R346 million.

33.2.2 OUTCOME OF THE MINISTER OF HIGHER EDUCATION AND TRAINING (DHET) AND EMPLOYERS, REPRESENTED BY BUSINESS UNITY SOUTH AFRICA (BUSA) CASE

In December 2012, the Minister repealed the 2005 Grant Regulations and promulgated 2012 Grant Regulations. Regulation 4(4) of the 2012 Grant Regulations reduced the mandatory grant that an employer could claim back from 50% to 20% of the total levies paid by the employer. The manner in which the 2012 Grant Regulations were promulgated, amongst other matters, led to litigation begun by BUSA, at the Labour Court. The Labour Court declared the Regulation to be invalid and consequently set aside, with suspension of the order until March 2016.

Prior to the order coming into effect, the regulation was re-promulgated in January 2016, to which BUSA launched renewed review proceedings in the Labour Court to set the re-promulgated regulation aside. The Labour Court dismissed the review application and BUSA decided to put through an appeal to the decision through the Labour Appeal Court (LAC). During October 2019, the LAC ruled that the decision to re-promulgate Regulation 4(4) was "irrational and lacking in any legal justification". The regulation, as re-promulgated in 2016, was consequently set aside.

Despite the said regulation being set aside, the LAC ruling is silent on both the percentage quantum that can be claimed back by employers and on the effective date of the order. The effect of the ruling is that the Minister, in consultation with employers and BUSA, would have to decide on the percentage for mandatory grants in consultation with the sector, and these accordingly published in the Government Gazette. To date, there has been no communication regarding the approved mandatory grant percentage that can be claimed back by employers. These circumstances create uncertainty as to the percentage of mandatory grants that can be paid and/or accrued by the SETA during the year under review.

However, post the ruling, DHET continues to split the mandatory grant levy income portion at a rate of 20% in the monthly levy download information. Consequently, the SETA has continued to pay and accrue mandatory grants at 20% in the 2019/20 financial year which is also aligned to the approved annual performance plan. The mandatory grant expenditure in Note 18 as well as the mandatory grant liability in Note 13 were calculated at a rate of 20%.

FIGURES IN RAND THOUSAND

33. CONTINGENCIES (CONTINUED)

Pending the final agreement between the Minister and the employers (through BUSA) on the approved rate, there is therefore a possible liability due to additional or lesser grant payments over or under the amounts already paid and accrued in the current year based on a payment rate of 20%. Given the initial review application at the Labour Court whereby BUSA cited that the mandatory grant reduction is irrational and unreasonable; as well as latter reports by business arguing that the LAC judgement would revert back to the original position; it is therefore remotely likely that there would be a contingent asset. It is therefore submitted that the likelihood of a possible liability is greater, which can only be confirmed from the outcome of the agreements between the Minister and employers, which is not within the control of the entity. The amount of the possible obligation cannot be (reliably) estimated due to the uncertainty of the approved rate, as well as the effective date of application. In addition, the entity has had no experience in similar transactions to be able to reasonably estimate the outcome of the events nor the amount.

33.2.3. INTERSETA PAYABLES

The SETA has Inter-SETA balances that did not fully meet the recognition criteria for InterSETA payables in alignment to the Standard Operating Procedure issued by the Department of Higher Education and Training. Amounts have not been confirmed as yet. A payable will be raised once an invoice has been received from the receiving SETA.

34. PRIOR-YEAR ADJUSTMENTS

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

STATEMENT OF FINANCIAL POSITION

2025

	As previously reported	Correction of error	Restated
Receivables from non-exchange transactions	12 927	2 123	15 050
Trade Payables Discretionary Grants	(26 626)	270	(26 356)
Accruals Non-exchange	-	(21 032)	(21 032)
Net assets	(359 264)	18 639	(340 625)
	(372 963)	-	(372 963)

Two employers (Nika ithemba and At-Thale) applied and were approved for bursaries. These companies received the funds from AgriSETA and did not pay these bursaries to the respective academic institutions for the benefit of the learners. These two companies have not refunded the money to AgriSETA as at 31 March 2026. These companies have been referred to AgriSETA legal team to institute civil claim to recover the money during 2026/27 financial year.

Trade payables discretionary grants was reduced by the cancelation of one transaction for the amount of R270 thousand.

The Discretionary grants Accruals were not recognized in the previous financial year, the adjustments have been made retrospectively to the amount of R21,03 million, resulting in increase in payables from exchange transaction

STATEMENT OF FINANCIAL PERFORMANCE

2025

	As previously reported	Correction of error	Restated
Discretionary Grants Project Expenditure	507 703	(12 609)	495 094
Deficit for the year	(54 060)	12 609	(41 449)
	453 644	-	453 644

The discretionary grants administration expenditure was adjusted due to the incorrect classification of the stipends to the learners relating to the public works project, which AgriSETA paid from their own funds. The R80 thousand was reclassified from Project Admin expenditure : Public works.

FIGURES IN RAND THOUSAND

34. PRIOR-YEAR ADJUSTMENTS (CONTINUED)

The discretionary grants Accruals were not recognized in the previous financial year, the adjustments have been made retrospectively to the amount of R21 million, resulting in increase in Employer grants and projects expenditure, and decrease in net assets.

The discretionary grants project expenditure was reduced by the cancellation of one transaction for the amount of R270 thousand.

During the current year, it was discovered that Accruals for 2024/25 financial year were not recognized, the discretionary grants project expenditure was understated by R33,3 million. to avoid double counting the expense, the adjustment equivalent to the accruals amount was made to derecognize the accruals in the statement of financial performance, resulting in decrease in discretionary grants project expenditure and increase in net assets.

The amount restated on the discretionary grants expenditure after taking all the movement into consideration is the net of R12,6 million.

The following restatements on Discretionary grants project expenditure were made to the 2025 comparative figure:

DICRETIONARY GRANTS PROJECT EXPENDITURE	2025
As previously reported	507 703
Accrual recognition	21 032
Accrual derecognition (2024/25)	(33 371)
Discretionary grants project expenditure derecognition	(270)
Amount restated	495 094

STATEMENT OF CHANGES IN NET ASSETS

2025

NET ASSETS	As previously reported	Correction of error	Restated
Balance at 01 April 2024	413 323	(31 248)	382 075
Deficit for the year	(54 060)	12 611	(41 449)
Balance 31 March 2025	359 263	(18 637)	340 626

The Board approved the R 365 million discretionary grant allocation on 26 March 2026. Offer letters were issued during April 2026, respective contracts are expected to be finalised during 2026/27 financial year.

The commitment balances were adjusted at 31 March 2025 by R 15,6 million of contracts and R 21 million of accruals not recognised during the previous financial year.

35. GOING CONCERN

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

SETA's has been re-established until 31 March 2030 as per Gazette No 42290 dated 7 March 2019.

FIGURES IN RAND THOUSAND

36. EVENTS AFTER THE REPORTING DATE

AgriSETA management has not identified any adjusting or non-adjusting events after the reporting date that would require adjustment to, or disclosure in, the annual financial statements.

37. MATERIAL LOSSES THROUGH CRIMINAL CONDUCT

To the best of our knowledge, no material losses through criminal conduct, or irregular, fruitless and wasteful expenditure were incurred during the year.

38. FRUITLESS EXPENDITURE

	2026	2025
Opening balance as previously reported	2 123	-
Add: Fruitless and wasteful expenditure identified - current	-	2 123
Closing balance	2 123	2 123

Two employers (Nika ithemba and At-Thale) applied and were approved for bursaries. These companies received the funds from AgriSETA and did not pay these bursaries to the respective academic institutions for the benefit of the learners. These two companies have not refunded the money to AgriSETA as at 31 March 2026. These companies have been referred to AgriSETA legal team to institute civil claim to recover the money during 2026/27 financial year.

39. RELATED PARTIES

RELATIONSHIPS

CONTROLLING ENTITY

By virtue of the fact that AgriSETA is a national public controlled by Department of Higher Education and Training (DHET), it is considered related to other SETAs, TVETs, SAQA, Universities, the QCTO, NSFAS and the NSF. The transactions are consistent with normal operating relationships between the entities and are undertaken on terms and conditions that are normal for such.

39.1 RELATED PARTY TRANSACTION AND BALANCES

TRANSACTIONS FROM RELATED PARTIES

QCTO	4 716	4 213
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MANDATORY GRANTS RECEIVED

ServiceSETA	(161)	(123)
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INTER-SETA RECEIVABLES

MERSETA	-	(17)
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CONDITIONAL GRANT RECEIVED

Income received in advance (National skills Funds)	(252 519)	(398 785)
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AgriSETA entered into partnership contract with National Skills fund (NSF) on 04 December 2024 for the implementation of 12700 targets in Learnerships, Graduate Placements and Artisans.

39. RELATED PARTIES (CONTINUED)**2026****2025**

Where there were transactions and balances arising due to the movement of funds between entities under common control of the DHET, these amounts and outstanding balances are disclosed below :

TVETS, UNIVERSITIES AND OTHER ENTITIES

Fort Cox College Agricultural & Forestry	570	514
University of Venda	930	360
University of Johannesburg	931	1 370
University Of Mpumalanga	1 686	-
Coastal KZN TVET College	780	668
University of Stellenbosch	-	850
Gert Sibande College	2 835	4 866
Cedara College	-	1 349
University of Pretoria	1 503	4 045
Tshwane University of Technology	13 312	1 211
Cape Peninsula University of Tech	172	1 206
Central University of Technology	-	913
University of Limpopo(turfloop)	-	637
Majuba Tvet College	-	4 656
Tshwane South Tvet College	4 113	6 082
Umfolozi TVET College	3 342	3 665
Vuselela TVET College	1 186	1 031
Ekurhuleni East Tvet College	464	3 700
Orbit TVET College	-	1 031
Ingwe TVET College	1 975	840
King Hintsa TVET College	-	7 200
Letaba TVET College	1 740	3 008
Thekwini Tvet College	-	660
Flavius mareka TVET college	3 008	1 031
Mthashana FET College	-	2 535
False Bay College	2 475	1 606
Northlink College	-	106
Ehlanzeni FET College	1 880	1 590
Motheo FET College	-	600
College Of Cape Town	-	722
Elangeni FET College	1 502	840
Inland College	114	198
Tshwane North college pretoria campus	-	413
Mpumalanga CET College	-	248
Waterberg Fet College	-	464
Nghezimani Sithole Fet College	-	176
South West Gauteng College	3 372	2 354
Vhembe FET College	3 660	-
Ekurhuleni west college for further	280	516
Sekhukhune FET College	-	915
University of Zululand	1 416	991

FIGURES IN RAND THOUSAND

39. RELATED PARTIES (CONTINUED)

	2026	2025
Vaal University of Technology	-	420
Nkangala FET College	798	-
Elgin Community College	6 102	-
Capricon College for TVET	361	-
Owen sithole college	224	-
South Cape College - Central	877	-
Fourways Private College	150	-
Mopani South East TVET College	722	-
University of Fort Hare	302	-
Esayidini FET College	1 320	-
University Of Stellenbosch (Bursaries)	148	-
Ikhala Public FET College	565	-
South African Public Colleges Organ	150 936	-
Majuba TVET College	1 928	-
Africa College of Education	10 686	-
Mthashana FET College	2 280	-
West coast college	600	-
Tshwane North College Pretoria campus	1 135	-
Lovedale PFET College	780	-

KEY MANAGEMENT INFORMATION

Class	Description	Number of members
Non-executive board members	Date of appointment _01 October 2025	14
Non-executive Audit risk committee	Date of appointment _01 October 2025	5
Executive management	Two resignation and one appointment	10

REMUNERATION OF MANAGEMENT

**NON-EXECUTIVE : BOARD MEMBERS
FOR THE YEAR ENDED 31 MARCH 2026**

	Fees for services as a member	Travel reimbursement & allowance	Total
Dr. P Soundy (Chairperson)	121	-	121
Ms E Pitzer	157	14	171
Ms L Mhlongo	144	-	144
Mr E.L Mhlongo	176	1	177
Ms N Mbete	147	-	147
Mr NA Ndimma	102	1	103
Mr K Tsimatsima	130	-	130
Ms S Mthembu	170	-	170
Mr M Mahanjana	155	-	155
Dr Hurly (Genesmart)	148	-	148
Dr OT Doyer	139	1	140
Mr SP Ncube	153	1	154
Mr S Mabowa	180	1	181
Mr S Eppel	102	-	102
	2 024	19	2 043

39. RELATED PARTIES (CONTINUED)**2026****2025****FOR THE YEAR ENDED 31 MARCH 2025**

	Fees for services as a member	Travel reimbursement & allowance	Total
Ms G Sepeng (Chairperson)	359	22	381
Mr A Kriel	151	-	151
Ms B Cele	320	1	321
Mr E.L Mhlongo	303	8	311
Ms E Pitzer	267	4	271
Ms K.L Senyatsi	178	1	179
Mr K Tsimatsima	187	1	188
Mr M Mahanjana	196	5	201
Ms S Mthembu	152	1	153
Mr M.S Mngomezulu	390	4	394
Ms L.V Gqokoma	347	1	348
Ms PS Luwaca	29	1	30
Mr C Van Der Rheede	288	1	289
	3 167	50	3 217

NON-EXECUTIVE : AUDIT RISK COMMITTEE**FOR THE YEAR ENDED 31 MARCH 2026**

	Fees for services as a member	Travel reimbursement & allowance	Total
Ms M. Phiri (Chairperson)	262	-	262
Ms K Maja	161	-	161
Mr V Chonco	56	-	56
Dr G. Buys	102	-	102
Dr Prittish Dala	123	-	123
	704	-	704

FOR THE YEAR ENDED 31 MARCH 2025

	Fees for services as a member	Travel reimbursement & allowance	Total
Ms M. Phiri (Chairperson)	224	-	224
Mr K. Maja	108	-	108
Mr V Chonco	80	-	80
Dr G. Buys	80	-	80
Dr Prittish Dala	149	-	149
Ms DM Matlala	27	-	27
	668	-	668

FIGURES IN RAND THOUSAND

39. RELATED PARTIES (CONTINUED)

STAKEHOLDERS : COMPANIES RELATED TO ACCOUNTING AUTHORITY

FOR THE YEAR ENDED 31 MARCH 2025	Levies received from the employer	Member fee paid to Employers	DG Expenditure	MG Expenditure	Total
Hortgro Services (Mr A Rabe)	-	222	404	1	627

MANAGEMENT CLASS: EXECUTIVE MANAGEMENT

FOR THE YEAR ENDED 31 MARCH 2026	Basic salary	Bonuses and performance related payments	Travel reimbursement	Acting allowance	Total
Dr K.I Sirovha (Chief Executive Officer)	1 224	279	-	-	1 503
Ms M. Sebela (Chief Financial Officer)	750	213	8	-	971
Ms K.N Ndlovu (Chief Risk Officer)	1 390	138	4	-	1 532
Mr M.F Phetla (Executive Manager : ETQA) (i)	1 874	213	-	239	2 326
Mr J.F Fouche (Executive Manager : SP&R)	1 874	231	-	-	2 105
Dr M.B Letsoalo (Executive Manager : CS)	1 694	231	45	-	1 970
Ms LK Phateng (Chief Audit Executive)	1 509	129	-	-	1 638
Mr NO Mofokoane (Chief Information Officer)	1 509	114	-	-	1 623
Ms VSZ Maroleng (Company secretary)	1 561	81	1	-	1 643
Mr CM Mangwato (Chief Financial Officer) (ii)	1 895	168	-	118	2 181
Ms Minah Matloa (Acting Executive Manager : ETQA) (iii)	-	-	-	305	305
	15 280	1 797	58	662	17 797

(i) Appointed as Acting Chief Executive Officer from 01 October to 31 March 2026.

(ii) Appointed as Acting Chief Financial Officer from 01 August to 30 September 2025, Chief Financial Officer from 01 October 2025.

(iii) Appointed as Acting Executive Manager: ETQA from 01 October 2025 to 31 March 2026.

FOR THE YEAR ENDED 31 MARCH 2025	Basic salary	Bonuses and performance related payments	Travel reimbursement	Total
Dr K.I Sirovha (Chief Executive Officer)	2 322	296	-	2 618
Ms M. Sebela (Chief Financial Officer)	2 132	292	21	2 445
Mr M. Dlanga (Company Secretary)	679	154	1	834
Ms K.N Ndlovu (Chief Risk Officer)	1 317	106	-	1 423
Mr M. Shabangu (Executive Manager : LPP)	1 776	75	-	1 851
Mr M.F Phetla (Executive Manager : ETQA)	1 776	168	22	1 966
Mr J.F Fouche (Executive Manager : SP&R)	1 776	168	-	1 944
Dr M.B Letsoalo (Executive Manager : CS)	1 585	179	181	1 945
Ms LK Phateng (Chief Audit Executive)	1 430	88	-	1 518
Mr NO Mofokoane (Chief Information Officer)	1 430	94	-	1 524
Ms VSZ Maroleng (Company secretary)	710	69	-	779
	16 933	1 689	225	18 847

40. COMPARISON OF BUDGET AND ACTUAL AMOUNTS

NOTES TO COMPARISON OF ACTUAL AND BUDGET AMOUNTS

Legislation requires that the SETA on an annual basis, in September, submit a budget to the Minister for approval. Explanations have been provided below for significant variances.

40.1 SKILLS DEVELOPMENT LEVY (SDL) INCOME.

In the current financial year, AgriSETA collected 5,2% more levies from both private levy payers and provincial departments of Agriculture, which is R96,6 million more than the budgeted amount. The overcollection is due to the increase in number of employers joining AgriSETA and also transferring from other SETA's to AgriSETA

40.2 PENALTIES AND INTEREST

Income from penalties and interest arise when employers fail to submit their returns as required by legislation. These amounts typically vary year on year. Penalties and interest on SDL is not budgeted for.

40.3 INVESTMENT INCOME - INTEREST RECEIVED

Investment income comprises of interest received on the CPD investment account. The budgeted return on investment was R27,3 million, however actual yield was R25,1 million. The decrease is resulting from various withdrawals that were made during the year; and the AgriSETA earned less interest due to the withdrawals.

40.4 EMPLOYER GRANTS AND PROJECT EXPENDITURE

Actual Employer grants and projects expenditure were less than the budget by R261 million. This is due to the adjustment of budget as approved by the minister. The phase of implementation of projects was the driver for discretionary grants expenditure payments. The mandatory grants paid was marginally higher in 2025/26 and the major contributor was the 100% approval of Work Skills Programme.

40.5 EMPLOYEE RELATED COSTS

Personnel expenditure is R662 thousand below the budget. The administration employee costs in 2025/26 decreased marginally with a variance of 1,3% due to the resignation of the two executive members. Also taken into account was the provisions for leave and performance bonus for an amount of R408 thousand and R5,3 million.

40.6 GENERAL EXPENSES

General expenses are limited to 10,5% of Employer collected SDL revenue. During the current year AgriSETA exercised strict control over general expenditure to ensure cost containment and that expenditure does not exceed budget. There was a spending of R30,7 million below the adjusted budget.

40.7 GOVERNMENT GRANTS AND DONOR FUNDED PROJECTS

During 2020/21, AgriSETA entered into an agreement to implement an Artisans project for the Department of Public Works over a period of 3 years, the project expenses incurred amounted to R886 thousand, the conditions have been met and the amount equivalent to the expenses incurred was transferred to revenue

40.8 CONDITIONAL GRANTS AND RECEIPTS (NATIONAL SKILLS FUNDS)

AgriSETA entered into partnership contract with National Skills funds (NSF) on 04 December 2024 for the implementation of 12700 targets in Learnerships, Graduate Placements and Artisans. The conditional grant expenditure incurred for the financial year 2025/26 was R738,9 million, the conditions have been met and the amount equivalent to the grant expenditure was transferred to revenue. The conditional expenditure were less than the budgeted amount (contractual amount) by R69,3 million.



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