







Corporate Headquarters

51 Balfour Road, Vincent, East London Province of the Eastern Cape

Tel: 081 289 5008 • 081 253 2350 • 081 259 6411

www.mayibuyetransport.co.za

Postal Address

P.O. Box 19596, Tecoma 5214, East London

To obtain additional information and/or copies of this document, please contact:

Arline Coetzee

Strategic Planning and

Manager Email: spcp@mtcec.co.za

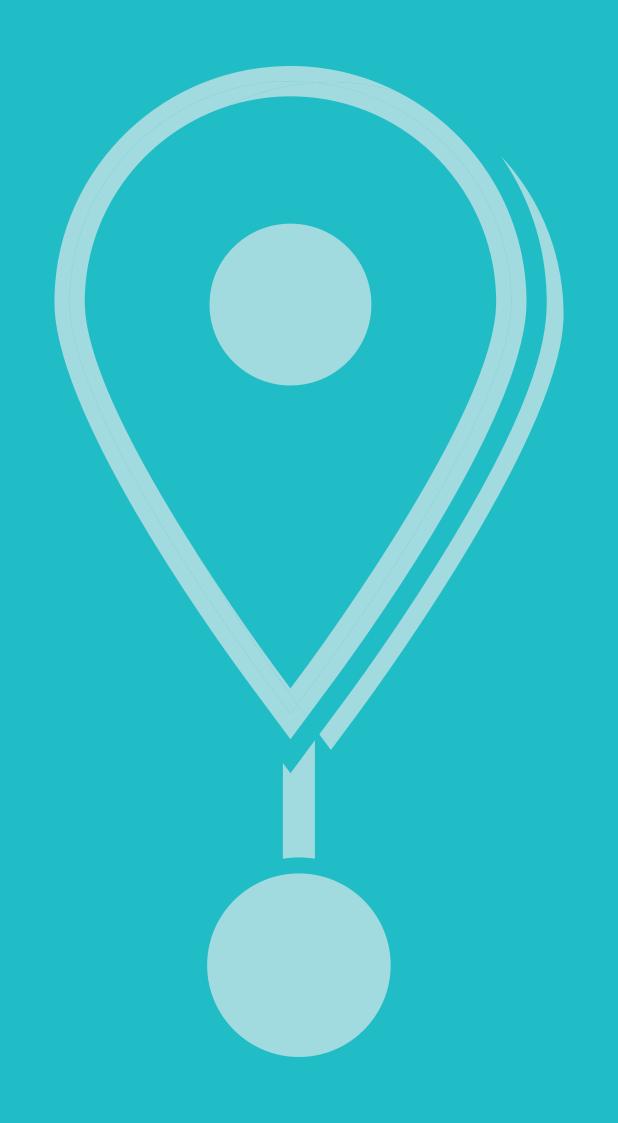
Charon CronjeBoard Secretary and Personal Assistant to the CE0
Email: ceopa@mtcec.co.za



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I.I AREAS OF OPERATION

Corporate Headquarters

51 Balfour Road, Vincent, East London Province of the Eastern Cape P.O. Box 19596, Tecoma 5214, East London

Phone 081.289.5008, 081.253.2350, 081.259.6411. Fax 043.745.2586

Website www.mayibuyetransport.co.za

Zwelitsha Depot Mount Coke Road Zwelitsha 5608

Tel: 040.654.1351

Reeston Depot

Corner of Drummond and Mdantsane

Access Roads East London, 5247

Queenstown Depot

8 Faraday Road Queendustria Queenstown, 5320

Alice Depot

6 Thompson Road

5700

P.O. Box 19596 Tecoma

5214

Fax: 040.655.1907

P.O. Box 19596 Tecoma, 5214 Tel: 043.745.2582 Fax: 043.745.2152

P.O. Box 19596 Tecoma, 5214 Tel: 045.858.8826 Fax: 045.858.8290

P.O. Box 19596 Tecoma, 5214 Tel: 040.653.0003 Fax: 040.653.1371



Dr Vanguard Mbuyiseli Mkosana (Chairperson)



Mrs Ruth Nalumaga Luzuka (Deputy-Chairperson)



Mrs Ntombizine Madyibi (CEO of MTC, Ex-Officio Board Member)



Mr André Joubert De Vries (Board Member)



Ms Sindiswa Griselda Gomba (Board Member)



Mr Mzilindile Claudius Mafani (Board Member)



Rev Melikhaya Melvin Matya (Board Member)



Mrs Zandile Pakati (Board Member)



Ms Nomalungelo Beaula Petela (Board Member)



Mr Dominic Lebohang Qhali (Board Member)



Adv Mathobela Harold Sishuba (Board Member)



Mr Mzwandile Vaaiboom (Board Member)



Mr Phumzile Goodwin Zitumane (Board Member)

PRESENTATION OF THE MAYIBUYE TRANSPORT CORPORATION

ANNUAL REPORT 2014/15.

In terms of the requirements of section 55(1) of the Public Finance Management Act, Act 1 of 1999, the Accounting Authority herewith presents the Annual Report of the Mayibuye Transport Corporation (MTC), for the period 1 April 2014 to 31 March 2015, to the Executive Authority, Department of Transport of the Eastern Cape. We declare that the Annual Report fairly presents the state of affairs of the MTC, its business, financial results, performance against predetermined objectives and financial position as at the end of the financial period under review.

I.2 ACRONYMS AND ABBREVIATIONS

In this Report, unless the context indicates otherwise the following meaning(s) are associated with each related term and/or abbreviation—

ACRONYM FULL NAME

AFS Annual Financial Statements

AG Auditor-General
AO Accounting Officer

APP Annual Performance Plan

ASGISA Accelerated and Shared Growth Initiative for South Africa

BEE Black Economic Empowerment

CCA Ciskei Corporations Act of 1990

CFO Chief Executive Officer
CFO Chief Financial Officer
COF Certificate of Fitness

CSI Corporate Social Investment

DORA Division of Revenue Act

DOT Department of Transport

ECPA Eastern Cape Provincial Administration

EM Executive Director
Executive Manager

EWP Employee Wellness Policy

EXCO Executive Council

FMS Fleet Management System

GAAP Generally Accepted Accounting Practices
GSDE Guide to Service Delivery Excellence
HDI Historically Disadvantaged Individuals

HRD Human Resource Development
HRM Human Resource Management

SM Senior Manager



I.2 MESSAGE FROM THE CHAIRPERSON.

A reflection on the past financial year, which is the first full year of the current board in office, cannot but reinforce our confidence. Guided by the strategy informed by a diagnostic health check of the Mayibuye Transport Corporation (MTC), wonderful strides towards turning around the MTC have begun to show.

The year under review saw continued improvement of the audit opinion report from a qualified opinion to a stage where only one previous matter remained a challenge from the previous year. The areas relating to completeness of revenue, though greatly improved, require additional interventions. We take pride at seeing how the MTC management and staff have worked to contain all four (4) previous qualification matters to a mere prior year comparative in the financial statements.

The MTC has maintained its third consecutive clean audit for performance information. Among the successes the MTC realised during 2014/15, we note in particular that in excess of two million people were transported in Amathole and Chris Hani District Communities.

The bus fleet of Mayibuye increased with an additional five new buses. In line with our goal to provide a safe and reliable service no fatalities were reported. Even though 45% of MTC's fleet was reported to be beyond its useful life, the MTC achieved 95% for bus trips which arrived on time. In addition, the survey conducted during the period recorded customer satisfaction at 78% proving that we are becoming a public transporter of choice.

In spite the tough environment forced by limited economic growth, the MTC has begun to position itself to take advantage of every key opportunity that presents itself. In this regard the MTC complimented its bus service offering at East London IDZ as a provider of choice by adding two more busses. The innovative Park and Ride service between Bhisho and East London targeting government employees using semi luxury buses is at an advanced stage for introduction in the next financial year. Work is underway towards servicing regional routes covering Port Elizabeth, Aliwal North, Mthatha and

Bhisho. MTC's collaborative initiative is at an advanced stage to service the first routes to be released in the Provincial Integrated Public Transport Master Plan.

The Provincial Integrated Public Transport Master Plan and the Buffalo City Municipal Metro Integrated Public Transport is considered as vital prospects to be explored. All of these will take the MTC a long way towards transforming into a self-sustaining enterprise and thus reducing its dependence on government in the long run.

As we celebrate the 25th anniversary of the formation of the MTC we salute those who pioneered the way. We recognize that without the commitment of those who are in the employ of the MTC and its keen stakeholders, the MTC would not be where it is now. We thank the Honourable MEC for Transport, Ms Weziwe Tikana for her selfless guidance and leadership.

The Transport Portfolio Committee and Standing Committee on Public Accounts are saluted for their resoluteness in giving guidance on how good governance and accountability should always be upheld. Without the commitment and dedication of the MTC CEO, Mrs Ntombizine Madyibi, and staff we would not have moved with the impressive speed we had in turning the entity around. Our special gratitude goes to Mr Vuyo Mosana who acted as the CEO of MTC before the appointment of Mrs Madyibi. His will remain an indelible mark on the development of the Corporation.

We, as the Board of the MTC, commit to put more wheels on the road and improve mobility of the public we serve.

Dr Vanguard MkosanaChairperson of the Board
Mayibuye Transport Corporation

I.4 OVERVIEW BY THE CHIEF EXECUTIVE OFFICER

Looking back at the end of the 5 year strategy, it has become clear that the MTC has made noteworthy strides. The performance that has been achieved has been significant, and has been the first true test of the strategy, systems, processes and procedures which have been developed during the establishment phase.

When one considers this, one would have to concede that we have made progress above and beyond of what was expected of us. However, the chasm that lies ahead of us during the new five year cycle is massive, and cannot be approached in a piece meal fashion. We would have to focus our efforts, give and execute with a very high degree of commitment. The gauntlet that we face will also not allow us to incrementally effect change, we would have to buckle down and confront the challenges head-on in a revolutionary as opposed to an evolutionary manner.

The externalities of the macro economic factors which are currently unfolding, will have a significant impact on the industry. If not approached correctly the reduction in disposable income for the majority of citizens could be an elimination event for a number of players in our sector. The crises that face the sector do however provide a good opportunity to bring about a fundamental restructuring that will ensure its survival. In this regard the vitality and relevance of the industry is intertwined with the ability of the MTC to effectively and efficiently implement its mandate, and demonstrate its value to the shareholder and stakeholders alike. We have accordingly also started to strengthen our mandate around issues pertaining to achieving maximum socio-economic impact. To this effect we, as per the instruction of the Board and the Shareholder, increased our focus on job creation, training and the development of women and youth.

We have also taken a much more focused approach towards strategic risks to which the Board and the organisation are exposed. In response we have focused our efforts on mitigating these risks, through direct engagement with relevant parties and institutions. We have made significant strides regarding the Zwelitsha land claim matter. We are however still confronted with the issue of ageing infrastructure as well the constant challenge of increasing our revenue and relevance to all stakeholders. In this regard the ability of the MTC to

develop and implement funded projects on time, on budget and to quality is critical.

In closing

The fact that the MTC must become fully self-reliant is now beyond any dispute. The focus has accordingly shifted to expanding our operations and increasing our effectiveness and efficiencies.

We are however presented with a number of challenges, which in actual fact present us with opportunities to create and drive change. Foremost amongst these is our ability to generate revenue from new routes and inventive projects such as the Park and Ride initiative. We should however not lose sight of the fact that this can only happen if we are able to create an enabling environment that will nurture the talents and capabilities of our staff.

Africa's first female elected president, Ellen Johnson Sirleaf, made a profound statement in 2011 upon accepting her Nobel Peace Laureate prize - she said these words "History will judge us not by what we say in this moment in time, but by what we do next to uplift the lives of our countrymen and women. It will judge us by the legacy we leave behind for generations to come".

Our biggest challenge will emanate from the high standards of performance that we have put before ourselves. It is therefore critical that we apply our collective minds to finding creative and innovative solutions to address the operational and strategic issues which will confront us. It is with great expectation that we enter 2015/2016 and look forward, with the support and commitment of all MTC staff to exceeding expectations.

Yours faithfully,

Mrs Ntombizine Madyibi
Chief Executive Officer
Mayibuye Transport Corporation



PRESENTATION OF THE MAYIBUYE TRANSPORT CORPORATION ANNUAL REPORT FOR 2014/2015

In terms of the requirements of section 55(1) of the Public Finance Management Act, Act 1 of 1999, the Accounting Authority herewith presents the Annual Report of the Mayibuye Transport Corporation (MTC), for the period 1 April 2014 to 31 March 2015, to the Executive Authority, Department of Transport of the Eastern Cape. To the best of our knowledge and belief, we confirm the following:

- All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor General.
- The annual report is complete, accurate and is free from any omissions.
- The Annual Financial Statements (Part E) have been prepared in accordance with the South African Statements of Generally
 Accepted Accounting Practice standards applicable to the public entity.
- The Accounting Authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.
- The Accounting Authority is responsible for establishing, and implementing a system of internal control that has been designed to
 provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information
 and the annual financial statements.
- The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the state of affairs of the MTC, its business, human resources, performance against predetermined objectives, financial position and financial results for the financial year ended 31 March 2015

Dr Vanguard Mkosana Chairperson of the Board Mayibuye Transport Corporation

Date: 31 July 2015



MAYIBUYE TRANSPORT CORPORATION BOARD AS AT 3I MARCH 2015



I.7 STRATEGIC OVERVIEW.

Strategic Overview

The Mayibuye Transport Corporation is a registered entity in terms of the Corporations Transition Provision Act 12 of 1995. The MTC is a schedule 3D public entity in terms of the Public Finance Management Act. The MTC is currently considered a public entity and its shareholder is the Eastern Cape Department of Transport.

Detailed below are the Vision, Mission and Values of Mayibuye Transport Corporation. It is these key components that fuel our commitment to the people of the Eastern Cape.

Vision

The MTC's vision is to be the Public Transporter of Choice

Mission

The mission of MTC is to provide a safe, reliable, affordable public transport service that is responsive to its environment

Core Values

The MTC is guided by and committed to the following values:

Work ethically, honestly and transparently

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



Create an enabling environment for community and stakeholder participation

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

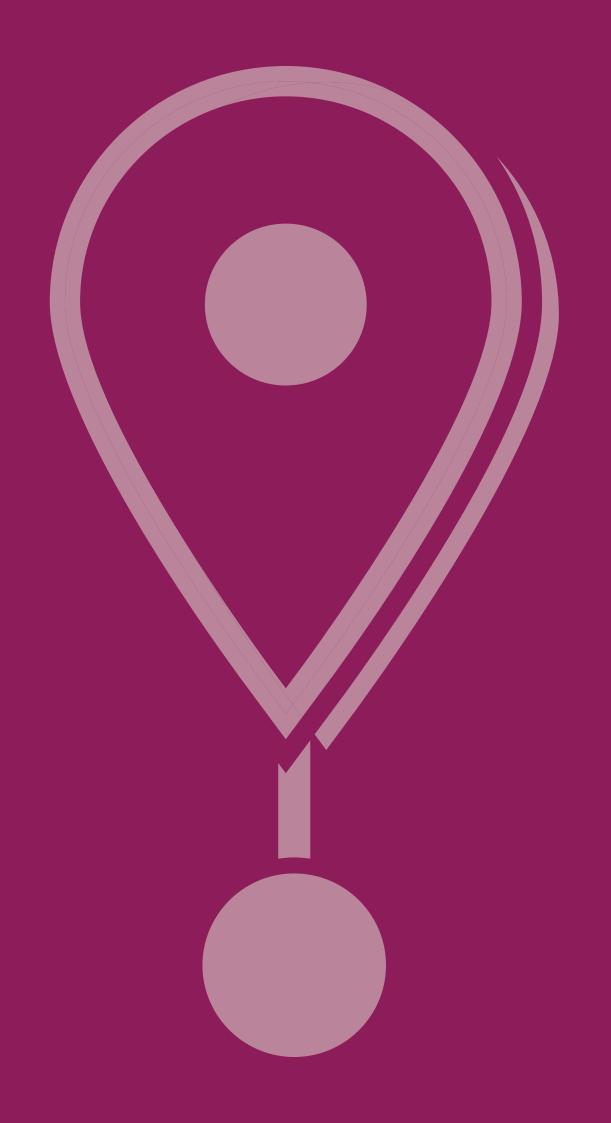
I.7 LEGISLATIVE AND REGULATORY FRAMEWORK

Government has approved a "Protocol on Corporate Governance in the Public Sector", which is to be read in conjunction with the King Report. The protocol is applicable to all public entities listed in Schedule 2, 3B and D of the PFMA. It is intended to provide guidance on how to achieve the socio-politico-economic objectives of government; good governance in the public sector; freedom to manage and effective accountability of both financial and non-financial matters.

The MTC regards good corporate governance as integral to good performance. It is critical for the MTC to fulfil its mandate in a manner that is consistent with best practices and with regard to accountability, transparency, fairness and responsibility. For this reason, the MTC subscribes to the principles of good governance on an on-going basis as laid

down by the King Report and the Protocol on Good Governance in the Public Sector. The MTC undertakes to maintain effective governance and the highest standard of ethics business operations.

The MTC executes its mandate in accordance with its constitutive documents and any applicable legislation as reflected in the Corporate Plan. Its Board exercises its fiduciary duties in pursuance of strategic objectives as set out in the Corporate Plan. Further, the Board ensures that targets are met, monitored and reported on a regular basis.







2.I CEO'S STATEMENT OF RESPONSIBILITY FOR PREDETERMINED OBJECTIVES

The Chief Executive Officer in her delegation as the Accounting Officer, is responsible for the preparation of the entity's predetermined objectives and for the judgements made in this information.

The Chief Executive Officer is responsible for establishing, and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of performance information.

In my opinion, the information fairly reflects the performance of the Mayibuye Transport Corporation for the financial year ended 31 March 2015.

Mrs Ntombizine Madyibi
Chief Executive Officer
Mayibuye Transport Corporation

2.2 AUDITOR GENERAL'S REPORT ON PREDETERMINED OBJECTIVES

The report on predetermined objectives as prepared by the Auditor General is included in paragraphs 14 to 20 as set out on page 82, which comprise the reported findings on the reported performance information against predetermined objectives for the selected programme presented in the annual performance report as at 31 March 2015.

2.3 OVERVIEW OF ORGANISATIONAL PERFORMANCE

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

At present the MTC receives a subsidy in the form of a grant-in-aid to cover the operating expenses of the Corporation.

Since its establishment, the MTC has been advancing the public transport policy objectives of government through the provision of community transport services. The success of the MTC is deeply rooted in its mandate, its workforce and the underpinning corporate strategy. The MTC has retained and strengthened its business model as a transport corporation, whilst at the same time being compliant with the PFMA. Through its understanding of the importance of collaboration and partnerships, the organisation has managed to deliver services in many marginalised and under-served rural communities of the Eastern Cape, South Africa. These services have transformed many lives and given hope to many poor people in the rural areas.

The main objective of the MTC has a dual mandate which firstly is to be self-sustainable as found in the National Land Transport Act and secondly which is to provide public transport to predominantly rural Eastern Cape as informed by the plea of numerous communities to provide an affordable bus transport service.

2.3.1 SERVICE DELIVERY ENVIRONMENT

The MTC has also not been immune to factors in the macroeconomic environment. The energy crisis, rising costs of fuel and food directly affect the MTC's ability to generate its own revenue as poor households struggle to overcome the effects of inflation. The lagging impact is likely to be felt well into the new reporting cycle.

Rural road conditions continue to push up maintenance costs as bus chassis and tyres often operate on hostile terrain. A further constraint is the high prices associated with procuring

new buses. It requires on average 4 to 5 years of ticket sales supported by full bus loads before a profit can be realised.

The decision by which the MTC is confronted is at which stage to transfer increased costs to the consumer given the entity's listing as a 3D which requires that it generates profit. It is never an easy decision to transfer increased costs to an already struggling poor rural consumer base.

The public transport sector has a number of opportunities which lie in wait such as middle and upper class business people also traveling by bus which in turn could provide a more sustainable source of revenue. This is a hugely successful practice in other countries such as New Zealand and the United Kingdom where commuters opt for buses as opposed to own vehicles in order to reduce their travelling time by benefitting from the rapid bus lanes. This and similar opportunities will only be realised once the Bus Rapid Transport (BRT) system has been fully implemented.

Given the environment in which the MTC is called to service, the entity has not yet been able to fully meet its targets for own revenue and passenger numbers.

2.3.2 ORGANISATIONAL ENVIRONMENT

The aim of this overview of the organisational environment is to provide a description of any significant developments internal to the MTC that may have impacted on the entity's ability to deliver on the Strategic Plan and Corporate Plan.

The appointment of the Chief Executive Officer has brought about much needed stability within the entity. Since then there has been a steady increase in the recorded levels of Corporate Performance.

The Chief Financial Officer post has also been filled and has assisted a great deal in seeing to the Finance Department being properly resourced.

The part implementation of Administrative Adjudication of Road Traffic Offences (AARTO) during the year under review saw a noticeable decrease in road traffic law violation. The Corporation ensured compliance with AARTO which in turn increased our ability to provide a safe and reliable public bus transportation service. The Corporation also benefited remarkably from the improved relations with the already established Commuter Forum that has been meeting at regular intervals during the year which assisted the MTC in providing an improved service.

On the down side the Corporation experienced increased competition from illegal operators in our urban operations which impacted on our ability to gain a greater share of the urban market. Although the MTC overcame the challenge through an existing partnership with the Operating Licensing Board, illegal operators still remain a challenge on the Mdantsane/East London route.

A major challenge during the year under review for the MTC is the delivery capacity of our existing fleet. Out of a bus fleet of 69 buses, 35 buses are over 17years old. This has continually impacted our ability to provide a reliable bus service and also hampered the achievement of the own revenue target for the year. This continues to remain a challenge for the Corporation into the next review period.

Whilst a number of service delivery successes have been achieved, the MTC has gained numerous lessons from its challenges relating to planning and project management. For the new financial year, the MTC will be completing a skills audit and full remapping of its organisational skills development strategy. This will in ensure that the organisational architecture is better positioned to improve its service delivery.

2.3.3 KEY POLICY DEVELOPMENT AND LEGISLATIVE CHANGES

There have been no key policy developments or legislative changes identified during the period under review.

2.4 STRATEGIC OUTCOME ORIENTED GOALS

The mandate of the MTC is summarised in this section by focusing on issues of providing an affordable transport service, becoming self-sustainable and supporting the developmental goals of the Province.

STRATEGIC GOALS

STRATEGIC GOAL 1:

Ensure the efficiency

organisation

and effectiveness of the

GOAL SUMMARY EXPLANATION

Strategic objective statements

- 1.1 Developing and implementing strategic leadership and good governance practices in order to demonstrate efficient, responsible and accountable corporate governance by achieving a King3 application rating of BB (Notable Application)
- 1.2 Manage stakeholder relationships to improve the operating position of the Corporation.
- 1.3 To improve the Corporations' reputation by increasing its Performance against Predetermined Objectives, Efficiency, Effectiveness and Accountability.
- 1.4 To implement measures and controls for effective financial management within the Corporation.
- 1.5 Develop and continuously implement an integrated ICT platform that is aligned to the core business of the Corporation.
- 1.6 Ensuring optimum resource utilization through compliance with Supply Chain Management procedures and legislation.
- 1.7 Ensure the adequate supply of human capital to meet the current and future demands of the entity by developing and implementing leading HR strategies, tools, technology and expertise.
- 1.8 Continuously promote a sustainable operation and secure working environment.

Strategic objective statement

STRATEGIC GOAL 2:

Render a safe, affordable and reliable service

- 2.1 Ensure that commuters experience optimal safety and security when utilising MTC services through mechanical safety, driver expertise and stringent controls.
- 2.2 To increase the operating fleet in order to sustain mobility for rural communities we serve on one hand and respond to the rolling out of IPTN Programme in Buffalo City.
- 2.3 Provide for conducive office and maintenance infrastructure in all depots to enhance the operational productivity of the Corporation.

STRATEGIC GOAL 3:

Institutionalise operations best practice

Strategic objective statement

- 3.1 To ensure that the number of passengers accessing bus services increases.
- 3.2 To ensure that the Corporations own revenue exceeds variable expenses.

PROGRAMME I.I OFFICE OF THE CEO

2.5 PERFORMANCE INFORMATION BY PROGRAMME.

2.5.1 PROGRAMME 1.1: OFFICE OF THE CEO

2.5.1.1 Purpose

The Office of the Chief Executive Officer (CEO) facilitates the coordination between the Board, Shareholder, Executives and Stakeholders. The Board serves as the Accounting Authority for MTC in terms of the Public Finance Management Act. The CEO is responsible for the formulation of policy as an ex-officio member of the Board and accountable for the implementation of policy and strategy as the most senior executive in the organisation. This office ensures that effective planning and reporting systems are established based on internal management co-operation and communications, and that external partnership networks are developed and managed for the benefit of the Mayibuye Transport Corporation.

2.5.1.2 Programme Structure

- Chief Executive
- Compliance Management
- Board Secretarial Services

2.5.1.3 Strategic Objectives

STRATEGIC OBJECTIVE		MEASURABLE OBJECTIVE	PERFORMANCE INDICATOR	TARGET	
1.1	Demonstrate efficient, responsible and transparent corporate governance	Demonstrated efficient, responsible and accountable corporate governance by gaining a level BB King3 application rating	King3 application rating	BB	
1.1	Demonstrate efficient, responsible and transparent corporate governance	Ensure full compliance with all legislation applicable to the MTC as listed in the 2014/2015 Annual Performance Plan	% Compliance with all legislation applicable to the MTC as listed in the 2014/2015 Annual Performance Plan	100	
1.2.1	Increased stakeholder satisfaction	Increase the average strategic stakeholder satisfaction rate from 60% to 70%	Average strategic stakeholder satisfaction rate	70	

ACTUAL	DEVIATION	CHALLENGES/REASONS FOR NON-PERFORMANCE	IMPROVEMENT PLAN
AAA	А	The Corporation's Board ensured that the Board and its Committees have Charters in place which take into account the King 3 Guidelines and also ensured that the Board and each Committee have at least one meeting per quarter.	Implementation of the ICT Governance Framework within the 2015/2016 year.
89.50	10.50	Non-Compliance with supply chain management prescripts; non-compliance with the Consumer Protections Act.	Introducing a prevention tool (SCM control tracking tool) in order to identify potential irregular expenditure prior to the order being made; the Corporation has stopped selling the multi-journey tickets to commuters.
80	-10	The appointment of the new board and CEO has resulted in improved levels of stakeholder engagement.	The stakeholder engagement strategy will be reviewed for the new financial year in order to provide even greater levels of stakeholder engagement

2.5.1.4 Overview of Departmental Performance

The new Board at the MTC came on the backdrop of an institution that was confirmed to be dysfunctional through an Auditor-General disclaimer of opinion. The task of the Board together with management has been as follows:

- Diagnose the challenges that confronted the Mayibuye Transport Corporation
- Develop an Intervention Action Implementation Plan monitor its results
- Re-engineer/reconstruct the institutional enabling foundations
- . Develop the strategic thrust (i.e. vision, mission and goals) and direction of the Mayibuye Transport Corporation.

The result of these initiatives are evident from the improved financial audit opinion of a disclaimer (2012/2013) with 9 qualification paragraphs, to a qualification in 2013/2014 with 4 qualification paragraphs and now a single qualification paragraph in 2014/2015. The Board concluded the appointment of a Chief Financial Officer whose post was vacant for more than two years. This Board also appointed the Chief Executive Officer during the 3rd Quarter of the year under review

The following items were driven by the Office of the CEO

- · Reviewed and approved a Board Charter
- Reviewed and approved all five of the Board Committee Charters (Audit & Risk Committee; Finance & Investment Committee;
 HRM Committee; Operations & Engineering Committee and the Governance Committee)
- Reviewed and approved the Annual Performance Plan and Budget for the 2014/2015 year.
- Adopted the Strategic Goals for the next Five (5) years
- Began the Review and Strengthening of the Delegations of Authority for the Corporation including the realignment of the
 policies
- Review and approval of policies, including the Supply Chain Management Policy.
- Identified revenue generating projects i.e.:
 - o Public Servants Park & Ride introducing semi-lux buses with free Wi-Fi in the EL to Bhisho route
 - o Regional Routes [EL-Bhisho to Mthatha | EL-Bhisho to Queenstown/Aliwal North | EL-Bhisho to Port Elizabeth]
 - o Provider-Of-Choice for the IDZ | enter into SLA that secures scheduled staff bus with various efficiencies including secured accessible ticketing & easy access systems for workers & bus drivers.
- Securing recapitalisation funds amounting to R 52,985 million from the Department of Transport and the Eastern Cape Provincial Treasury.

2.5.1.5 Changes to Planned Targets

There were no changes to planned targets

2.5.1.6 Linking Performance with budgets

2014/2015			2013/2014			
Final Allocation	Actual Expenditure	Over/Under Expenditure	Final Allocation	Actual Over/Un Expenditure Expendi		
(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	
5 496	7 464	-1 968	5 087	4 518	569	

PROGRAMME I.2 OFFICE OF STRATEGIC MANAGEMENT



Mr Noel van Wyk Executive Director: Strategic Management

2.5.2 Programme 1.2:

OFFICE OF STRATEGIC MANAGEMENT

2.5.2.1 Purpose

The Office of Strategic Management exists to orchestrate the connection between strategy and execution. It oversees alignment of all management processes with strategy and is responsible for the coordination and preparation of the strategic plan, planning processes, reporting and organizational performance improvement. MTC is engaged in an on-going planning process designed to facilitate strategic conversations to improve organizational results. The Office of Strategic Management provides strategic leadership and management in accordance with legislation, policies and furthermore ensured support to the Office of the CEO, the Board and all programmes within the Corporation.

2.5.2.2 Programme Structure

- Corporate Performance Management
- Customer Care
- Employee Performance Managemen
- ICT Management
- Marketing

2.5.2.3 Strategic Objectives

STF	RATEGIC OBJECTIVE	MEASURABLE Objective	SERVICE DELIVERY INDICATORS	TARGET	
1.3	Improved organisational performance	Ensure that a minimum of 90% of organisation predetermined objectives are met in accordance with the approved Annual Operational Plan	% Organisational Performance against predetermined objectives	90	
1.3	Improved organisational performance	Reduce 1 Strategic Risk to an acceptable level	Number of the 11 Strategic Risks Reduced to an acceptable level	1	
1.5	Key business functions supported by relevant information technology	Implement 50% of the Approved Master Systems Plan	% of the Approved Master Systems Plan implemented	50	

SERVICE

ACTUAL	DEVIATION	CHALLENGES/REASONS FOR NON-PERFORMANCE	IMPROVEMENT PLAN
63	27	The target was not achieved due to the following: Inadequate project management skills, lack of human capital, budget constraints and inadequate capacity.	Due to budget constraints project management training cannot be effected during the 2015/16 financial year. This training will be included in the budget for 2016/17 financial year. As an interim measure, OSM has developed Corporate Performance Support Sessions, which aim to assist departments to continuously monitor and evaluate their performance, so as to put measures in place which will enable them to meet their target.
1	0	Not applicable. Target Achieved.	Not required
33	17	The full implementation of the Master Systems Plan was largely dependent on the installation of the Virtualised Server and Microsoft Office 365. The target was not achieved due to poor project management and human capital constraints.	The procurement process will be reinitiated. Adjudication Committee to convene, CEO to approve recommendations of Adjudication Committee and equipment to be ordered

2.5.2.4 Overview of Departmental Performance

Driving service delivery remains a key agenda item for the Office of Strategic Management. The year under review saw an improvement in organisational performance against predetermined objectives when compared to the previous reporting period. The Corporate Performance Management system has been well established and provides a clear platform for operational effectiveness and accountability.

The MTC's AOPO audit methodology has proven successful which is evidenced by the AG awards of its third consecutive clean audit on performance information. The manner in which the entity is able to account on performance against predetermined objectives and budget continues to inspire stakeholder confidence.

The customised Risk Management system has proved in the reporting period that it is an essential business management tool for goal achievement. For effective Risk Management a number of development interventions have been introduced to ensure that risk management is cascaded from strategic to operational level throughout the organisation.

Internal capacity was provided to ascertain the level of customer satisfaction amongst MTC customers. The knowledge gained from such studies will enable the entity in future to provide a better service in terms of time, cost and quality.

The historic brand of the MTC did not fully support its new vision of becoming a public transporter of choice. To this end, the MTC's Corporate Identity was championed and redeveloped. Being an ever-changing institution that continues to improve and build new horizons, the new brand will take the Corporation a step further. Whilst the new brand captures the same essence as its predecessor, it has been transported into a more modern age and formalised into what has been accepted by the workforce as a finalised brand image that represents where we are going.

2.5.2.5 Changes to Planned Targets

There were no changes to planned targets

2.5.2.6 Linking Performance with budgets

2014/2015			2013/2014			
Final Allocation	Actual Expenditure	Over/Under Expenditure	Final Allocation	Actual Expenditure	Over/Under Expenditure	
(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	
9 403	8 824	-579	4 777	6 672	1 895	

PROGRAMME 1.3 FINANCE



Mr Spelele Galada

2.5.3 Programme 1.3: FINANCE

2.5.3.1 Purpose

This programme ensures the provision of systematic financial management systems designed to co-ordinate the organisation's budget and resource requirements. Such activities include ensuring compliance with regulatory provisions required to facilitate the funding of the MTC as well as to take appropriate steps to ensure that expenditure occurs within the approved budget and to preven overspending of the budget. Systematic financial management systems also entail the maintenance of a procurement system that is fair, equitable, transparent and cost-effective; and also ensures that effective and appropriate steps are taken to prevent unauthorised irregular or fruitless and wasteful expenditure.

2.5.3.2 Programme Structure

- Creditors Payments and Reconciliations
- Financial Managemen
- Revenue Management
- Salaries Administration
- Supply Chain Management

2.5.3.3 Strategic Objectives

STRATEGIC OBJECTIVE		MEASURABLE OBJECTIVE	SERVICE DELIVERY INDICATORS	TARGET	
1.4	Maintained reliable and sustainable Financial Management practices	Reduce the number of matters affecting the auditors' report from 80 to 35 as per the final 2013/2014 AG Management Letter.	Number of findings in the Auditor General 2013/2014 Audit Report applicable to the MTC	35	
1.4	Maintained reliable and sustainable Financial Management practices	MTC Financial Statements approved by the CEO on a quarterly basis	Number of CEO approved MTC quarterly financial statements.	4	
1.6	Quality services secured from selected suppliers	Obtain full compliance with all legislation applicable to Supply Chain Management	% Compliance with all legislation applicable to Supply Chain Management	100	
1.6	Quality services secured from selected suppliers	Ensure full compliance with the approved MTC SCM Policy	% Compliance to MTC SCM Policy	100	
1.7	Increased quality and availability of required human capital in order to achieve the business goals of the corporation	Maintain an employee average performance score of 3.00	Employee average performance score for the organisation	3.00	

ACTUAL	DEVIATION	REASON(S) FOR DEVIATION	IMPROVEMENT PLAN
13	-22	During the previous financial year, the MTC has by all means strived to ensure that it receives an improved audit outcome. This was mainly done through the introduction of the audit intervention plan, which is aimed to allow management to mainly focus on the areas that were highlighted by the Auditor General. Appointment of relevant financially skilled employees was completed and from the audit intervention plan a turnaround was implemented.	The target will be increased for the 2015/2016 financial year
4	0	Not applicable. Target Achieved.	Not required
62.20	37.80	The target was not achieved due to non adherence to supply chain regulations which resulted in irregular expenditure.	Training of all officials directly or indirectly affected by the legislation. Report irregular expenditure to the CEO for action to be taken
87	13	The target was not achieved due to inadequate enforcement of compliance to legislation and insufficient monitoring of processes.	Training of all officials directly or indirectly affected by the policy. Report irregular expenditure to the CEO for action to be taken
2.9	0.03	Preparing portfolios of evidence proved challenging. The MTC was emerging from a disfuctional state hence non-achievement of the target.	Greater focus will be placed on development of portfolios of evidence within the Performance Management workshops.

2.5.3.4 Overview of Departmental Performance

The department has, in the current financial year, seen the appointment of the Chief Financial Officer who joined in July 2014. This appointment brought long anticipated leadership to the department.

There has been an improvement in the audit outcome as reflected in the audit report herein although the audit outcome is a qualified audit opinion. The noted improvement are as detailed below:

- Elimination of the Revenue Completeness qualification in the current financial year. This was as a result of improved control in the management of collection and recording of revenue of the corporation. The corporation was however not successful in removing this qualification from the comparative figures and hence it remains a qualification of the prior year.
- Elimination of the Irregular Expenditure qualification. This was as a result of the improvement in the identification and disclosure of irregular expenditure. The irregular expenditure net movement reduced from R10, 885,732 (2013/14) to R1, 171,865 in the current financial year, which equates to an 89% reduction in irregular expenditure.
- IAS Disclosure qualification. The corporation was able to eliminate this qualification through applying the required standards in the preparation of the annual financial statements.
- Reduction of material losses. The material losses as reported by the corporation reduced from R3, 839,399.00 (2013/14) to R901, 663 in the current financial year, which amounts to a 77% reduction in material losses.
- There has been a general improvement in the control environment to which efforts are being made to sustain and continue to improve.

The department will in the 2015/16 financial year be focusing on the improvement of audit outcomes as it is an important measure of the state of financial affairs of the corporation. This will be through the improvement of controls and implementation of improved systems.

2.5.3.5 Changes to Planned Targets

There were no changes to planned targets

2.5.3.6 Linking Performance with budgets

2014/2015			2013/2014			
	Final Allocation	Actual Expenditure	Over/Under Expenditure	Final Allocation	Actual Expenditure	Over/Under Expenditure
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
	17 539	18 322	-783	19 472	16 611	2 861

PROGRAMME I.4 HUMAN RESOURCE MANAGEMENT



Chris Mtise
Executive Manager: Human
Resource Management

2.5.4 Programme 1.4: HUMAN RESOURCE MANAGEMENT

2.5.4.1 Purpose

Provides an internal enabling function and support service to the other programmes with regard to Human Resource Management. The Human Resource Management division provides guidance on how to strategically manage people as a business resource. This includes managing recruitment, coordinating employee benefits, labour relations and integrated employee wellness and human capital development. The division was also responsible for the management of the Security and Inspectorate function.

2.5.4.2 Programme Structure

- Employment Relations and Integrated Wellness
- HR Management Services
- Security and Inspectorate
- Training and Development

2.5.4.3 Strategic Objectives

MTC Security Policy

	STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	SERVICE DELIVERY INDICATORS	TARGET	
1.	7 Increased quality and availability of required human capital in order to achieve the business goals of the corporation	Increase MTC's average compliance with Provincial Employment Equity Index from 54% To 57%	Average % compliance with the Provincial Employment Equity Index.	57	
1.	7 Increased quality and availability of required human capital in order to achieve the business goals of the corporation	Reduce the staff vacancy rate from 6.62 to 6.29	% of Board approved posts which are vacant	6.29	
1.	7 Increased quality and availability of required human capital in order to achieve the business goals of the corporation	Increase the level of available staff by decreasing the absenteeism rate due to sick and unpaid leave from 6.44 to 6.12	Number of sick and unpaid leave days taken as a % of number of working days	6.12	
1.	7 Increased quality and availability of required human capital in order to achieve the business goals of the corporation	Limit employment cost at 43% of the total MTC income	Employment costs as a % of total income	43	
1.	8 Safeguarding of all fixed assets by maintaining full compliance with the MTC Security Policy	Safeguard all assets in order to ensure availability for use	Number of assets lost due to theft	0	
1.	Safeguarding of all fixed assets by maintaining full compliance with the	100% Compliance with MTC Security Policy	% Compliance with MTC Security Policy	100	

ACTUAL	DEVIATION	CHALLENGES/REASONS FOR NON-PERFORMANCE	IMPROVEMENT PLAN
45.00	12.00	The MTC is faced with a huge challenge in meeting this target, and this is mainly due to:	During the 2015/16 financial year, the MTC will be training females, in order
		The historical background of the MTC, where the majority of employees were male, in particular African males.	to assist them in acquiring driver's licences, upon which they will be employed by the MTC as bus drivers,
		2. The MTC operates within a predominantly male dominated industry.	and therefore improve the employment equity index.
		3. These facts were overlooked when the the target was set.	
9.16	2.87	The target was not achieved due to the revision of the MTC structure which resulted in additional positions being approved (i.e. increase in the number of vacancies). Therefore the baseline used to determine the targets was no longer accurate.	The correct baseline will be used in the 2015/16 financial year
2.28	-3.84	The Employee Wellness Programme was implemented at the MTC, which yielded the desired results in reducing the number of sick leave days taken.	Continue with the implementation of the wellness programme to improve the general wellbeing of staff.
47.66	4.66	The non-achievement of the target was due to the MTC paying more overtime than anticipated. This was due to the bus breakdowns that needed to be attended to as a result of the very old fleet.	The recapitalisation plan that has been developed and tabled has yielded results as additional funding for the purchase of new buses has been received, some of the very old buses have to be written off.
9	9	The target was not achieved due to the following: Inadequate project management skills, lack of human capital, budget constraints and inadequate capacity.	The MTC has approved an increase in the number of cameras fitted at depots as well as secret cameras. This will strengthen the controls around monitoring of assets. The replacement cost will be recovered from the Security Company.
100	0	Not applicable. Target Achieved.	Not required

2.5.4.4 Overview of Departmental Performance

The overall performance score for the Human Resource Management Department over the reporting period was 50%. Management of the Security Services function proved challenging as the Protection Services Officer was hospitalised for a long period and later resigned. Inspection targets could also not be achieved as Inspection vehicles were plagued with mechanical and electrical faults.

2.5.4.5 Changes to Planned Targets

There were no changes to planned targets

2.5.4.6 Linking Performance with budgets

	2014/2015		2013/2014			
Final Allocation	Actual Expenditure	Over/Under Expenditure	Final Allocation	Actual Expenditure	Over/Under Expenditure	
(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	
19 138	14 720	4 418	15 922	11 016	4 906	

PROGRAMME 2 ENGINEERING



Mr Zilindile D Leni
Executive Manager: Engineering

2.5.5 Programme 2: ENGINEERING

2.5.5.1 Purpose

The purpose of the Engineering Programme is to ensure the efficient and effective provision of public transport services through a safe and reliable fleet at all depots of the MTC. The Programme is responsible for all the corporations' fleet related activities, the management of inventory as well as facilities and infrastructure management

2.5.5.2 Programme Structure

- Facilities Planning and Management
- Maintenance Section
- Tyre Section

2.5.5.3 Strategic Objectives

STR	RATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	SERVICE DELIVERY INDICATORS	TARGET	
2.1	Ensure passenger safety by limiting accidents to zero	Zero accidents caused by MTC	Number of accidents caused by MTC	0	
2.2	Increase the fit for duty operating fleet from 50 to 67 buses in order to support all operating routes.	Increase the number of buses which complete a minimum of 85% of scheduled operating days from 51 buses to 67 buses in order to support operating routes	Number of buses which complete a minimum of 85% of scheduled operating days	67	
2.3	Increase the business operations housed within building infrastructure which is compliant with identified SABS and OHSA standards from 40% to 50%	Increase the business operations housed within building infrastructure which is compliant with identified SABS and OHSA standards from 45% to 50%	% of business operations housed within building infrastructure which is compliant with SABS and OHSA standards	50	

ACTUAL	DEVIATION	REASON(S) FOR DEVIATION	IMPROVEMENT PLAN
15	15	Of the 15 accidents involving third parties, 13 were as a result of driver negligence and recklessness. The remaining two related to technical faults such as faulty window fitments.	The Fleet Management System has been installed and will be fully operational for the new financial year. The system will allow for real-time monitoring of driver behaviour in order to speedily address non- compliance with rules and regulations.
42	25	Ageing fleet and absence of new ADE engines in the market resulted in older buses taking longer to be brought back on the road.	Additional buses will be procured within the 2015/2016 financial year, which will assist in ensuring that more buses are available for operations.
94	-44	The target was set in the absence of baseline data. It has now transpired that the target may have been set too low.	The target will be increased during the 2015/2016 financial year.

2.5.5.4 Overview of Departmental Performance

The Engineering Departmental Performance is not yet at an acceptable level due to human resource constraints and lack of project management expertise. The Engineering Department is key in ensuring that provision of mobility is realised through the maintenance and the supply of reliable buses to the Operations Department. Engineering's deliverables have a direct relationship with the ability to make available fit for duty buses to the communities we serve.

A number of factors may be attributed to the current state of affairs, chief among them being the inability of the MTC to attract experienced technicians with the requisite skills. Furthermore, obsolete equipment, and a greater percentage of the fleet which has exceeded its economic life, provided significant challenges to meeting increased fleet demand.

It must be noted that, in spite of the challenges the MTC is confronted with, it has not caused any fatal accidents during the period under review. At the time of compiling this report, the Corporation was in the process of acquiring new buses which was made possible through the provision of recapitalisation funding from the Department of Transport as well as the Provincial Treasury.

Moving into 2015/16, we will be engaged in a variety of other important projects which are critical to the sustenance of MTC's operations. These projects include the rehabilitation of the Alice and Queenstown depots, acquisition of workshop equipment and purchasing of recovery vehicles in order to provide timely support to broken down vehicles. The Corporation has entered into a partnership agreement with the Eastern Cape Development Corporation (ECDC) for the completion of the depot rehabilitation projects.

It is important to indicate that although the performance was not at the expected level, the Corporation received an unqualified audit opinion on performance information which followed from the annual external audit. The main focus of the 2014/2015 audit was on the Engineering Division given that 52% of the MTC's budget was allocated and spent by the Engineering programme during the period under review.

2.5.5.5 Changes to Planned Targets

There were no changes to planned targets

2.5.5.6 Linking Performance with budgets

	2014/2015		2013/2014			
Final Allocation	Actual Expenditure	Over/Under Expenditure	Final Allocation	Actual Expenditure	Over/Under Expenditure	
(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	
72 838	83 689	-10 851	43 187	62 720	-19 533	

PROGRAMME 3 OPERATIONS



Mrs Nolufefe Funani
Executive Manager: Operations

2.5.6 Programme 3: OPERATIONS

2.5.6.1 Purpose

The purpose of the Operations Programme is to ensure the efficient and effective management of all the operational activities of the MTC. The Programme is responsible for coordination of bus services on all routes, the enhancing of revenue streams and the coordination of capital fund expenditure.

2.5.6.2 Programme Structure

- Operations Management
- Traffic Management

2.5.6.3 Strategic Objectives

ST	RATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	PERFORMANCE INDICATOR	TARGET	
3.1	Maximised community mobility by transporting 10 908 723 passengers in our areas of operation	Transport 1 872 500 passengers in the CEO approved MTC rural routes	Number of rural route passengers transported	1,872,500	
3.1	Maximised community mobility by transporting 10 908 723 passengers in our areas of operation	Transport 467 950 passengers in the CEO approved MTC urban routes	Number of urban route passengers transported	467,950	
3.1	Maximised community mobility by transporting 10 908 723 passengers in our areas of operation	Improve frequency of bus services by completing 52 867 trips in the CEO approved MTC designated routes	Number of route trips completed	52,867	
3.1	Maximised community mobility by transporting 10 908 723 passengers in our areas of operation	Ensure accessibility of MTC services in the CEO approved MTC routes by travelling 2 285 000 kilometres	Number of route kilometres travelled	2,285,000	
3.2	Increased own revenue from R18 633 507 to R30 294 000	Generate own revenue to the value of R30 297 000	Rand value of own revenue generated	30,294,000	

ACTUAL	DEVIATION	CHALLENGES/REASONS FOR NON-PERFORMANCE	IMPROVEMENT PLAN
1,477,289	395,211	The MTC did not operate with the number of buses that it had expected to operate with, this was attributed by the shortage of buses (i.e. new buses were not procured within the planned timeframes. With old fleet, buses ended up spending more time in the workshops. Due to the nature of the roads rural buses are more affected by breakdowns and spend more time in workshops.	The MTC was successfully approved for additional funding, and is now in the process of procuring additional buses. We have also requested DOT to facilitate with Roads and Public Works that roads be improved, also transport forum to negotiate with Local Government.
738,475	-270,525	Urban routes have less breakages due to better roads, buses are therefore more avaliable than for rural routes.	We are adding regional routes to improve urban passenger transport.
44,307	8,560	With old fleet, buses ended up spending more time in the workshops. This resulted in less trips being undertaken.	More buses will be procured, which will increase route trips.
2,374,075	-89,075	Deviation from the schedule caused by shortage of buses has led to kilometres travelled being exceeded. A typical example will be when buses operate additional trips in various routes due to non availability of buses scheduled to operate those particular routes. High passenger demand has in the main contributed to the increase in the kilometres travelled.	The MTC was successfully approved for additional funding, and is now in the process of procuring additional buses, which will be used to service this demand. The target will also be amended in the next financial year.
28,748,875	1,545,125	The target was not achieved due to the under collection of the private-hire revenue. Private hire trips are mainly operated by the new or fairly new buses, due to the fact that customers do not want to hire out the old buses. The private hire target was therefore based on the number of new buses that would have operated during the financial period. The delays in the procurement of the new buses therefore affected the achievement of the private-hire revenue target.	The MTC is in the process of revising the private-hire budget based on past performance trends. This revision will also take into account the demands of the service during peak and off-peak periods.

2.5.6.4 Overview of Departmental Performance

The 2014/2015 financial year proved particularly challenging for the Operations Department. This is evidenced by the performance of the division which has regressed when compared to prior year. Inability of the Corporation to acquire additional buses as planned in the period under review largely contributed towards non-achievement of targets. An additional inhibitor of performance has been the shortage of fit-for-duty bus drivers. These factors cut across each of the Operations Strategic Objectives - Passengers, Trips, Kilometres and Revenue.

The number of operated buses declined in 2014/2015 when compared to prior year and the targets did not take this into consideration as it was envisaged that the additional fleet, supported by additional drivers, would be available as from the second quarter onwards. This also adversely affected the MTC service offering in so far as the Corporation not being able to maintain a reliable and quality service in all respects.

However, challenging as this period has been, the MTC fervently continued its pursuit of becoming the Public Transporter of Choice. The entity dealt with cases of overloading not only in rural areas where there is scarcity in terms of the provision of public transport but also in urban areas where there is an oversupply of public transport. The MTC has for instance significant demand in the Mdantsane – East London route where there are various modes of transport such as trains and taxis. This is evidenced by the target of 467 950 for the number of passengers conveyed in urban areas having been exceeded by 270 525 passengers resulting in 738 475 having enjoyed the MTC service offering. This directly aligns to MTC's strategic goal of ensuring maximised mobility of Eastern Cape Citizens. It also indicates a positive increase in the number of commuters who show interest in the value-for-money services being offered by the MTC.

Another highlight in the performance of the Operations Department is the increase in the number of kilometres travelled. The target of 2 285,000 was exceeded by 89 075 kilometres and the increase in the number of passengers highlighted above contributed towards this over achievement. This is also in line with the strategic objective of maximising community mobility as it is through travelling such kilometres that operators are able to reach those in need of public transport to access economic development opportunities.

2.5.6.5 Changes to Planned Targets

There were no changes to planned targets

2.5.6.6 Linking Performance with budgets

	2014/2015		2013/2014		
Final Allocation	Actual Expenditure	Over/Under Expenditure	Final Allocation	Actual Expenditure	Over/Under Expenditure
(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
19 621	19 976	-355	41 183	33 635	7 548

2.6 REVENUE COLLECTION.

		2014/2015		2013/2014			
Sources of Revenue	Estimate	Actual Collected	Over/ Under Collection	Estimate	Actual Collected	Over/ Under Collection	
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	
Own revenue	30 294	28 756	-1 538	27 540	26 525	-1 015	
Grant income	113 741	166 726	52 985	102 088	102 088	0	
Other income	0	1 289	1 289	0	872	872	
TOTAL	144 035	196 771	52 736	129 628	129 485	-143	

The MTC is currently funded by own revenue in addition to grant funding by the Eastern Cape Provincial Department of Transport (ECDoT). As a schedule 3D entity according to the PFMA, the MTC is required to generate its own revenue. The revenue target for MTC in 2014/2015 was R30m and this was not achieved. The Corporation registered a 6% negative variance on revenue collection due to its inability to acquire additional new buses in the year under review.

2.7 CAPITAL INVESTMENT

		2014/2015		2013/2014		
Infrastructure Projects	Budget	Actual Expenditure	Over/Under Expenditure	Budget	Actual Expenditure	Over/Under Expenditure
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
Buildings and other fixed structures	1 546	0	1 546	1 303	112	1 191
Machinery and equipment	2 856	609	2 247	538	54	484
Spare parts and units	6 250	10 134	-3 884	4 754	6 132	-1 378
Buses and vehicles	27 265	15 795	11 470	20 499	19 992	507
Office furniture and equipment	500	1140	-640	907	454	453
TOTAL	38 417	27 678	10 739	28 001	26 744	1 263

The Board is the designated Accounting Authority of the MTC and governs the entity in accordance with the provisions of the Ciskei







3.1 INTRODUCTION.

The Board is the designated Accounting Authority of the MTC and governs the entity in accordance with the provisions of the Corporations Transitional Provisions Act 12 of 1995, the Public Finance Management Act, 1 of 1999 (PFMA) and good corporate governance principles. The Board also strives to comply with the principles and standards of integrity and accountability as contained in the recommendations of the King III report on corporate governance.

The Board is composed of eleven non-executive members, one alternate non-executive member and the Chief Executive Officer serving in an ex officio capacity with no voting powers. The Board meets at least quarterly and monitors the performance of the Executive Management by ensuring that

all material matters are subject to Board approval and that the mandate of the MTC is carried out in an efficient and effective manner. The Executive Management attends Board meetings by invitation.

The roles of the Chairperson and Chief Executive Officer do not vest in the same person and the Chairperson is a non-executive member of the Board. The Chairperson provides leadership and guidance to the Board and encourages proper deliberation of all matters requiring the Board's attention, and obtains optimum input from the members. All committees of the Board are chaired by non-executive members of the Board with the exception of the Audit and Risk Committee which is chaired by an independent person.

3.2 OVERSIGHT STRUCTURES

3.2.1 Executive Management

The members of the Executive Management are appointed by the Board. Executive Management are involved in the operational activities of the organisation and are responsible for ensuring that decisions, strategies and objectives of the reporting entity, the Department of Transport (DOT), and the Board are implemented. Executive Management retains full financial and operational control over the organisation under the leadership of the Chief Executive Officer.

3.2.2 Human Resources & Remuneration Committee

This Committee was established by the Board with four non-executive Directors as members serving on this committee together with relevant members of Executive Management. The committee operates under terms of reference approved by the Board. This committee attends to matters concerning the Human Resource policies and practices of the MTC, performance management and remuneration. The committee deliberates on these issues and makes appropriate recommendations to the Board for approval.

3.2.3 Finance and Investment Committee

This Committee was established by the Board with three nonexecutive directors, as members. The Committee operates under terms of reference approved by the Board. In addition to providing an important deliberative forum for the Board and Executive Management, it advises the Board on all material and significant finance and ICT matters presented by the Executive Management, either as directed by the Board or on the Executive Management's initiative.

3.2.4 Audit and Risk Committee

In compliance with Section 27 of the National Treasury Regulations, the Board has established an Audit and Risk Committee comprising of an independent Chairperson and three non-executive directors as members. The Audit and Risk Committee operates under a Charter which has been approved by the Board. The primary responsibility of the Audit and Risk Committee is to report and make recommendations to the Board on the effectiveness of corporate governance internal controls and risk management within the MTC, oversee the Internal Audit function and to comment on and evaluate the annual financial statements of the Corporation. The Chairperson of the Audit and Risk Committee attends Board Meetings by invitation.

3.2.5 Operations and Engineering Committee

This Committee, established by the Board, comprises four non-executive Directors as members as well as relevant members of the Executive Management. This committee was established to strengthen the operations management and engineering support capacity of the MTC by focusing on initiatives to promote customer service and fleet management excellence in the pursuit of providing access to economic opportunity for citizens of the Eastern Cape.

3.2.6 Governance Committee

The Board Governance Committee comprises the Chairpersons of the Board sub-committees. This Committee was established by the Board with five non-executive Directors, as members serving together with the Chief Executive Officer and Chief Financial Officer of the entity. This Committee is responsible for critical management items which require review and input prior to being submitted to the Board for approval.

3.3 MEETINGS HELD & ATTENDED FOR THE PERIOD UNDER REVIEW.

A meeting and attendance register for Board Members and Members of the Audit and Risk Committee is kept and maintained by the Executive Secretary. A summary of the meetings held and attendance by the said members and the particular meeting attended is set out below:

Period under review: Board Attendance 1 April 2014 to 31 March 2015 (Appointed on 1 December 2013)

	Ordinary and Special Board	Finance and Investment Committee	Operations and Engineering Committee	HR and Remuneration Committee	Governance Committee
Number of Meetings Held	13	6	3	6	6
Dr Vanguard Mbuyiseli Mkosana	12				6
Mrs Ruth Nalumaga Luzuka	13				6
Mr André Joubert De Vries	11		2		
Ms Sindiswa Griselda Gomba*	0		0		
Mr Mzilindile Claudius Mafani	11		3		
Rev Melikhaya Melvin Matya	13			6	6
Mrs Zandile Pakati	1	0		0	
Ms Nomalungelo Beaula Petela	10		2	4	
Mr Dominic Lebohang Qhali	7	4			
Mr Mpumelelo Saziwa ¹					
Adv Mathobela Harold Sishuba	8	4	3		6
Mr Mzwandile Vaaiboom	10		1		
Mr Phumzile Goodwin Zitumane	13	6		6	6

^{*} Alternate to Mr M Vaaiboom

¹ Mr M Saziwa resigned from the Board officially on 30 June 2014



REPORT OF THE AUDIT AND RISK COMMITTEE

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We are pleased to present our report for the 2014/2015 financial year. The Audit and Risk Committee reports that it has complied with its responsibilities arising from Section38(1)(a) of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit and Risk committee also reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

4.I AUDIT AND RISK COMMITTEE MEMBERS AND ATTENDANCE



Mr Jack Mdeni Chairperson



Mrs Ruth Luzuka Committee Member



Mrs Tracy Cumming Committee Member

The Audit and Risk Committee members attended meetings during the financial year under review, in terms of their adopted Audit Charter, as indicated below:

6	1 October 2012
ber 6	1 October 2012
ber 7	1 October 2012



4.2 RISK MANAGEMENT.

The Corporation fully implemented a system of risk management. The Audit and Risk Committee notes that during the year under review one of the nine strategic risks have been reduced to an acceptable level.

In accordance with the requirements of the Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended, a risk assessment was facilitated by the Office of Strategic Management. Effective risk management is integral to the organisation's objective of consistently adding value to the business.

Management is continuously developing and enhancing its risk and control procedures to improve the mechanisms for identifying and monitoring risks. The MTC has an approved Risk Management Policy and Fraud Prevention Plan. The fraud prevention and risk management policies adopted by the MTC

are aimed at obtaining sufficient cover to protect its asset base, earning capacity and legal obligations against possible losses.

Risks of a possible catastrophic nature (e.g. bus accidents) are identified and insured. These risks are reviewed on an annual basis to ensure that cover is adequate. Claims of a general nature are adequately covered.

One of the 8 strategic risks titled "Operating Environment", has been reduced to an acceptable level during the period under review. The risk relates to Illegal operators as well as inadequate monitoring and enforcement of adherence to the Passenger Transport Act and the National Road Traffic Act and the National Land Transport Transition Act. The risk was lessened by management through regular interactions with community, government and operator structures.

4.3 EFFECTIVENESS OF INTERNAL CONTROLS

In order to meet its responsibility of providing reliable financial information, the MTC maintains financial and operational systems of internal control. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management's authority, that the assets are adequately protected against material loss of unauthorised acquisition, use or disposition, and the transactions are properly authorised and recorded.

The system includes a documented organisational structure and division of responsibility, established policies and procedures which are communicated throughout the organisation, and the careful selection, training and development of staff.

The MTC have appointed internal auditors who are guided by an Internal Audit Plan. The auditors adopt a risk based audit approach in order to ensure that the process adds value to the organisation. Internal auditors monitor the operation of the internal control system and report findings and recommendations to the Audit and Risk Committee and Executive Management. Corrective actions are taken to address control deficiencies and other opportunities for improving the systems, as they are identified. The Board, operating through its Audit and Risk Committee, provides oversight of the financial reporting process and internal control system.

There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statement preparation and the safeguarding of assets.

During the financial year the Audit and Risk Committee met with management on a quarterly basis to track their progress in resolving outstanding internal control issues previously raised by the Auditor-General and Internal Audit.

4.4 INTERNAL AUDIT

The Audit and Risk Committee notes that during the year under review, a full amount of internal audit work was performed in the Corporation. Internal audit plans for 2013/2014 were carried out by the outsourced internal audit section.

Our review of the findings of the Internal Audit work, which was based on the risks assessments conducted by the MTC, revealed certain weaknesses which were then raised with Management.

The following internal audit work was completed during the year under review:

- Performance Management System (1 January 2014 to 31 March 2014)
- Additional Report on the Annual Performance Report for the year ended 31 March 2014
- Financial Procedures for Year-End Records (31 March 2014)
- Procurement/Supply Chain Management (1 April 2014 -31 August 2014)

- Status Of Records (August 2014)
- Status Of Records (September 2014)
- Performance Management System (1 April 2014 to 30 September 2014)
- Revenue (1 April 2014 to 31 December 2014)
- Procurement/Supply Chain Management (1 September 2014 - 31 December 2014)
- Human Resource Management (1 April 2014 28 February 2015)
- Performance Management System (1 April 2014 31 March 2015)

The following were areas of concern:

- Adherence to Supply Chain Management processes
- The Completeness of Revenue

4.5 IN YEAR MANAGEMENT REPORTING.

4.6 EVALUATION OF ANNUAL FINANCIAL STATEMENTS AND PERFORMANCE AGAINST PREDETERMINED OBJECTIVES.

The Audit and Risk Committee has:

- Reviewed and discussed with the Auditor-General and the Accounting Officer the audited annual financial statements and
 performance against predetermined objectives to be included in the annual report;
- Reviewed the Auditor-General's management letters and the responses thereto;
- · Reviewed significant adjustments resulting from the audit.
- Reviewed the Auditor-General's report.

The Audit and Risk Committee concurs and accepts the Auditor-General's conclusion on the annual financial statements and performance against predetermined objectives and is of the opinion that the audited annual financial statements and performance against predetermined objectives be accepted and read together with the report of the Auditor-General.

4.7 APPRECIATION

The Audit and Risk Committee wishes to express its appreciation to Management and Staff of the Mayibuye Transport Corporation, the Auditor-General and Internal Audit for the information they have provided for us to compile this report.

Mr Jack Mdeni

Chairperson of the Audit and Risk Committee Mayibuye Transport Corporation

40 Million

Date: 31 July 2015



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. 5.I INTRODUCTION

The cost of employment has been averaged to reflect the employment expenses over the reporting period.

Detailed below are the key Human Resources Oversight Statistics:

5.2 PERSONNEL EXPENDITURE BY PROGRAMME, 2014/2015.

P	rogramme	Total Expenditure	Personnel Expenditure	Personnel Expenditure as a % of MTC total expenditure	
01	ffice of the CEO	7 463 821	3 372 448	2.2	
	ffice of Strategic lanagement	8 824 371	5 419 228	3.5	
Fi	nance	18 321 573	7 413 893	4.8	
	uman Resource lanagement	14 719 870	8 010 618	5.2	
Er	ngineering	83 688 808	18 315 057	12.1	
0	perations	19 975 925	19 026 423	12.4	
IV	ITC TOTAL	152 994 368	61 557 667	40.2	

Trainin Expenditu	Supplied Sprvices	Total Personnel Cost	Number of Employees	Average Personnel Cost per Employee
	0 67 716	3 440 164	4	860 041
52 28	37 0	5 471 515	12	455 960
91 50	3 708 484	11 213 879	30	373 795
117 64	45 54 467	8 182 730	44	185 971
124 18	31 0	18 439 238	68	271 165
267 90	69 0	19 294 392	94	205 259
653 58	3 830 667	66 041 918	249	265 229

5.3 PERSONNELEXPENDITURE BYSALARY BAND, 2014/2015

Salary Band	Total Expenditure	Personnel Expenditure	Training Expenditure	Professional and Special Services Expenditure
Executive Management (T18-T22)	12 828 561	10 464 803	65 358	2 298 400
Senior Management (T15-T17)	6 708 998	5 540 190	19 608	1 149 200
Middle Management (T12 T14)	9 780 113	9 233 650	163 396	383 067
Junior Management (T11)	6 266 876	6 155 767	111 109	0
Bargaining Unit (T2-T10)	30 457 370	30 163 257	294 113	0
TOTAL	66 041 918	61 557 667	653 584	3 830 667

5.4 PERFORMANCE REWARDS BY SALARY BAND, 2014/2015.

To encourage good performance, the corporation has granted the following performance rewards during the year under review:

Salary Band	Performance Rewards	Personnel Expenditure	% of performance rewards to total personnel cost
Executive Management (T18-T22)	0	0	0
Senior Management (T15-T17)	0	0	0
Middle Management (T12 T14)	0	0	0
Junior Management (T11)	0	0	0
Bargaining Unit (T2-T10)	0	0	0
TOTAL	0	0	0

5.5 TRAINING COSTS BY PROGRAMME, 2014/2015.

Programme	Personnel Expenditure	Training Expenditure	Training Expenditure as % of Personnel Cost	No. of Employees Trained	Avg training Cost per Employee
Office of the CEO	3 372 448	0	0	0	0
Office of Strategic Management	5 419 228	52 287	8%	4	5 027
Finance	7 413 893	91 502	14%	7	4 840
Human Resource Management	8 010 618	117 645	18%	8	5 476
Engineering	18 315 057	124 181	19%	9	4 961
Operations	19 026 423	267 969	41%	37	2 654
TOTAL	61 557 667	653 584	100%	65	3 702

5.6 EMPLOYMENT AND VACANCIES BY PROGRAMME, 2014/2015

The Corporation could not fill all posts that are on the approved organisation structure due to a combination of factors such as budget constraints and scarce skills in the job market.

Programme	2013/2014 No. of Employees	2014/2015 No. of Approved Posts	2014/2015 No. of Employees	2014/2015 Vacancies	Vacancy Rate
Office of the CEO	3	4	3	1	25%
Office of Strategic Management	14	16	12	4	25%
Finance	29	36	30	6	17%
Human Resource Management	42	47	44	3	6%
Engineering	57	76	68	8	11%
Operations	89	95	92	3	3%
TOTAL	234	274	249	25	9%

5.7 EMPLOYMENT & VACANCIES BY SALARY BAND, 2014/2015.

Salary Band	2013/2014 No. of Employees	2014/2015 No. of Approved Posts	2014/2015 No. of Employees	2014/2015 Vacancies	Vacancies Rate
Executive Management (T18-T22)	5	6	6	0	0%
Senior Management (T15-T17)	2	6	4	2	33%
Middle Management (T12 T14)	12	18	12	6	33%
Junior Management (T11)	14	18	17	1	6%
Bargaining Unit (T2-T10)	201	226	210	16	7%
TOTAL	234	274	249	25	9%

5. 8 EMPLOYMENT MOVEMENT BY SALARY BAND, 2014/2015.

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the Corporation. The following tables provide a summary of turnover rates by salary band:

Salary Band	Employment as at 31 March 2014	Appointments	Terminations	Employment as at 31 March 2015
Executive Management (T18-T22)	5	2	1	6
Senior Management (T15-T17)	2	2	0	4
Middle Management (T12 T14)	12	1	1	12
Junior Management (T11)	14	5	2	17
Bargaining Unit (T2-T10)	201	30	21	210
TOTAL	234	40	25	249

5.9 REASONS FOR STAFF LEAVING, 2014/2015

Reason	Number	% of Total No. of Staff Leaving
Death	4	16
Resignation	5	20
Expiry of Contract	2	8
Dismissal – operational changes	0	0
Dismissal-misconduct	6	24
Dismissal – inefficiency	0	0
Discharged due to ill-health	0	0
Retirement	8	32
Other	0	0
TOTAL	25	100

Retirement followed by dismissal for misconduct were the main reasons why employees left the Corporation. The employees who went on retirement are amongst the group that were with the Corporation from its establishment. Dismissal for misconduct is due to the MTC's zero tolerance of theft related to bus fares.

5.10 ANNUAL TURNOVER RATES BY CRITICAL OCCUPATION, 2014/2015.

Occupation	Number	% of Total No. of Critically important Staff Leaving
Bus Driver	3	50%
Foreman	0	0
Artisan	0	0
TOTAL	3	50%

5.II LEAVE UTILISATION.

The following tables provide an indication of the use of sick leave and disability leave. In both cases, the estimated cost of the leave is also provided.

5.11.1 Sick leave

Salary Band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Executive Management (T18-T22)	35	100	4	66	9	53 906
Senior Management (T15-T17)	19	100	3	75	6	58 196
Middle Management (T12 T14)	33	100	9	69	4	45 877
Junior Management (T11)	59	100	6	50	10	73 509
Bargaining Unit (T2-T10)	1 639	100	172	83	10	914 175
TOTAL	1 785	100	194	80	9	1 145 663

5.11.2 Disability leave (temporary and permanent)

Salary Band	Total days	% Days with Medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Executive Management (T18- T22)	0	0	0	0	0	0
Senior Management (T15-T17)	0	0	0	0	0	0
Middle Management (T12 T14)	0	0	0	0	0	0
Junior Management (T11)	45	100	1	1	45	18 000
Bargaining Unit (T2-T10)	45	100	1	1	45	15 000
TOTAL .	90	100	2	100	45	33 000

5.11.3 Annual Leave

The table below summarises the utilisation of annual leave:

Salary Band	Total days taken	Number of Employees using annual leave	Average per employee
Executive Management (T18-T22)	18	5	4
Senior Management (T15-T17)	43	3	14
Middle Management (T12 T14)	63	10	6
Junior Management (T11)	74	5	15
Bargaining Unit (T2-T10)	1 406	148	10
TOTAL	1 604	171	9

5.11.4 Leave pay-outs, 2014/2015

The following table summarise payments made to employees as a result of leave that was not taken:

Reason	Total Amount (R'000)	Number of Employees	Average per employee (R'000)
Leave pay out due to non-utilisation of leave for the previous cycle	37 376	1	37 376
Capped leave pay-outs on termination of service	0	0	0
Current leave pay-out on termination of service	494 277	25	19 771
Total	531 653	26	20 448

5.12 INJURY ON DUTY.

The following tables provide basic information on injury on duty.

Nature of injury on duty	Number	% of total
Required basic medical attention only	31	13%
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
Total	31	13%

5.13 HIV/AIDS & **HEALTH PROMOTION** PROGRAMMES.

5.13.1 Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)

Key steps taken to reduce the risk

- - Proper Hand Washing
 - Correct procedure of wearing surgical Gloves
 - Provision of Sharps Containers
 - Proper Disposal of Sharps and Containers
 - Disallowing recapping of injection needles
 - Proper Disposal of Medical Waste
 - Awareness, education and training of employees on measures to reduce risk of being infected

Employees that are placed in the Wellness Unit and work directly with clients that require pricking at times which could result in blood spillage. Total Employees x 4

5.13.2 Details of Health Promotion and HIV/AIDS Programmes

Qu	estion	Reply	Details, if yes
1.	Has the entity designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	Yes	N Tumana, Wellness Manager
2.	Does the entity have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	Yes	4 staff members Budget of R360.000 2014- 2015 Financial year)
3.	Has the entity introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	Yes	Promotion of HIV/AIDS/TB Management (Accredited VCT Site) Health and Productivity Management (Debriefing Sessions ,Substance andAlcoholAbuse) Promote SHEQ Management (Risk Assessment) Wellness Management (Wellness Screening and Financial Wellness)
4.	Has the entity established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	Yes	Employee Wellness Committee Executive Management Mr L.C. Mtise Senior Management; Ms BN Tumana Middle Management Ms Paki Mlisana Wellness Coordinator Ms Phumza Ngadlela Trade Union Representation x1 Dept. of HealthX1
5.	Has the entity reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	Yes	Integrated Employee Health and Wellness Policy was approved in March 2014
6.	Has the entity introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	Yes	Implementation of the Workplace HIV/AIDS policy Orientation sessions on HIV/AIDS information Peer support network Elimination of stigma and discrimination on the basis of real or perceived HIV status Care and support of workers affected and infected
7.	Does the entity encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	Yes	51 Employees tested for HIV and 3 tested positive that is 6% of the tested Disclosures to facilitate referrals Reduced new infections comparable with previous year
8.	Has the entity developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	Yes	Number of employees attending the Wellness Campaigns Reponses from suggestion Boxes Post evaluation of campaigns through Questionnaires and Evaluation formsLetters of Gratitude

5.14 LABOUR RELATIONS.

The following table summarises the outcome of disciplinary hearings conducted within the MTC for the year under review.

5.14.1 Misconduct and disciplinary hearings finalised, 2014/2015

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0%
Verbal warning	0	0%
Written warning	8	33%
Final written warning	2	8%
Suspended without pay	4	17%
Fine	1	4%
Demotion	0	0%
Dismissal	6	25%
Not guilty	3	13%
Case withdrawn	0	0%
Total	24	100%

5.14.2 Types of misconduct addressed at disciplinary hearings

Type of misconduct	Number	% of total
Theft & fraud	6	25%
Insubordination & negligence	15	63%
Under the influence of alcohol	1	4%
Dishonesty	1	4%
Unauthorised absence	1	4%
Other	0	0%
Total	24	100%

5.14.3 Precautionary suspensions

	Number of people suspended	0
	Number of people whose suspension exceeded 30 days	0
	Average number of days suspended	0
_	Cost (R'000) of suspension	0

5.14.4 Grievances logged

Status	Number	% of Total
Grievances Resolved	18	90%
Grievances Not resolved	2	10%
Total Grievances Lodged	20	100%

5.14.5 Disputes logged

Status	Number	% of Total
Disputes Upheld	0	0
Disputed dismissed	0	0
Total Disputes Lodged	0	0

5.14.6 Strike actions

Total number of persons working days lost	0
Total costs working days lost	0
Amount (R'000) recovered as a result of the no work no pay principle	0

5.15 EQUITY TARGET AND EMPLOYMENT EQUITY STATUS, 2014/2015.

MALES

	African		Coloured		Indian		White	
Salary Band	Current	Target	Current	Target	Current	Target	Current	Target
Executive Management (T18-T22)	3	0	1	0	0	0	0	0
Senior Management (T15-T17)	2	0	0	0	0	0	0	1
Middle Management (T12 T14)	2	1	0	1	0	0	3	0
Junior Management (T11)	12	0	1	2	0	0	0	0
Bargaining Unit (T2-T10)	133	0	4	1	0	0	2	0
TOTAL	152	1	6	4	0	0	6	1

FEMALES

	Afric	can	Color	ured	Indi	an	Wh	ite
Salary Band	Current	Target	Current	Target	Current	Target	Current	Target
Executive Management (T18- T22)	2	0	0	0	0	0	0	0
Senior Management (T15-T17)	0	2	0	0	0	0	2	0
Middle Management (T12 T14)	8	0	0	2	0	0	1	0
Junior Management (T11)	2	0	1	1	0	0	0	0
Bargaining Unit (T2-T10)	43	3	1	3	0	0	0	0
TOTAL	55	5	2	6	0	0	3	0

DISABLED STAFF

	Ma	Male		iale
Salary Band	Current	Target	Current	Target
Executive Management (T18-T22)	0	1	0	0
Senior Management (T15-T17)	0	0	0	1
Middle Management (T12 T14)	0	0	0	0
Junior Management (T11)	0	0	0	0
Bargaining Unit (T2-T10)	2	0	0	0
TOTAL	2	1	0	1

Similar to other bus transport companies in the country, the Corporation is faced with male dominance, particularly at lower levels. Continuous efforts are being made to address this challenges by training females in bus driving.

5.16 SKILLS DEVELOPMENT

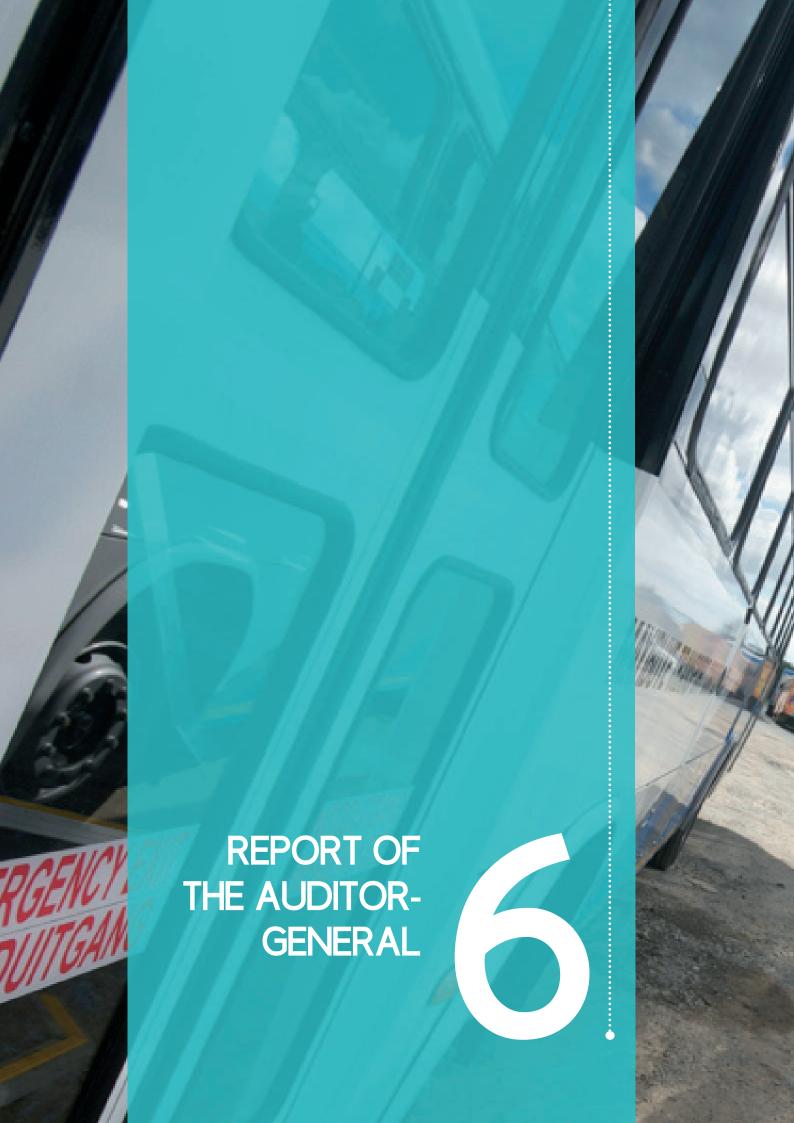
This section highlights the efforts of the entity with regard to skills development.

Occupational Category	Gender	Number of employees as	Learne	erships	
Occupational Gategory	dender	at 1 April 2014	Target	Actual	
Executive Management (T18-T22)	Female	2	0	0	
Executive Management (110-122)	Male	4	0	0	
Conjor Managament (T15 T17)	Female	2	0	0	
Senior Management (T15-T17)	Male	2	0	0	
Middle Management (T12 T14)	Female	9	0	0	
Middle Management (112 114)	Male	5	0	0	
luniar Managament (T11)	Female	3	0	0	
Junior Management (T11)	Male	12	0	0	
Paracipina Unit (TO T10)	Female	44	0	0	
Bargaining Unit (T2-T10)	Male	158	0	0	
Sub Total	Female	60	0	0	
Sub lotal	Male	181	0	0	
Total		241	0	0	

As the member of the Training and Education Authority (TETA), the Corporation submits a Workplace Skills Plan to TETA and receives grants upon its implementati

Skills P	Skills Programmes & other short courses		Other forms	of training	Total		
ī	Farget	Actual	Target	Actual	Target	Actual	
	1	1	0	0	1	1	
	3	2	0	0	3	2	
	1	0	0	0	1	0	
	1	1	0	0	1	1	
	5	3	0	0	5	3	
	2	1	0	0	2	1	
	2	2	0	0	2	2	
	8	6	0	0	8	6	
	18	13	0	0	18	13	
	45	36	0	0	45	36	
	27	19	0	0	27	19	
	59	46	0	0	59	46	
	86	65	0	0	86	65	

on.





REPORT OF THE AUDITOR-GENERAL TO THE EASTERN CAPE PROVINCIAL LEGISLATURE ON MAYIBUYE TRANSPORT CORPORATION

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Mayibuye Transport Corporation set out on pages 87 to 149, which comprise the statement of financial position as at 31 March 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Statements of Generally Accepted Accounting Practice prescribed by the Accounting Standards Board (SA Statements of GAAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), 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.

Auditor-general's responsibility

- 3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
- 4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
 - An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
- I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

BASIS FOR QUALIFIED OPINION

Revenue

6. During 2014, the entity has not established adequate internal controls over the collection of passenger fares prior to initial entry in the financial records. As a result, I was unable to determine whether any adjustment to passenger fares stated at R23,1 million in note 12 to the financial statements was necessary. My audit opinion on the financial statements for the period ended 31 March 2014 was modified accordingly. My opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.

QUALIFIED OPINION

7. In my opinion, except for the effects of the matters described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Mayibuye Transport Corporation as at 31 March 2015 and its financial performance and cash flows for the year then ended, in accordance with the SA Statements of GAAP and the requirements of the PFMA.

Emphasis of matters

8. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Significant uncertainties

9. As disclosed in note 4 to the financial statements, the entity does not hold the title deeds to the Zwelitsha Depot, which is situated on communal land. The corporation derives economic benefits from the use thereof and carries the risks that are incidental to ownership. A process for the acquisition of the title deed has been initiated with the Eastern Cape Department of Roads and Public Works, the outcome of which is uncertain at the date of this report.

Restatement of corresponding figures

10. As disclosed in note 25 to the financial statements, the comparative figures for 31 March 2014 and 31 March 2013 have been restated as a result of errors only corrected during the current financial year.

Irregular expenditure

11. As disclosed in note 28 to the financial statements, irregular expenditure amounting to R3,9 million was incurred by the entity during the year ended 31 March 2015. This is as a result of non-compliance with procurement requirements. Disciplinary action has been instituted against responsible officials and the action is in progress as at March 2015.

Material losses

12. As disclosed in note 6 to the financial statements, material losses to the amount of R0,9 million were incurred as a result of inventory losses.

Report on other legal and regulatory requirements

13. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for the selected programme presented in the annual performance report, noncompliance with legislation and internal control.

The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

PREDETERMINED OBJECTIVES

- 14. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programme presented in the annual performance report of the Mayibuye Transport Corporation for the year ended 31 March 2015.
 - Programme 2: Engineering on pages 40 to 42
- **15.** I evaluated the reported performance information against the overall criteria of usefulness and reliability.
- 16. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programme. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPI).
- 17. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
- **18.** I did not identify any material findings on the usefulness and reliability of the reported performance information for the following:
 - Programme 2: Engineering

Additional matter

19. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected programme, I draw attention to the following matter:

Achievement of planned targets

20. Refer to the annual performance report on pages 20 to 47 for information on the achievement of the planned targets for the year.

Compliance with legislation

21. I performed procedures to obtain evidence that the entity had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Financial statements, performance and annual reports

- 22. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 55(1)(a) of the Public Finance Management Act.
- 23. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected and/or the supporting records could not be provided, which resulted in the financial statements receiving a qualified audit opinion.

Expenditure management

24. The accounting authority did not take effective steps to prevent irregular expenditure and fruitless and wasteful expenditure, as required by section 51(1)(b)(ii) of the Public Finance Management Act.

Asset management

25. Proper control systems to safeguard and maintain assets were not implemented, as required by sections 50(1)(a) and 51(1)(c) of the Public Finance Management Act.

Internal control

26. I considered internal control relevant to my audit of the financial statements, the annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the qualified opinion, and the findings on non-compliance with legislation included in this report.

Leadership

27. The entity has experienced a change in leadership in the current financial year, with a chief executive officer and a chief financial officer having been appointed. Subsequent to these appointments, positive changes in the entity and with regard to consequence management have been observed. The gaps in middle management limited the ability of management and those charged with governance to exercise sufficient oversight over financial reporting and compliance with laws and regulations.

Financial and performance management

28. The record management system in place at the entity is insufficient and inadequate for the business operations of the entity. The transfer of skills did not take place for consultants utilised to assist the entity with the valuation and record keeping for assets in the prior financial year.

Governance

29. The entity has improved their utilisation of resources available to it in the form of internal audit and the audit committee during the financial year. However, internal audit recommendations were not always implemented by management.

OTHER REPORTS Investigations

30. The entity engaged the services of a forensic auditor to investigate allegations of irregularities in the corporation. The investigation was conducted over a period of six months and covers the current and previous financial years. The investigation is currently in the concluding phase. Formal charges have not yet been drafted in response to these findings.

Auditor - General

East London 29 July 2015



Auditing to build public confidence



7. ANNUAL FINANCIAL STATEMENTS



. GENERAL INFORMATION

Country of incorporation and domicile	South Africa		
Nature of business and principal activities	Providing subsidised public transport, governed by the Public Finance Management Act 1 of 1999, Schedule 3D Provincial Government Business Enterprises Entity		
Board Members	Dr V Mkosana Ms RN Luzuka Adv M Sishuba Rev M Matya Mr MC Mafani Mr PG Zitumane Ms NM Petela Mr M Saziwa	(Board Chairperson) (Board Deputy Chairperson) Resigned - 30 June 2014	
	Mr AJ de Vries Mr D Qhali Cllr SG Gomba Cllr M Vaaiboom Ms Z Pakati	(Alternate) Appointed - 1 February 2015	
Registered office	Reeston Depot Corner of Drummond and Mdantsane Access Road East London Eastern Cape		
Postal address	PO Box 19596 Tecoma East London 5214		
Bankers	Standard Bank of South Africa Limited		
Auditors	Auditor-General of South Africa		

. ABBREVIATIONS

Corporation	Mayibuye Transport Corporation
Board	Accounting Authority
GAAP	South African Statements of Generally Accepted Accounting Practice
SDL	
UIF	Unemployment Insurance Fund
MEC	Member of the Executive Committee
SARPBAC	South African Road Passenger Bargaining Council
ECSECC	Eastern Cape Socio Economic Consultative Council
CEO	
FRS	International Financial Reporting Standards
GRE'e	Government Rusiness Enterprise

.INDEX

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

Board Members' Responsibilities and Approval	90
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Statement of Changes in Equity	100
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BOARD MEMBERS' RESPONSIBILITIES AND APPROVAL

The board members are required in terms of the Public Finance Management Act to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the corporation as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with South African Statements of Generally Accepted Accounting Practice. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The board members acknowledge that they are ultimately responsible for the system of internal financial control established by the corporation and place considerable importance on maintaining a strong control environment. To enable the board members to meet these responsibilities, the board members set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the corporation and all employees are required to maintain the highest ethical standards in ensuring the corporation's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the corporation is on identifying, assessing, managing and monitoring all known forms of risk across the corporation. While operating risk cannot be fully eliminated, the corporation 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 members have reviewed the corporation's cash flow forecast for the year to 31 March 2016 and, in light of this review and the current financial position, they are satisfied that the corporation has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the corporation's annual financial statements.

The annual financial statements and additional schedules set out on pages 95 - 149, which have been prepared on the going concern basis, were approved by the board members on 27 May 2015 and were signed on its behalf by:

Chairperson 27 May 2015

Chief Executive Officer

27 May 2015

BOARD MEMBERS' REPORT

The board members submit their report for the year ended 31 March 2015.

1. Review of activities Main business and operations

The corporation is engaged in providing subsidised public transport, governed by the Public Finance Management Act 1 of 1999, and is a schedule 3D provincial government business enterprises entity and operates in South Africa.

The operating results and state of affairs of the corporation are set out in the attached annual financial statements.

Net loss of the corporation was R 11,279,094 (2014: R 9,672,890 loss; 2013: R 3,148,524 loss).

Registered office

Reeston Depot,
Corner of Drummond and Mdantsane Access Road,
East London, Eastern Cape

2. Going concern

We draw attention to the fact that at 31 March 2015, the corporation had accumulated losses of R 89,241,597. The corporation's total assets exceed its liabilities by R 132,114,478.

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

The ability of the corporation to continue as a going concern is dependent on a number of factors. The most significant of these is that the entity is funded by the government into the foreseeable future.

3. Events after the reporting period

The board members are not aware of any matter or

circumstance arising since the end of the financial year that would effect the financial position at 31 March 2015.

The issued share capital was increased by R10 million after year end but before the reporting date. This is the capital grant received from the Eastern Cape Department of Transport as part of the 2015/16 budget allocation.

4. Board members' interest in contracts

No material contracts in which the board members have an interest were entered into in the current year.

5. Authorised and issued share capital

During the current financial year the issued share capital increased by R72.985 million to R221.356 million.

6. Board members

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

Dr V Mkosana (Board Chairperson) Ms RN Luzuka (Board Deputy Chairperson)

Adv M Sishuba Rev M Matya Mr MC Mafani Mr PG Zitumane Ms NM Petela

Cllr SG Gomba Alternate

Cllr M Vaaiboom

Mr M Saziwa Resigned 30 June 2014

Mr AJ De Vries Mr D Qhali

Ms Z Pakati Appointed 1 February 2015

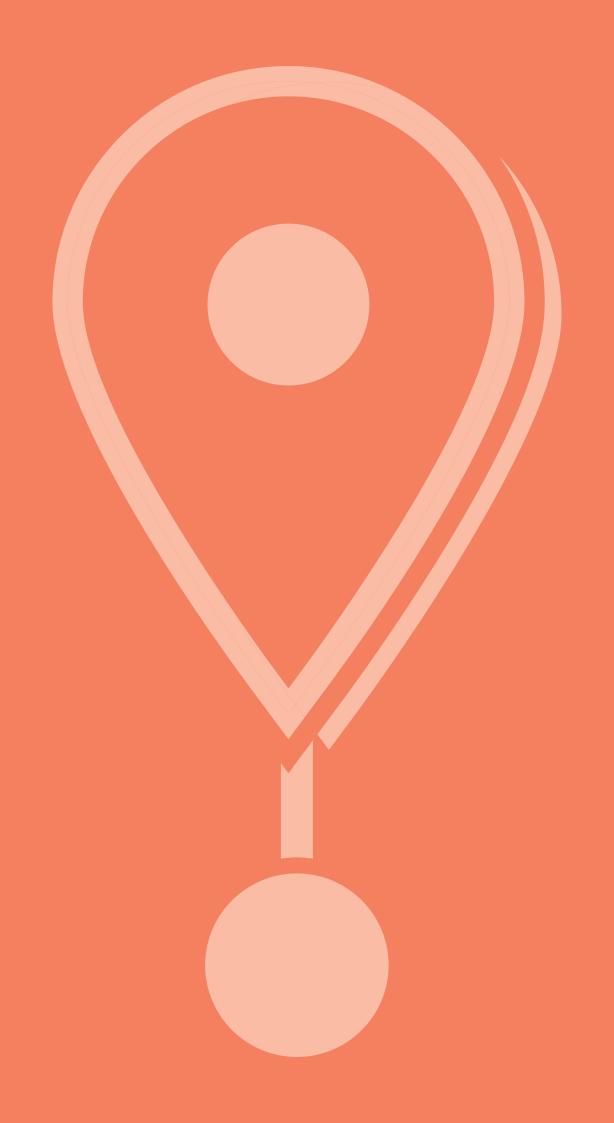
7. Auditors

Auditor-General of South Africa 69 Frere Road, Vincent East London 5247 Eastern Cape









STATEMENT OF FINANCIAL POSITION

	Notes	2015 R	Restated 2014 R	Restated 2013 R
Assets				
Non-Current Assets				
Property, plant and equipment	4	75,238,211	74,097,627	66,496,205
Intangible assets	5	962,128	929,756	653,897
	_	76,200,339	75,027,383	67,150,102
Current Assets	_			
Inventories	6	4,039,381	5,510,088	5,765,125
Trade and other receivables	7	974,390	939,305	1,221,136
Cash and cash equivalents	8	62,449,801	5,578,823	101,766
	_	67,463,572	12,028,216	7,088,027
Total Assets	_	143,663,911	87,055,599	74,238,129
Equity and Liabilities				
Equity				
Share capital	9	221,356,075	148,371,075	120,371,075
Accumulated deficit		(89,241,597)	(77,962,503)	(68,289,613)
	_	132,114,478	70,408,572	52,081,462
Liabilities				
Non-Current Liabilities				
Finance lease liability	10	301,449	94,401	5,352,830
Current Liabilities	_			
Finance lease liability	10	240,411	5,258,429	6,722,497
Trade and other payables	11	11,007,573	11,294,197	10,081,340
	_	11,247,984	16,552,626	16,803,837
Total Liabilities	_	11,549,433	16,647,027	22,156,667
Total Equity and Liabilities	_	143,663,911	87,055,599	74,238,129
	_			





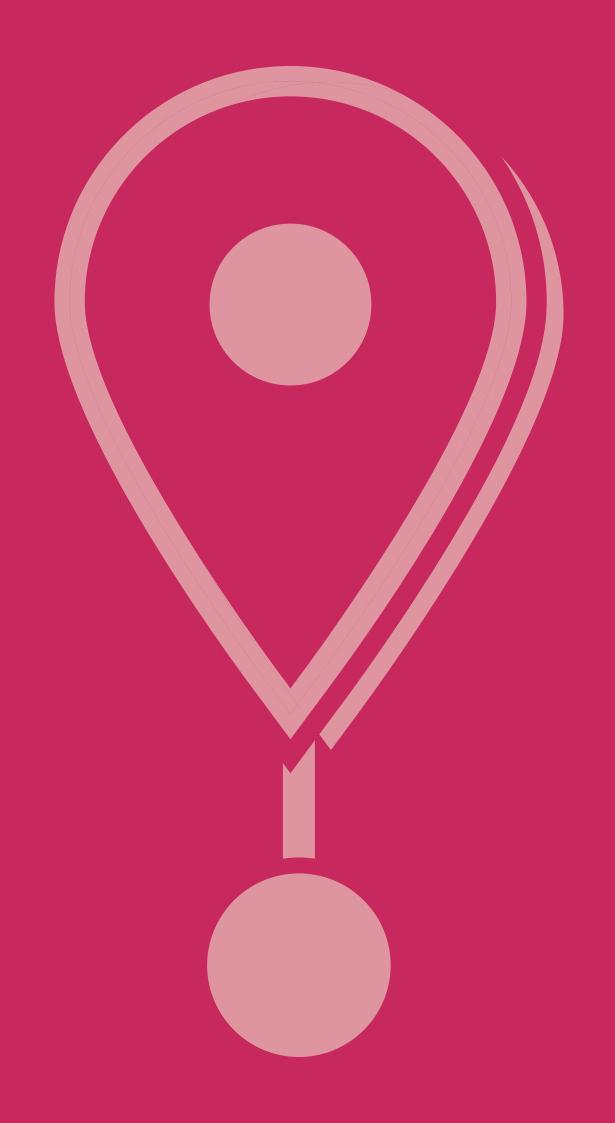


STATEMENT OF OF COMPREHENSIVE INCOME

Notes	2015 R	Restated 2014 R	Restated 2013 R
12	28,755,719	26,525,029	27,641,959
13	95,029,657	74,959,526	63,961,764
14	(39,306,310)	(28,448,910)	(21,479,483)
4	(10,231,885)	(11,038,126)	(11,824,642)
15	(24,152,747)	(16,879,224)	(13,943,790)
16	(61,373,528)	(54,791,185)	(47,504,332)
17	(11,279,094)	(9,672,890)	(3,148,524)
	12 13 14 4 15	Notes R 12 28,755,719 13 95,029,657 14 (39,306,310) 4 (10,231,885) 15 (24,152,747) 16 (61,373,528)	Notes R 2014 R 12 28,755,719 26,525,029 13 95,029,657 74,959,526 14 (39,306,310) (28,448,910) 4 (10,231,885) (11,038,126) 15 (24,152,747) (16,879,224) 16 (61,373,528) (54,791,185)





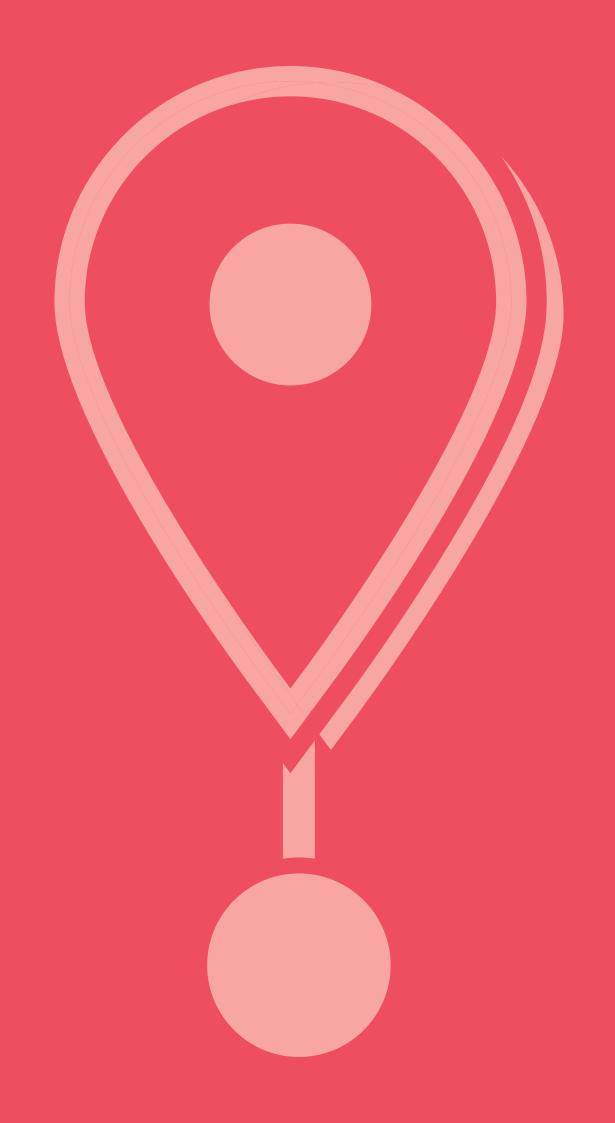


STATEMENT OF CHANGES IN EQUITY

	Share capital R	Accumulated deficit R	Total equity R
Opening balance as previously reported	120,371,075	(66,093,493)	54,277,582
Prior period error (refer to note 25)	-	952,404	952,404
Loss for the year - restated (refer to note 25)	-	(3,148,524)	(3,148,524)
Balance at 01 April 2013 - restated (refer to note 25)	120,371,075	(68,289,613)	52,081,462
Loss for the year - restated (refer to note 25)	-	(9,672,890)	(9,672,890)
Issue of shares	28,000,000	-	28,000,000
Total contributions by the shareholder to the corporation recognised directly in equity	28,000,000	-	28,000,000
Balance at 01 April 2014 as restated	148,371,075	(77,962,503)	70,408,572
Loss for the year	-	(11,279,094)	(11,279,094)
Issue of shares	72,985,000	-	72,985,000
Total contributions by the shareholder to the corporation recognised directly in equity	72,985,000	-	72,985,000
Balance at 31 March 2015	221,356,075	(89,241,597)	132,114,478







• STATEMENT OF CASH • FLOWS

	Notes	2015 R	Restated 2014 R	2013 R
Cash flows from operating activities				
Cash receipts from customers and government grant income		122,867,032	101,376,899	90,675,589
Cash paid to suppliers and employees		(122,690,511)	(98,018,282)	(148,901,395)
Cash generated from operations	19	176,521	3,358,617	(58,225,806)
Interest income		883,259	389,487	67,583
Finance cost		(909,903)	(633,143)	(1,759,143)
Net cash flows from operating activities	-	149,877	3,114,961	(59,917,366)
Cash flows from investing activities				
Purchase of property, plant and equipment	4	(10,851,315)	(13,867,233)	(111,078)
Purchase of intangible assets	5	(32,372)	(275,859)	(527,715)
Net cash used in investing activities		(10,883,687)	(14,143,092)	(638,793)
Cash flows from financing activities				
Proceeds on share issue	9	72,985,000	28,000,000	63,610,000
Net finance lease liability repaid		(5,380,212)	(11,494,812)	(3,057,975)
Net cash from/(used in) financing activities	-	67,604,788	16,505,188	60,552,025
Net cash increase/(decrease) in cash and cash equivalents for the year		56,870,978	5,477,057	(4,134)
Cash and cash equivalents at the beginning of the year		5,578,823	101,766	105,900
Total cash at end of the year	8	62,449,801	5,578,823	101,766





ACCOUNTING POLICIES

1. BASIS OF PREPARATION

These financial statements are presented in South African Rand [R] since that is the functional currency in which the transactions are denominated.

Summary of significant accounting policies

The Annual Financial Statements are prepared under the historical cost convention, other than certain financial instruments, and incorporate the following principal accounting policies, which have been consistently applied in all material respects. The financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice. The principal accounting policies adopted remained unchanged from the previous year.

1.1 Key management assumptions, estimates and judgements

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

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

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

1.2 Property, plant and equipment

Buildings, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met. All other repair and maintenance costs are recognised in profit or loss as incurred.

Land is not depreciated as it is deemed to have an indefinite useful life

Items of property, plant and equipment are depreciated using the straight line basis at rates that will reduce the carrying values to estimated residual values over the anticipated useful lives of the assets concerned. The principal annual rates used for this purpose are:

Item	Average useful life
Ancillary Vehicles	25%
Buildings	2%
Buses - Body	12.5%
Buses - Chassis, Engine etc	6.67%
Internal Roads	6.67%
Office Equipment	20%
Office Furniture	10%
Operating Equipment	20%
Property Fencing	4%
Workshop Equipment	25%
Leased buses	Lease term

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Surpluses or deficits on the disposal of assets are credited or charged to profit or loss. The surplus or deficit is the difference between the net disposal proceeds and the carrying amount of the asset. Subsequent expenditure relating to property, plant and equipment is capitalised if the subsequent expenditure meets the definition of an asset.

When parts 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 and shall be depreciated according to their different useful life. The bus components are split into body and chasis components.

The gains and losses arising from the de-recognition of property, plant and equipment (difference between carrying amount less any revaluation surpluses and net disposal proceeds) are included in surplus or deficit when the item is derecognized.

The residual value and the useful life of each asset are reviewed and adjusted at year end.

The depreciation charge for each year is recognized in surplus and deficit unless it is included in the carrying amount of another asset.

1.3 Intangible assets

Intangible assets are initially recognised at cost.

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. 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 every period-end.

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.

Item Useful life
Computer software, other Indefinite

1.4 Financial instruments Investments and Financial Assets

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-forsale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The corporation determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or a financial guarantee contract. Gains or losses on investments held for trading are recognised in profit or loss.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the corporation has the positive intention and ability to hold to maturity. After initial measurement held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement loans and



receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial Investments

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for- sale or are not classified in any of the three preceding categories. After initial measurement, available-for-sale financial assets are measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised or determined to be impaired at which time the cumulative gain or loss previously recorded in equity is recognised in profit or loss.

Amortised cost

Held-to-maturity investments and loans and receivables are measured at amortised cost. This is computed using the effective interest method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Impairment of financial assets

The corporation assesses at each reporting date whether a financial asset or group of financial assets is impaired.

a) Assets carried at amortised cost

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in profit or loss.

In relation to trade receivables, a provision for impairment is made when there is objective evidence that the corporation will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

b) Available-for-sale financial investments

If an available-for-sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognised in profit or loss. Reversals of impairment losses on debt instruments are reversed through profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on liabilities held for trading are recognised in profit

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired:
- the Corporation retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or

 the Corporation has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or
 (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Trade and other receivables

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

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

Trade and other receivables are classified as loans and receivables

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents are measured at fair value.

Cash in the statement of financial position comprises cash at bank and on hand and short-term deposits held by the Corporation. For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

1.5 Income tax

Taxation

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

1.6 Leases

Finance leases - lessee

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

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

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

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 liability. This liability is not discounted.

1.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, and the estimated costs necessary to make the sale.



Inventory cost includes the costs of purchase of inventories comprising the purchase price, levies, pressing and storage. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

1.8 Impairment of nonfinancial assets

The corporation assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the corporation estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

For an asset that does not generate cash inflows that are largely independent of those from other assets the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised in profit or loss whenever the carrying amount of the cash-generating unit exceeds recoverable amount.

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior years.

1.9 Share capital

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

1.10 Related parties

The corporation operates in an economic sector currently dominated by entities directly or indirectly owned by the South

African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the provincial sphere of government are considered to be related parties.

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

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the corporation. Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.11 Contingent liabilities

The corporation does not recognise contingent liabilities or contingent assets, but discloses them.

A contingent liability is a possible outflow of resources embodying economic benefits or service potential that is subject to a future event.

Contingencies are disclosed in note 31.

1.12 Employee benefits Short-term employee benefits

The cost of short-term employee benefits, (those that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

The cost of defined contribution plans is the contribution payable by the employer for that accounting period. Contribution to a defined contribution plan, in respect of service in a particular period, are recognised as an expense in that period.

1.13 Provisions

Provisions are recognised where the corporation has a present legal or constructive obligation as a result of a past event, a reliable estimate of the obligation can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

1.14 Government grants

Government grants are recognised when there is reasonable assurance that:

- the corporation will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

1.15 Revenue

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

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period.

Revenue from the bus tickets and bus hiring is recognised when the passengers utilises services with corporation.

Interest income is accrued on a timely basis, by reference to the principal outstanding and at the interest applicable, except for interest earned on capital funding which is disclosed separately.

1.16 Comparatives

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

1.17 Events after reporting period

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting

date and the date when the annual financial statements are authorised for issue. Two types of events can be identified:

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

The corporation will adjust the amounts recognised in the annual financial statements to reflect adjusting events after the reporting date once the event occurred.

The corporation 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 annual financial statements.

1.18 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Public Finance Management Act (Act No.1 of 1999), or is in contravention of the entity's supply chain management policy. Irregular expenditure is accounted for as expenditure in the Statement of Comprehensive Income and where recovered, it is subsequently accounted for as revenue in the Statement of Comprehensive Income.

1.19 Commitments

Items are classified as commitments where the corporation has committed itself to future transactions. Capital commitments as disclosed as required in terms of IAS 16 Property, plant and equipment.

1.20 Fruitless and wasteful expenditure

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

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







NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. NEW STANDARDS AND INTERPRETATIONS

Future standards

The accounting standards board agreed that government business enterprises (entities listed in schedule 3B and 3D of the Public Finance Management Act) should retain the status quo regarding the reporting frameworks applied in preparing their financial statements. This means that Mayibuye Transport Corporation should continue to apply statements of GAAP.

The board will continue to undertake research to determine which reporting framework GBE's should apply going forward. The board will consult with users of GBE's financial statements to assess whether IFRSs or standards of GRAP provides the most appropriate information to meet their information needs.

3. RISK MANAGEMENT

Capital risk management

The primary objective of the corporation's capital management is to ensure that it continues to provide a safe and reliable public transport service and to maximise internal revenue collection. In addition, the corporation manages its capital to ensure that the entity will continue as a going concern. Budgets and financial forecasts are prepared and reviewed

by the accounting authority and disclosed to the Eastern Cape Department of Transport and the Eastern Cape Provincial Planning and Treasury for funding purposes.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

The gearing ratio at 2015, 2014 and 2013 respectively were as follows:

		2015 R	2014 R	2013 R
Total borrowings				
Finance lease obligation	10	541,860	5,352,830	12,075,327
Less: Cash and cash equivalents	8	62,449,801	5,578,823	101,766
Net assets (debt)		(61,907,941)	(225,993)	11,973,561
Total equity		132,114,478	70,408,572	52,081,462
Total capital		70,206,537	70,182,579	64,055,023

Financial risk management

The corporation's principal financial liabilities comprise of trade and other payables. The main purpose of these financial liabilities is to recognise amounts payable by the corporation. The corporation has various financial assets such as trade and other receivables and cash and short-term deposits, which arise directly from its operations.

The main risks arising from the corporation's financial instruments are cash flow interest rate risk, liquidity risk and credit risk.

The Board Members reviews and agrees policies for managing each of these risks which are summarised below.

Liquidity risk management

The corporation monitors its risk to a shortage of funds by considering the maturity of both its financial assets and projected cash flows from operations. The corporation's objective is to maintain a balance between continuity of funding and flexibility through use of of the grant-in-aid funding.

The table below analyses the corporation's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 March 2015	Less than 1 year	Between 1 and 2 years
Finance lease obligation	240,411	301,449
Trade and other payables	11,007,573	-
At 31 March 2014	Less than 1 year	Between 1 and 2 years
Finance lease obligation	5,258,429	94,401
Trade and other payables	11,294,197	-
At 31 March 2013	Less than 1 year	Between 1 and 2 years
Finance lease obligation	6,722,497	5,352,830
Trade and other payables	10,081,340	-

Interest rate risk

The corporation is exposed to interest rate risk as it has bus lease agreements in place. As a result, the term of the lease agreements are for a period of three years.

At 31 March 2015, if interest rates had been 1% (2014: 1%) higher/lower with all other variables held constant, post loss for the year would have been R78 629 (2014: R23 164) lower/higher, mainly as a result of higher/lower interest expense income on cash balances.

Credit risk

The corporation trades only with recognised, creditworthy third parties. Receivable balances are monitored on an ongoing basis with the result that the corporation's exposure to bad debts is not significant. The maximum exposure is the

carrying amount as disclosed in Note 7. There are no significant concentrations of credit risk within the corporation.

With respect to credit risk arising from the other financial assets of the corporation, which comprise of cash and short-term deposits, the corporation's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Foreign exchange risk

The corporation is not exposed to foreign currency risk.

Price risk

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



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT

		2015			2014	
		Accumulated			Accumulated	
	Cost	depreciation	Carrying value	Cost	depreciation	Carrying value
Land	3,877,745	-	3,877,745	3,877,745	-	3,877,745
Buildings	16,033,661	(3,735,818)	12,297,843	16,033,661	(2,491,873)	13,541,788
Leased buses	-	-	-	17,354,836	(11,812,663)	5,542,173
Office equipment	1,709,994	(853,729)	856,265	1,245,600	(592,440)	653,160
Ancillary vehicles	5,125,698	(2,196,700)	2,928,998	5,125,731	(1,671,879)	3,453,852
Workshop equipment	1,278,118	(508,673)	769,445	676,329	(319,147)	357,182
Office furniture	1,516,534	(373,192)	1,143,342	1,452,108	(178,156)	1,273,952
Property fencing	973,130	(639,087)	334,043	973,130	(616,260)	356,870
Leased office equipment	968,187	(516,621)	451,566	645,390	(427,586)	217,804
Buses	72,655,888	(21,052,697)	51,603,191	58,127,335	(14,544,932)	43,582,403
Internal roads	1,577,575	(762,827)	814,748	1,577,575	(571,418)	1,006,157
Operating equipment	393,344	(232,319)	161,025	386,548	(152,007)	234,541
Total	106,109,874	(30,871,663)	75,238,211	107,475,988	(33,378,361)	74,097,627

		2013 Accumulated	Carrying
	Cost	depreciation	value
Land	3,877,745	-	3,877,745
Buildings	16,033,661	(1,245,936)	14,787,725
Leased buses	11,261,291	(3,507,865)	7,753,426
Office equipment	870,933	(204,581)	666,352
Ancillary vehicles	3,330,181	(1,240,699)	2,089,482
Workshop equipment	640,221	(160,537)	479,684
Office furniture	1,354,614	(164,462)	1,190,152
Property fencing	289,953	(20,186)	269,767
Leased office equipment	509,048	(96,819)	412,229
Buses	41,903,421	(8,519,965)	33,383,456
Internal roads	1,577,575	(285,709)	1,291,866
Operating equipment	368,749	(74,428)	294,321
Total	82,017,392	(15,521,187)	66,496,205

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	3,877,745	-	-	-	-	3,877,745
Buildings	13,541,788	-	-	-	(1,243,945)	12,297,843
Leased buses	5,542,173	-	-	(4,970,972)	(571,201)	-
Office equipment	653,160	496,990	(25,239)	-	(268,646)	856,265
Ancillary vehicles	3,453,852	-	-	-	(524,854)	2,928,998
Workshop equipment	357,182	601,791	-	-	(189,528)	769,445
Office furniture	1,273,952	73,905	-	-	(204,515)	1,143,342
Property fencing	356,870	-	-	-	(22,827)	334,043
Leased office equipment	217,804	569,242	(22,849)	-	(312,631)	451,566
Buses	43,582,403	9,671,833	-	4,970,972	(6,622,017)	51,603,191
Internal roads	1,006,157	-	-	-	(191,409)	814,748
Operating equipment	234,541	6,796	-	-	(80,312)	161,025
	74,097,627	11,420,557	(48,088)	-	(10,231,885)	75,238,211

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Transfers	Depreciation	Total
Land	3,877,745	-	-	-	3,877,745
Buildings	14,787,725	-	-	(1,245,937)	13,541,788
Leased buses	7,753,426	4,772,315	(4,058,253)	(2,925,315)	5,542,173
Office equipment	666,352	192,029	-	(205,221)	653,160
Ancillary vehicles	2,089,482	1,795,550	-	(431,180)	3,453,852
Workshop equipment	479,684	36,108	-	(158,610)	357,182
Office furniture	1,190,152	262,386	-	(178,586)	1,273,952
Property fencing	269,767	111,760	-	(24,657)	356,870
Leased office equipment	412,229	-	-	(194,425)	217,804
Buses	33,383,456	11,451,600	4,058,253	(5,310,906)	43,582,403
Internal roads	1,291,866	-	-	(285,709)	1,006,157
Operating equipment	294,321	17,800	-	(77,580)	234,541
	66,496,205	18,639,548	-	(11,038,126)	74,097,627

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Disposals	Depreciation	Total
Land	3,877,745	-	-	-	3,877,745
Buildings	16,033,661	-	-	(1,245,936)	14,787,725
Leased buses	12,247,074	-	-	(4,493,648)	7,753,426
Office equipment	788,896	52,310	-	(174,854)	666,352
Ancillary vehicles	2,431,035	-	-	(341,553)	2,089,482
Workshop equipment	631,400	2,730	-	(154,446)	479,684
Office furniture	1,306,894	46,651	-	(163,393)	1,190,152
Property fencing	289,953	-	-	(20,186)	269,767
Leased office equipment	566,317	-	(17,746)	(136,342)	412,229
Buses	38,117,602	-	-	(4,734,146)	33,383,456
Internal roads	1,577,575	-	-	(285,709)	1,291,866
Operating equipment	359,363	9,387	-	(74,429)	294,321
	78,227,515	111,078	(17,746)	(11,824,642)	66,496,205

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

Leased buses have been settled during the year and have been reclassified as owned.

Leased office equipment assets are held as security over the finance leases which are disclosed in note 10.

The amount of compensation from third parties for items of property, plant and equipment that were impaired, lost or given up that is included in the loss amounts to R52 660.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

5. INTANGIBLE ASSETS

	Cost	2015 Accumulated amortisation	Carrying value	Cost	2014 Accumulated amortisation	Carrying value
Computer software	962,128	-	962,128	929,756	-	929,756
				Cost / Valuation	2013 Accumulated amortisation	Carrying value
Computer software				653,897	-	653,897
Reconciliation of inta	ngible assets - 2	2015		Opening balance	Additions	Total
Computer software				929,756	32,372	962,128
Reconciliation of inta	ngible assets - :	2014		Opening balance	Additions	Total
Computer software				653,897	275,859	929,756
Reconciliation of inta	ngible assets - :	2013		Opening balance	Additions	Total
Computer software				126,182	527,715	653,897

Other information

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

6. INVENTORIES

Other	264,198 4,039,381	5,510,088	5,765,125
Spares and units	2,882,159	3,498,602	2,740,392
Tyres	217,929	461,438	376,105
Consumables	220,985	654,327	566,227
Fuels and greases	454,110	895,721	2,082,401

An inventory loss of R901 663 (2014: R3 839 399) (2013: R429 751) was recognised by the corporation.

. 7. TRADE AND OTHER RECEIVABLES

	974,390	939,305	1,221,136
Staff loans	274,929	363,963	358,280
Prepayments	-	299,046	331,979
	699,461	276,296	530,877
Impairment on other receivables			(307,804)
Other receivables	699,461	276,296	838,681

• 8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following statement of financial position amounts:

	62,449,801	5,578,823	101,766
Bank balances	62,446,777	5,578,639	99,787
Cash on hand	3,024	184	1,979

The fair value of cash and short-term deposits is R62 449 801 (2014: R5 578 823) (2013: R101 766).



NOTES TO THE ANNUAL FINANCIAL STATEMENTS 9. SHARE CAPITAL

Authorised

Ordinary shares of R1 each	250,000,000	250,000,000	120,000,000
Issued			
Ordinary shares of R1 each	221,356,075	148,371,075	120,371,075

100% of the shares are held by the Eastern Cape Department of Transport and the corporation has one class of ordinary shares which carry no right to the Provincial Administration. The entity has one class of ordinary shares which carry no right to fixed income. During the current year the issued share capital was increased by R72.985 million to R221.356 million. The authorised share capital was not increased during the current financial year.

The prior year authorised share capital was increased from 120 million to R250 million. The issued share capital was increased by R28 million to R148 million during the prior year.

• 10. FINANCE LEASE LIABILITY

Minimum lease payments due

- no later than one year	343,403	5,545,886	7,679,891
- later than one year and no later than five years	345,641	114,856	5,660,742
	689,044	5,660,742	13,340,633
less: future finance charges	(147,184)	(307,912)	(1,265,306)
Present value of minimum lease payments	541,860	5,352,830	12,075,327
Present value of minimum lease payments due			
- no later than one year	240,411	5,258,429	6,722,497
- later than one year and no later than five years	301,449	94,401	5,352,830
	541,860	5,352,830	12,075,327
Non-current liabilities	301,449	94,401	5,352,830
Current liabilities	240,411	5,258,429	6,722,497
	541,860	5,352,830	12,075,327

It is the corporation's policy to lease certain buses and computer equipment which are held under finance leases.

The average lease term was 3 years and the average effective borrowing rate was 9% (2014: 9%; 2013: 9%)

The security for the lease liability are the buses and computer equipment that are leased and are disclosed in note 4.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

II. TRADE AND OTHER PAYABLES

	11,007,573	11,294,197	10,081,340
Other accrued expenses	565,388	685,368	284,369
Accrued workmen's compensation	550,379	547,418	926,695
Accrued bonus	1,005,000	995,711	1,110,275
Accrued leave pay	4,372,934	3,658,078	3,755,763
Amounts received in advance	520,083	781,934	75,950
Trade payables	3,993,789	4,625,688	3,928,288

• 12. REVENUE

Passenger fares	24,413,279	23,092,747	23,008,888
Private hire	4,342,440	3,432,282	4,633,071
	28,755,719	26,525,029	27,641,959

A major portion of the Corporation's revenue comprises cash sales to passengers. It should be recognised that controls are designed to provide reasonable, but not absolute assurance that errors and irregularities will not occur, and that procedures are performed in accordance with management's intentions. There are inherent limitations that should be recognised in considering the potential effectiveness of any system of internal controls. The Corporation utilises the sole service provider in South Africa to record bus fare information. Revenue that cannot be measured reliably is not recognised.

• 13. OTHER INCOME

Interest income	883,259	389,487	67,583
Discount received	13,693	73,450	55,185
Sundry income	391,705	408,589	65,996
Government income	93,741,000	74,088,000	63,773,000
	95,029,657	74,959,526	63,961,764

• 14. OPERATING EXPENSES

Fuel	15,601,843	14,734,999	12,688,093
Tyres	1,013,413	599,309	1,754,102
Licences and permits	1,594,254	1,371,586	1,173,691
Fines and penalties	2,620	6,020	4,925
Spares, units, repairs and maintenance	15,330,976	3,957,419	2,358,588
Consumables (lubricants and grease)	2,509,129	2,008,489	1,112,181
Motor vehicle expenses	947,776	411,521	722,278
Inventory adjustments	901,663	3,839,399	429,751
Other operating expenses	1,404,636	1,520,168	1,235,874
	39,306,310	28,448,910	21,479,483

• 15. ADMINISTRATION EXPENSES

	24,152,747	16,879,224	13,943,790
Other administrative expenses	3,013,090	2,522,189	1,638,567
Board members fees and expenses	2,203,429	656,003	435,084
Recruitment costs	617,287	23,379	42,322
Printing and stationery	626,423	677,965	290,378
Consulting fees	3,856,839	797,840	218,449
Computer expenses	420,795	650,101	145,196
Internal audit fees	640,982	1,192,718	1,063,829
Water and electricity	935,786	949,559	902,356
Rentals and leases	937,628	582,622	115,489
Finance costs	909,903	633,143	1,759,143
Security expenses	1,631,302	1,558,101	1,365,014
Audit fees	3,559,735	2,949,359	2,724,502
Insurance	2,098,861	1,273,322	1,195,347
Telephone, cellphone and postage	1,283,742	1,240,076	924,112
Subsistence and travel	763,361	447,283	388,394
Training costs	653,584	725,564	735,608

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

• 16. EMPLOYEE COSTS

Salaries and wages	46,435,378	41,865,288	33,412,585
Overtime	2,566,522	2,294,959	1,720,619
Pension	5,397,048	5,136,123	4,479,636
Medical aid	3,046,369	2,864,859	2,557,111
Unemployment Insurance Fund	358,272	339,268	304,539
Skills Development Levy	529,247	468,355	437,822
Leave pay	1,318,850	189,457	2,927,870
Allowances	1,134,819	1,000,191	836,345
SARPBAC	36,645	30,461	17,721
Workman's compensation	550,378	602,224	810,084
	61,373,528	54,791,185	47,504,332

• 17. LOSS FOR THE YEAR

Loss for the year for the year is stated after accounting for the following:

Income

Interest income	883,259	389,487	67,583
Audit committee emoluments	292,113	55,411	58,108
Depreciation	10,231,885	11,038,126	11,824,642
Finance costs	909,903	633,143	1,759,143

• 18. INCOME TAX EXPENSE

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

19. CASH GENERATED FROM OPERATIONS

Loss	(11,279,094)	(9,672,890)	(3,148,524)
Adjustments for:			
Depreciation	10,231,885	11,038,126	11,824,642
Interest income	(883,259)	(389,487)	(67,583)
Finance costs	909,903	633,143	1,759,143
Disposals	48,088	-	17,746
Changes in working capital:			
Inventories	1,470,707	255,037	(4,898,402)
Trade and other receivables	(35,085)	281,831	(860,551)
Trade and other payables	(286,624)	1,212,857	(4,242,278)
Deferred income			(58,609,999)
	176,521	3,358,617	(58,225,806)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

20. RELATED PARTIES

Relationships

Shareholder Shareholder Shareholder Shareholder Shareholder

ECSECC Secondment of CEO

Members of key management Refer to note 22

Board members Refer to note 21

Lwando Phumlani Nkunjana Bhejula Holdings - Director

Zilindile Donald Leni Curoguard - Director

Nolufefe Patricia Funani East London Women In Transport Primary Co- Operative Limited

Founding Member

Lwando Phumlani Nkunjana Optimul Solutions - Director

Related party transactions

Grant aid received

Eastern Cape Department of Transport	93,741,000	74,088,000	63,773,000
Capital contribution - Increase in share capital			
Eastern Cape Department of Transport	72,985,000	28,000,000	5,000,000
Staff loans to senior management			
Mr ZD Leni - Cellphone expenses	3,679	3,679	3,679
Mr C Mtise - Cellphone expenses	5,653	5,653	5,653
Ms N Leni - Cellphone expenses	2,378	2,378	2,378
Mr LR Mbinda - Cellphone expenses	-	43,048	52,437
Mr LR Mbinda - Study Ioan	-	2,500	-
Mr N Van Wyk - Cellphone expenses	6,038	6,038	5,665
Mr N Van Wyk - Study Ioan		45,940	-
	17,748	109,236	69,812

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

Board members - Refer to note 21 for details of transactions with board members. The Board is appointed by the Executive Authority and fulfils a governance and oversight role.

Key management personnel - Refer to note 22 for detail of transactions with key personnel. Management is responsible for the day-to-day operations of the Corporation.



21. BOARD MEMBERS' EMOLUMENTS

2015	Meetings	Allowances	Travel	Total
Dr V Mkosana (Board Chairperson)	414,000	-	8,455	422,455
Mrs RN Luzuka (Board Deputy	262,000	-	1,937	263,937
Chairperson)				
ADV M Sishuba	231,000	-	698	231,698
Rev M Matya	281,000	-	27,793	308,793
Mr M Mafani	140,500	-	2,668	143,168
Mr PG Zitumane	380,000	-	3,859	383,859
Ms NM Petela	159,000	-	6,249	165,249
CLLR M Vaaiboom	106,500	-	2,084	108,584
Mr M Saziwa	43,500	-	5,490	48,990
-	2,017,500	-	59,233	2,076,733

2014	Meetings	Allowances	Travel	Total
Dr V Mkosana (Board Chairperson)	37,937	-	4,789	42,726
Mrs RN Luzuka (Board Deputy	59,932	-	1,865	61,797
Chairperson)				
ADV M Sishuba	11,016	-	-	11,016
Rev M Matya	25,786	-	3,638	29,424
Mr M Mafani	17,524	-	420	17,944
Mr PG Zitumane	38,556	-	520	39,076
Ms NM Petela	17,024	-	2,494	19,518
CLLR S Gomba	16,524	-	745	17,269
CLLR M Vaaiboom	29,040	-	2,818	31,858
Mr M Saziwa	39,556	-	18,192	57,748
Mr PLC Maseti	24,523	6,000	-	30,523
Mr JS Nyengane	44,210	-	1,051	45,261
Mr AS Mandla	15,270	-	292	15,562
Ms NEP Loyilane	11,516		596	12,112
	388,414	6,000	37,420	431,834

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2I. BOARD MEMBERS' EMOLUMENTS (CONTINUED)

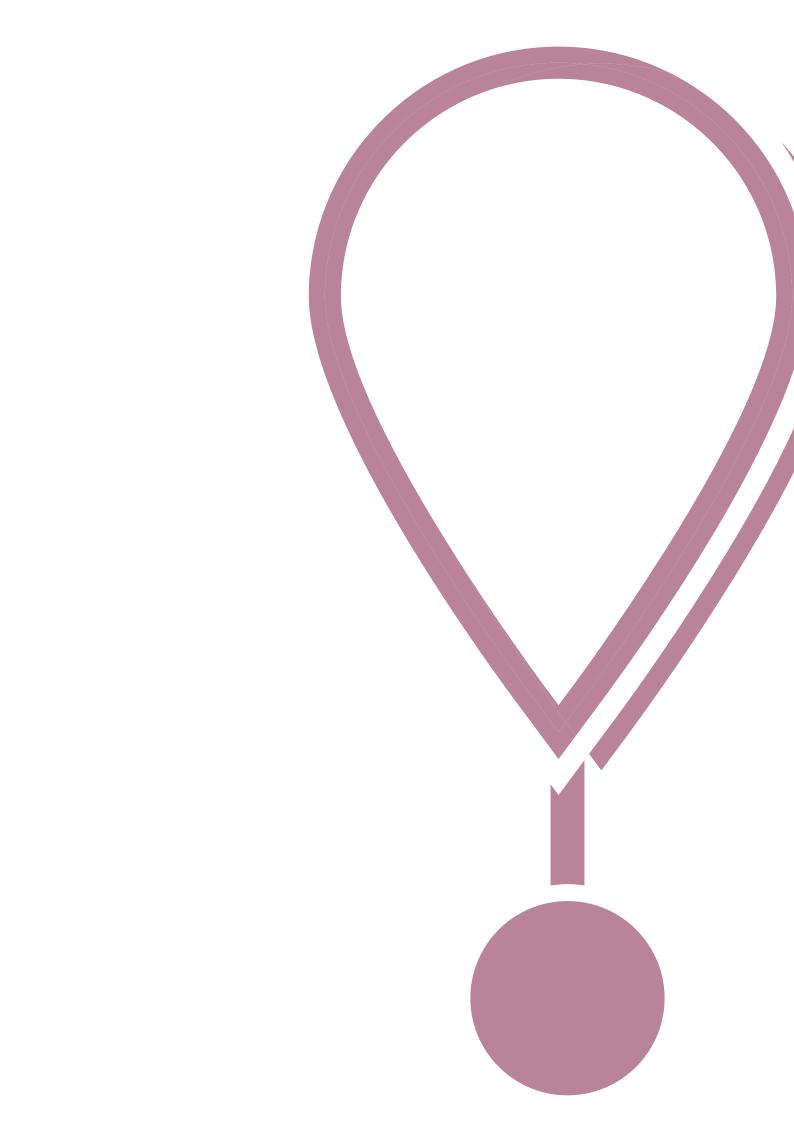
2013	Meetings	Allowances	Travel	Total
Mr PLC Maseti (Chairperson)	76,713	12,000	2,181	90,894
Mr SJ Nyengane (Board Deputy	76,368		3,587	79,955
Chairperson)				
Mr PP Balfour	14,770		885	15,655
Mr AS Mandla	15,770			15,770
CLLR SG Gomba	8,762		245	9,007
Ms AM Church	37,802		1,626	39,428
Ms NEP Loyilane	41,556		2,140	43,696
Mr J Mdeni	22,032		7,001	29,033
Mrs RN Luzuka	79,679		3,051	82,730
Mr M Vaaiboom	21,278		1,734	23,013
	394,730	12,000	22,450	429,180

Mr A De Vries is a non remunerated board member as he represents the Eastern Cape Department of Transport.

Mr D Qhali is a non remunerated board member as he represents the Eastern Cape Provincial Treasury.

Cllr SG Gomba is an alternate and was not remunerated during the year.

Ms Z Pakati in a non remunerated board member as she is a labour representative.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

• 22. SENIOR MANAGEMENT

2015	CEO N Madyibi	Acting CEO L Mosana Acted	Former CEO R Mbinda	CFO S Galada
	Appointed 17.11.2014	01.04.2015 to 16.11.2014 CEO support until 31.01.2015	Terminated 31.08.2014	Appointed 10.07.2014
Basic	576,376	-	515,163	775,000
Backpay	-	-	42,453	4,840
Car	105,000	-	50,000	-
Housing allowance	-	-	-	-
Cellphone allowance	-	-	15,000	-
Leave paid out	-	-	239,632	-
Medical aid	-	-	25,330	-
Provident	-	-	83,456	-
Reimbursive travel	22,946	-	-	15,546
13th cheque	-	-	-	-
UIF	744	-	744	1,338
SDL	6,604	-	8,776	7,798
Payment to ECSSEC	-	1,326,672	-	-
	711,670	1,326,672	980,554	804,522

	ng CFO J Ewers	HOD: OSM N Van Wyk	HOD: HR LC Mtise	HOD: OPS N Leni	HOD: ENG Z Leni	SM: Compliance J Tsholo
01.0	Acted 4.2014 to 07.2014					
	212,991	1,365,074	723,329	658,421	666,799	589,595
	212,991					
	-	34,559	25,131	28,753	23,214	19,471
	-	-	64,548	45,288	49,812	84,000
	-	-	17,563	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	7,453	-	-	15,621	27,760	-
	-	-	126,944	149,313	117,023	95,514
	-	-	-	18,091	29,935	14,082
	-	-	61,941	73,080	57,148	-
	494	1,785	1,785	1,785	1,785	1,785
	2,204	13,996	8,796	8,121	8,148	6,763
	-	-	-	-	-	-
	223,142	1,415,414	1,030,037	998,473	981,624	811,210

NOTES TO THE ANNUAL FINANCIAL STATEMENTS • 22. SENIOR MANAGEMENT (CONTINUED)

2014	CEO R Mbinda	Acting CEO L Mosana	
Basic	1,193,560	-	
Backpay	19,930	-	
Car	133,184	-	
Housing allowance	-	-	
Medical aid	60,968	-	
Provident	193,357	-	
Performance bonus	-	-	
13th cheque	-	-	
UIF	1,785	-	
SDL	15,875	-	
Payment to ECSSEC	-	530,669	
Staff loans	45,548	-	
	1,664,207	530,669	

2013

Basic

Car

Housing allowance

Cellpone allowance

Leave paid out

Medical aid

Provident

Study assistnace

Performance bonus

13th cheque

Acting CFO J Ewers	HOD: OSM N Van Wyk	HOD: HR LC Mtise	HOD: OPS N Leni	HOD: ENG Z Leni	Compliance Officer: J Tsholo
442,044	1,146,942	672,059	746,359	621,548	546,561
-	266,398	11,624	79,309	10,325	9,716
-	-	64,548	49,405	53,725	91,016
-	-	17,563	-	-	-
12,945	-	-	11,388	25,105	-
9,840	-	117,946	130,986	109,082	88,543
-	178,343	-	-	-	-
17,917	107,996	78,533	89,853	72,544	-
1,041	1,785	1,785	1,785	1,785	1,785
4,729	16,997	8,314	9,631	7,694	6,235
-	-	-	-	-	-
-	51,978	5,653	2,378	3,679	-
488,516	1,770,439	978,025	1,121,094	905,487	743,856

	CEO R Mbinda	CFO L Coetzer	HOD:OSM N Van Wyk	HOD: HR LC Mtise	HOD: OPS N Len	HOD: ENG Z Leni
	1,097,355	997,977	219,729	615,345	634,145	570,995
	120,000	-	12,000	64,548	49,062	49,812
	-	-	-	17,563	-	-
	32,259	5,139	-	4,147	-	-
	97,280	-	-	-	-	-
	52,151	-	7,366	-	11,260	22,793
	177,772	-	-	107,993	111,292	100,210
	-	56,940	-	-	-	-
	217,092	-	-	-	-	-
	-	76,215	36,552	76,918	65,068	63,492
_	1,793,909	1,136,271	275,647	886,514	870,827	807,302
_						

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

• 23. AUDIT COMMITTEE

Fees for attending meetings

2015	Meetings	Travel	Total
Mr J Mdeni - Chairperson	123,500	17,963	141,463
Mrs RN Luzuka	70,500	650	71,150
Mrs T Cumming	79,500	-	79,500
	273,500	18,613	292,113
2014	Meetings	Travel	Total
Mr J Mdeni - Chairperson	22,032	10,979	33,011
Mrs RN Luzuka	11,016	368	11,384
Mrs T Cumming	11,016	-	11,016
	44,064	11,347	55,411
2013	Meetings	Travel	Total
Mr J Mdeni - Chairperson	22,143	7,044	29,187
Mrs RN Luzuka	16,524	1,107	17,631
Mrs T Cumming	11,016	274	11,290
	49,683	8,425	58,108

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

• 24. COMPARATIVE FIGURES

To achieve fair presentation of the annual financial statements, we have changed the presentation of statement of comprehensive income by consolidating "Operating expenses" and "Engineering Expenses" into one line item being "Operating Expenses".

The effects of the reclassification are as follows:

	2015 R	Restated 2014 R	Restated 2013 R
Statement of Comprehensive income and corresponsing notes			
The following item that was separately presented on the 2013/14 annual financial statements as been consolidated into one item called "Operating expenses".			
Engineering expenses	-	6,643,178	4,242,349
The note "Engineering expenses" included in the 2013/14 annual financial statements has been consolidated into the note "Operating expenditure" with the separate line items as previously disclosed in the "Engineering expenses" note being separate line items in the "Operating expenditure note". The line item "Other engineering expenses" has been consolidated with the line item "Other operating expenses" and disclosed as such.			
Other engineering expenses	-	988,784	436,796
Included in the note "Administration expenses" in the 2013/14 annual financial statements was a line item "Inventory adjustments" which has now been disclosed under "Operating expenses" as a separate line item.			
Inventory adjustments	-	3,839,399	429,751
Included in the note "Administration expenses" in the 2013/14 annual financial statements was a line item "Other administrative expenses" which included the following items which have now been listed as a separate line item under "Administration expenses".			
Printing and stationery	-	677,965	290,378
Recruitment costs	-	23,379	42,322
Board members fees and expenses	-	656,003	435,084
Previous presentation of expenditure			
Operating expenses	-	18,146,333	16,807,383
Engineering expenses	-	6,463,178	4,242,349
Administration expenses		20,718,623	14,373,541
	-	45,328,134	35,423,273

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

• 24. COMPARATIVE FIGURES (CONTINUED)

Current presentation	2015 R	Restated 2014 R	Restated 2013 R
Operating expenses	-	28,448,910	21,479,483
Administration expenses	-	16,879,224	13,943,790
	-	45,328,134	35,423,273



• 25. PRIOR PERIOD ERRORS

The following errors were identified and the relevant comparative figures have been restated as follows:

Workman's compensation and a trade creditor was overstated in the 2013/14 finanical year.

Anciliary vehicle additions were understated during the 2013/14 financial year.

Depreciation on leased buses from 2010/11 was incorrectly calculated as the residual value was not taken into account in the calculation thereof.

The effects of the above errors are as follows:

	2015 R	Restated 2014 R	Restated 2013 R
Effect on Statement in Changes in Equity:			
Loss for the year			
Previously stated	-	(11,333,395)	(4,748,419)
Adjustments:	-		-
Workman's compensation	-	32,282	-
Overtime	-	(180,414)	-
Allowances	-	(3,725)	-
Workshop equipment maintenance	-	32,466	-
Anciliary vehicle repairs	-	180,000	-
Depreciation	-	1,599,896	1,599,895
	-	(9,672,890)	(3,148,524)
Accumulated deficit	_		
Previously stated	-	82,175,307	70,841,912
Adjustments:	-		
Maintenance fees	-	(180,000)	-
Property, plant and equipment - 2013/14	-	(1,599,896)	-
Property, plant and equipment - 2012/13	-	(1,599,895)	(1,599,895)
Property, plant and equipment - 2011/12	-	(869,502)	(869,502)
Property, plant and equipment - 2010/11		(82,902)	(82,902)
Workmans compensation	-	(32,282)	-
Workshop equipment maintenance	-	(32,466)	-
Overtime	-	180,414	-
Allowances	-	3,725	-
	-	77,962,503	68,289,613

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

• 25. PRIOR PERIOD ERRORS (CONTINUED)

Effect on the Statement of Financial Position

	Property	, p	lant	and	equi	pment
--	-----------------	-----	------	-----	------	-------

Previously stated	_	69,765,433	63,943,906
Adjustment to accumulated depreciation on leased		,,	,,
buses	-	4,152,195	2,552,299
Additions for motor vehicles corrected	-	180,000	
Transfer from lease buses to buses	-	(4,058,253)	-
Transfer to buses from leased buses	-	4,058,253	-
	-	74,097,628	66,496,205
Trade and other payables	-		
Balance as previously reported	-	(11,174,806)	(10,081,340)
Trade payables overstated	-	32,466	-
Workmans compensation correction	-	32,282	-
Overtime understated	-	(180,414)	-
Allowances understated	-	(3,725)	-
		(11,294,197)	(10,081,340)
Effect on Statement of Comprehensive Income	-		
Depreciation	-		
Previously stated	-	12,638,022	13,424,537
Correction of depreciation calculation	-	(1,599,896)	(1,599,895)
		11,038,126	11,824,642
Operating expenses	-		
Previously stated	-	18,178,799	16,807,383
Transfer from "Engineering expenses"	-	6,643,178	4,242,349
Transfer of inventory loss from "Administration			
expenses	-	3,839,399	429,751
Overstated repairs	-	(32,466)	
Overstated anciliary vehicle repairs		(180,000)	
		28,448,910	21,479,483
Administration expenses	-		
Previously stated	-	20,718,623	14,373,541
Transfer of inventory loss to "Operating expenses"		(3,839,399)	(429,751)
	<u> </u>	16,879,224	13,943,790
Engineering expenses	-		
Balance as previously reported	-	6,643,178	4,242,349
Transfered to "Operating expenses"	<u> </u>	(6,643,178)	(4,242,349)
			-
·			

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

• 25. PRIOR PERIOD ERRORS (CONTINUED)

Employee costs			
Balance as previously reported	-	54,639,328	47,504,332
Overstated	-	(32,282)	-
Understated	-	184,139	-
		54,791,185	47,504,332
Current presentation: (After prior year adjustments)			
Operating expenses	-	28,448,910	21,479,483
Depreciation	-	11,038,126	11,824,642
Administration expenses	-	16,879,224	13,943,790
Employee costs	-	54,791,185	47,504,332
	-	111,157,445	94,752,247
Effect on the Cash Flow Statement			
Net cash flow from operating activities			
Previously stated	-	3,178,618	-
Decrease in net cash flow from operating activities	-	(63,657)	-
	-	3,114,961	_
Cash flows from investing activities			
Previously stated	-	18,735,408	-
Decrease in net cash flow from investing activities		(4,592,316)	
		14,143,092	
Cash flows from financing activities			
Previously stated	-	21,277,503	-
Decrease in net cash flow from investing activities		(4,772,315)	
		16,505,188	
Effect on Disclosure notes			
Irregular expenditure			
Previously stated	-	8,302,969	-
Adjustment - newly identified irregular expenditure		2,582,763	
	-	10,885,732	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

26. GOING CONCERN

We draw attention to the fact that at 31 March 2015, the corporation had accumulated losses of R (89,241,597) and that the corporation's total assets exceed its liabilities by R 132,114,478. This condition, along with other matters, indicate the existence of a material uncertainty which may cast significant doubt about the corporation's ability to continue as a going concern.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This

basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the corporation to continue as a going concern is dependent on a number of factors. The most significant of these is that the entity is funded by the government into the foreseeable future.

27. EVENTS AFTER THE REPORTING PERIOD

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

The issued share capital was increased by R10 million after year end but before the reporting date. This is the capital grant received from the Eastern Cape Department of Transport as part of the 2015/16 budget allocation.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

• 28. IRREGULAR EXPENDITURE

Reconciliation of irregular expenditure

Opening balance	28,053,232	17,167,500	4,178,971
Add: Movement in current year	3,931,725	8,302,969	12,988,529
Additional identified	-	2,582,763	-
Less: Condonement	(2,759,860)	-	-
	29,225,097	28,053,232	17,167,500
Details of irregular expenditure			
Incident	2015	2014	2013
Insufficient number of quotations	880,455	7,479,972	5,121,413
Continuous service with no contract	501,901	-	-
Insufficient supporting documentation	2,549,369	-	3,547,672
Irregular bonus paid	-	395,434	-
No complete bidding process	-	3,010,326	4,284,321
Expired contracts		<u> </u>	35,123
	3,931,725	10,885,732	12,988,529

Disciplinary steps taken/criminal proceedings

Disciplinary action has been instituted against responsible officials and the action is in progress.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

29. FRUITLESS AND WASTEFUL **EXPENDITURE**

Reconciliation of fruitless and wasteful expenditure

Opening balance	411,699	285,853	158,516
Add: Movement in current year	127,490	125,846	127,337
Closing balance	539,189	411,699	285,853
Incident	2015	2014	2013
Penalties on late payment	98,917	96,372	91,603
Interest on late payment	10,131	23,454	29,384
Other	15,822	-	1,425
Traffic fines	2,620	6,020	4,925
	127,490	125,846	127,337

Disciplinary steps taken/criminal proceedings

An investigation is being undertaken into the instances of fruitless and wasteful expenditure and appropriate action will be taken in due course.

• 30. COMMITMENTS

Authorised capital expenditure

Already contracted for but not provided for

QΩ	erating leases – as lessee (expense)			
•	Installation of Generator	453,000	-	-
•	Installation of Compressor	206,258	-	-
•	Alice Depot Fencing	342,373	-	-
•	3 Semi-lux buses	8,055,331	-	-

Minimum lease payments due

- within one year	345,762	200,070	-

Operating lease payments represent rentals payable by the corporation for certain of its office properties. No contingent rent is payable.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

• 31. CONTINGENCIES

During the reporting period, there were matters arising that gives rise to contingent liabilities:

There is one labour dispute case as at 31 March 2015 and there is currently no indication as to the probability of the success of the claim.

2015	Anticipated legal fees	Estimated claim	Nature	Referred to	Total contingent liability
Mayibuye Vs Qomarana	170,000	286,300	Labour dispute	Labour court	456,300
2014	Anticipated legal fees	Estimated claim	Nature	Referred to	Total contingent
Mayibuye Vs Qomarana	170,000	286,300	Labour dispute	Labour court	456,300
Mayibuye Vs Pakati	-	20,000	Labour dispute	Labour court	20,000
	170,000	306,300			476,300
2013	Anticipated legal fees	Estimated claim	Nature	Referred to	Total contingent liability
Mayibuye Vs Qomarana	150,000	150,000	Labour dispute	Labour court	300,00
Mayibuye Vs Pakati	30,000	120,978	Labour dispute	Labour court	150,979
Mayibuye Vs Lusiba		43,426	Labour dispute	CCMA	43,426
	180,000	314,404			494,404

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

• 32. FINANCIAL ASSETS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

2015	Loans and receivables	Fair value through profit or loss - designated	Total
Trade and other receivables	974,390	-	974,390
Cash and cash equivalents	-	62,449,801	62,449,801
	974,390	62,449,801	63,424,191
2014	Loans and receivables	Fair value through profit or loss - designated	Total
Trade and other receivables	939,305	-	939,305
Cash and cash equivalents	-	5,578,823	5,578,823
	939,305	5,578,823	6,518,128
2013	Loans and receivables	Fair value through profit or loss - designated	Total
Trade and other receivables	1,221,136	-	1,221,136
Cash and cash equivalents	-	101,766	101,766
	1,221,136	101,766	1,322,902

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

33. FINANCIAL LIABILITIES BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

	2015	Fair value through profit or loss - designated	Total
Trade and other payables		11,007,573	11,007,573
	2014	Fair value through profit or loss - designated	Total
Trade and other payables		11,110,058	11,110,058
	2013	Fair value through profit or loss - designated	Total
Trade and other payables		10,081,340	10,081,340



NOTES

NOTES



Disclaimer

The following document is made only to, and is directed only at, persons to whom such a document may lawfully be communicated ("relevant persons"). Any person who is not a relevant person should not act or rely on this document or any of its contents.

This document contains forward-looking statements that are subject to risks and uncertainties, including statements about Mayibuye Transport Corporation's beliefs and expectations.

These forward-looking statements are based on assumptions that Mayibuye Transport Corporation has made in light of its experience in the industry in which it operates, as well as its perceptions of historical trends, current conditions, expected future developments and other factors which Mayibuye Transport Corporation believes are appropriate under the circumstances. Relevant persons should understand that these statements are not guarantees of future performance or results.

Due to these factors, Mayibuye Transport Corporation cautions that relevant persons should not place undue reliance on any forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made. New risks and uncertainties arise from time-to time, and it is impossible to predict these events or how they may affect Mayibuye Transport Corporation.



CONTACT IFORMATION

Corner of Mdantsane Access Road and Drummond Road | East London Reeston 5257 Tel: 043 745 2582 | Fax: 043 745 2/52 | www.mayibuyetransport.co.za

Reeston	Alice	Zwelitsha	Quenstown
(Head Office)	Phone: 040 653 1371	Phone: 040 654 1351	Phone: 045 858 8826
Phone: 043 745 2582	Fax: 040 653 0003	Fax: 040 655 I907	Fax: 045 858 8290
Fax: 043 745 2l52	Alice@mtcec.co.za	Zwelitsha@mtcec.co.za	Queenstown@mtcec.co.za
Reeston@mtcec.co.za			

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