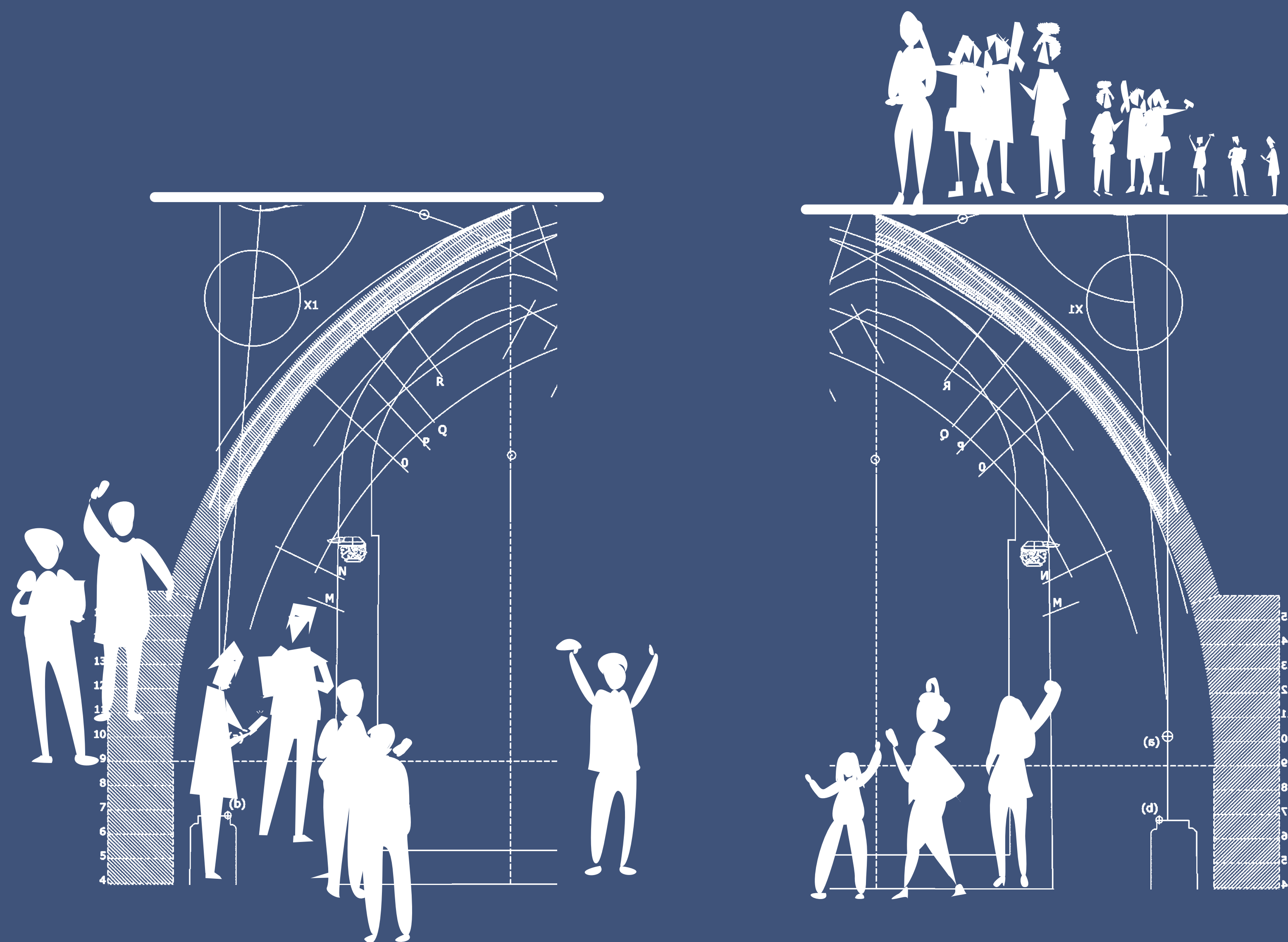
yes

YOUTH
EMPLOYMENT
SERVICE



ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

YOUTH EMPLOYMENT SERVICE (RF) NPC

(REGISTRATION NUMBER 2017/267641/08)

Trading as YES

Annual Financial Statements

for the year ended 31 March 2021

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	The company is a non-profit company (NPC)
Directors	T. Ismail-Saville* (resigned 30 June 2021) C. Coleman (Co-chair) S. Koseff (Co-chair) C. Coovadia A.D.H. Enthoven P.K. Dlamini D.L. Nicol S.N. Susman (Remuneration and Governance Chair) Z.B.M. Bassa (Audit and Risk Committee Chair) N.N.N Guma * Excutive director
Registered office	2 Arnold road Rosebank Gauteng 2196
Bankers	Investec Bank Limited
Auditors	Ernst & Young Incorporated 102 Rivonia Road Sandton Johannesburg 2196
Secretarial services	Fluidrock Co Sec (Pty) Ltd
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act No. 71 of 2008.
Preparer	The annual financial statements were internally compiled by: Dustin Grace
Issued	13 September 2021

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

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Audit and Risk Committee Report

Although not a statutory requirement for YES as a non-profit company, the Audit and Risk Committee ("the Committee") was established by the Board based on the principles of good corporate governance. The Committee has formal terms of reference which are reviewed on an annual basis, or as and when required. In addition to the typical duties of committees of this nature, relevant recommendations of the King IV Report on Corporate Governance for South Africa, 2016 were also incorporated in the terms of reference.

The primary role of the Committee is to ensure:
- the integrity of the financial reporting
- the audit process is well managed
- that a sound risk management and internal control system is maintained.

In pursuing these objectives, the Committee also oversees relations with the external auditors, provided by Ernst & Young Inc. and reviews the effectiveness of the internal audit function provided by BDO South Africa Inc.

The Committee met on the following dates during the current financial year:
29 July 2020
5 November 2020
18 February 2021

The Board and the Committee is satisfied that the Committee has effectively fulfilled its role and responsibilities during the period under review.

The Board is comfortable that the members of the Committee collectively possess the knowledge and experience to supervise the Company's financial management, internal and external auditors, the quality of financial controls and the preparation and evaluation of the audited annual financial statements. Ms ZBM Bassa (Chair), Mr C Coovadia and Mr SN Susman acted as members of the Committee for the period under review.

During the financial year ended 31 March 2021, in addition to the other duties set out in the Audit and Risk Committee's terms of reference, the Committee carried out the following functions:

- reviewed the performance and independence of Ernst & Young Inc.;
- determined the fees to be paid to Ernst & Young Inc. and their terms of engagement;
- monitored the use of Ernst & Young Inc. for any non-audit services;
- pre-approved any proposed contract with Ernst & Young Inc. for the provision of non-audit services to the Company;
- reviewed the performance of and approved the appointment of the internal auditor, BDO South Africa Inc.;
- determined the fees to be paid to BDO South Africa Inc., their terms of engagement and key areas of focus;
- reviewed YES financial results;
- assessed the reliability of internal controls;
- assessed the risks that YES is exposed to and the mitigations implemented to manage these.

The Committee has satisfied itself through enquiry that Ernst & Young Inc. and Mr Jaco du Plessis, the designated auditor, are independent of the Company. The Committee furthermore confirms that the annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act No. 71 of 2008 and that the accounting policies have been applied consistently compared to the prior year.

Key matters considered and deliberated:
- Key risks and managements mitigation plans
- Procurement systems, controls and accreditation of suppliers
- Internal audit scope and approach
- Completeness of income, including Grant, Placement and Registration income
- Monitoring performance against annual budget and forecast
- Assessing the updated financial forecasts and cost reduction opportunities in the context of the weak economic outlook as a result of the impact of Covid-19
- Recoverability of debtors
- Going concern and liquidity

Audit and Risk Committee Report

- Approach of external auditor; their fees; accreditation of the firm and designated partner
- Consideration of audit differences
- Consideration of management's requisite skills and overall performance
- Assessing the opportunities to enhance overall controls
- IT risks and governance principles as guided by King IV, including IT policies, business continuity, cyber processes and controls, supplier selection controls
- Reviewing legal matters of significance

The Committee recommended the annual financial statements for the year ended 31 March 2021 for approval to the Board. The Board has subsequently approved the annual financial statements.

Z.B.M Bassa
Audit and Risk Committee Chair

13 September 2021

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act No. 71 of 2008 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 company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

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

The directors have reviewed the company’s cash flow forecast for the year to 31 March 2022 and, in light of this review and the current financial position, they are satisfied that the company has or had 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 company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 8 to 10.

The annual financial statements set out on pages 11 to 37, which have been prepared on the going concern basis, were approved by the board of directors on 13 September 2021 and were signed on their behalf by:

S. Koseff (Co-chair)

C. Coleman (Co-chair)

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Youth Employment Service (RF) NPC for the year ended 31 March 2021.

1. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act No. 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

2. Directorate

The directors in office at the date of this report are as follows:

Directors
T. Ismail-Saville* (resigned 30 June 2021)
C. Coleman (Co-chair)
S. Koseff (Co-chair)
C. Coovadia
A.D.H. Enthoven
P.K. Dlamini
D.L. Nicol
S.N. Susman (Remuneration and Governance Chair)
Z.B.M. Bassa (Audit and Risk Committee Chair)
N.N.N Guma
* Excutive director

There have been no changes to the directorate for the year under review. T. Ismail-Saville resigned after year end on 30 June 2021, refer to note Events after the reporting period.

Other than the salary paid to T. Ismail-Saville in her capacity as CEO, no further remuneration has been paid to Directors for both the 2020 and 2021 financial years.

3. Directors' interests in contracts

During the financial year, no contracts were entered into which directors or officers of the company had an interest and which significantly affected the business of the company.

4. Borrowing powers

In terms of the Memorandum of Incorporation, the borrowing powers of the company are unlimited. However all borrowings by the company are subject to board approval as required by the board delegation of authority.

5. Events after the reporting period

Youth Employment Service (RF) NPC CEO, T. Ismail-Saville, resigned as director and CEO effective 30 June 2021. The board have established a selection committee tasked to appoint a new CEO and the process is underway with a recruitment agency. Leanne Emery and Vaunn Kelly have been appointed as joint acting CEOs during the transition period until the new CEO, R. Naidoo, takes office which is effective 1 November 2021.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

Directors' Report

6. 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 for the forseeable future and that the realisation of assets and settlement of
liabilities, contingent obligations and commitments will occur in the ordinary course of business.

7. Auditors

Ernst & Young Incorporated continued in office as auditors for the company for the year ended 31 March 2021 and have been nominated for reappointment for the year ending 31 March 2022.

8. Secretarial services

Fluidrock Co Sec (Pty) Ltd has been appointed to fulfill secretarial services for the company.

9. COVID-19 response

The World Health Organisation (WHO) announced the COVID-19 outbreak as a pandemic on Wednesday, 11 March 2020. The world-wide outbreak of COVID-19 has, to date, had a significant negative impact on financial markets around the world including South Africa. As the majority of Youth Employment Services (RF) NPC revenue is generated based on corporate companies engaging in the youth initiative there was a negative impact on financial performance. At the time of reporting, South Africa has stabilised the infection rate of the outbreak and the vaccine has started being rolled out. There is still a level of uncertainty as to containment and prevention and as to what the impact might be on the economy, making reasonable impact estimates difficult at this point in time. It has been considered that the financial impact will be significant on the South African economy.

Despite the initial decline in corporate funding for YES youth in the beginning stages of the COVID-19 outbreak, there has been an increase in levels of business confidence and business activity has increased to pre-COVID levels. The increased business activity and stringent cost management has helped YES to breakeven for the 2021 period and create a small surplus.

The major impact from COVID-19 on YES is in 2 areas:
1. on our Debtors book, refer to expected credit loss (ECL) in note 9, and
2. a contingency due to exposure to future salary commitments from Corporates still to be invoiced and collected and who may not be able to fulfil their commitment for the full 12 months.

YES response to these risks:
YES has reviewed the 31 March 2021 Debtors which were not yet collected at 31 May 2021. We have raised a provision on these debtors where we don't have a high degree of certainty on the collection of these funds.

Although the debtors book increased significantly, the ECL did not increase. The increase in debtors is a result of youth salaries being billed upfront; when youth salaries are invoiced a reciprocal third party salaries liability is raised and as such there is no profit and loss impact from youth salaries. When a corporate sponsor drops out of the YES program the youth contracts are cancelled so there is no exposure to YES for ECL on these youth salaries.

Potential exposure on uninvoiced and uncollected future youth salaries due from Corporates:
We are tracking the exposure to each Corporate for salaries still to be collected on the remainder of their 12 month youth commitment. YES only has a direct exposure if salaries are paid out by YES in advance of collecting funds from these Corporates. This is monitored closely and driven through weekly debtors' collection reviews. YES could also arrange for these unfunded youth salaries to be transferred to another Corporate that joins subsequently or as a last resort, inform the Implementation Partner (IP) that further funding is no longer available in which case the Youth may have to be retrenched and can then raise a claim via UIF.

COVID-19 impact on YES future outlook
YES medium term future outlook remains dependent on future demand from corporate clients to fund YES Youth. YES is taking precautions to manage its costs tightly, conserve cash and drive revenue wherever possible.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YOUTH EMPLOYMENT SERVICE (RF) NPC

Report on the Audit of the Financial Statements

Opinion

We have audited the annual financial statements of Youth Employment Service (RF) NPC ('the company') set out on pages 11 to 37, which comprise the statement of financial position as at 31 March 2021, and 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, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion the financial statements present fairly, in all material respects, the financial position of Youth Employment Service (RF) NPC as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements of the company and in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits of the company and in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 39-page document titled "Youth Employment Service (RF) NPC Annual Financial Statements for the year ended 31 March 2021", which includes the Audit and Risk Committee Report, Directors' Responsibilities and Approval, the Directors' Report as required by the Companies Act of South Africa, and the Detailed Income Statement. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DocuSigned by:
Ernst & Young Inc.
783434E39EBC488...

Jaco du Plessis
Partner
Registered Auditor
Chartered Accountant (SA)
17 September 2021

Statement of Financial Position as at 31 March 2021

Figures in Rand	Note(s)	2021	2020
Assets			
Non-Current Assets			
Property, plant and equipment	4	33 197 675	17 992 510
Right-of-use assets	5	1 015 239	2 041 817
Intangible assets	6	5 990 946	2 817 819
Other assets	7	-	965 693
		40 203 860	**23 817 839**
Current Assets			
Inventories	8	8 681	-
Accounts and other receivables	9	69 026 899	7 588 451
Prepayments		323 533	592 126
Cash and cash equivalents	10	87 363 587	101 820 858
		156 722 700	**110 001 435**
Total Assets		**196 926 560**	**133 819 274**
Equity and Liabilities			
Equity			
Retained income		42 435 127	40 348 226
Liabilities			
Non-Current Liabilities			
Lease liabilities	5	-	723 524
Deferred income	12	28 888 268	35 110 496
		28 888 268	**35 834 020**
Current Liabilities			
Trade and other payables	11	104 860 879	35 270 640
Lease liabilities	5	1 169 707	1 461 292
Deferred income	12	19 572 579	20 905 096
		125 603 165	**57 637 028**
Total Liabilities		**154 491 433**	**93 471 048**
Total Equity and Liabilities		**196 926 560**	**133 819 274**

Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 March 2021

Figures in Rand	Note(s)	2021	2020
Revenue	13	101 442 016	137 696 707
Cost of sales	14	(38 218 512)	(41 905 224)
Gross profit		**63 223 504**	**95 791 483**
Other operating losses		(36 653)	-
Movement in credit loss allowances	15	639 573	(4 060 099)
Other operating expenses	15	(64 488 284)	(56 976 229)
Operating (loss) profit		**(661 860)**	**34 755 155**
Interest income	18	2 914 855	4 238 830
Finance costs	19	(166 094)	(220 583)
Profit for the year		**2 086 901**	**38 773 402**
Other comprehensive income		-	-
Total comprehensive income for the year		**2 086 901**	**38 773 402**

Statement of Changes in Equity for the year ended 31 March 2021

Figures in Rand	Retained income	Total equity
Balance at 01 April 2019	**1 574 824**	**1 574 824**
Profit for the year	38 773 402	38 773 402
Other comprehensive income	-	-
Total comprehensive income for the year	**38 773 402**	**38 773 402**
Balance at 01 April 2020	**40 348 226**	**40 348 226**
Profit for the year	2 086 901	2 086 901
Other comprehensive income	-	-
Total comprehensive income for the year	**2 086 901**	**2 086 901**
Balance at 31 March 2021	**42 435 127**	**42 435 127**

Statement of Cash Flows for the year ended 31 March 2021

Figures in Rand	Note(s)	2021	2020
Cash flows from operating activities			
Cash generated from operations	21	8 928 641	85 337 211
Interest income		2 914 855	4 238 830
Finance costs		(103 475)	(60 767)
Net cash from operating activities		**11 740 021**	**89 515 274**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(20 349 072)	(14 860 354)
Sale of property, plant and equipment	4	15 171	-
Purchase of other intangible assets	6	(4 848 282)	(2 777 761)
Net cash from investing activities		**(25 182 183)**	**(17 638 115)**
Cash flows from financing activities			
Payment on lease liabilities		(1 015 109)	(1 037 727)
Net cash from financing activities		**(1 015 109)**	**(1 037 727)**
Total cash movement for the year		**(14 457 271)**	**70 839 432**
Cash at the beginning of the year		101 820 858	30 981 426
Total cash at end of the year	10	**87 363 587**	**101 820 858**

Accounting Policies

1. Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

1.1 Basis of preparation

The annual financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a historical cost basis.

The financial statements are presented in South African Rands and all values are rounded to the nearest Rand

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company' s accounting policies.

These accounting policies are consistent with the previous period.

1.2 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.
Depreciation is provided on the straight-line basis.

Accounting Policies

1.2 Property, plant and equipment (continued)

The major categories of property, plant and equipment are depreciated at the following rates:

Item	Depreciation method	Depreciation rate
Hub structures	Straight line	10% to 33.3% per annum
Furniture and fixtures	Straight line	10% to 33.3% per annum
Motor vehicles	Straight line	25% per annum
Office equipment	Straight line	7,5% to 20% per annum
IT equipment	Straight line	33,3% per annum

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

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

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

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.3 Intangible assets

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

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.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

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

Item	Amortisation method	Average useful life
Video modules	Straight line	33,3% per annum

Accounting Policies

1.3 Intangible assets (continued)

Computer software	Straight line	33,3% per annum
Advertising films & videos	Straight line	33,3% per annum
RPA Bot	Straight line	33,3% per annum

1.4 Financial instruments

Financial instruments – initial recognition and subsequent measurement

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

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade and other receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade and other receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified as:

• Financial assets at amortised cost (debt instruments)
This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:
• The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
And
• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost (which consists mainly of accounts receivable) are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes accounts receivable & cash and cash equivalents.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the entity's statement of financial position) when:

Accounting Policies

1.4 Financial instruments (continued)

• The rights to receive cash flows from the asset have expired
Or
• The entity has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the entity has transferred substantially all the risks and rewards of the asset, or (b) the entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the entity has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the entity continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the entity also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the entity could be required to repay.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:
• Accounts and other receivables, Note 9.

The Entity recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Entity expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade and other receivables and contract assets originating from IFRS 15 transactions, the entity applies a simplified approach in calculating ECLs. Therefore, the entity does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The entity has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified at initial recognition.

Financial liabilities are recognised net of directly attributable transaction costs. The Entity's financial liabilities include trade and other payables and bank overdrafts.

Derecognition

The company derecognises financial liabilities when the company obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Accounts and other receivables

Accounts and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

Accounting Policies

1.4 Financial instruments (continued)

Trade and other payables

Short-term trade payables are non-interest-bearing and carried at Amortised cost.

Interest-bearing loans and borrowings

All loans, borrowings and financial liabilities are initially recognised at fair value plus directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process. Finance costs are expensed through profit or loss as incurred.

1.5 Leases

Company as lessee

YES assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an asset for an identified period of time in exchange for consideration.

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the company is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the company recognises the lease payments as an operating expense (note 15) on a straight-line basis over the term of the lease.

Details of leasing arrangements where the company is a lessee are presented in note 5 Right-of-use asset.

Right-of-use assets

Lease payments included in the measurement of the lease liability comprise the following:
- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are presented in the following table:

Item	Depreciation method	Average useful life
Buildings	Straight line	3 years

1.6 Inventories

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

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Inventory is made up of food and beverages on hand at year end at the Saldanha hub for the Culinary programme.

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

1.6 Inventories (continued)

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.7 Impairment of non-financial assets

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

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset being the higher of fair value less cost to sell or the value in use.

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

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

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

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

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

1.8 Equity

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

1.9 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), 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.

1.10 Revenue recognition

1.10.1. Revenue from contracts with customers under IFRS 15

Accounting Policies

1.10 Revenue recognition (continued)

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. All revenue in respect of registration fees and placement income is at fixed pricing with no payment terms extending beyond a year.

The company recognises revenue from the following major sources:
- Registration, Monitoring & Evaluation fees related to sourcing, placement and monitoring of youth in a 12-month work experience programme.

In line with Youth Employment Service (RF) acting as an agent, salaries received on behalf of third parties are not recognised through the Statement of Profit or Loss and other Comprehensive Income. Salaries are received in cash with the relevant liability being raised under Third Party Salaries, these salary funds are then paid to Implementation Partners to pay salaries to youth monthly over the duration of the employment contract. Refer to note 12.

Monitoring & Evaluation fees, for which the entity is recognising revenue as a principal, are recognised as revenue as YES satisfies the performance obligations. As part of this revenue relates to monitoring services performed over a 12-month period, a portion of this revenue will be deferred and then recognised in the Statement of Profit or Loss and Other Comprehensive Income as the obligations are satisfied. Thus monitoring and evaluation revenue is recognised over time. The remainder of the revenue is recognised as the company satisfies its performance obligations. Refer to Note 13.
Performance obligations per product are determined with key deliverables, the entity releases the revenue in line with the satisfisfactory execution of these deliverables.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

1.10.2. Grants received - Non IFRS 15 income

Grant Income relates to grants from Corporate Entities and not from Government, government agencies or similar bodies.

Grants received for capital and related expenditure are deferred and then only recognised in the Statement of Profit or Loss and Other Comprehensive Income as the capital asset is depreciated, and related expenditure incurred.

In the absence of an IFRS that specifically applies to a transaction, other event or condition, management shall use its judgement in developing and applying an accounting policy that results in information that is:

(a) relevant to the economic decision making needs of users,
(b) reliable, in that the financial statements:
(i) represent faithfully the financial position, financial performance and cash flows of the entity;
(ii) reflect the economic substance of transactions, other events and conditions, and not merely the legal form;
(iii) are neutral, i.e. free from bias;
(iv) are prudent;
and
(v) are complete in all material respects.In making the judgement described in paragraph 10, management shall refer to, and consider the applicability of, the following sources in descending order:
(a) the requirements in IFRS's dealing with similar and related issues;
and
(b) the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the Framework.

The company applied the principles of IAS 20: Accounting for Government Grants and Disclosure of Government Assistance in the measurement and disclosure of grant income received by the corporates.

Thus the corporate grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Accounting Policies

1.10 Revenue recognition (continued)

When the company receives corporate grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual installments.

1.10.3. Donation income - Non IFRS 15 income

The company recognises Donation income in full when they are received or as it is received in kind as there are no performance obligations in respect of these donations. The company issues a Section 18A donation certificate where necessary

1.11 Cost of sales

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

Costs of sales comprise:
- phone costs which is the cost of cellphone and included service provided to youth;
- placement costs for all youth being hosted externally at an Implementation Partner; and
- hub program costs.

1.12 Interest income

Interest income is recognised using the effective interest rate method.

1.13 Current assets vs Non-Current assets

Current versus non-current classification

The entity presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:
• Expected to be realised or intended to be sold or consumed in the normal operating cycle
• Held primarily for the purpose of trading
• Expected to be realised within twelve months after the reporting period
Or
• Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:
• It is expected to be settled in the normal operating cycle
• It is held primarily for the purpose of trading
• It is due to be settled within twelve months after the reporting period
Or
• There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The entity classifies all other liabilities as non-current.

1.14 Significant Accounting estimates and judgements

Management applies judgment in the following areas:
- Assessing the resources, timing and obligation involved with the revenue generated and recognises revenue in accordance with IFRS 15. Refer to note 13.
- Assessing the estimates of effective interest rate used in the application of the IFRS 16 standard. Refer to note 5.
- Assessing the resources, timing and obligation, involved with application of IFRS 9 standard when determining the allowances for Expected Credit Losses for account receivables. Refer to note 9.

1.15 Contingent liabilities

Accounting Policies

1.13 Current assets vs Non-Current assets (continued)

All contingent liabilities are disclosed in the annual financial statements. Previously recognised contingent liabilities are assessed against the criteria of a provision and those that meet the criteria are recognised as a provision.

This is considered in line with IAS 37 which states that a contingent liability is:
(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the entity; or
(b) a present obligation that arises from past events but is not recognised because:
(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(ii) the amount of the obligation cannot be measured with sufficient reliability.

Notes to the Annual Financial Statements

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2. Changes in accounting policy

The annual financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year.

3. New Standards and Interpretations

The Company applies all applicable IFRS as issued by the International Accounting Standards Board ("IASB") in preparation of the financial statements. Consequently, all IFRS statements that were effective at the date of issuing this report and are relevant to the Company's operations have been applied.

3.1 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 April 2021 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	01 January 2023	Unlikely there will be a material impact
• Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	01 January 2022	Unlikely there will be a material impact

4. Property, plant and equipment

	2021			2020		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Hub structures	33 908 025	(5 412 273)	28 495 752	16 471 344	(1 943 663)	14 527 681
Leasehold improvements	1 655 192	(1 067 574)	587 618	1 631 624	(523 650)	1 107 974
Furniture and fixtures	2 651 198	(524 284)	2 126 914	1 466 170	(258 829)	1 207 341
Motor vehicles	308 700	(115 763)	192 937	308 700	(38 588)	270 112
Office equipment	185 147	(68 488)	116 659	139 385	(17 990)	121 395
IT equipment	2 452 136	(774 341)	1 677 795	1 235 556	(477 549)	758 007
Total	**41 160 398**	**(7 962 723)**	**33 197 675**	**21 252 779**	**(3 260 269)**	**17 992 510**

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Depreciation	Total
Hub structures	14 527 681	17 441 009	-	(3 472 938)	28 495 752
Leasehold improvements	1 107 974	23 568	-	(543 924)	587 618
Furniture and fixtures	1 207 341	1 232 837	(18 222)	(295 042)	2 126 914
Motor vehicles	270 112	-	-	(77 175)	192 937
Office equipment	121 395	45 762	-	(50 498)	116 659
IT equipment	758 007	1 605 896	(170 955)	(515 153)	1 677 795
	17 992 510	**20 349 072**	**(189 177)**	**(4 954 730)**	**33 197 675**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Total
Hub structures	4 998 686	10 703 252	(1 174 257)	14 527 681
Leasehold improvements	-	1 621 091	(513 117)	1 107 974
Furniture and fixtures	42 618	1 401 362	(236 639)	1 207 341
Motor vehicles	-	308 700	(38 588)	270 112
Office equipment	16 756	120 056	(15 417)	121 395
IT equipment	419 109	705 893	(366 995)	758 007
	5 477 169	**14 860 354**	**(2 345 013)**	**17 992 510**

Property, plant and equipment encumbered as security

No Property, plant and eauipment is pledged as security or encumbered in any way.

The significant additions in hub structures for both the 2021 and 2020 financial periods relate to construction of the YES Hubs. The 2021 additions relate to the construction of the Saldanha and Alex Hubs whilst the 2020 additions relate to the construction of the Kago Hub.

Leasehold improvements relate to the improvements on the right-of-use asset (company premises) which YES occupies. Refer to note 5 Right-of-use asset for details of the property lease.

5. Right-of-use asset

The company leases the premises from which it operates. The lease term is 3 years concluding on 31 March 2022.

Details pertaining to the leasing arrangements are presented below:

Lease of premises 2nd floor, 2 Arnold Road, Rosebank, 2196.
The lease is over three years with an 8% annual escalation rate. The lease has been accounted for in accordance with IFRS 16. The company adopted IFRS 16 for the first time in the prior period.

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are as follows:

	2021	2020
Buildings	1 015 238	2 041 817

Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 15)

	2021	2020
Buildings	1 026 579	1 020 909

Other disclosures

	2021	2020
Interest expense on lease liabilities	103 475	159 816

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

5. Right-of-use asset (continued)

Lease liabilities

The maturity analysis of lease liabilities is as follows:

	2021	2020
Within one year	1 169 707	1 461 292
Two to five years	-	723 524
	1 169 707	**2 184 816**

	2021	2020
Non-current liabilities	-	723 524
Current liabilities	1 169 707	1 461 292
	1 169 707	**2 184 816**

6. Intangible assets

	2021			2020		
	Cost	**Accumulated amortisation**	**Carrying value**	**Cost**	**Accumulated amortisation**	**Carrying value**
Computer software	6 026 941	(2 001 528)	4 025 413	2 581 667	(839 706)	1 741 961
RPA Bot	181 999	(5 005)	176 994	-	-	-
Video modules	2 995 313	(1 485 837)	1 509 476	2 042 213	(966 355)	1 075 858
Advertising films & videos	285 000	(5 937)	279 063	-	-	-
Total	**9 489 253**	**(3 498 307)**	**5 990 946**	**4 623 880**	**(1 806 061)**	**2 817 819**

Reconciliation of intangible assets - 2021

	Opening balance	**Additions**	**Amortisation**	**Total**
Computer software	1 741 961	3 283 075	(999 623)	4 025 413
RPA Bot	-	181 999	(5 005)	176 994
Video modules	1 075 858	1 098 208	(664 590)	1 509 476
Advertising films & videos	-	285 000	(5 937)	279 063
	2 817 819	**4 848 282**	**(1 675 155)**	**5 990 946**

Reconciliation of intangible assets - 2020

	Opening balance	**Additions**	**Amortisation**	**Total**
Computer software	486 070	1 836 077	(580 186)	1 741 961
Video modules	810 309	941 684	(676 135)	1 075 858
	1 296 379	**2 777 761**	**(1 256 321)**	**2 817 819**

7. Other assets

	2021	2020
Alex Hub payments		
3D printers - Alex hub	-	965 693
	-	965 693
	-	**965 693**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

7. Other assets (continued)

Non-current assets		
3D printers - Alex hub	-	965 693

3D printers for the Alex Hub were purchased by YES to be handed over to the 3D printing program partner in the 2021 financial year once the hub was launched as per agreement with the grant funder. The handover of these assets does not have any affect on the Profit and Loss due to the deferred income realised upfront when the grant was awarded.

8. Inventories

Inventory - hub supplies	8 681	-

9. Accounts and other receivables

Financial instruments:		
Accounts receivable	69 274 613	11 216 571
Expected credit loss	(743 081)	(4 060 099)
Accounts receivable at amortised cost	68 531 532	7 156 472
Deposits	456 410	385 619
Other receivable	-	46 360
Non-financial instruments:		
Employee costs in advance	38 957	-
Total accounts and other receivables	**69 026 899**	**7 588 451**

Split between non-current and current portions

Current assets	69 026 899	7 588 451

Financial instrument and non-financial instrument components of accounts and other receivables

At amortised cost	68 987 942	7 588 451
Non-financial instruments	38 957	-
	69 026 899	**7 588 451**

Trade and other receivables impairment policy

Management views any debt not paid within agreed terms as being in default.
Management views any debt that is overdue and remains uncollected with no reliable plans of repayment, despite management intervention, as credit impaired. As at 31 March 2021 management has raised an allowance for expected credit loss of R743 081 (2020: R4 060 099).

Exposure to credit risk

Accounts receivable inherently expose the company to credit risk, being the risk that the company will incur financial loss if debtors fail to make payments as they fall due.

The company measures the loss allowance for accounts receivable by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the expected credit loss on accounts receivable is determined by management on a case by case basis for each debtor on a monthly basis.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

9. Accounts and other receivables (continued)

2021	Current	Older than 30 days	Total
Expected credit loss rate (%)	-	6,83%	
Debtors	58 398 320	10 876 293	69 274 613
Expected credit loss	-	(743 081)	(743 081)
	58 398 320	**10 133 212**	**68 531 532**

2020	Current	Older than 30 days	Total
Expected credit loss rate (%)	15,31%	64,54%	
Debtors	6 270 605	4 945 966	11 216 571
Expected credit loss	(867 504)	(3 192 595)	(4 060 099)
	4 796 407	**1 753 371**	**7 156 472**

Movement in ECL

The following table shows the movement in the expected credit loss allowance for accounts and other receivables:

Opening balance in accordance with IFRS 9	(4 060 099)	-
Provision for expected credit loss raised	(719 027)	(4 060 099)
Write-off	2 901 545	-
Provisions reversed on settled accounts receivable	1 134 500	-
Closing balance	**(743 081)**	**(4 060 099)**

Although the debtors book increased significantly, the ECL did not increase. The increase in debtors is a result of youth salaries being billed upfront. When youth salaries are invoiced a reciprocal third party salaries liability is raised and as such there is no profit and loss impact in respect of youth salaries. When a corporate sponsor drops out of the YES program the youth contracts are cancelled so there is no exposure to YES for ECL on these youth salaries.

The decrease in the ECL from the prior period is due to significantly tighter debtor collection processes and an improved economic outlook.

10. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	6 399	2 879
Unrestricted cash	51 914 391	57 955 524
Restricted cash	35 442 797	43 862 455
	87 363 587	**101 820 858**

Restricted cash relates to funds received for grants and third party salaries. This cash is held in separate Trust accounts.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

11. Trade and other payables

Financial instruments:		
Accrual for youth phone costs	9 228 335	6 425 000
Accrued audit fees	570 000	430 000
Accrued expenses	867 342	-
Accrued leave pay	395 065	496 449
Placement fees payable	9 661 412	5 422 743
Sundry payables	-	544 571
Third party salaries payable	70 507 060	17 068 044
Trade payables	10 648 173	4 346 709
Non-financial instruments:		
VAT	2 983 492	537 124
	104 860 879	**35 270 640**

12. Deferred income

Non-current liabilities	28 888 268	35 110 496
Current liabilities	19 572 579	20 905 096
	48 460 847	**56 015 592**

Deferred income split		
Deferred Grant Income (Non-current portion)	28 888 268	35 110 496
Deferred Grant Income (Current portion)	10 434 495	8 061 750
Deferred Monitoring and Evaluation Income - IFRS 15 adjustment (Current portion)	9 138 084	12 843 346
	48 460 847	**56 015 592**

Deferred Monitoring and Evaluation Income

Where received capital expenditure grants and monitoring & evaluation fees are dependent on the company satisfying certain criteria, it is initially recognised as deferred income. When the criteria for recognition has been satisfied, the deferred income is released to the Statement of Profit or Loss.

Monitoring and Evaluation income recognised in the reporting period that was included in the contract liability balance at the beginning of the period amounts to R12 843 346 (2020:R5 966 518), this represents the full opening balance as at 01 April 2020 being recognised within the period.
There was no revenue recognised for the period as a result of performance obligations being satisfied in previous periods.
Revenue received and deferred for the period totals R15 157 879 (2020:R33 084 333) of which R6 019 795 (2020:R20 240 987) has been released into revenue within the period as a result of performance obligations being met, leaving a remaining balance as at 31 March 2021 of R9 138 084 (2020:R12 843 346).
The deferred income recognised in revenue for the period is R3 705 262 (2020: -R6 876 828).

All deferred income relating to this is regarded as current as the amounts are realised into revenue over a 12 month period.

Deferred Grant Income

Grant Income relates to corporate grants whereby revenue is recognised in line with the relevant expenditure.
Grant Income relates to grants from Corporate Entities and not from Government, government agencies or similar bodies.

Grants received for capital and related expenditure are deferred and only recognised in the Statement of Profit or Loss and Other Comprehensive Income as the capital asset is depreciated, and related expenditure incurred.

The company applied the principles of IAS 20: Accounting for Government Grants and Disclosure of Government Assistance in the measurement and disclosure of grant income received from corporates.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

13. Revenue

Revenue from contracts with corporate companies		
Registration, Monitoring & Evaluation fees and Hub income	90 543 399	132 218 724
Donation income	2 349 296	1 499 071
Grant income	8 549 321	3 978 912
	101 442 016	**137 696 707**

Disaggregation of revenue from contracts with corporate companies

The company disaggregates revenue from corporate companies as follows:

Rendering of services		
Registration fees related to sourcing, placement and monitoring of youth in a 12-month program	7 502 500	7 049 400
Hub income	3 387 550	92 336
Deferred income realised	3 705 262	(6 876 828)
Recoveries	341 967	189 100
Monitoring & Evaluation fees related to sourcing, placement and monitoring of youth in a 12-month program	75 606 120	131 764 716
	90 543 399	**132 218 724**
Other revenue and income		
Donation income	2 349 296	1 499 071
Grant income	8 549 321	3 978 912
	10 898 617	**5 477 983**
Total revenue from contracts with corporate companies	**101 442 016**	**137 696 707**

Timing of revenue recognition

At a point in time		
Registration fees	7 502 500	7 049 400
Hub income	3 387 550	92 336
Donation income	2 349 296	1 499 071
Recoveries	341 967	189 100
	13 581 313	**8 829 907**
Over time		
Monitoring and Evaluation fees	79 311 382	124 887 888
Grant income	8 549 321	3 978 912
	87 860 703	**128 866 800**
Total revenue from contracts with corporate companies	**101 442 016**	**137 696 707**

14. Cost of sales

Rendering of hub programs	4 795 702	11 000
Youth phone costs	18 518 223	22 350 153
Placement costs	14 904 587	19 544 071

15. Operating expenses

Operating profit for the year is stated after charging (crediting) the following, amongst others:

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

15. Operating expenses (continued)

Auditor's remuneration - external		
Audit fees	621 000	448 588
Internal audit services	**486 950**	**80 417**
Remuneration, other than to employees		
Consulting and professional services	16 891 211	14 755 035
Secretarial services	176 245	41 952
	17 067 456	**14 796 987**

YES has made use consultants in a variety of areas to fulfil skills required by the organisation and to establish processes and systems necessary for the ongoing functioning of the entity. This has reduced the need for YES to increase its fixed cost base and to offer permanent employment in roles that may not be required over the medium term.

Employee costs		
Salaries and wages	19 665 983	18 033 894
Leases		
Lease charges		
Short-term and Low value leases expenses	682 963	142 119
Depreciation and amortisation		
Depreciation of property, plant and equipment	4 954 730	2 345 013
Depreciation of right-of-use assets	1 026 579	1 020 909
Amortisation of intangible assets	1 675 162	1 256 322
Total depreciation and amortisation	**7 656 471**	**4 622 244**
Movement in credit loss allowances		
Trade and other receivables	(639 573)	4 060 099

16. Employee costs

Employee costs		
Basic	19 493 840	17 355 521
UIF	64 132	100 184
WCA	31 195	62 563
SDL	128 986	191 304
Other payroll levies	49 215	45 831
Leave pay provision	(101 385)	278 491
	19 665 983	**18 033 894**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

17. Depreciation and amortisation

Depreciation		
Property, plant and equipment	4 954 730	2 345 013
Right-of-use assets	1 026 579	1 020 909
	5 981 309	**3 365 922**
Amortisation		
Intangible assets	1 675 162	1 256 322
Total depreciation and amortisation		
Depreciation	5 981 309	3 365 922
Amortisation	1 675 162	1 256 322
	7 656 471	**4 622 244**

18. Interest income

Interest income		
Investments in financial assets:		
Bank	2 914 855	4 238 830

19. Finance costs

Lease liabilities	103 475	159 816
Interest expense	62 619	60 767
Total finance costs	**166 094**	**220 583**

Total interest expense is calculated using the effective interest rate.

20. Taxation

Youth Employment Service (RF) NPC meets the requirements of a Public Benefit Organisation (PBO) set out in section 30(3) of the Income Tax Act No 58 of 1962 (the Act) and has a been granted an Income Tax Exemption in terms of section 10(1)(cN) of the Act with effect from 21 June 2017. Annual receipts and accruals will therefore be subject to the provisions of section 10(1)(cN) of the Act and accruals and receipts from trading or business activities which fall outside the parameters of section 10(1)(cN) will be subject to tax. No provision has been made for 2021 tax as the company has no income which falls outside of these parameters.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

21. Cash generated from operations

Profit before taxation	2 086 901	38 773 402
Adjustments for:		
Depreciation and amortisation	7 656 471	4 622 244
Loss on disposals of assets	36 653	-
Interest income	(2 914 855)	(4 238 830)
Finance costs	103 476	220 583
Movements in credit loss allowances	(639 573)	4 060 099
Non-cash movement in loss on disposal of asset	137 350	-
Changes in working capital:		
Inventories	(8 681)	-
Accounts and other receivables	(60 798 875)	42 709 944
Prepayments	268 593	(592 126)
Trade and other payables	69 590 233	(34 424 110)
Deferred income	(7 554 745)	34 522 849
Other assets	965 693	(316 844)
	8 928 641	**85 337 211**

22. Commitments

Leases – as lessee (expense)

IFRS 16 minimum lease payments due		
- within one year	1 015 239	1 461 292
- in second to fifth year inclusive	-	723 524
	1 015 239	**2 184 816**

Lease payments represent rental payable by the company for the lease of office premises at 2 Arnold Road, Rosebank. Leases are negotiated for an average term of three years. No contingent rent is payable.

Notes to the Annual Financial Statements

23. Directors' emoluments

There are no short- term or long term benefits or incentives for key management personnel. The only key management personnel (director) that received remuneration was T. Ismail-Saville. No fees or other emoluments are paid to non-executive directors.

Executive

2021

Directors' emoluments	**Basic salary**	**Total**
Services as director or prescribed officer		
T. Ismail-Saville*	2 160 000	2 160 000

2020

Directors' emoluments	**Basic salary**	**Total**
Services as director or prescribed officer		
T. Ismail-Saville*	2 160 000	2 160 000

* Other than the salary paid to T. Ismail-Saville in her capacity as CEO, no further remuneration has been paid to Directors for both the 2020 and 2021 financial years.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

24. Financial instruments and risk management

Financial risk management

Overview

The Company’s principal financial liabilities comprise leases, deferred income and trade and other payables. The main purpose of these financial liabilities is to finance the Company’s operations. The Company’s principal financial assets include accounts receivable, and cash and short-term deposits that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company’s senior management oversees the management of these risks.The Company’s senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company’s senior management that the Company’s financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company’s policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks.

Market Risk

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

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

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit is the risk of financial loss to the entity if a customer or counterparty to a financial instrument fails to meet it's contractual obligations that arises principally from the Entity's receivables from customers.

Credit risk primarily relates to potential exposure on bank and cash balances and trade and other receivables.

The entity aims to only deal with well-established financial institutions of high credit standings. The entity is exposed to credit risk in the form of trade and other receivables and bank balances. The maximum exposure is the carrying amount as disclosed in note 9 and note 10.

<u>Financial instruments and cash deposits</u>

Credit risk from balances with banks and financial institutions is managed by the executive team in accordance with the company’s policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the company’s Board of Directors on an annual basis.

Liquidity risk

The entity monitors its risk of a shortage of funds using a liquidity planning tool. The entity’s objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, leases and hire purchase contracts.

Trade and other payables commitment will be met through a combination of;
- Trade and other receivables on a shorter cycle than the payables,
- Cash and cash equivalents, and
- Ongoing sales

Trade and other payables of R105 586 390 (2020: R35 270 640) are all due within a period of 12 months.

The cash flows are undiscounted contractual amounts.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

24. Financial instruments and risk management (continued)

2021

		Carrying amount
Current liabilities		
Trade and other payables	11	104 860 879
Lease liabilities		1 208 071
		(106 068 950)

2020

		Carrying amount
Non-current liabilities		
Lease liabilities		723 524
Current liabilities		
Trade and other payables	11	35 270 640
Lease liabilities		1 461 292
		(37 455 456)

25. VAT on foreign grants

YES performs an annual tax health check as part of its proactive risk management monitoring. During the tax health check conducted in 2020 performed by BDO, it was highlighted that foreign Grants may be subject to VAT output which was previously only recognised by YES on local Grants. YES subsequently raised a provision for the required VAT Output amounting to R1 195 665 related to these foreign Grants as well as potential penalties and interest amounting to R501 507. BDO further investigated this matter and stated in a draft opinion that they subsequently believed that YES was in fact likely to not be liable for VAT Output on foreign Grants and that SARS should be proactively approached to provide a ruling on this.

SARS provided feedback that due to the varying nature of each Grant they were not in a position to provide a ruling on the matter. No further correspondence or claims have been received from SARS on this matter.

YES agrees with latest draft BDO opinion that YES is not liable for VAT Output on foreign Grants. Due to this matter not yet being finalised and the BDO opinion being still in draft form, YES has decided to retain the provision for F2021 and may review this on finalisation of the BDO opinion and or potential further feedback from SARS.

26. 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.

Notes to the Annual Financial Statements

27. Events after the reporting period

Youth Employment Service (RF) NPC CEO, T. Ismail-Saville, resigned as director and CEO effective 30 June 2021. The board have established a selection committee tasked to appoint a new CEO and the process is underway with a recruitment agency. Leanne Emery and Vaunn Kelly have been appointed as joint acting CEOs during the transition period until the new CEO, R. Naidoo, takes office which is effective 1 November 2021.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

Detailed Income Statement

Figures in Rand	Note(s)	2021	2020
Revenue			
Registration, Monitoring & Evaluation fees and Hub income		90 543 399	132 218 724
Donation income		2 349 296	1 499 071
Grant income		8 549 321	3 978 912
	13	**101 442 016**	**137 696 707**
Cost of services rendered			
Phone and placement costs		(34 542 491)	(41 905 224)
Closing stock		8 681	-
Cost of services rendered		(3 684 702)	-
	14	**(38 218 512)**	**(41 905 224)**
Gross profit		**63 223 504**	**95 791 483**
Other operating gains (losses)			
Losses on disposal of assets or settlement of liabilities		(36 653)	-
Movement in credit loss allowances	15	639 573	(4 060 099)
Expenses (Refer to page 39)		**(64 488 284)**	**(56 976 229)**
Operating (loss) profit	15	**(661 860)**	**34 755 155**
Interest income	18	2 914 855	4 238 830
Finance costs	19	(166 094)	(220 583)
Profit for the year		**2 086 901**	**38 773 402**

Detailed Income Statement

Figures in Rand	Note(s)	2021	2020
Other operating expenses			
Accounting fees		(39 800)	(422 811)
Advertising		(2 882 124)	(6 506 516)
Amortisation		(1 675 162)	(1 256 322)
Auditors remuneration - external auditors	15	(621 000)	(448 588)
Auditors remuneration - internal audit	15	(486 950)	(80 417)
Bank charges		(404 849)	(289 804)
Cleaning		(390 071)	(92 478)
Computer expenses		(550 348)	(399 150)
Consulting and professional fees		(9 423 344)	(7 842 981)
Consulting fees		(5 843 810)	(5 179 448)
Content design		(2 848)	-
Cutlery and Cookery		(864)	-
Delivery expenses		(13 193)	(16 583)
Depreciation		(5 981 309)	(3 365 922)
Employee costs		(19 665 983)	(18 033 894)
Entertainment		(44 446)	(68 415)
Events and launches		(8 920)	(430 401)
Fines and penalties		(82 542)	-
Hire		(122 629)	(567 647)
Hub operational costs		(26 023)	(122 683)
IT expenses		(8 072 969)	(3 683 205)
Insurance		(176 768)	(193 475)
Internal communication		-	(2 293)
Lease rentals		(682 963)	(142 119)
Legal fees		(1 584 257)	(1 309 795)
Motor vehicle expenses		(46 830)	(106 850)
Municipal expenses		(491 168)	(324 869)
Other expenses		(124 521)	(1 264 669)
Placement fees		(246 000)	(592 027)
Printing and stationery		(64 102)	(251 430)
Repairs and maintenance		(74 169)	(20 555)
Secretarial fees		(176 245)	(41 952)
Security		(984 592)	(591 418)
Staff welfare		(475 930)	(523 781)
Subscriptions		(705 861)	(235 069)
Telephone and fax		(176 862)	(153 469)
Training		(1 484 933)	(1 008 572)
Travel - local		(620 258)	(871 563)
VAT expense		(6 382)	(479 971)
Website developement		(23 609)	(33 775)
Youth psychometrics		(3 650)	(21 312)
		(64 488 284)	**(56 976 229)**

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