



BANKING SECTOR  
EDUCATION AND  
TRAINING AUTHORITY

# A NEW DAWN

Past Challenges, Successes, Future Endeavours

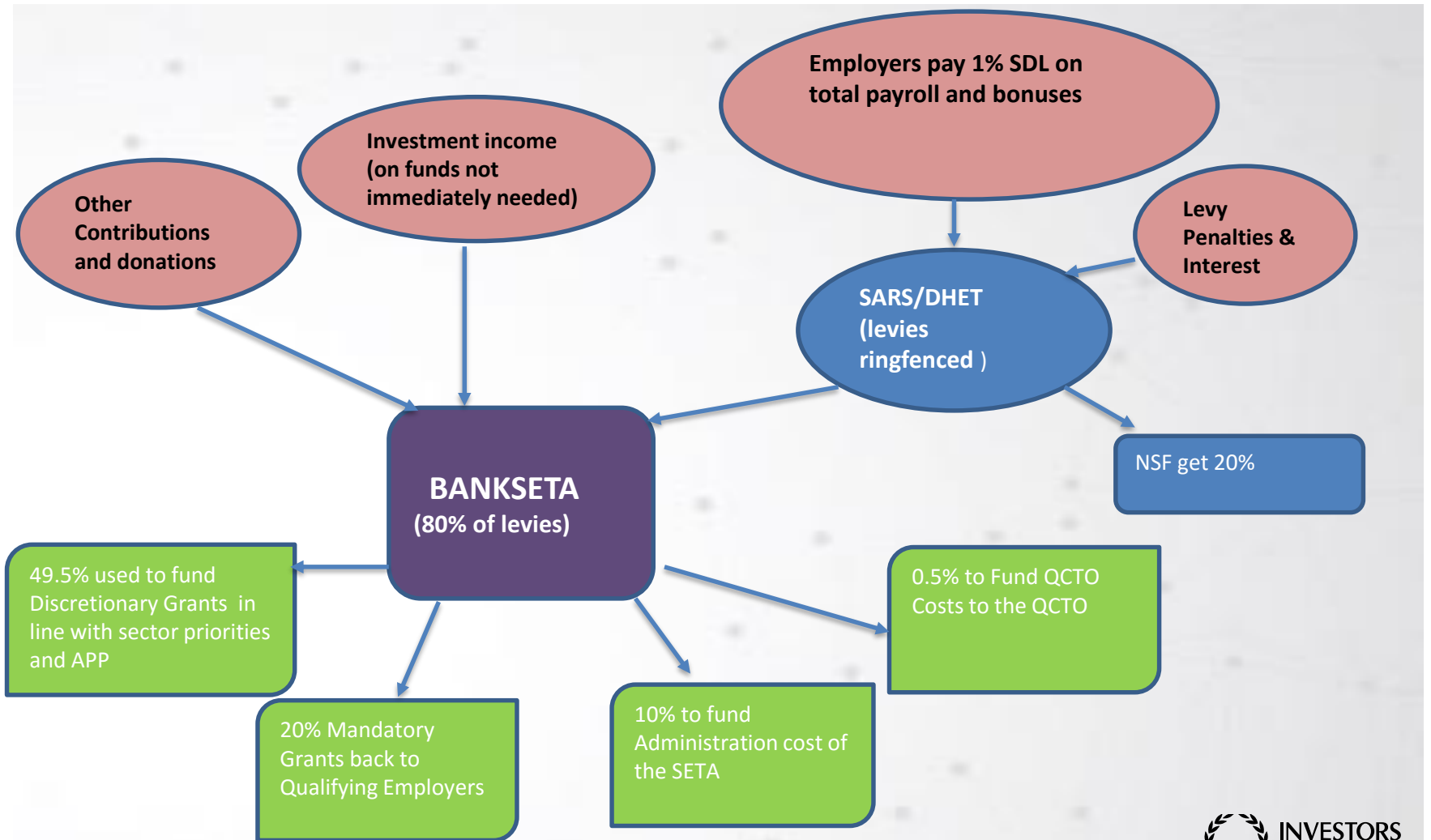
## ANNUAL REPORT 2019-2020

# Annual Financial Statements 2019/2020



- Sound financial position
- 4.7% increase in SDL – mainly inflationary increases
- All expenditure in line with mandate
- Maintained 97% claim ratio for mandatory grants showing high level of stakeholder participation
- Admin expenditure below 10.5% limit - R28.5 million below admin budget
- Challenges in regards to 9.7% decline in DG expenditure
- Commitment levels are low at year end at 37% of cash.
- Unqualified audit result
- BUSA won mandatory grant % challenge, and BANKSETA recognised contingent liability of R158 million due to this.
- Limited impact of Covid induced lockdown in 2019/20 results but uncertainty remained on impact on future training as well as the SDL holiday.

# Existing SETA Funding Model Remains Unchanged

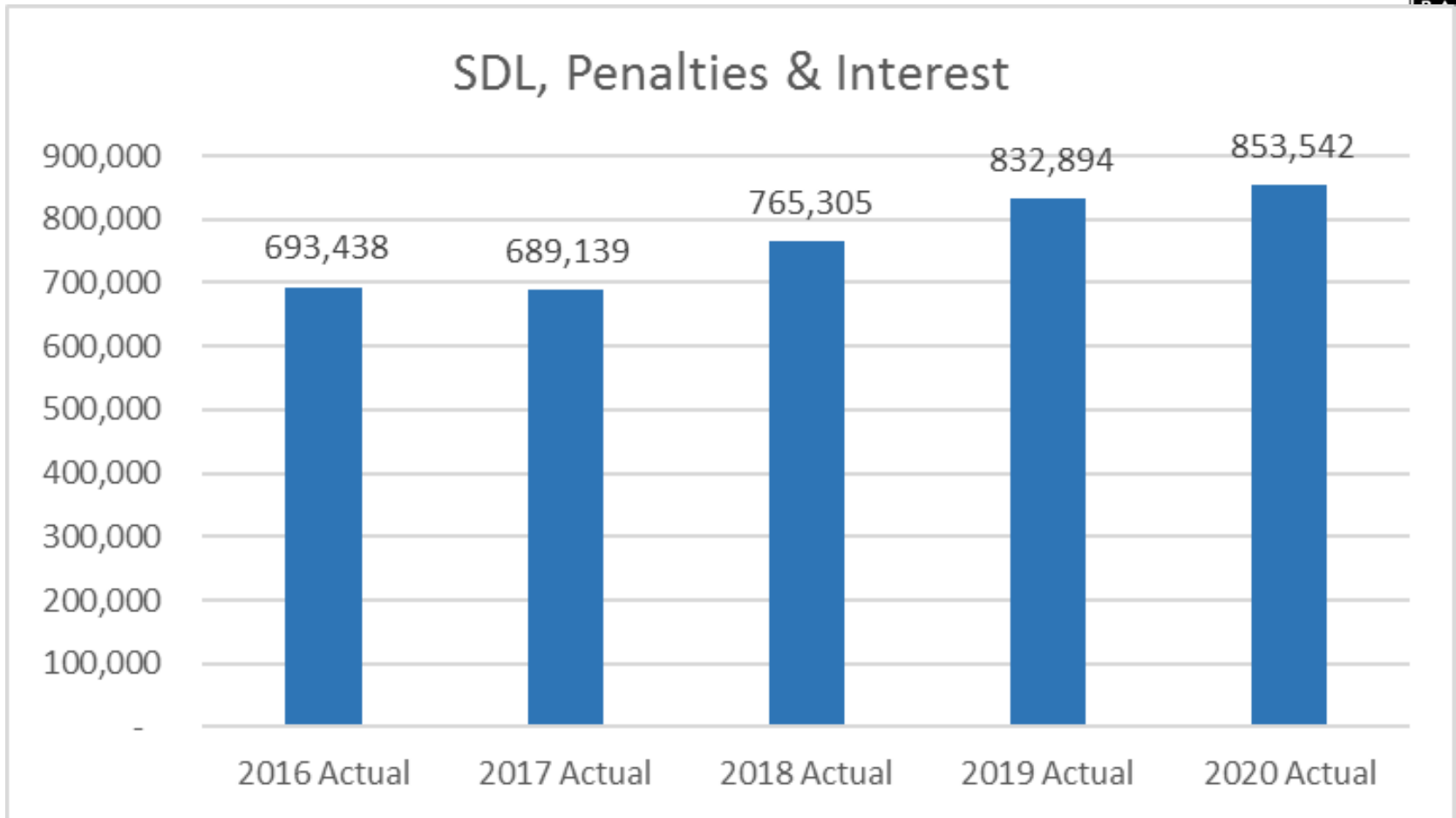


# 2019/20 Financial Performance



Year Ended 31 March	2020	2019	% Var	Commentary
Rand thousands	Actual	Actual		
<b>INCOME</b>				
Levies (SDL)	839,871	802,521	4.7%	Mainly inflationary increases in levies
SDL Penalties and Interest	13,671	30,373	-55.0%	Reflects improvement in tax compliance within the sector.
<b>Total SDL and Penalties/Interest</b>	<b>853,542</b>	<b>832,894</b>	<b>2.5%</b>	
Investment Income	62,781	50,013	25.5%	Investment pool 20% larger due to low DG spend in prior year.
Other Income	47	86		R43 thousand received in grants.
<b>Total Revenue</b>	<b>916,370</b>	<b>882,993</b>	<b>3.8%</b>	
<b>EXPENDITURE</b>				
Mandatory Grants	205,075	187,921	9.1%	Maintained 97% claim ratio.
Discretionary Expenditure	424,054	469,452	-9.7%	Low expenditure due to disruption in SCM and delays in approval of DG funding applications
Administration Expenditure	81,735	75,561	8.2%	9% increase in employee costs as more positions filled, 55% increase in audit fee expenses
	<b>710,864</b>	<b>732,934</b>	<b>-3.0%</b>	
<b>Net Surplus</b>	<b>205,506</b>	<b>150,059</b>	<b>37.0%</b>	BANKSETA had planned to make a deficit. The surplus is due to low DG expenditure.

# SDL, Interest and Penalties 5 Year Overview

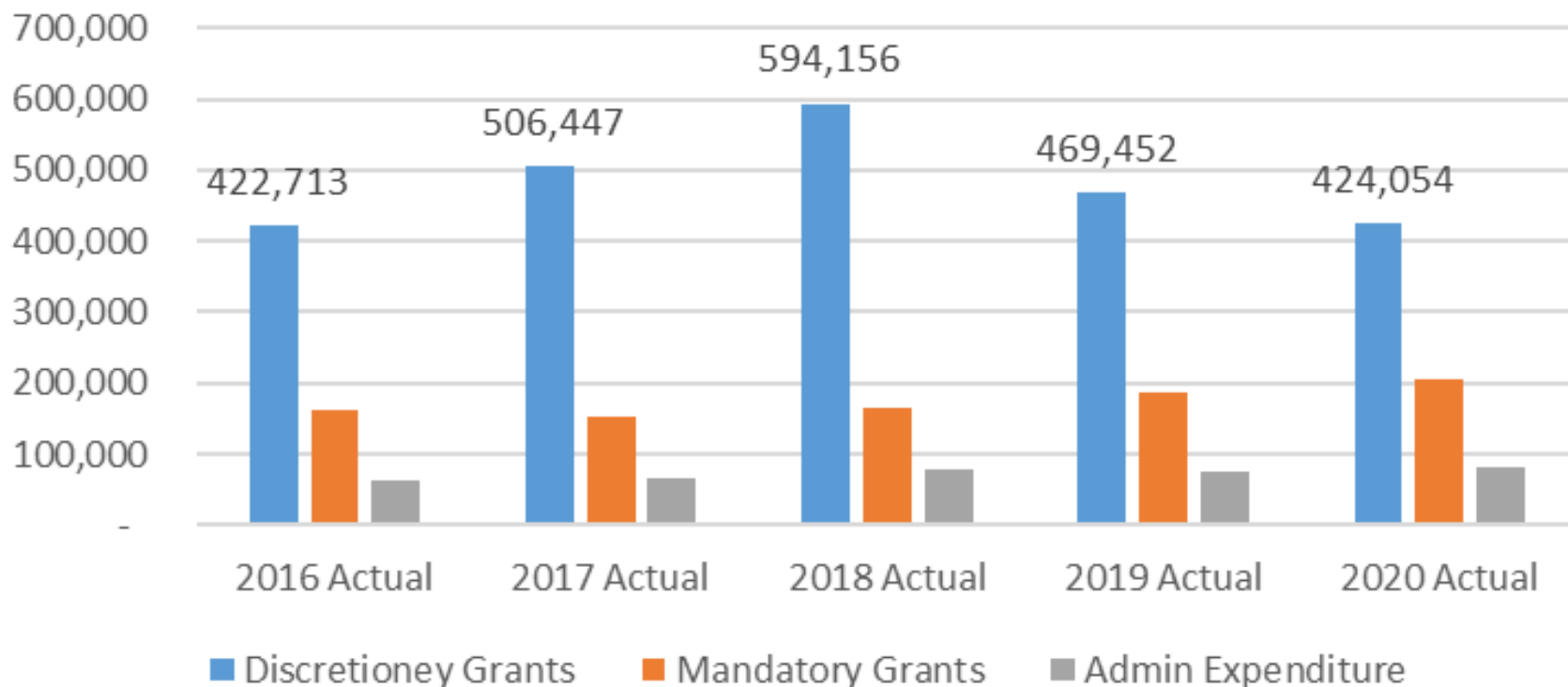


## Expenditure Trends



# Expenditure by Category

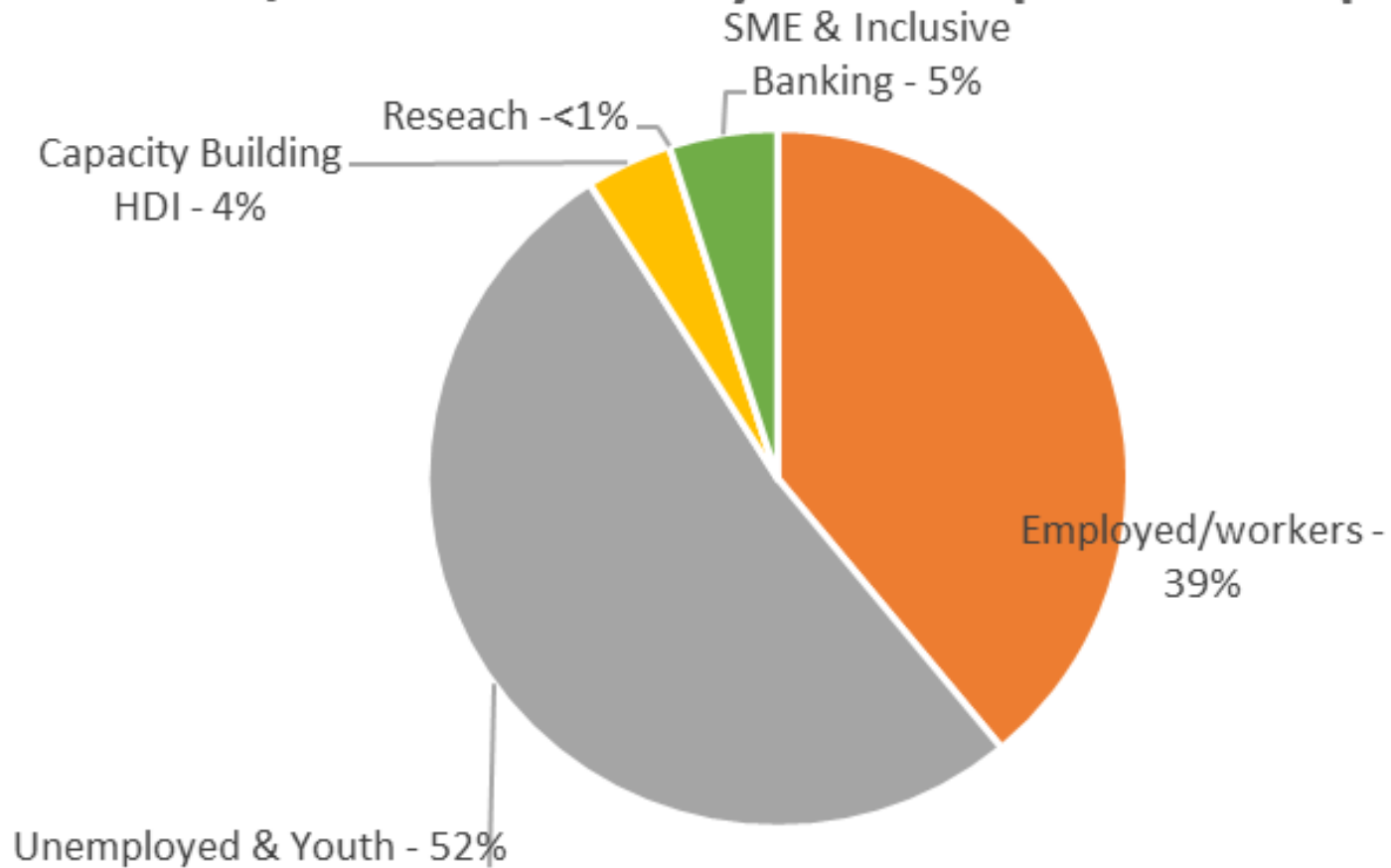
(Rand thousands)



# Discretionary Grant Expenditure Split



## 2019/20 Discretionary Grant Expenditure Split



# 2019/20 Financial Position



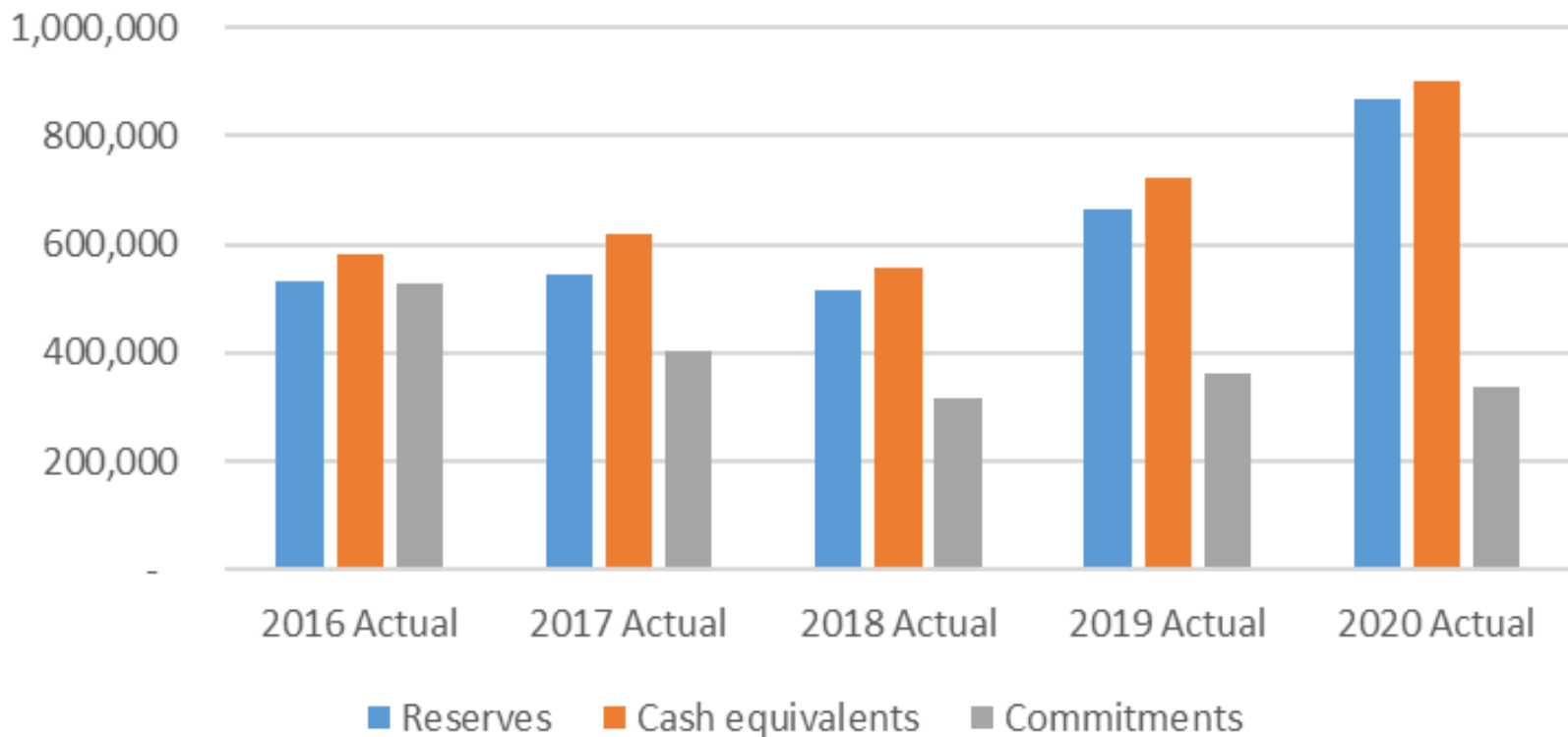
Year As at 31 March	2020	2019	% Var	Commentary
Rand thousands	Actual	Actual		
<b>Non current Assets</b>				
Property and Equipment	1	3		Mainly ICT equipment.
Intangible Assets	1	0		Mainly ICT software
<b>Total Non-current liabilities</b>	<b>2</b>	<b>3</b>	<b>-33.3%</b>	
<b>Current Assets</b>				
Receivables from non-exchange transactions	867	3,921	-77.9%	Debtors from reversals.
Receivables from exchange transactions	5,577	4,465	24.9%	Mainly interest accrued. Increase in line with investments
Cash and cash equivalents	899,068	724,613	24.1%	Low DG spend and increase in levy income.
<b>Total current Assets</b>	<b>905,512</b>	<b>732,999</b>	<b>23.5%</b>	
<b>Total Assets</b>	<b>905,514</b>	<b>733,002</b>	<b>23.5%</b>	
<b>Current Liabilities</b>				
Payables from non-exchange transactions	22,111	57,995	-61.9%	Major decrease in DG creditors outstanding at year end.
Payables from exchange transactions	4,054	3,269	24.0%	Mainly increases in leave pay and admin creditors
Provisions	12,091	10,789	12.1%	bonus provision
<b>Total liabilities</b>	<b>38,256</b>	<b>72,053</b>	<b>-46.9%</b>	
<b>Net Assets</b>	<b>867,258</b>	<b>660,949</b>	<b>31.2%</b>	
<b>Total Funds and Reserves</b>	<b>867,258</b>	<b>660,949</b>	<b>31.2%</b>	Increase due to R205 2019/20 million surplus



## 2019/20 Financial Position (continued)



### Reserves, Cash Equivalents and Commitments





## 2021/22 Budgets



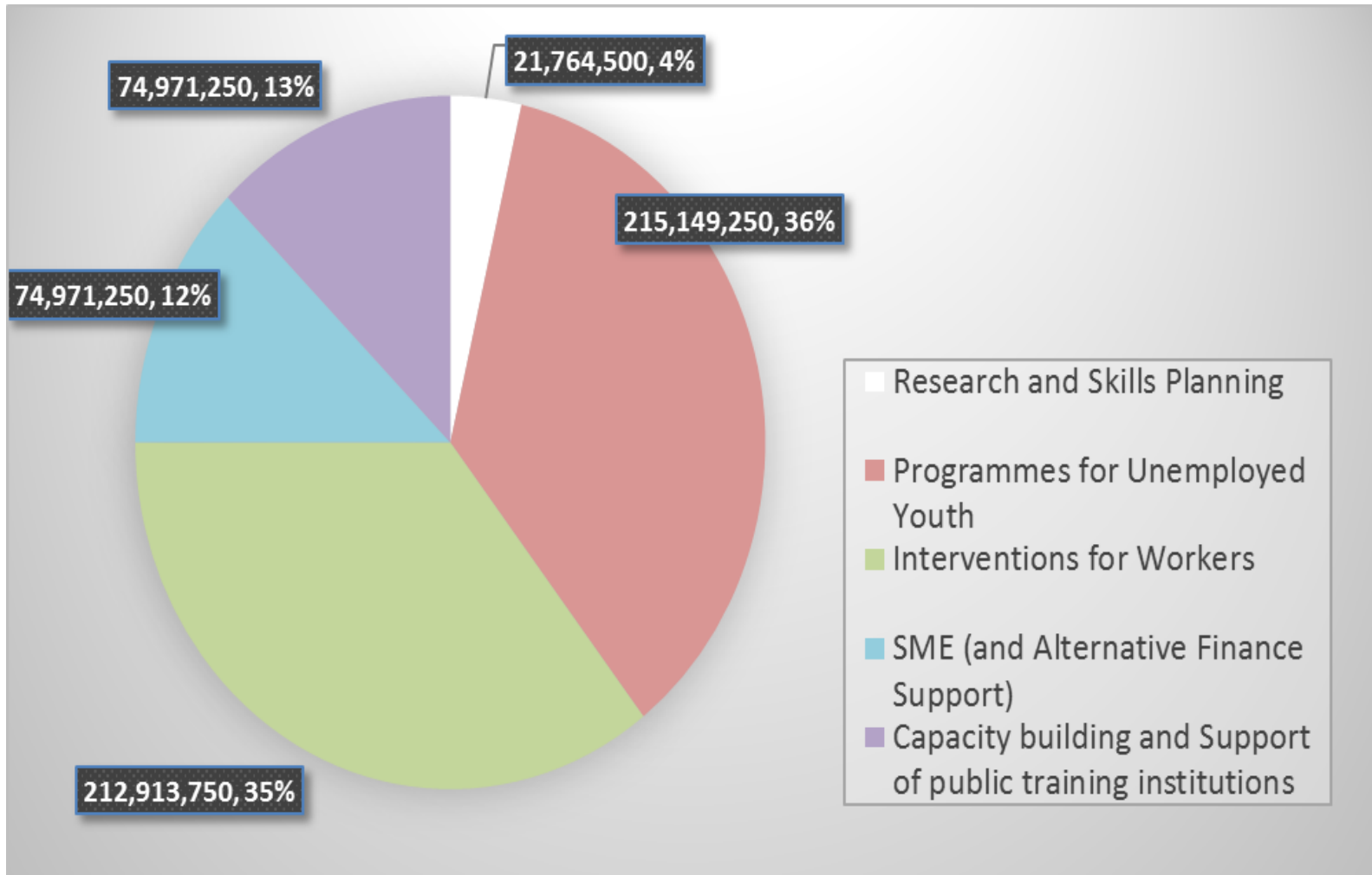
- SETA licence extended by 10 years to 31 March 2030.
- Sector remained unchanged.
- 1% employee cost funding model by sector companies remained unchanged.
  
- 2020/21 was an unusual year due to the 4 month SDL holiday decreasing SDL to R632 million
- Impact of lockdown on training projects and university schooling.
- Responded with new skills programmes and greater budgets.
- BANKSETA revised its 2020/21 budgets to respond to the new needs
  
- 2021/22 has been projected to take into account decreased levies of about 10% (from normal year) due to the expected economic downturn in the sector.
- Investment income has been calculated in line with the existing investment pool and rates.
- DG expenditure will decrease to about R600 million. 2020/21 high DG was unusual.
- Admin at 10.5% decreased due to lower levels, challenges expected.
- Requests for BANKSETA to put funds to govt Covid requests not factored in.

# 2021/22 Budgeted Financial Performance



Year Ended 31 March	2020	2021	2022	2021/22 Budget vs 2020 Actual	Commentary
<b>Rand thousands</b>	<b>Actual</b>	<b>Revised Budget</b>	<b>Budget</b>		
<b>INCOME</b>					
Levies (SDL)	839,871	632,515	733,373	-12.7%	2020/21 had 4 months SDL holiday. BANKSETA factored in additional 10% decrease in normal levies to factor in the negative economic outlook to get to the 2021/22 budget.
SDL Penalties and Interest	13,671	-	-		BANKSETA does not traditionally budget for this non-compliance
<b>Total SDL and Penalties/Interest</b>	<b>853,542</b>	<b>632,515</b>	<b>733,373</b>	<b>-14.1%</b>	
Investment Income	62,781	32,000	40,500	-35.5%	
Other Income	47	-	-		
<b>Total Revenue</b>	<b>916,370</b>	<b>664,515</b>	<b>773,873</b>	<b>-27.5%</b>	
<b>EXPENDITURE</b>					
Mandatory Grants	205,075	153,385	177,843	-13.3%	97% Claim. Decrease from 2020/21 due to decreased levies
Discretionary Expenditure	424,054	744,361	599,775	41.4%	In 2020/21 BANKSETA projected increase in DG expenditure to address the large surplus and for new projects brought about by the lock down. In 2021/22 the DG expenditure is set at a level that would result in a R100 million deficit.
Administration Expenditure	81,735	108,350	96,255	17.8%	BANKSETA needs to keep to 10.5% admin budget per legislation. In 2020/21 the BANKSETA was allowed to exceed as the SDL holiday had not been planned for. In 2021/22 the BANKSETA may face admin budget constraints due to lower levies.
<b>Total Expenditure</b>	<b>710,864</b>	<b>1,006,096</b>	<b>873,873</b>	<b>22.9%</b>	
<b>Net Surplus/(Deficit)</b>	<b>205,506</b>	<b>(341,581)</b>	<b>(100,000)</b>	<b>-148.7%</b>	BANKSETA has planned to use R100 million a year of the reserves.

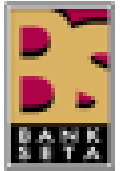
## 2020/21 DG allocations



## 2021/22 Budgeted Financial Position



Year end As at 31 March	2020	2022	% Var	Commentary
Rand thousands	Actual	Budgeted	2022 budget vs 2020 Actual	
<b>Non current Assets</b>				
Property and Equipment	1	3		Purchase of laptops, server budgeted
Intangible Assets	1	2		Mainly ICT software
<b>Total Non-current liabilities</b>	<b>2</b>	<b>5</b>	<b>-60%</b>	
<b>Current Assets</b>				
Receivables from non-exchange transactions	867	1,000	15.3%	
Receivables from exchange transactions	5,577	5,000	-10.3%	Mainly interest accrued.
Cash and cash equivalents	899,068	457,672	-49.1%	Main impact on budgeted deficit of R341 million in 2020/21 and R100 million in 21/22 felt in cash decrease
<b>Total current Assets</b>	<b>905,512</b>	<b>463,672</b>	<b>-48.8%</b>	
<b>Total Assets</b>	<b>905,514</b>	<b>463,677</b>	<b>-48.8%</b>	
<b>Current Liabilities</b>				
Payables from non-exchange transactions	22,111	22,000	-0.5%	
Payables from exchange transactions	4,054	4,000	-1.3%	
Provisions	12,091	12,000	-0.8%	
<b>Total liabilities</b>	<b>38,256</b>	<b>38,000</b>	<b>-0.7%</b>	
<b>Net Assets</b>	<b>867,258</b>	<b>425,677</b>	<b>-50.9%</b>	
<b>Total Funds and Reserves</b>	<b>867,258</b>	<b>425,677</b>	<b>-50.9%</b>	Decrease due to 2020/21 budgeted deficit of R341.5 million and R100 million in 2021/22



**Thank You**





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