

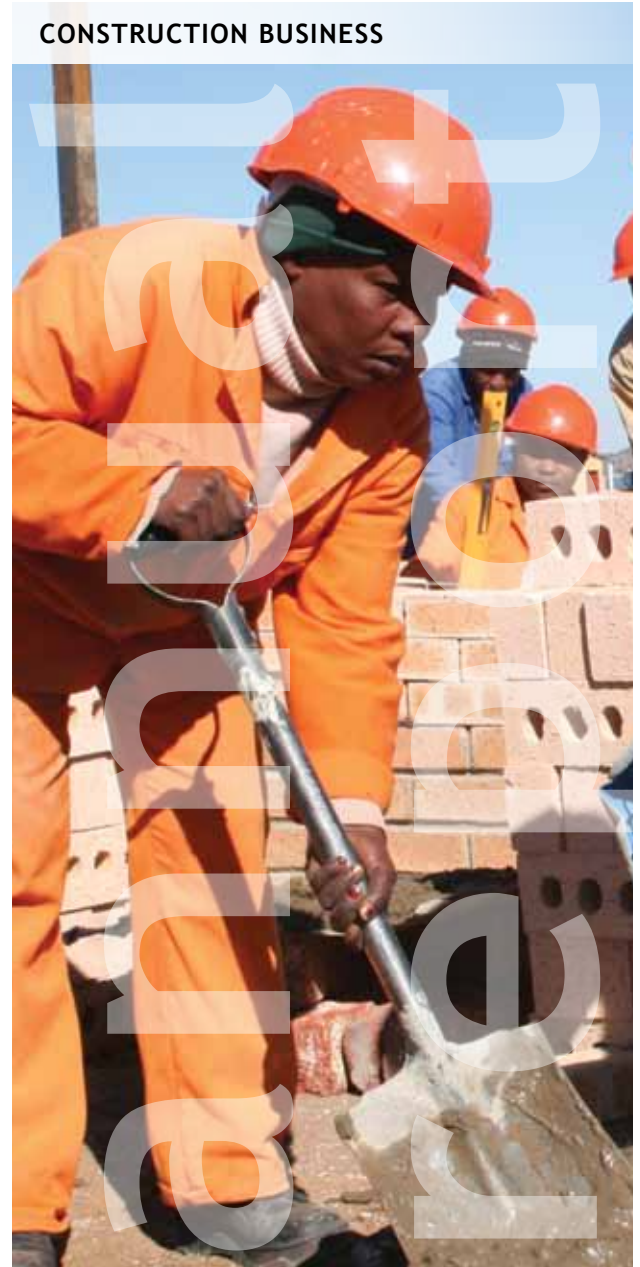
CAR MECHANIC BUSINESS



ARCHITECTURE BUSINESS



CONSTRUCTION BUSINESS



Seda's PROFILE

The Small Enterprise Development Agency (Seda), an agency of the Department of Trade and Industry, was established in December 2004. It is mandated to implement national government's small business strategy and design and implement a standard and common national delivery network that must uniformly apply throughout the Republic in respect of small enterprise development integrating all government funded small enterprise support agencies across all tiers of government.

To this end, Seda provides information, counselling and business support services, targeting in particular, micro and small enterprises (including cooperatives) from all sectors throughout the country. Assistance is also given to medium-sized enterprises and emerging entrepreneurs.

Seda WAS FORMED THROUGH MERGING:

Ntsika Enterprise Promotion Agency; National Manufacturing Advisory Centres (NAMAC); Community Public Private Partnership Programme (CPPP); Seda Technology Programme (STP), made up of Godisa; Trust, National Technology Transfer Programme (NTTC) and the SMME support activities of the SA Quality Institute.

THE Seda VISION - to be the Centre of Excellence for small enterprise development in South Africa.

THE Seda MISSION - to develop, support and promote small enterprises to ensure their growth and sustainability in coordination and partnership with other note players.

Seda's CORE VALUES: NICER

N	=	<i>Nurture</i>
I	=	<i>Innovation</i>
C	=	<i>Customer orientation</i>
E	=	<i>Ethical behaviour</i>
R	=	<i>Resilience</i>

Seda's CORE VALUES IN ACTION

- *Nurture*
We nurture every small enterprise that falls under our wing as if it were our own. We help it grow, we train and foster it. We also nurture our own staff to assist in developing them to their full potential.
- *Innovation*
We take the initiative and thrive on new challenges, new ideas and constant enhancement of our performance and our working environment with joy and without fear.
- *Customer orientation*
We regard our customers and their needs as the primary and ultimate reason for our existence. We seek only the best solution to solve our customers' problems. We take pride in the speed and simplicity of our response to their needs. This includes the processes we implement, the material we produce and provide and the language we use.
- *Ethical behaviour*
We perform all our duties in the spirit of trust, transparency, integrity and honesty. We are committed to excellence and professionalism. We do not compromise quality and accountability under any circumstance.
- *Resilience*
We exercise our duties with energy, urgency, self-reliance and resilience, even when stretched to beyond our capacity.

Seda's GOAL:

TO: Ensure that the small enterprise sector grows and increases its contribution to sustainable and equitable social and economic development, employment and wealth creation.

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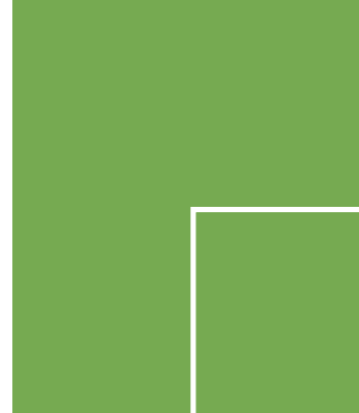
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"Your time is limited, so don't waste it living someone else's life. Don't be trapped by dogma - which is living with the results of other people's thinking. Don't let the noise of other's opinions drown out your own inner voice. And most important, have the courage to follow your heart and intuition. They somehow already know what you truly want to become. Everything else is secondary."

Steve Jobs, co-founder of Apple and Pixar



The Honourable Bongi Maria Ntuli, MP

FOREWORD BY THE DEPUTY MINISTER OF TRADE AND INDUSTRY

We often hear the refrain that small business is the backbone of the Second Economy. It was said that during the past global economic crisis it was small businesses that weathered the storm much better than big business. This, therefore, should be a wake up call to all of us serving this sector to speed up our efforts.

We have just celebrated Youth Month in June and August is the month dedicated to the women of our country. Both the youth and women remain at the bottom of the economic pyramid and it is these two groups that should be our main focus. I am pleased to note that Seda launched its country-wide

Community Public Private Partnership programme during August 2010. We make no excuses for deliberately having a rural bias in the implementation of these and other programmes.

I continue to support your efforts in establishing a national footprint in order to bring government services closer to our communities. In providing these services it is imperative that we use accredited service providers who can provide the best quality training and other support to communities.

I appeal to everyone at Seda to co-ordinate your work with other agencies, divisions and even other government departments so that we can accelerate the economic transformation of our people. Working in this sector does not come without its challenges, but the rewards are priceless.

The Honourable Bongi Maria Ntuli, MP
Deputy Minister: Department of Trade and Industry



Mr. L.J. Mngomezulu

OVERVIEW BY THE CHAIRPERSON OF THE Seda BOARD

I have the honour and privilege to present the fifth Seda Annual Report in a year in which we have noted numerous successes in the agency. Thanks to the invaluable support of **the dti**, the stature of Seda has been elevated to the level where it has become a national support agency of substance and worthy of its legislative mandate.

The year saw the first full term of the new Chief Executive Officer, the skilled and able Ms. Hlonela Lupuwana. Ms. Lupuwana has strengthened her Executive Management Team and through sound management and requisite skills guided the organisation towards successfully meeting its important objectives.

The new Executive Management Team tackled some of the most pressing issues with success during the past year. Particular attention was given to the financial function with the aim of turning around the 2007/08 qualified Audit Report. The Financial Function was meliorated by means of an agreed Financial Management Improvement Plan. The Audit Report for the 2008/09 financial year saw the remarkable achievement of turning a qualified Audit Report into an unqualified Audit Report within one year, and the organisation has again received an unqualified Audit Report for the 2009/10 financial year. My thanks and congratulations go to every person who made this wonderful achievement possible.

The global economic turbulences proved devastating to our vulnerable small enterprise community, which is evident in the very slow upturn in manufacturing and other economic activities. It is in such times when the value of an agency such as Seda is best revealed, with its assistance in helping thousands of small enterprises to survive under hostile conditions. We assisted more than 23 000 new entrepreneurs this year, creating an environment in which the recession should not dampen our country's entrepreneurial spirit. And most satisfying is that while the economy has been shedding jobs we are proud to report that we created over 1 150 through our Seda Technology Programme. This is against an economy that saw 410 business liquidations in March 2010 (against 347 in March 2009), had a manufacturing sector that showed a -9.2% year-on-year change in employment figures and significant reduction in the levels of export.

I would also like to applaud the hard work and dedication of all Seda managers and staff who have shown a renewed energy and ambition to make Seda successful. It has been a remarkably positive experience to work with such dedicated teams of staff members, and the leadership qualities of all the managers are evident in the vigour and passion displayed by every staff member. Our

clients agree as well, with 91% of Seda practitioners rated good or excellent by our clients.

I would like to take this opportunity to also thank my colleagues who served on the Board and its various sub-committees this year – they served Seda with dedication and distinction, often through challenging times. Their input and critique always added significant value and allowed us to steer Seda towards reaching its full potential.

It has indeed been a privilege to serve on the Seda Board and to have a bird's eye view of the activities within the small enterprise support community in South Africa, as well as to experience the relentless efforts made by all key role players to eradicate poverty in our country. It also afforded us an opportunity, as committed and loyal South Africans, to contribute in whatever way possible to our country's vision to create a better life for all.

The road, though, is long as we still strive to cultivate a culture of true entrepreneurship and create sustainable small enterprises, especially in rural communities. We shall continue to strengthen partnerships with provincial and local government agencies whose collective capacity must be co-ordinated and monitored to ensure effective interventions in the sector of small business. Seda will, in the near future, focus its resources towards a "client journey model" which prioritises systematic and quality interventions.

We will seek to emphasise impact of interventions by prioritising co-operatives, technology, skills, and position our assistance to lead small businesses in major national programmes and projects.

The next few years hold great promises for Seda as we further roll out plans to make it the centre of excellence for business development in Southern Africa.

Lastly, I convey our gratitude to the Minister of Trade & Industry, Dr. Davies and Deputy Ministers for their constant attention on Seda's programme.

Mr. Linda Joseph Mngomezulu
Chairperson



Ms. Hlonela Lupuwana

REVIEW CHIEF EXECUTIVE OFFICER

OVERVIEW

The first quarters of the financial year were about setting up of systems, introducing a number of processes as well as implementing our new strategic direction of focusing on impact in relation to performance targets. By the fourth quarter, the organisation portrayed good signs of performance in various aspects and, in particular, on corporate governance, performance management and introduction of new IT systems, business processes and the risk management.

Overall, the area of financial management is showing consistent signs of improvement. We noted 99,9% expenditure levels and appropriate financial controls for the year under review which with minimal deviations from policies and procedures. On the Human Resources front we made good progress in the areas of performance management, establishment of the Employment Equity forum and staff turn-over rate which fell below the 9% annual target.

Our provincial partnerships continue to provide for improved support for SMMEs, striving towards the one-stop shop framework wherein we seek to co-locate as well as co-fund the delivery of products and services within the provincial network.

1. Highlights on Organisational Performance for the Year Ending 31 March 2010

In the year under review, the organisation has made progress around the area of performance management with the following results from the 39 targeted indicators in the Seda Business Plan 2009/10:

- The target was exceeded by more than 5% on 12 indicators;
- 14 of the indicator targets were met or within the 5% allowance; and
- for 13 indicators, we were below target.

The reasons for targets not being met on the indicators are due to delays in implementing key systems; the Seda website and intranet. These were IT systems which were once-off projects, aimed at strengthening the organisation to deliver to its clients. Commencement of the work done by the Provincial Support Teams also started later than initially planned.

Through better screening and initiatives like the briefing sessions in branches, the conversion rate from clients attracted to clients registered is 50%, against a target of 40%. To improve service delivery for our clients, we embarked on a rigorous training program for our business advisors, informed by the business advisor assessment and grading programme that was completed in

the third quarter. This programme will, in the long-term, ensure that Seda practitioners are able to provide most of the interventions directly to small enterprises, with service providers offering specialist services such as ISO certification, etc.

In line with our strategic objective to strengthen the organisation to deliver on its mandate, we continued to ensure skills development through short-term training for employees who do not fall in the business advisor category. To this end, a total of 226 staff members received training as identified in their annual personal development plans. The total number of training interventions delivered to staff during the 2009/10 financial year is 705. This indicates the importance Seda management places on development of the organisation's key asset: its staff.

The new marketing and communication plan, which is based on a proactive approach, continues to show good results. Seda received one hundred and twenty six (126) positive mentions to three (3) negative mentions for the year under review. The turnaround of Seda under the new leadership attests to this improved image. Seda also embarked on an ambitious outreach programme, targeting potential clients in far outlying areas.

The Public Sector SMME Payment Assistance Hotline progressed well since its launch in September 2009. Despite teething problems, the hotline handled 15 048 calls during its six-and-a-half months of existence and facilitated payments to the value of R27,7 million to SMMEs.

ENTERPRISE RISK MANAGEMENT AND INTERNAL AUDIT

Seda continues to maintain a good financial management record with an unqualified audit opinion for the 2009/10 financial year. There is also a marked reduction in audit findings from the previous year. This is attributable to stability in leadership, improvement in financial management, governance, risk management and oversight.

2. Looking Ahead

Seda will continue to strengthen existing partnerships as well as expand its partnership network with public sector entities, the private sector and parastatals to further enhance its capacity to provide quality services to small, micro and medium enterprises. We shall continue to pursue international linkages which provide us with global best practices that we can avail to South Africa's entrepreneurs.

The vision for Seda is to focus on the development of high-impact visible projects, appropriate product and service delivery, as well as capacity building of frontline staff. In this regard, a lot of effort will be concentrated on review of our delivery model as well as products and services in line with our strategy and business plans. Our newly established learning academy will play a pivotal role in building internal capacity.

As previously mentioned, we plan to build on our improved public image and, as a result, a stakeholder management and communication plan will be implemented to further enhance our image with the public and key stakeholders.

On the HR front, we will continue to prioritise performance management, entrenchment of Seda values, achieving our equity targets and employee wellness programme.

We firmly believe that small enterprise development holds the key to economic growth and we will be marshalling our resources, service providers and partnerships to help fledgling businesses succeed. There is great entrepreneurial potential in South Africa – but we need to transform “necessity” entrepreneurs into “opportunity” entrepreneurs, where entrepreneurial thinking is not just based on subsistence, but on properly identifying and harnessing available business gaps.

I am confident that Seda is on the right path and has a competent team in place to achieve this. Seda's measures of success will not only focus on the number of businesses assisted, but the quality and depth of our own interventions and the impact they have on small businesses in particular, and economic development in general.

Ms. Hlonela Lupuwana
Seda Chief Executive Officer

PART ONE

Seda BOARD OF DIRECTORS



MR. LJ MNGOMEZULU
Board Chairperson



MS. D MOKHOBO
Deputy Chairperson



MR. MJ FEINSTEIN
Chairperson
Remuneration and Human
Resources Committee



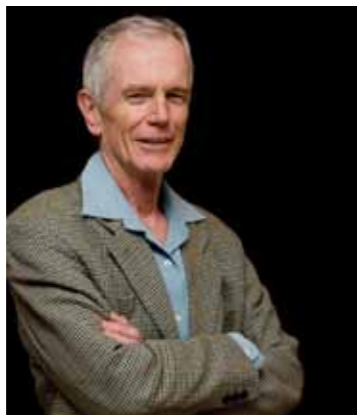
MS. TB NKAMBULE
Chairperson
Finance Committee



MS. B CALVIN



MS. QN MOGOTSI



PROF. NHB FAULL



MS. N GALENI



MR. T NEMAHAGALA
Board Chairperson – STP



MR. TMS MATANG
Chairperson
Strategy and Projects Committee



MR. D THABANENG



MS. N DINIE



MS. P LUGAYENI
Chairperson
Monitoring and Evaluation
Committee



ADV. F MAYIMELE-HASHATSE

Seda BOARD OF DIRECTORS COMMITTEE

Our Management Structure

Seda is one of the organisations of the Department of Trade and Industry (**the dti**), funded by and reporting to the Department. The operations of Seda are overseen by the Board of Directors. The Board, as the Accounting Authority in terms of the PFMA, has representation from the regions and main stakeholders.

The diagram below shows the members of the Board during the period under review, as well as composition of the various Board Committees.



* Nicholls: Term of office ended 26 May 2009.

* Joe Lesejane: Commenced office as Chairperson of audit and risk committee on 27 May 2009.

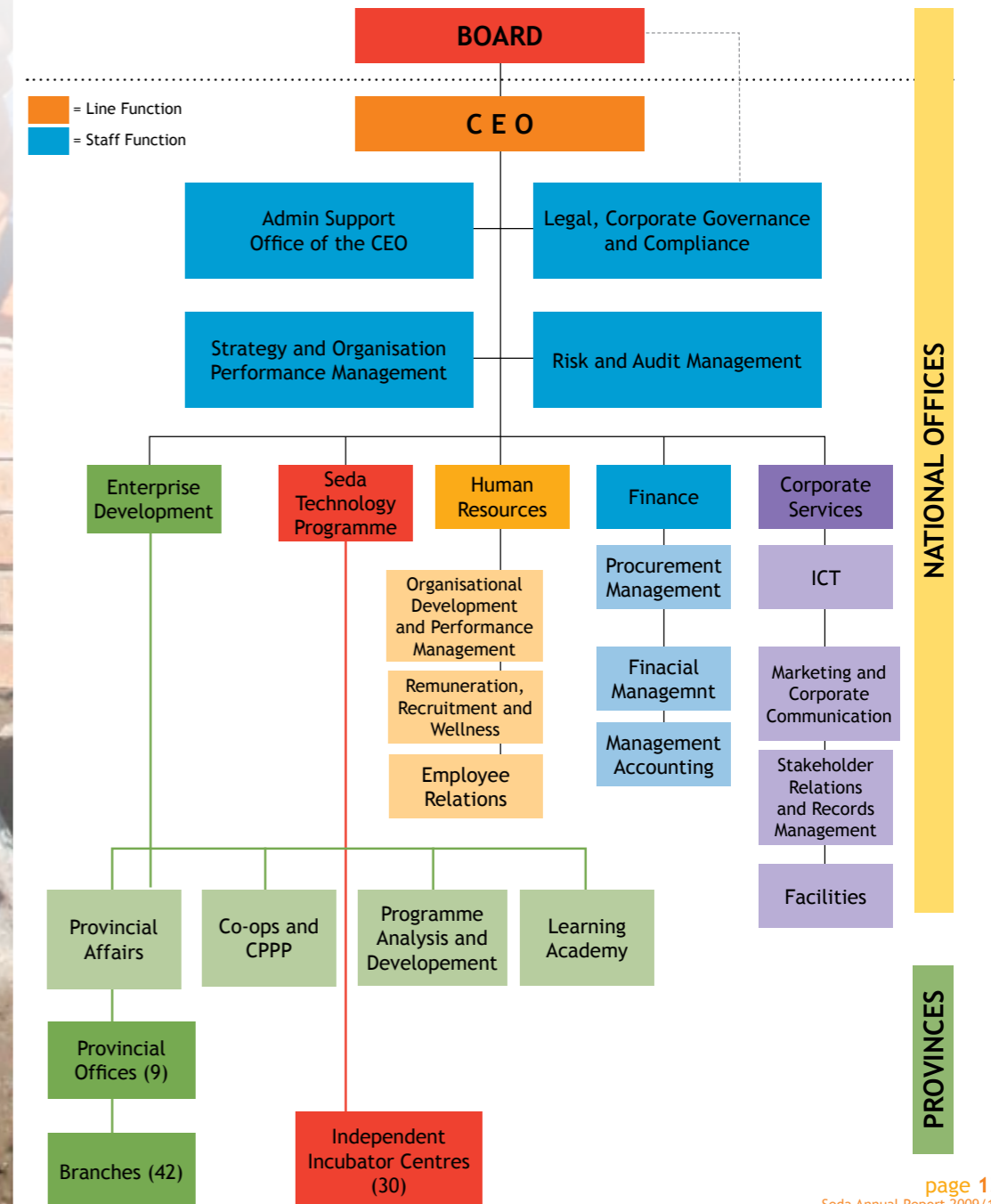
* Ms. Manjezi: Term of office ended June 2009.

* Mr. T Nemahagala: Commenced office as Chairperson of STP on June 2009.

Seda ORGANISATION

Our Organisational Structure

Seda's organisational structure has been reviewed over the past two years in order to increase the efficiency and service delivery focus. The revised high level organisational structure is shown below.





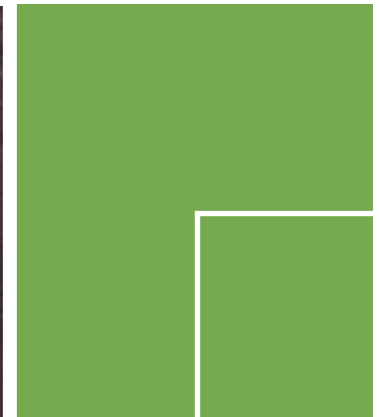
MR. KAYBEE MOTLHOIA
Executive Manager
Corporate Services
BSc, MBA



MR. CHARLES WYETH
Chief Operating Officer
BSc, MBA

"I had to make my own living and my own opportunity! But I made it! Don't sit down and wait for the opportunities to come. Get up and make them!"

Madam C.J. Walker, creator of beauty products and the first female self-made millionaire.



MS. MARILIZE HOGENDOORN
Chief Financial Officer
BCom (Acc), BCompt (Hons) CTA

MR. JAYESH RAVJEE
Executive Manager STP
(Acting)
BCompt



MS. BARATA PITSO
Executive Manager
Human Resources B.Admin (UWC)
Leadership Certificate (GIBS)





PERFORMANCE HIGHLIGHTS

EXECUTIVE SUMMARY

STRATEGIC OBJECTIVE 1:

ENHANCE COMPETITIVENESS AND CAPABILITIES OF SMALL ENTERPRISES THROUGH CO-ORDINATED SERVICES, PROGRAMMES AND PROJECTS

Demand for Seda services continued to grow during the year under review as can be observed from the utilisation of our Enterprise Development Fund (EDF), which is used to provide interventions to our SMMEs. 111% of the EDF was utilised, the additional amount coming from programmes such as the Finnish Support Programme and provincial government. Provincial Offices will continue to lobby for funds from provincial government and other stakeholders to supplement the EDF.

The 2009/10 financial year saw a number of operational and system improvements. A new Customer Relationship Management (CRM) System was developed. This CRM System has data verification controls, which will improve the quality of client data that is stored and updated.

Seda successfully hosted the flagship entrepreneurship awareness events in all provinces for the 2009/10 financial year in collaboration with provincial partners. Seda practitioners continue to be rated very highly, with 11% more than the targeted 80% of our practitioners being rated as good or excellent by our clients. 52 franchise awareness workshops were organised and assistance given to 44 collectively owned enterprises to start and develop co-operatives.

The Learning Academy was launched in August 2009 and a total of 750 participants were trained during the year under review. At the end of the financial year, the registration process for accreditation of the Learning Academy with the Services SETA was still in progress.

STRATEGIC OBJECTIVE 2:

ENSURE EQUITABLE ACCESS FOR SMALL ENTERPRISES TO BUSINESS SUPPORT SERVICES

Seda attracted 112 386 new clients, which amounts to 94% of its target. Seda's revised delivery model focuses on working with existing clients over a longer term, and therefore this figure is not expected to grow drastically.

Of the new clients attracted, we converted 10% more clients than targeted into registered clients. 63% of these received services and/or products from Seda during the year under review. 23 874 clients who received these services were new clients.

Seda's briefing sessions played a crucial role in ensuring these successes as they serve as a filtering tool for clients who want to access Seda services.

STRATEGIC OBJECTIVE 3:
STRENGTHEN THE ORGANISATION TO DELIVER ON ITS MISSION

The relationship between Seda, National Treasury and **the dti** continues to improve and this resulted in a 16% increase in the MTEF allocation for the 2010/11 financial year. The increase, although appreciated, still leaves Seda under-capitalized and unable to fully deliver on its mandate. Other funding from key stakeholders (non-**dti** sources) showed an actual increase, with foreign donor funding increasing by 89% from R23 million to R43,5 million.

Due to major system developments from National Office, such as the CRM system; monitoring and evaluation system development; and ICT infrastructure consolidation, the spending expectedly skewed towards National Office. However, these developments were once-off interventions and the trend is expected to show a bias in spending towards the provincial network in subsequent years.

The measurement of staff performance was undertaken and reports indicated that most staff were trained according to their Personal Development Plans (PDPs).

All reports and plans were reviewed, approved and submitted on time. The annual stakeholder forum was held in September 2009.

Development of key systems and portals such as the website, the intranet as well as the organisation-wide monitoring and evaluation system were completed, albeit later than scheduled. This delay was caused by the extension of the scope of the monitoring and evaluation system to include risk and process management.

OBJECTIVE 1:
ENHANCE COMPETITIVENESS AND CAPABILITIES OF SMALL ENTERPRISES THROUGH CO-ORDINATED SERVICES, PROGRAMMES AND PROJECTS

1. Efficient Delivery Process Ensured.

Recorded levels of compliance to Standard Operating Procedures (SOPs) were 53% against a target of 80%. This was due to changes in operations and system improvements. Seda will focus on capacity building of delivery staff on standard operating procedures.

2. Capability Of Seda Staff To Provide Quality Services Enhanced.

91% of our clients rated the services of Seda practitioners as good or excellent against a target of 80%.

3. Entrepreneurship Awareness Events Organised.

Only 50% of the targeted 18 was achieved. The events are dependent on the availability of funds and partner organisations in the various provinces. Only one event could be conducted in each province during the year. The future plan is to host one flagship event within each province each year.



4. Business Start-Up Training Provided.

The performance on this indicator falls within the 5% short fall range as 18 271 out of 18 700 clients were trained. Training was based on each branch having a trainer, which didn't materialise due to organisational restructuring. Furthermore, an additional 4 675 people received other training.

5. Assistance Given In Starting A Franchise.

The target of 42 was exceeded with 52 franchise awareness workshops organised. This was due to an increase in demand for franchise awareness workshops.

6. Assistance Given In Starting And Developing Co-operatives.

The target was set at 18 and exceeded by 26. Some activities were done through Seda's branch network as the CPPP model advocates a decentralised approach to implementation.

7. Assessment Of Client Business Performance Improved.

A total of 2 413 clients were assessed during the year. This amounts to 24.8% of the 9 713 active clients that Seda is working with. Clients are only eligible for an assessment six months after an intervention. Due to delays in developing the Improvement Assessment Tool, the first assessments were only completed at the end of the second quarter.

8. Enterprise Development Fund (EDF) Effectively And Efficiently Used.

11% over and above the allocated amount was utilized. The initial budget for the EDF was based on the assumption that some interventions would be delivered in-house by Business Advisors (BAs). This was not possible, and additional funding from programmes such as the Finnish Support Programme supplemented the EDF. In future, budgetary allocation to the EDF will take into consideration the effect of the BA Training programme on delivering services in-house.

Provincial Offices will also lobby for funds from provincial government and other stakeholders to supplement the EDF.

9. Learning Academy Functional And Registered.

Although the registration of the Learning Academy with the Services Seta could not be finalised in the 2009/10 financial year, the Learning Academy was launched in August 2010. An assessment and grading of business advisors was carried out by the end of the third quarter on 167 BAs.

A total of 750 participants were trained during the year.

OBJECTIVE 2:
ENSURE EQUITABLE ACCESS FOR SMALL ENTERPRISES TO BUSINESS SUPPORT SERVICES

1. Client Reach Improved.

The target of 120 000 clients accessing the Seda network for the first time was not met; however 112 386, which represents 94% of the actual target, was achieved. Seda's revised delivery model will focus on working with existing clients over a longer period of time to ensure their businesses improve. It is anticipated that the figure of clients reached will therefore not increase drastically.

2. Client Conversion Rate Improved.

Seda targets a conversion rate of 40% from new clients attracted to new clients registered. The target was exceeded by 10%. This is attributed to the implementation of briefing sessions in the Seda branches. These briefing sessions will continue, as they ensure that Business Advisors work with clients who are more likely to start their own businesses.

The percentage of registered clients converted into clients we worked with was 63%, as opposed to the set target at 40%. The definition of 'clients worked with' changed from the previous financial year's definition which was 'clients who got a project' to include 'clients who received advice, as well as after-care support'.

3. Effective Management Of Delivery Partners Ensured.

55% of the sampled service level agreements with Business Development Service Providers were fully complied with against a target of 75%. The target was not achieved as some projects were not completed on time. In future, BAs will be better positioned to monitor open projects through the new CRM system.

4. New Clients Converted To Seda Registered Clients.

The target was exceeded (56 054 from an expected 48 000) due to briefing sessions, as well as more clients receiving assessments.

Of these new clients, 10% more than was originally targeted were converted into registered clients of Seda, and 63% of these registered clients were converted into clients that Seda is working with. This amounts to 56 054 registered Seda clients, and 23 874 new clients work.

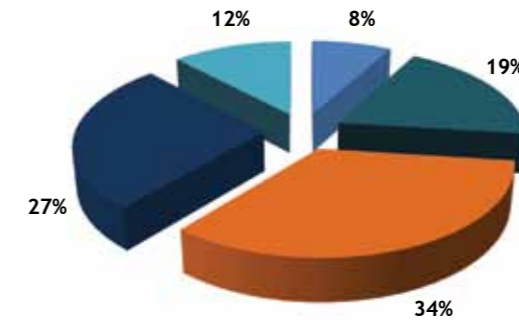
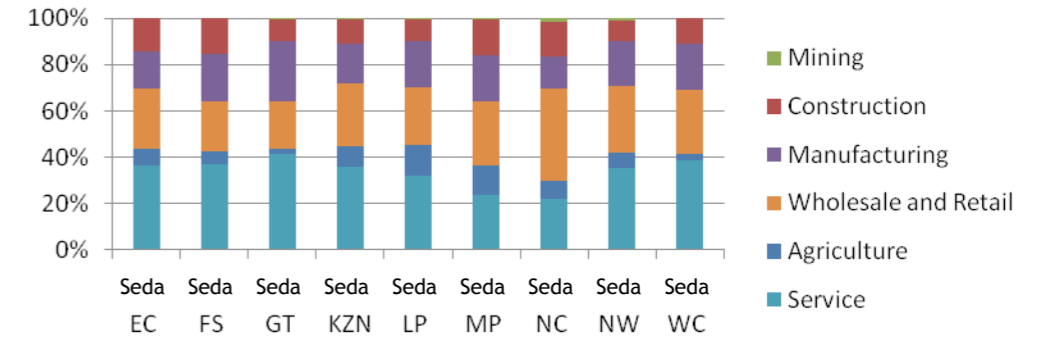
5. Clients Working With, Recorded And Classified.

The actual achievement is 23 874, against the set target of 19 200. Seda also worked with 11 302 other active clients, which is a large increase from the expected 2 800.

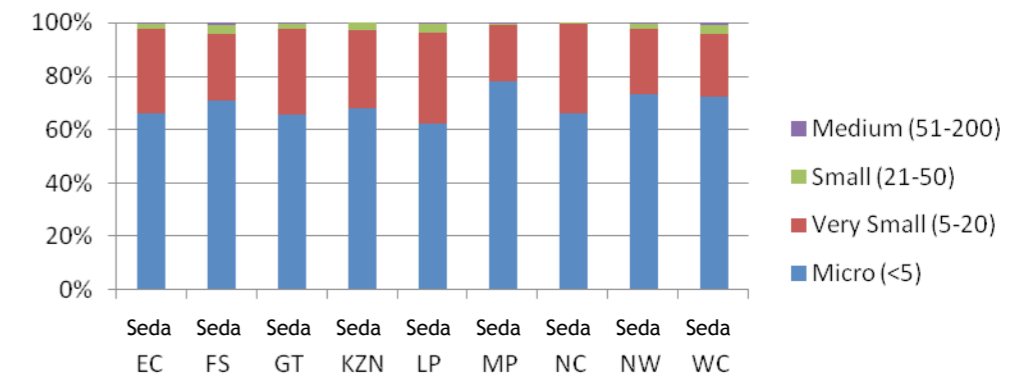
THE FOLLOWING GRAPHS AND TABLES INDICATE THE PROFILE OF Seda's CLIENTS WORKING WITH:

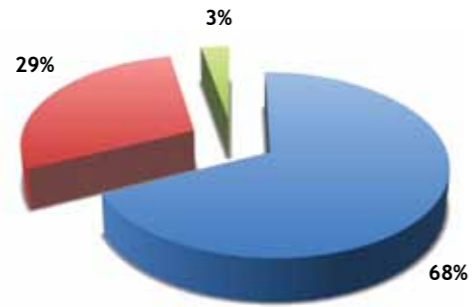
ANNEX 1: Classification of the clients working with

% of Seda Clients by Economic Sector (Clients Working With):

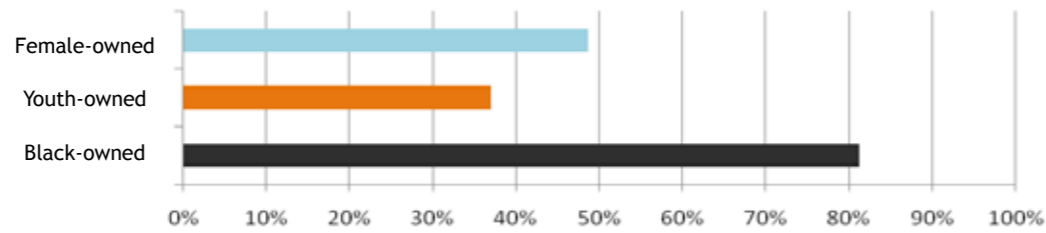


% of Seda Clients by Size - Number of Employees (Clients Working With):

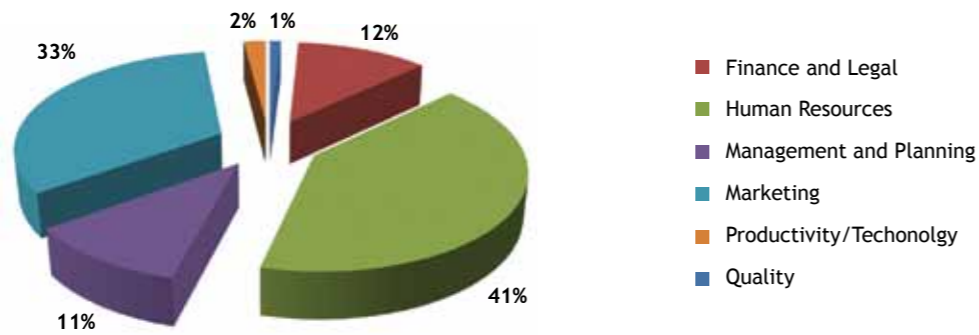




% of Clients by Ownership (Clients Working With):



Types of Seda Services Provided by Business Function (% of Interventions):



Top five services per Business Function

Finance and Legal	Marketing	Planning and Management	Quality	Human Resources	Productivity/Technology
Access to finance	Assist with marketing material	Business plan development	QMS Certification	Seda start-up 1	Productivity improvement
Once off financial clean up	Promotional material	Concept Plan	QMS implementation	Seda basic business skills course	Process development
Financial management implementation	Company Profile	Feasibility study	Product certification testing	Mentorship	Information communication technology
Install basic costing system	Signage	Administration on systems implementation (across all business disciplines)	Certification: Audit, ISO, HACCP	Training	Business systems – ICT not covered by other disciplines
Assist with access to finance	Assist with a website	Strategic planning	SABS – product Certification	Mentorship/coaching/consulting	Operational safety

OBJECTIVE 3:

STRENGTHEN THE ORGANISATION TO DELIVER ON ITS MISSION

1. **Shareholder Satisfied (the dti and National Treasury).**
There was a 16% increase in baseline budget, compared to the target of 23%. The current financial climate has resulted in fewer available funds for public sector programmes. However, **the dti** expresses its continuous satisfaction with the way Seda is operating. The organisation will continue to lobby for more funds from **the dti** and National Treasury.
2. **Key Stakeholders Satisfied.**
Foreign donor funding increased from R23 million to R43,5 million due to STP SWEEP funding, as well as the Finnish Support Programme, which came to an end during this financial year.
3. **Cost Efficiency Improved.**
Only 44% of the organisational budget was utilized in the provincial and branch network against a target of 49%. A number of major system developments such as the CRM, monitoring and evaluation, and ICT infrastructure were implemented from National Office during the 2009/10 financial year. However, these systems were only once-off interventions and the ratio is expected to balance out in subsequent years.
4. **Competence of Management and Staff Enhanced.**
A total of 705 training interventions were attended by 506 eligible staff members.
5. **Employees More Satisfied.**
The average staff turnover on a quarterly basis for the year was 4% against a target of 9.9%. The 4% represents a total of 83 employees who left the employment of Seda during the 2009/10 financial year due to resignations, dismissals, etc.
6. **Results Oriented Culture Instilled.**
Out of the 39 targeted indicators in the Seda Business Plan 2009/10:
 - The target was exceeded by more than 5% on 12 indicators.
 - 14 of the indicator targets were met or within the 5% allowance.
 - For 13 indicators, we were below target.

The reasons for targets not being met on the indicators are due to delays in implementing key systems and the Seda website and intranet. Commencement of the work done by the Provincial Support Teams also started later than initially planned.
7. **Quarterly and Annual Reports Done in Compliance with PFMA and Other Legislation Applicable to Seda.**
All reports were submitted on time and in compliance with the relevant statutes.
8. **Strategic and Business Planning in Compliance with the Treasury Regulations and The Act.**
All plans were submitted on time and in compliance with the relevant statutes.
9. **Annual Stakeholder Forum Organised.**
The Forum was held in September 2009 where Seda presented its Annual Report 2008/09 to invited stakeholders.



10. **Image Perception Analysis done.**

Image perception analysis was done through media monitoring. This measures the positive: negative publicity ratio. A total of 126 positive mentions were made against three negative mentions.

11. **Seda Website Redeveloped and Maintained.**

The website development took longer than planned as the scope was extended to include Intranet development. The project was completed in the fourth quarter.

12. **Expenditure and Commitments Regularly Monitored.**

Seda implemented and maintained a system of monthly operational expenditure reporting as well as conducting a mid-year budgetary review to ensure that spending is done as per budget.

13. **Organisation-Wide System Development Completed.**

The system, which is called the Seda Monitoring Analysis Reporting Tool (SMART), was developed by the end of the third quarter and incorporates risk and business process management.

14. **Top 10 Risks Identified and Registered.**

The top 10 risks were identified and approved by the Seda Board by the end of the second quarter.

15. **ERP Project Implemented.**

Project implementation could not be completed by the end of the financial year. The project consists of a number of inter-related components, all reliant on consolidating the organisation's infrastructure. This should be completed in the first quarter of the 2010/2011 financial year.

16. **Deviation of Operational Targets Measured and Reported.**

This was done on a quarterly basis and reported to management, the Board and **the dti**.

17. **Staff KPAs and KPIs Monitored against The Business Plan.**

Half yearly assessments were done on staff performance contracts which are aligned to the Business Plan.

Seda TECHNOLOGY PROGRAMME

FOCUS AREA 1 – ENHANCE COMPETITIVENESS AND CAPABILITIES OF SMALL ENTERPRISES THROUGH CO-ORDINATED SERVICES , PROGRAMMES AND PROJECTS .

OBJECTIVE 1:

To promote the establishment and development of sustainable innovative technology based platforms that will contribute to the country's economic growth

- All targets were exceeded by significant amounts. 244 new SMME were established and 656 were supported, while 1 283 clients were supported through TBCs. 1 620 jobs were created compared to the targeted amount of 834, while 91% of black-owned businesses were supported, achieving a 17% increase on the targeted amount of 73%. These achievements were due to their increased demand for services, and three new branches of TBCs were established. Furthermore, these TBCs offered virtual support, thereby extending their reach to outer lying areas.
- In order to promote greater coordination and sharing of incubation experiences, STP hosted two (2) networking events for all thirty (30) TBCs under its network.
- InfoDev, a programme of World bank, nominated STP to manage the activities of its Africa Incubator Network (AIN). Two (2) events were held to ensure that the STP Incubation network fully benefits from the international best practices.
- One (1) annual graduate tracking survey was conducted to measure the impact of the Incubation Programme in creating sustainable businesses.
- One (1) Benchmarking exercise was conducted in the Furniture Incubation in Sweden, the outcomes have been adopted and the STP furniture incubator, Furntech is currently in the planning phases of incorporating a design phase in its incubation programme.
- In order to create awareness about the STP incubation programme amongst entrepreneurs and stakeholders, STP hosted a National Incubation Day in three regions, namely Gauteng, the Eastern Cape and Mpumalanga. Participate in events with India and Brazil.
- Under the existing IBSA agreement, STP participated in events with India and Brazil, to find effective means/ instruments and Incubation platforms for commercialization and transfer of technologies between the two countries. The Manager in the Technology Transfer division attended a technology exposé in India in order to keep upbreast of technology trends.
- In order to ensure that TBCs are operating in a fair and transparent manner, Two (2) corporate governance training sessions for TBC board members were conducted and that resulted in the improvement on the performance of TBC boards.
- To strengthen the performance of TBCs, the division proceeded with the process of reviewing the centres' Policy and Operations Manual. The manual now includes a TBC Orientation Guide, which will be utilised for inducting new TBC management with regard to the key success factors involved in managing a centre, while providing a tool to guide day-to-day decisions.

OBJECTIVE 2:

To enhance technology transfer through structured support and funding for small enterprises.

MoUs and SLAs in place.

- STP established and maintained collaborative partnerships with technologically orientated institutions that can assist small businesses.
- The target of providing support to small businesses by facilitating appropriate technology interventions by partners was achieved.

Interventions completed.

- STP exceeded its target of assessing 40 applications and providing technology transfer funding to second economy small businesses. Funding was made available through Seda and **the dti**.
- It did not meet its target of training and developing Seda network members to assess applications and to make recommendations to the STP regarding technology transfer interventions. This was due to unavailable budget until the fourth quarter.
- STP did not achieve its target of assisting 50 small businesses to assess business and financial services by means of referrals and follow-ups. This was due to a lack of funding. STP will improve its visibility of TTD services if funding permits.

To support the growth and development of women-owned enterprises through various platforms and structures.

- Target achieved in assessing applications and providing technology transfer referrals to women-owned small businesses.

OBJECTIVE 3:

To promote the establishment and development of sustainable innovative technology-based platforms that will contribute to the country's economic growth.

- Enhance and maintain the organisations knowledge management system of document management, library and knowledge capturing and dissemination processes and systems.
- All policies and systems are under review to be in line with Seda Systems.
- A knowledge sharing forum was hosted between all the technology platforms.
- STP did not develop an effective technology advisory system, which incorporates web-based systems. It differed due to funding capacity constraints to the following year.

OBJECTIVE 4:

To promote the importance of quality and standards and provide technical support to South African firms (SMMEs) to improve their competitiveness and industrial upgrade.

Quality awareness workshop conducted.

- The target of 40 quality workshops in nine provinces was not achieved. Only 29 were held due to funding constraints. However, STP exceeded the number of people trained. From a target of 50, the actual achievement was 1 052.

2 500 booklets in all official languages were professionally printed, bound and distributed to Micro and start-up businesses.

SMMEs were trained on the following standards:

- ISO 9000
- ISO 14000
- OHSAS 18001
- Food Safety
- GMP
- J2EX

Systems implemented on the following standards:

- QMS systems
- SHEQ systems
- ISO 22000
- GMP
- OHSAS 18001

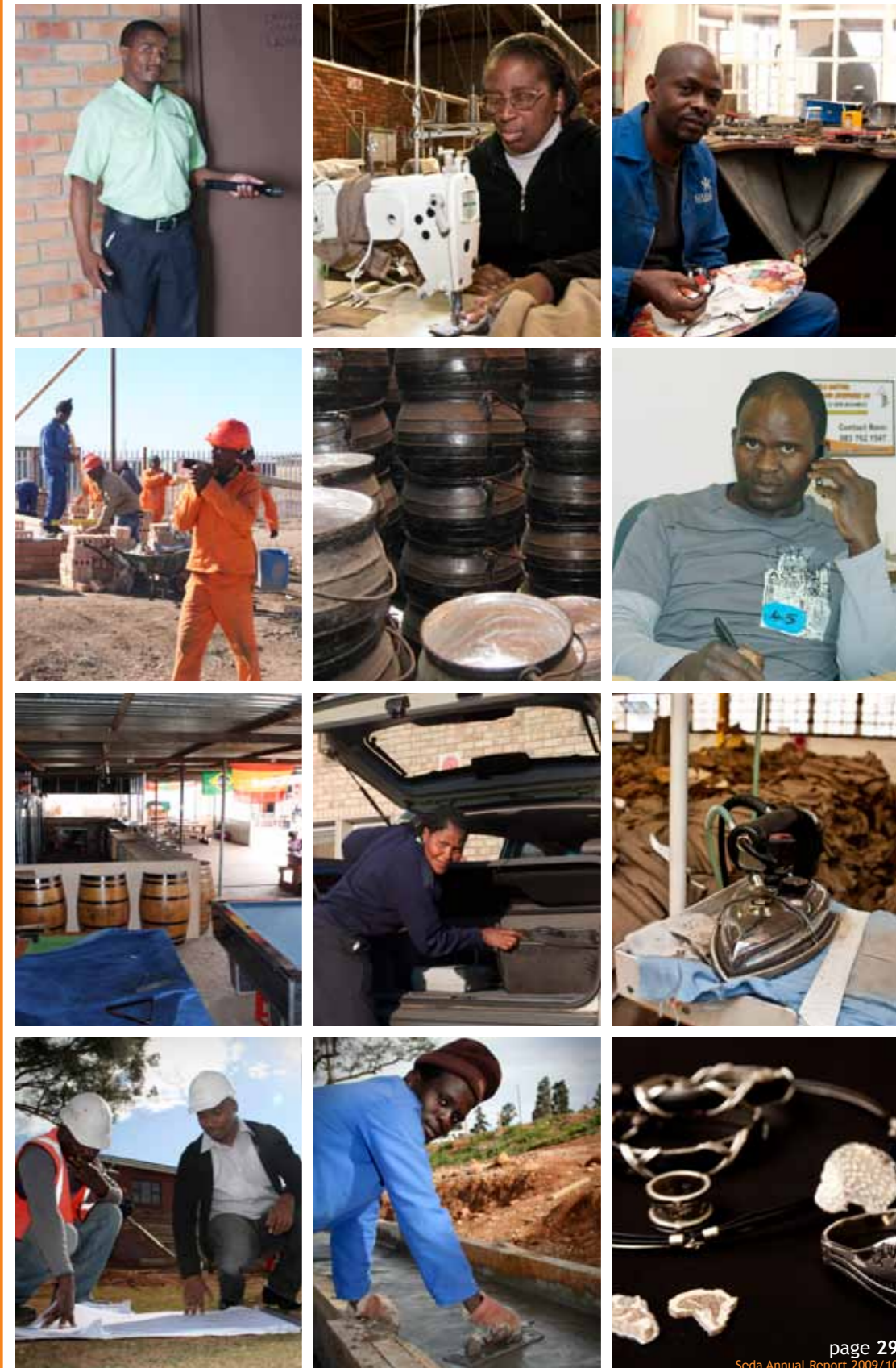
OBJECTIVE 5:

To promote a unique team culture based on passion, integrity and reliability to deliver on government's mandate to stimulate economic growth in the economy.

- STP was informed of the process to be fully integrated into Seda. This led to STP management consolidating systems and resources to ensure that our assets, i.e. our employees were still able to deliver on their mandate.

All policies and procedures needed to be review in light of the incorporation into Seda. STP top management structure was largely acting positions mandated to ensure that STP performed at its peak during the transition phase.

PART ONE SUCCESS STORIES





ARCHWORXS EASTERN CAPE

BACKGROUND

ArchWorXS was founded in 2007 by Xabiso Sidloyi, who serves as Managing Member of this Architectural Design and Project Management Company. With a Bachelor of Building Arts Degree acquired from the University of Port Elizabeth's School of Architecture, Sidloyi has the knowledge and wisdom to take ArchWorXS forward in order to expand upon its current success. Its continuous achievements are obtained through marketing its services to both corporate and government sectors, placing it in good stead to meet the demands and transcend the expectations of this unique industry.

CHALLENGE

ArchworXS' primary objective is to provide superior service as a strategy to ensure that the company grows in market share. Achieving this growth presented a few challenges, as there were already several established architectural companies which exhibited a strong reputation and solid client base. However, this did not deter Sidloyi, as he has an undying passion for offering impeccable yet significant services to his clients, whom he regards as the lifeblood of the business.

SOLUTION

Seda had previously assisted ArchworXS in implementing a marketing plan following an assessment of company operations. This assessment, conducted by Seda, highlighted various areas of improvement for ArchworXS. Consequently, Seda contracted the services of QP Consultants to implement ISO 9001:2008, as required by the South African Institute of Architects (SAIA). Furthermore, Seda also significantly funded the cost of the project via its subsidy scheme.

RESULTS

Seda's assistance resulted in several signed contracts, such as the seven sports facilities in Port Elizabeth, with a combined value of R30 million. Their support also resulted in contracts for the refurbishment of an old Uitenhage public office to the value of R10 million; and the refurbishment of Vukuhambe's Special School in Mdantsane, to the value of R7 million. More astoundingly, the above achievements secured the creation of 125 new jobs.

"I am overjoyed by Seda's advice and assistance, and would recommend Siphokazi and Seda to any other small businesses like myself".

Mr. Xabiso Sidloyi, Managing Member of ARCHWORXS



BAKHETHEHILE CONSTRUCTION & PLANT HIRE FREE STATE

BACKGROUND

From a prisoner to an entrepreneur, that is Bonang Machakela, a young and vibrant man from Bloemfontein who served five years in prison. After completing this challenging sentence, Machakela was determined to make a new life for himself and never go back to his old ways. However, this proved to be more difficult than originally anticipated as he was struggling to find employment due to the stigma surrounding his criminal record.

CHALLENGE

Machakela's attempts to enter into the business world had been fruitless as he did not have any previous experience. However, this changed significantly when he visited Seda's Free State offices after listening to a radio interview discussing their role in small businesses. Once he proceeded with Seda's consultation process, it was established that Machakela had an interest in the construction industry.

SOLUTION

Seda assisted Machakela with numerous endeavours, one of them registering a CC called Bakhethehile Construction & Plant Hire. They also assisted him in registering with National Home Builders Registration Council (NHBRC) and Construction Industry Development Board (CIDB) while concurrently developing a business profile on his company along with marketing material. This material was later distributed to different private and public businesses within the Motheo District. In addition, he underwent several training programmes and was further introduced to an established construction company. Here he worked for several months in order to gain much needed practical experience.

RESULTS

As a result of Seda's interventions, Machakela was awarded a project worth R195 000 by The Department of Public Works, followed by another R600 000 for RDP houses by the then Department of Housing. To add to his marketability, he also received a training contract worth R1,4 million by the Construction Seta, which was shortly followed by another contract worth R2,2 million from the same company.

Currently, Machakela's company is building a school worth R4,9 million and has a three year maintenance contract with the Department of Public Works in the Free State. Today, Bakhethehile Construction & Plant Hire is proud to employ 13 permanent and 25 temporary workers. What an inspiring achievement for a man who went from being an ex-convict with a bleak future, to the proud owner of a highly successful business.

"Seda took my idea and guided and nurtured it into fruition," said Machakela. "I would advise anyone with a business idea to go to Seda for assistance – it's the only road to success."





CITY MED PHARMACY LIMPOPO

BACKGROUND

Owned by Irene Mokgotsane and her husband, Simon Mokgotsane, City Med Pharmacy in Polokwane is strategically located to serve daily city commuters and medical practitioners. When the Mokgotsane's, both experts in the Pharmaceutical industry, acquired the business in 2007, it was running smoothly and efficiently. However, soon thereafter sales experienced a downward spiral and, in turn, profits started to deteriorate. That is when the well-positioned pharmacy seemed to lose traction with potential clients.

CHALLENGE

The Pharmaceutical industry is renowned for its high regulatory nature and as such, City Med Pharmacy was placed in a position where it had to move stock quickly yet efficiently. This implied that the company needed to focus on attracting and retaining a reasonable client base as a crucial short-term goal. This need encouraged the Mokgotsane's to approach Seda's Capricorn Branch situated within Limpopo to assist them in re-energising their ailing dream.

SOLUTIONS

An assessment was conducted by Seda's Capricorn Branch Business Advisor to identify the immediate challenges surrounding City Med Pharmacy. Among the findings, it was identified that the company's branding resulted in it appearing dull and somewhat invisible to its intended market. Seda recognised the need to revive the business with a comprehensive marketing solution by providing imperative material to the business, such as business cards, flyers, name-boards and other branding requirements. Immediately, this gave City Med Pharmacy a much needed overhaul and competitive advantage.

RESULTS

Seda's invaluable intervention resulted in a rapid increase of City Med Pharmacy's profits, while also doubling its clientele. Not only did its revenue grow significantly, but its asset value also increased. With the growing demand of the Pharmacy's products and services, City Med identified the need to increase its businesses capacity, and consequently, more full-time staff were employed in order to keep-up with capacity. This resulted in the Mokgotsane's opening a second branch, which is already on the road to success.

"Seda's assistance will always be appreciated," says Irene Mokgotsane. "Seda has helped my husband and I to bring a dying company back to life again. Today, our brand remains strong in the market and I am proud to state that we no longer fear competition as our company's image is lucrative. I would encourage Seda to continue doing the same good work for others."



INGAPHELI SECURITY KZN

BACKGROUND

Ingapheli Security is a 100% black-owned Close Corporation based in Richards Bay which was formed in 2005 by one woman and two men, with the assistance of Richards Bay Minerals (RBM) SMME division. This company established itself by offering security services to large reputable companies, and is unique in that it also offers guarding, escort services for personnel, access control patrolling and alcohol searches.

CHALLENGES

On approaching Seda, Ingapheli Security only had one major contract with RBM and a few smaller contracts. Furthermore, it was operating from RBM's premises. However, they wanted to be independent from RBM and concurrently, secure more work to ensure the sustainability of the business. To achieve this they needed Seda's immediate intervention. During that time, the company also employed 70 staff while the annual turnover was R3,36 million.

SOLUTIONS

Seda conducted business operations assessments on the company, and recommended that Ingapheli Security develop a marketing plan that would take the business forward in terms of acquiring new clients and improving on its current service offerings. This marketing plan was developed by Seda through a service provider, after which Ingapheli Security implemented these recommendations according to the outlined timelines.

RESULTS

Today the company effectively manages its staff and the level and quality of service offered to its customers has improved significantly. Another achievement is its ability to also attract and retain new clients. Today, the company operates from its own rented premises and, concurrently, has managed to secure other large contracts, thereby spreading the risk over a number of clients which in turn, makes it more sustainable. These achievements have transpired in the company's turnover increasing from R3,36 million to R5,5 million (a 63% increase) and its employees have almost doubled from 70 to 130 (an 85% increase).





KHULA MOTOR AND MECHANICAL SERVICES NORTHERN CAPE

BACKGROUND

Mcedisi “Roro” Novemele spent his childhood years assisting his father service cars over weekends in their backyard in the small poor rural town of De Aar in the Northern Cape. De Aar, which is also known as South Africa’s Train Junction, is situated in the centre of three Provinces; namely: the Northern Cape; the Free State and the Eastern Cape. However, despite its location it is one of the poorest towns of the Province. Novemele’s upbringing inspired his passion for motor-mechanics and assisting people. After matriculating, Novemele went on to work full-time with his father, servicing 15 cars per month. This motivated him to acquire his qualifications in Motor Mechanics NQF 2 and 3.

CHALLENGE

Operating a business from home posed several challenges, both in terms of limited available space and, often, unfavourable climatic conditions, such as during the extreme summer and rainy seasons. Added to this was the concern of inadequate security. The business could not service Government vehicles as it was not a registered legal entity and did not operate from secure premises. This encouraged Novemele to start his own business, which is when he decided to visit the De Aar Seda Offices for advice.

SOLUTIONS

Seda advised Novemele to secure bigger premises in town, which would be more central to potential clients. Furthermore, the original premises were small, unnoticeable, far from clients and unsafe to participate in any business activities. This relocation resulted in various Government Departments developing confidence on the safety of the premises and agreeing to service their vehicles at Khula Motor and Mechanical Services. The centrality of the location of the business also presented opportunities to attract other clients in and around De Aar. Seda also assisted with the registration of the business as a legal entity, i.e. a Close Corporation.

RESULTS

Seda’s assistance resulted in Khula Motor and Mechanical Services becoming recognised and able to comply with important regulations such as receiving a Tax Clearance Certificate, and being able to open a business bank account. The registering of the business also resulted in Government Departments awarding contracts to the business – one of the most important requirements. The Provincial Government Fleet Management Company, Nyumbane, also awarded a contract to Khula Motor Mechanics and Services to assist in servicing and fixing Government vehicles in the Pixley Ka Seme District.

Seda also developed and provided promotional material for the business, thereby popularising its products and services and increasing its visibility by marketing its corporate branding. More people visited the business, further attracting clients from as far as a 300km radius. All these efforts reaped several benefits, as the company’s client base increased from 15 to 40 per month. Its monthly turn-over increased by 100% and the business was awarded contracts to service cars for the SAPS, the District Department of Public Works, the District Department of Education, and the Pixley Ka Seme District Municipality.

Mcedisi Novemele’s father, who is now a pensioner, also assists on occasion with expert advice and has been awarded the status of Technical Adviser in the business. *“I still tap into his knowledge as and when required,”* says Novemele. *“But I am glad he can now fully trust me, even when servicing his own vehicle.”*



LETSIKA CREATIONS GAUTENG

BACKGROUND

Letsika Creations was formed in 2006, and like many start-up small businesses, it struggled with teething problems. During its formation stage, Letsika Creations functioned as a retail business – buying from manufacturers and then selling those products to consumers. Consequently, the company wasn’t adding any unique value to its customers and, as such, the profit margins were significantly compromised.

CHALLENGE

At first, the company struggled to acquire sufficient business due to limited capacity in terms of machinery available to them. Added to that, Letsika Creations did not have enough available funds to acquire more sewing machines. Because of these limited resources, the company could not fully access the local market, while concurrently it lacked the business knowledge to improve their business processes, such as ISO 900. In turn, it negatively affected their ability to compete favourably, both locally and internationally.

The company identified the need to finance their business, and this is where Seda got involved to play a paramount role in achieving this goal.

SOLUTIONS

Seda assisted Letsika Creations and embraced their passion by providing its owners with basic business training as well as SABS Quality Management Systems Training. They also produced promotional material to further market the company and develop its brand within the industry, while ensuring that the business implements its ISO 900 certification.

RESULTS

Seda’s direct involvement assisted in the growth of the company to reach a level where it created 18 new jobs, bringing it to a total of 25 employees. Letsika Creations also secured prominent contracts, and currently supplies The Department of Correctional Services and South African National Defence Force (SANDF) with uniforms at national level. In addition, the company has managed to increase its capacity by acquiring a further 45 machines.

Letsika Creations’ success story reads like a business fairytale – moving from a backyard garage to a large warehouse in a busy industrial area.





SUMBA FOUNDRY ENGINEERING CC NORTHWEST PROVINCE

BACKGROUND

Sumba Foundry Engineering is a Close Corporation that specialises in the manufacturing of aluminum and automotive pots. The business is based in the North West Development Corporation (NWDC) Small Industries in Tlhabane, Rustenburg, and is owned by Francisco Sumbane Junior. He is responsible for running and managing all the business operations in collaboration with a team of dedicated and professional personnel.

CHALLENGE

In 2008, Sumbane approached Seda's offices for assistance as he was unable to raise sufficient capital to ensure that the business's growth meet the demand of the company's completed products.

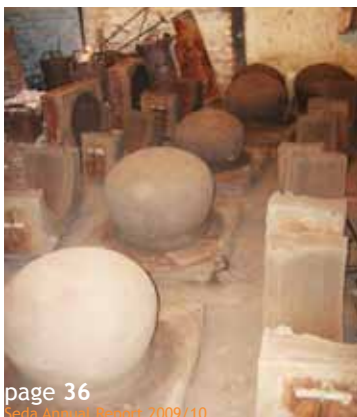
SOLUTIONS

A business diagnostic tool was used to assess Sumba Foundry Engineering CC. This highlighted the need to streamline and structure the business's operations, which led to the development of an intensive viability study and a detailed bankable business plan.

The intention of the business plan development was to allow Sumba Foundry Engineering CC to acquire funding from external sources that would enable the business to expand on its operations. In line with the business's long-term growth strategy, (which entails expanding the market to enable it to supply major developing distributors) a marketing plan was noted as being imperative.

RESULTS

Since the implementation of the business plan, Sumba Foundry Engineering CC has been able to significantly increase its monthly production volumes. The company's sales figures grew exponentially from R450 000 to R900 000. Furthermore, the company, was able to purchase a delivery vehicle worth R250 000, which has increased its asset base. Prior to Seda's intervention, the company employed only four staff members, but since then has employed an additional two staff members so as to meet the market's product demand. Sumba Foundry Engineering CC also embarked on an invaluable skills transfer programme that trains individuals on the company's core business functions.



Chippa confers his gratitude to Seda and Native Design Studio as well as a specific mention of appreciation to the business advisor for his continued interest in Siyaya African Restaurant a.k.a. "Chippa's Place".

SIYAYA AFRICAN RESTAURANT WESTERN CAPE

BACKGROUND

Siyaya African Restaurant was founded by Mr. Zimisele Mlata, better known locally as "Chippa". The business was formed in 2006 following a stint in a telephone container business a few years prior. This experience led Mlata to seize the opportunity that led to the advent of his current business.

The business offers restaurant, butchery, conference and entertainment services. It is situated in the heart of Mbekweni Township in Paarl. Siyaya African Restaurant is a member of Drakenstein Tourism Business Network, Paarl Tourism, Cape Town Tourism, TEP and Cape Town Routes Unlimited, and is also involved in social responsibility initiatives. The business is proudly compliant to the requirements of the municipality and the Department of Health as well as being fully licensed to sell beverages. Siyaya African Restaurant is trading as Chippa's Place.

CHALLENGES

Chippa understood that to realize his vision, he needed to go out and seek assistance. His main aim was to start a sustainable, profitable and viable business that will firstly benefit him and those associated with him. To realise his dream, he needed to first complete the construction of the butchery and then embark on a strong marketing drive; hence his approach to Seda to assist in that regard.

Following his initial visit, a relationship between Seda and Siyaya African Restaurant ensued. As a result of continuous client consultations, it was determined that the business needed to put proper HR systems in place in order to fully comply with the requirements and regulations of the Department of Labour and SARS.

SOLUTIONS

The Seda assessment was discussed, and an action plan prioritised. This was then converted into an execution plan that would complement the objectives of the business. That plan included promotional materials and a website, which, coupled with Chippa's sheer dedication and drive, as well as Seda's continuous advice set Siyaya African Restaurant for rapid growth.

RESULTS

Through a referral of the business advisor, another relationship has been realized between Chippa's Place and Deli Spices. This relationship has yielded a grant of approximately R25 000 worth of butchery assets by the spice company. The change in assets base is at approximately 131% when comparing 2008 and 2009 financial statements.

The business has increased its turnover from R273 587 to R3 250 111 since 2006 to the end of the 2009 financial year. The other notable achievement has been the upgrading and the renovations of the premises, which are currently valued at 100% more than the initial value. The business had five full-time and six part-time employees. Since then, it has increased its number of permanent staff to 10 and it also employs approximately 10 casuals per week. The owner's drive and vision must also be commended for getting his business to where it is today.





THLARINI CO-OPERATIVE MPUMALANGA

INTRODUCTION

Thlarini Agricultural Cooperative is situated at Bankfontein farm in Middelburg, and was formerly registered as a cooperative in 2007 by past employees of Kanhym, one of the largest pig farms in South Africa. The intention was to develop the cooperative as a piggery, and as such, it approached the local municipality to avail land for this business.

CHALLENGE

The Department of Social Services funded the cooperative in order to install a borehole, a three-phase transformer, and to construct offices and fencing for the farm. However, funds were depleted before the project could be completed. This propelled the cooperative to approach Seda's Nkangala Branch to assist them in accessing finance for their business objectives.

SOLUTIONS

An assessment was conducted on the client, which highlighted the need for Seda to assist in developing a business plan and to provide training on business management skills.

RESULTS

After submitting their business plan to the National Development Agency (NDA), a grant to the value of R1 100 000 was made available to the cooperative. This funding was utilised to complete the pig housing structure and to purchase the required livestock to begin breeding.

Various successes have followed, and to date, the cooperative has started trading and generated its first viable income in January 2010. Furthermore, the farm has reared 60 pigs and has employed two staff members; however, it is the hopes of all to create even more jobs from this venture.



TIRANG MANUFACTURERS GAUTENG - Seda TECHNOLOGY PROGRAM

BACKGROUND

Vibrant and unique, Tirang Jewellery Manufacturers was established in January 2008 by two friends, Tebogo and Lee. Their entrepreneurial skills were sparked after Lee was retrenched. Confused and uncertain of what to do next, Lee saw greater potential in the R50 000 that he was offered by a shareholder from the very company that he was retrenched from. Both Tebogo and Lee took what they had learnt since they joined that company in 1998, and turned their inherent skills into a fruitful jewellery manufacturers business, specialising in handcrafted ethnic jewellery.

CHALLENGES

The greatest challenge facing both Tebogo and Lee was the fact that they did not have any premises where they could not only work from, but also access a viable market from. They took it upon themselves to approach someone with a workshop to assist them with machinery and a work-space. However, this positioning only lasted for six months, whereby they were then forced to start all over again.

SOLUTIONS

With nowhere to go and nobody to assist them, Tebogo and Lee heard about Seda's Limpopo Jewellery Incubator. Their determination to succeed drove them to move to Limpopo where they were incubated by this cluster for a year.

During that time, they received invaluable business management courses, learning everything from how to manage their books to pricing their products, while concurrently receiving the necessary support and being exposed to the latest technology in materials and machinery within the jewellery business. This machinery provided them with an opportunity to increase their production speed as opposed to following the manual route.

RESULTS

Business flourished and large orders started to pour in. Consequently, Tebogo and Lee were in a position to employ two more individuals to assist them in their endeavours. Once Tebogo and Lee graduated from the incubator, they were already earning R40 000 per month. Currently, their turnover is over R600 000 per annum, and through Seda's assistance, are able to manufacture more than 3kgs of completed products. Tebogo and Lee were also able to purchase start-up machinery that enabled them to meet their businesses growing demands.

Currently, Tirang Manufacturers are housed by Tribal Trading in Mondoer, a company that also manufactures handcrafted ethnic jewellery. This partnership enables the two companies to share large orders in order to achieve the required end product.

Their market is aimed at wholesalers as they supply their products to companies such as the Red Carpet at Sheraton Hotel, Sterling Wholesalers in Cape Town as well as Reveillon Jewellers. But their passion and hard work has also resulted in them having accessed international markets such as Spain and Italy.





GEOGRAPHICAL SPREAD OF Seda PROVINCIAL OFFICES, BRANCHES AND EICs



Province

Eastern Cape
 Free State
 Gauteng
 KwaZulu-Natal
 Limpopo
 Mpumalanga
 Northern Cape
 North West
 Western Cape

TOTAL

Branches

6
 5
 1
 7
 5
 5
 5
 5
 3

42

EICs

3
 9
 10
 5
 6
 12
 7
 1
 5

58



MR. ROBERT BUYS
Gauteng



MR. LUZUKO DIBI
Eastern Cape



MR. LINDANI DHLOMO
KwaZulu-Natal



MS. JACKIE NTSHINGILA
Free State



MR. RYNO KLEYNHANS
Western Cape (Acting)



MS. NTOKOZO MAJOLA
Mpumalanga



MR. NEVILLE MAIMANE
North West



MR. KOENIE SLABBERT
Limpopo



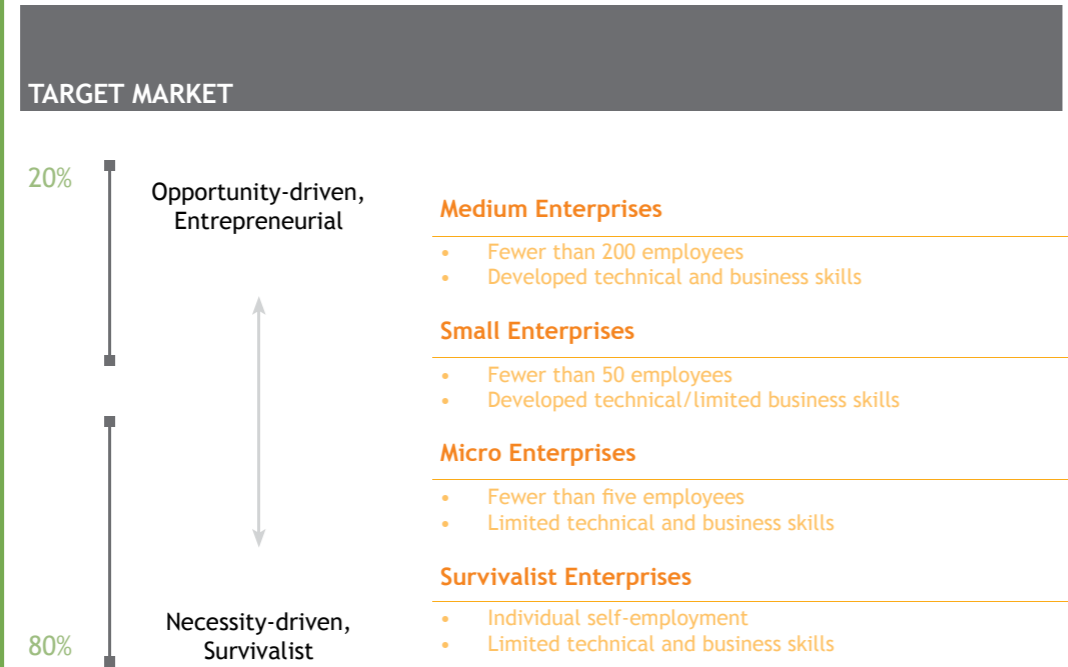
MS. KEDISALETSE WILLIAMS
Northern Cape

Seda WHAT WE DO

Seda's Target Market

Approximately 20% of Seda's focus is on medium enterprises whilst 80% of its focus falls on the small, micro (formal and Informal) and co-operative enterprises.

Seda has 42 branches, nine provincial offices, 58 Enterprise Information Centers (EICs) and 29 Technology Incubators spread across the country.

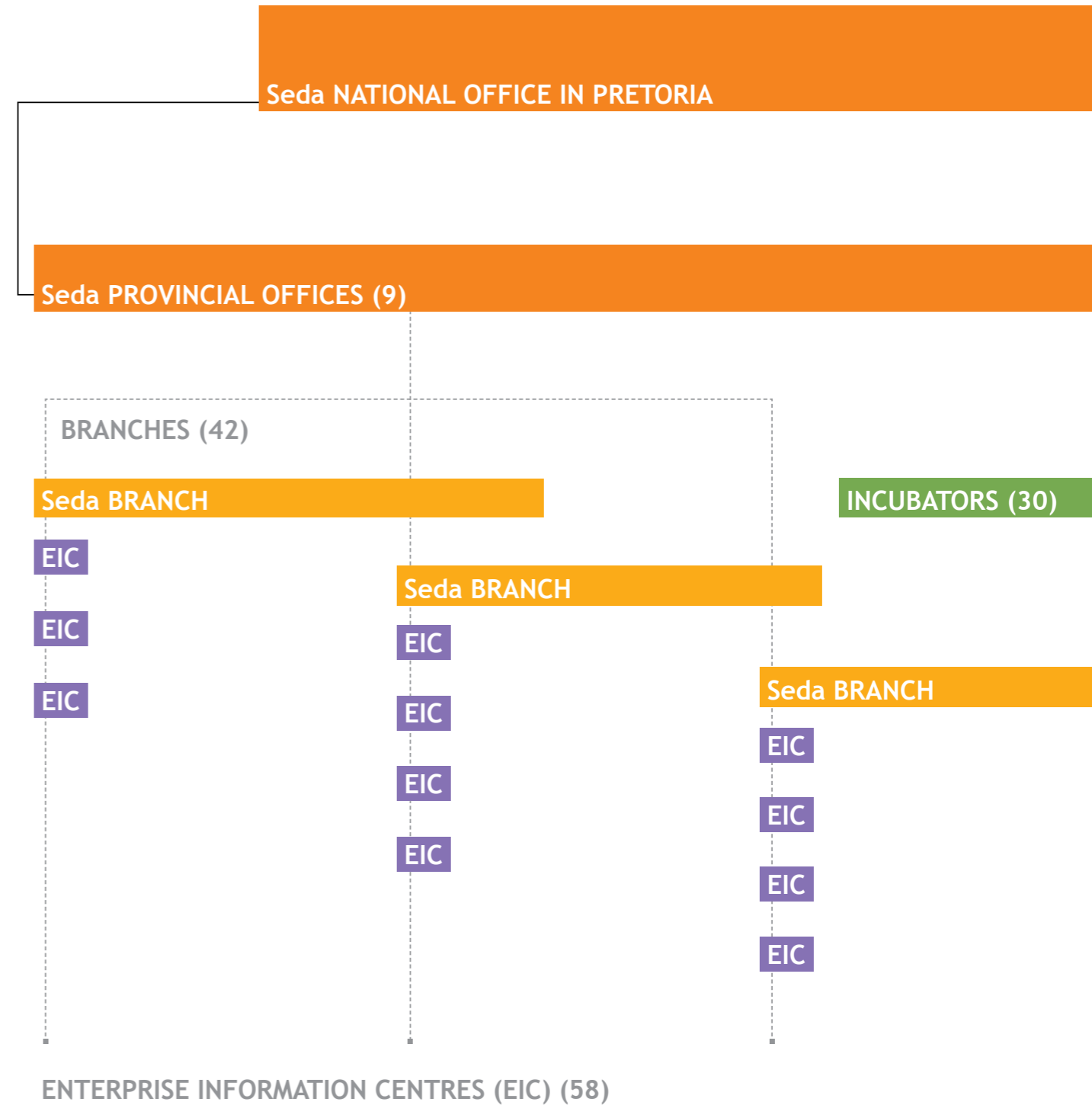


Strategic objectives

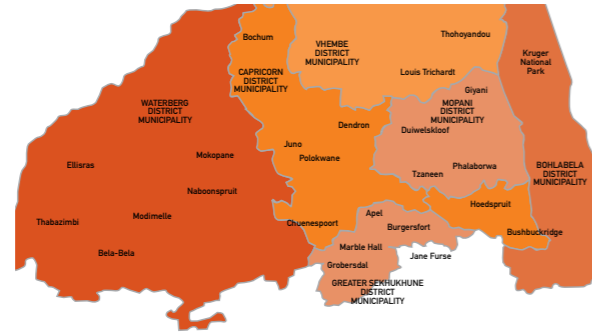
Seda's strategic objectives are linked to the three pillars of **the dti's** revised SMME Development Strategy and are as follows:

- Enhance competitiveness and capabilities of small enterprises through co-ordinated services, programmes and projects.
- Ensure equitable access for small enterprises to business support services through partnerships.
- Strengthen the organisation to deliver on its mandate.

Seda's SERVICE DELIVERY MODEL



LIMPOPO POLOKWANE



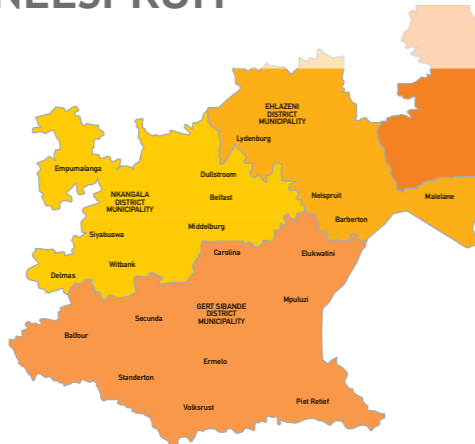
Branch District	Seda Capricorn	Seda Modimolle	Seda Sekhukhune
Town	Polokwane	Waterberg	Sekhukhune
Branch District	Seda Mopani	Seda Vhembe	
Town	Tzaneen	Thohoyandou	

NORTHERN CAPE KIMBERLEY



Branch District	Seda Frances Baard	Seda Kgalagadi	Seda Namakwa
Town	Kimberley	Kuruman	Springbok
Branch District	Seda Pixley ka Seme	Seda Siyanda	
Town	De Aar	Upington	

MPUMALANGA NELSPRUIT



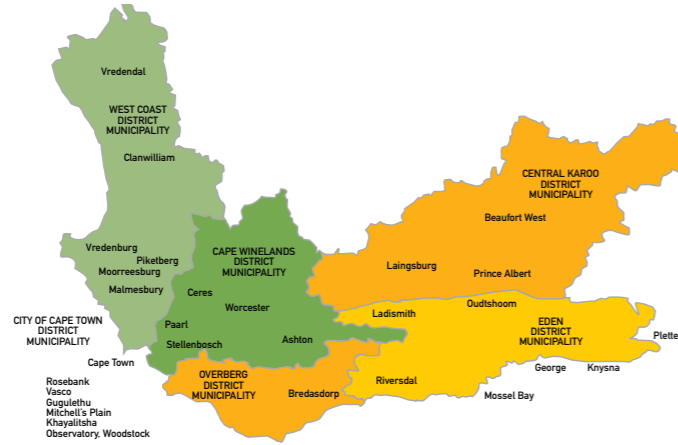
Branch District	Seda Bushbuckridge	Seda Ehlanzeni	Seda Gert Sibande
Town	Bushbuckridge	Nelspruit	Secunda
Branch District	Seda Nkangala	Seda Nkomazi	
Town	Witbank	Malelane	

NORTH WEST RUSTENBURG



Branch District	Seda Bojanala West	Seda Bophirima	Seda Dr. Modiri Molema
Town	Rustenburg	Vryburg	Mafikeng
Branch District	Seda Bonjanala East	Seda Dr. Kenneth Kaunda	
Town	Brits	Klerksdorp	

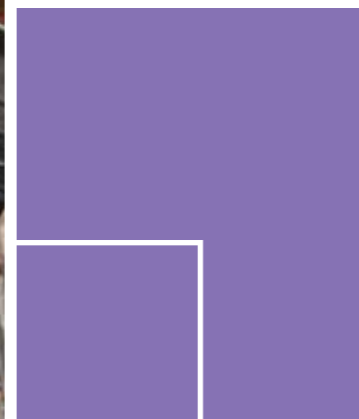
WESTERN CAPE CAPE TOWN



Branch District	Seda Cape Town	Seda Eden	Seda Cape Winelands
Town	Bellville	George	Stellenbosch

"Wherever you see a successful business, someone once made a courageous decision."

Peter Drucker



ROLES OF Seda's OFFICES

Seda national office	<ul style="list-style-type: none"> □ Management, co-ordination and support to the provincial network. □ Funds disbursement and administration. □ Reporting and auditing.
Seda provincial office	<ul style="list-style-type: none"> □ Co-ordination, facilitation and support. □ Marketing and stakeholder relations. □ Service provider identification. □ Vetting and monitoring of district branch. □ Information Center identification and support. □ Performance management.
Seda branch office	<ul style="list-style-type: none"> □ Information, referrals and advice. □ Assessments. □ Counselling. □ Data capturing on small enterprises, service providers and market opportunities.
Seda information centre	<ul style="list-style-type: none"> □ Delivery of products and services. □ Implementation of programmes and projects. □ Identification of opportunities and business linkages for small enterprises. □ Accommodation of public and private sector partners in small enterprise development and support. □ Development, support and monitoring of enterprise information centres.

In addition to the above, the Seda network works closely with private sector partners in order to help Seda deliver its services. While Seda's own staff in branch offices deliver generic services, a large number of specialised service providers are engaged by Seda to provide training programmes and advisory services for Seda customers.



Seda's Services and Programmes

Seda provides non-financial enterprise development and support services through its network of outlets. These include the following services, which are related to basic issues regarding starting or running a business, as well as more complex and specialised business development needs.

- Business registrations
- Business planning
- Access to markets
- Access to finance
- Co-operatives support
- Small enterprise training and mentoring
- Access to technology

Seda is also developing a set of programmes for its customers from particular sectors prioritised in the Asgi-SA, such as crafts and tourism, agri-business, and small-scale mining.

HUMAN RESOURCES REPORT 2009/10

Human resources concentrates on providing services to build human capacity at Seda national office as well as the delivery network. The principal activities for the 2009/10 financial year were:

- Skills audit
- Job evaluation
- HR automisation
- Review of HR policies
- Executive coaching
- Capacity building of staff
- Development of new HR policies

STAFF COMPOSITION AND EMPLOYMENT EQUITY

Table 1: Staff Composition by Business Unit as at 31 March 2010

NAME OF DIVISION/PROVINCE	STAFF LIST (31 MARCH 2010)
National Office	
Human Resources	10
Office of the CEO	16
EDD	48
Corporate Services	37
Finance	19
STP	23
TOTAL NATIONAL OFFICE	153
Provinces	
Eastern Cape	59
Free State	55
Gauteng	17
KwaZulu Natal	57
Limpopo	46
Mpumalanga	48
North West	46
Northern cape	54
Western Cape	37
TOTAL PROVINCIAL	419
GRAND TOTAL	572

* The vacancy rate is 15.38% as at end of March 2010.



Table 2: Staff Employment by Occupational Category and Levels as at 31 March 2010

OCCUPATIONAL BANDS	MALE (31 MARCH 2010)				FEMALE (31 MARCH 2010)				TOTAL
	AFR	COL	IND	WHI	AFR	COL	IND	WHI	
Top and Senior Management	1	1	0	0	2	0	0	1	5
Professionally Qualified and Experienced Specialists and Mid-management	8	3	3	2	7	0	1	0	24
Junior Management, Skilled Technically, Academically Qualified Workers	126	8	6	19	91	8	3	19	280
Semi-skilled and Discretionary Decision Making	26	1	0	1	144	18	2	18	210
Unskilled and Defined Decision Making	3	0	0	0	47	2	0	1	53
TOTAL	164	13	9	22	291	28	6	39	572
%TOTAL	28.67	2.27	1.57	3.85	50.87	4.90	1.05	6.82	100.00

The general Seda employment profile continues to be that of female dominance at 63.6%, with Africans at 79.55%, whilst males make up only 36.36%, with African Males at 28.67%. The process of developing an employment equity plan with clear numerical goals has resumed. An EE Audit for people with disabilities was recently conducted to establish the current status. The profile also shows that all other designated groups are still under-represented collectively.

STAFF TURNOVER RATE

Graph 1: Staff Movement as at 31 March 2010

STAFF TURNOVER FOR 2009/10

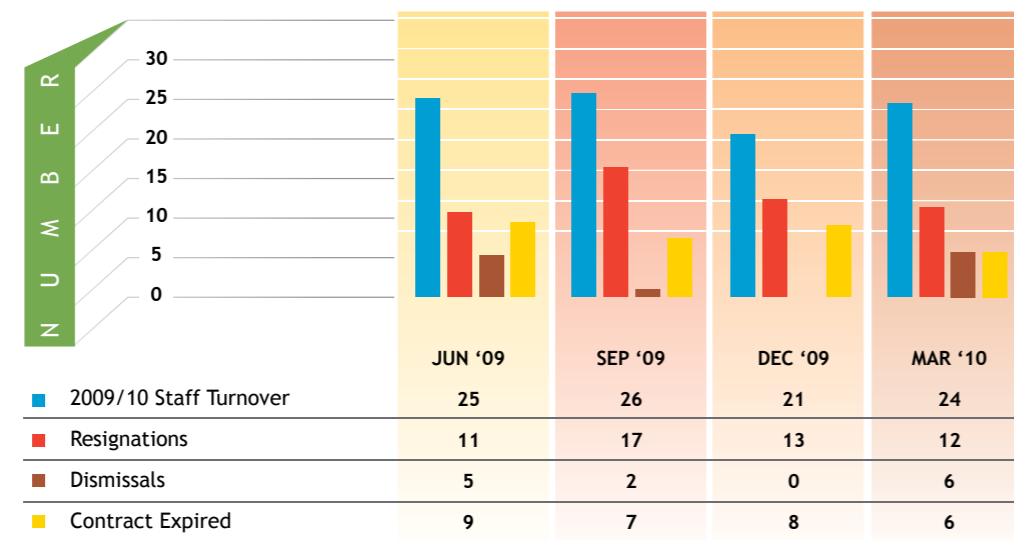


Table 4: Breakdown of Staff Turnover by Occupational Bands

OCCUPATIONAL BANDS	MALE (31 MARCH 2010)				FEMALE (31 MARCH 2010)				TOTAL
	AFR	COL	IND	WHI	AFR	COL	IND	WHI	
	Top Management	0	0	0	0	0	0	0	
Senior Management	0	0	0	0	0	0	0	0	0
Professionally Qualified and Experienced Specialists and Mid-management	18	0	0	3	12	2	0	2	37
Junior Management, Supervisors, Foremen and Superintendents	14	2	0	0	15	6	0	1	38
Semi-skilled and Discretionary Decision Making	5	0	0	0	10	1	0	0	16
Unskilled and Defined Decision Making	0	0	0	0	0	0	0	0	0
Internship and Leaverships									5
Employees with Disabilities	2	0	0	0	3	0	0	0	0
TOTAL	0	0	0	0	0	0	0	0	96
	39	2	0	3	40	9	0	3	



Table 5: HIV/AIDS Health Promotion Programmes

QUESTION	Y/N	DETAILS, IF YES
Does the entity have a dedicated unit or has it designated specific staff members to promote health and wellbeing of employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	Y	The employee wellness manager was appointed and resumed duty in February 2010. The budget provided in the year 2009/10 is R519,596,787
Has the entity introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this programme.	Y	The Employee Wellness Programme covers the following key elements: HIV and AIDS management, Occupational Health and Safety, Employee Assistance (which is mainly the counselling services) and Wellness management.
Has the entity reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	N	There is an HIV and AIDS policy draft.
Has the entity introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	Y	A national health calendar is observed to promote activities that are related to raising awareness regarding HIV and AIDS and protecting the rights of employees who are HIV positive. Employees that are HIV positive and have disclosed their status through the Employee Wellness Programme are provided with reasonable accommodation in line with the Code of Good practice in managing key aspects on HIV and AIDS.
Does the entity encourage its employees to undergo Voluntary Counselling and Testing (VCT)? If so, list the results that you have achieved.	Y	The VCT campaign not yet introduced to employees.





LABOUR RELATIONS

Table 6: Misconduct and Disciplinary Hearings

MEASURES	NO. OF CASES
Disciplinary hearings	26
Warnings issued	-
Suspensions without pay	5
Employees found not guilty	-
Resignations during disciplinary hearings	-
Dismissals/terminations	13
Grievances	12
CCMA disputes pending	13
CCMA disputes concluded	1
Labour Court cases pending	17



Table 7: Outcomes of Disciplinary Hearings

MEASURES	TOTAL
Correctional counselling	7
Verbal warning	-
Written warning	-
Final written warning	5
Suspended without pay	-
Resigned during hearing	-
Fine	-
Demotion	-
Dismissal	13
Not guilty	-
Case withdrawn	1
TOTAL	26

Injury on duty : 02

TRAINING AND SKILLS DEVELOPMENT

Table 6: Technical and/or Operational Training for Practitioners Interacting with Seda Clients (See Annex 1 for detailed Training)

MEASURES	NUMBER OF PARTICIPANTS
Small Enterprise Training	108
Tools Training	158
Capacity Building Programmes	484
TOTAL	750

Assessment and grading was done on 167 Seda Business Advisors during the third quarter of the year. A total of 72 Business Advisors were exposed to International Best Practice during the 2009/10 financial year. 48 visited Taiwan and 24 Brazil.

Table 7: Total Number of Employees who received Study Assistance (Bursaries) per Occupational Band as at 31 March 2009

OCCUPATIONAL BANDS	MALE (31 MARCH 2010)				FEMALE (31 MARCH 2010)				TOTAL
	AFR	COL	IND	WHI	AFR	COL	IND	WHI	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	1	0	0	0	0	0	0	0	1
Professionally Qualified and Experienced Specialists and Mid-management	0	0	0	0	3	2	0	0	3
Junior Management, Skilled Technically, Academically Qualified Workers	0	0	0	0	0	0	0	0	0
Semi-skilled and Discretionary Decision Making	0	0	0	0	0	0	0	0	0
Unskilled and Defined Decision Making	0	0	0	0	0	0	0	0	0
TOTAL	1	0	0	0	0	0	0	0	4

Table 8: Total Number of Employees who Received General Training per Occupational Band as at 31 March 2009

OCCUPATIONAL BANDS	MALE (31 MARCH 2010)				FEMALE (31 MARCH 2010)				TOTAL
	AFR	COL	IND	WHI	AFR	COL	IND	WHI	
Senior Management	24	1	4	3	15	0	0	0	47
Professionally Qualified, Experienced Specialists and Mid-management	105	10	7	17	68	11	2	14	234
Junior Management, Supervisors, Foremen and Superintendents	113	9	6	21	151	34	0	10	344
Semi-skilled and Discretionary Decision Making	16	5	0	4	32	24	0	3	84
Unskilled and Defined Decision Making	30	0	0	0	48	2	2	2	84
Learnerships and Interns	2	1	0	0	0	0	0	0	3
TOTAL	290	26	17	45	314	71	4	29	796



Seda BOARD COMPOSITION

The Small Enterprise Development Agency (Seda) was established in terms of section 9(1) of the National Small Enterprise Act 102 of 1996 as amended by Act 29 of 2004 (herein referred to as “the Act”). The Board, which is the highest decision-making body within the organisation, is appointed by the Minister of Trade and Industry. The Board comprises a non-executive Chairperson, Deputy Chairperson and members with the exception of the Chief Executive Officer (ex officio).

At each sitting the Board deals with strategic issues pertinent to the business of the organisation in pursuit of its mandate. The Seda mandate is prescribed in section 9A of the Act and is supported by multi-year strategic and business plans as per section 16 of the Act as approved by the Minister.

Seda had to accept a few resignations from its Board members during the 2009/10 financial year. Board members, who tendered their resignations effective June 2009 were Ms. Manjezi, Ms. B Calvin and Ms. N Galeni.

Mr. Tshilidzi Nemahagala from the Department of Trade and Industry was appointed to the Board as Ms. Manjezi’s replacement. Listed on page 62 are the Board members and the attendance schedule at Board meetings:

Seda BOARD MEETINGS ATTENDANCE

	29/05 2009	29/06 2009	27/07 2009	28/09 2009	2/12 2009	03/03 2010
Ms. H Lupuwana	x	x	x	x	x	x
Mr. LJ Mngomezulu	x	x	x	x	x	x
Ms. D Mokhobo	x	x	x	x	x	x
Mr. TMS Matang	x	x	x	x	x	x
Ms. TB Nkambule	x	x	x	x	x	x
Prof. NHB Faull	x	x	x	x	x	x
Ms. QN Mogotsi	x	x	x	x	x	x
Ms. M Manjezi	x	x	x	x	x	x
Mr. MJ Feinstein	x	x	x	x	x	x
Ms. N Dinie	x	x	x	x	x	x
Prof. NHB Faull	x	x	x	x	ap	x
Ms. QN Mogotsi	x	ap	ap	ap	x	ap
Mr. MJ Feinstein	x	x	x	x	x	x
Ms. N Dinie	x	x	x	x	x	x
Adv. F Mayimele-Hashatse	x	ap	x	x	x	x
Ms. P Lugayeni	x	x	x	x	x	x
Mr. D Thabaneng	x	ap	x	x	x	x
Ms. P Lugayeni	x	x	x	x	x	x
Ms. M Manjezi	x	R	x	x	x	x
Ms. B Calvin	ap	ap	ap	R	R	R
Ms. N Galeni	x	ap	ap	ap	R	R
Mr. T Nemahagala	NYA	x	x	x	x	x

x Denotes Attendance a Denotes Absent
 Ap Denotes Apology N/A Denotes Not Applicable
 R Denotes Resignation TSF Denotes Terms of Service Finished
 NYA Denotes Not Yet Appointed

In order to best deliver on its mandate and assist the Board in discharging its collective responsibilities for corporate governance, several Board Committees have been established. The Committees operate within prescribed terms of reference and comprise mainly of Non-executive Board Members.

Remuneration and HR Committee

The primary objective of the Remuneration and HR Committee is to develop and monitor the implementation of a competitive human resources strategy to ensure that the entity is able to attract, retain and develop the best possible talent to support superior business performance.

Mr. Martin Feinstein is the Chairperson of the Committee. The table reflected below reflects the Sub-committee meeting attendance during the 2008/09 financial year.

	07/05 2009	20/05 2009	24/06 2009	10/07 2009	09/09 2009	19/11 2009	18/02 2010	04/03 2010	Joint Finance and HR 17/03 2010
Ms. H Lupuwana	x	x	x	x	ap	ap	x	N/A	N/A
Mr. MJ Feinstein	x	x	x	x	x	x	x	x	x
Ms. TB Nkambule	x	x	x	x	a	x	x	x	x
Ms. QN Mogotsi	x	ap	x	ap	x	x	x	x	x
Adv. F Mayimele-Hashatse	x	ap	ap	x	x	x	x	x	ap

* Joint HR meeting is the same meeting as Finance.

x Denotes Attendance a Denotes Absent
 ap Denotes Apology N/A Denotes Not Applicable
 R Denotes Resignation TSF Denotes Terms of Service Finished
 NYA Denotes Not Yet Appointed

Audit and Risk Committee

The Committee fulfils a vital role in corporate governance. Its function is to assist the Board in discharging its duties relating to the safeguarding of assets, oversight on the operation of adequate systems and controls, the assessment of going concern status, the reviewing of and reporting on financial information and the review of the annual financial statements for recommendation to the Board. Its primary function is to oversee the integrity of integrated reporting, and to assess Seda's ability to meet its mandate and or service delivery requirements.

The Committee was chaired by Mr. RG Nicholls whose term of service officially ended on 31 May 2009. The Board appointed the new committee Chairperson, Mr. Joseph Lesejane, who commenced duties on 1 June 2009. The committee also comprised of the following members who resigned during the financial year 2009/10: Mr. AJ Motha who was a co-opted member, Ms. N Galeni and Ms. B Calvin.

The Committee met more than twice a year as prescribed in terms of Section 77(b) of PFMA. The members of the Committee are listed below.

Seda BOARD MEETINGS ATTENDANCE CONTINUED...

	Joint Finance and ARC 26/05 2009	20/07 2009	Joint Finance and ARC 27/07 2009	24/11 2009	02/03 2010
Ms. H Lupuwana	ap	x	x	x	x
Mr. R Nicholls	x	TSF	TSF	TSF	TSF
Mr. J Lesejane	NYA	x	x	x	x
Ms. D Mokhobo	ap	ap	x	x	ap
Ms. B Calvin	ap	ap	ap	R	R
Mr. K Roelofse	x	x	x	x	x
Mr. J Motha	ap	x	x	x	a

x Denotes Attendance a Denotes Absent
 ap Denotes Apology N/A Denotes Not Applicable
 R Denotes Resignation TSF Denotes Terms of Service Finished
 NYA Denotes Not Yet Appointed

Finance Committee

Its mandate is to review Seda's financial statements and other reports to ensure that they fairly represent the financial position of Seda. The Committee also considers the accounting policies and practices adopted by Seda.

The Chairperson of the Committee is Ms. Tholi Nkambule. The table below reflects the schedule of meetings attended by the Committee Members.

	Joint Finance and ARC 26/05 2009	Joint Finance and ARC 27/07 2009	24/11 2009	11/03 2010	Joint Finance and HR 17/03 2010
Ms. H Lupuwana	ap	x	x	x	N/A
Ms. TB Nkambule	x	x	x	x	x
Ms. P Lugayeni	x	x	x	x	x
Mr. D Thabaneng	x	x	x	x	x
Ms. M Manjezi	x	R	R	R	R
Ms. B Calvin	ap	R	R	R	R
Ms. N Galeni	x	ap	R	R	R
Mr. T Nemahagala	NYA	x	x	a	a

* Joint Finance meeting is the same meeting as HR meeting.

x Denotes Attendance NYA Denotes Not Yet Appointed
 ap Denotes Apology N/A Denotes Not Applicable
 R Denotes Resignation a Denotes Absent



Strategy and Projects Committee

The main function of the Projects and Strategy Committee is to offer strategic direction to the Seda Executive Management team by recommending strategic actions to the Board.

The Chairperson of the Committee is Mr. Tsietsi Matang. The members of the Committee are listed below.

	20/05 2009	28/07 2009	28/09 2009	29/10 2009	04/11 2009	25/11 2009	28/01 2010	25/03 2010
Ms. H Lupuwana	x	x	x	x	x	x	x	x
Mr. LJ Mngomezulu	ap	x	x	ap	x	ap	ap	ap
Mr. TMS Matang	x	x	x	x	x	x	x	x
Prof. NHB Faull	x	x	x	x	x	ap	x	x
Mr. MJ Feinstein	x	x	x	x	x	x	x	x
Ms. N Dinie	x	x	x	x	x	x	x	x
Ms. P Lugayeni	x	x	x	x	x	ap	x	x
Ms. M Manjezi	x	R	R	R	R	R	R	R
Mr. T Nemahagala	NYA	x	x	a	a	x	x	x

x Denotes Attendance a Denotes Absent
 ap Denotes Apology N/A Denotes Not Applicable
 R Denotes Resignation TSF Denotes Terms of Service Finished
 NYA Denotes Not Yet Appointed



Seda BOARD MEETINGS ATTENDANCE CONTINUED...

Seda Technology Programme Committee

The function of the Committee is to formulate and manage the Seda Technology Programme (STP) strategy and policies that are aligned with Seda's overall business strategy. The Committee's task is to review, assess, implement and make recommendations to the Seda Board on STP's strategy and policies.

	19/05 2009	15/07 2009	11/11 2009	03/02 2010
Ms. H Lupuwana	ap	ap	x	x
Ms. M Manjezi	x	R	R	R
Mr. T Nemahagala	NYA	x	x	x
Mr. V Zondi	x	x	x	x
Mr. E Baloyi	x	x	x	x
Dr. J Potgieter	x	ap	x	x
Mr. P Mtsweni	x	x	ap	x
Prof. N Faull	ap	x	x	x
Ms. N Dinie	x	x	x	x

x Denotes Attendance
 ap Denotes Apology
 R Denotes Resignation
 NYA Denotes Not Yet Appointed
 a Denotes Absent

Monitoring and Evaluation Committee

The newly established Committee's main function is to provide strategic advice to Executive Management on the development and implementation of an organisation-wide monitoring and evaluation system.

	11/05 2009	07/07 2009	28/10 2009	27/01 2010
Ms. H Lupuwana	x	x	x	x
Mr. TMS Matang	x	x	x	x
Prof. N Faull	x	x	x	x
Ms. P Lugayeni	x	x	x	x
Ms. B Calvin	ap	ap	R	R
Ms. N Galeni	x	x	ap	R

x Denotes Attendance
 ap Denotes Apology
 R Denotes Resignation



Seda BOARD MEETINGS ATTENDANCE CONTINUED...

Executive Board Committee

The newly established Committee's main function is to attend to the organisational matters that need urgent and critical attention before the Board can meet.

	16/04 2009	30/04 2009	26/06 2009	21/07 2009	14/09 2009	27/11 2009	25/01 2010	01/02 2010	17/02 2010	29/03 2010
Ms H Lupuwana	x	x	x	x	x	x	x	x	x	x
Mr. LJ Mngomezulu	x	x	x	x	x	x	x	x	x	x
Ms D Mokhobo	x	x	ap	x	x	ap	x	x	x	x
Ms TB Nkambule	x	x	x	x	x	x	x	x	x	x
Adv. F Mayimele -Hashatse	x	x	x	x	x	x	x	x	x	x

x Denotes Attendance
 a Denotes Absent
 ap Denotes Apology



Code of Ethics

Seda's Board of Directors, Management and Employees recognise the need to observe the highest standards of behavior and business ethics when engaging in business activities. All directors and employees are expected to act in accordance with the law of the Republic of South Africa, honour the Constitution and abide by it in the execution of daily tasks. A Code of Ethics has been adopted by the Board as a guide to expected behaviours and practices within Seda. Seda is committed to good corporate governance incorporating the four values of responsibility, accountability, fairness and transparency.

Internal Controls

The Board has overall responsibility for establishing and maintaining Seda's internal controls and also for reviewing the effectiveness thereof. The close professional working relationship between the external and internal auditors ensure that adequate and efficient audit reviews of these controls take place for effective and efficient management of systems.



ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2010

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REPORT OF AUDIT AND RISK COMMITTEE(ARC)

We are pleased to present our report for the year ended 31 March 2010.

The Audit & Risk Committee of the Small Enterprise Development Agency (Seda) is composed of non-executive members including an externally contracted independent chairperson. The ARC hereby reports that it has complied with its responsibilities as prescribed in terms of section 51(1) (a) and 77 of the Public Finance Management Act and Treasury Regulation 27.1.10.

The ARC has adopted appropriate formal terms of reference as its Audit and Risk Committee Charter and has accordingly regulated its affairs in compliance with this Charter. It has held 4 (four) scheduled meetings during the 2009/10 financial year and discharged all of its responsibilities contained in the Charter. This Committee elevates and escalates any unresolved issues of concern to the Seda Board of Directors. Internal and external auditors also report on relevant issues identified to the ARC and these are dealt with accordingly.

In the conduct of its duties, the ARC has, inter alia, performed the following activities:

- Received and reviewed reports from both the internal and the external auditors concerning the effectiveness of Seda's internal control systems, risk management and corporate governance processes.
- Assessed the policies and procedures introduced by management to ensure that accounting systems and related controls are adequate and functioning effectively.
- Identified major risks which Seda may be exposed to, and verified that the related internal control systems are adequate and effective to mitigate these risks.
- Reviewed the risk areas of Seda's operations and confirmed that these are appropriately dealt with in the scope of work of both internal and external audits.
- Reviewed the annual financial statements prior to publication, for both fair presentation, and conformity with relevant accounting standards and practices.
- Assessed the adequacy, reliability and accuracy of financial information provided by management to all users of such information.
- Considered all accounting and auditing concerns identified as a result of internal and external audits.
- Reviewed the activities of the internal audit function and its annual work programme, that it is co-ordinated with external auditors.
- Reviewed reports of significant investigations and the management's responses to specific recommendation.

In the opinion of the ARC, the internal controls of Seda are, with the exception of certain weaknesses set out in the report of the Auditor-General, considered appropriate to:

- Meet the business objectives of Seda;
- ensure that Seda's assets are safeguarded; and
- ensure that transactions undertaken are recorded in Seda's records.

Internal Audit

Seda has a fully functional and effective internal audit. The internal audit plan activities for the year were all carried out. The ARC will continue to monitor management's planned actions on all significant findings for effective and speedy resolution. "Aftercare service" on projects still remains firmly on the radar of the ARC.

The planned focus on projects and performance information is very important in addressing the key risks in the revised risk register. Seda is hard at work collating baseline information which will then form the foundation of its target measurement.

During the year, the internal audit activity underwent an external quality assurance review ("QAR") by an independent quality assurance reviewer. We are pleased to report that the outcome was a clean report (*Generally Conforms*). This further provides comfort on the effectiveness of the internal audit assurance provision.

Internal Controls

The appointment of the current Chief Financial Officer in January 2009 contributed to the stabilisation of the control environment in the Finance Division. This has resulted in further improvements on the year-end processes. Control, in general, has improved in the organisation, especially due to the consistent focus on these by Senior Management's Executive Committee ("EXCO").

Risk Management

The Seda Board of Directors takes full control and accountability of risk management. As in the previous year, risk management workshops were held by Management to re-assess the risk as per the risk register. These risks were then considered and signed off by the Board. Risk Management is now firmly on EXCO's agenda; the risk register contains detailed plans of action and is tabled there monthly and escalated to the ARC on a quarterly basis. We note that both internal and external audits confirmed that risk management at Seda is effective.

Governance

The ARC continued to assist the Board through the review of the effectiveness of Corporate Governance during the year. The management of projects, being Seda's key delivery mechanism, continues to enjoy attention by all internal stakeholders. Governance review around the Board turnaround, fraud prevention strategies and implementation plans by internal audits highlighted a few significant control weaknesses which have now been substantially addressed by management. King III on Corporate Governance came into effect very recently. Seda has started processes of enhancing its governance processes by considering these revised governance principles. Our overall conclusion is that governance processes are adequate.

Conclusions of the Auditor-General:

- The ARC has reviewed and discussed with the Auditor-General and recommended to the Accounting Authority the audited annual financial statements and auditors' report to be included in the annual report.
- The Auditor-General's management letter and management responses thereto.
- Significant adjustments resulting from the audit.

The ARC concurs with and accepts the conclusions of the Auditor-General on the financial statements and is of the opinion that the audited financial statements be accepted and read together with the report of the Auditor-General.

Mr. Motshwanedi Joe Lesejane CA(SA)

REPORT OF THE AUDITOR-GENERAL REPORT ON THE FINANCIAL STATEMENTS

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE SMALL ENTERPRISE DEVELOPMENT AGENCY FOR THE YEAR ENDED 31 MARCH 2010

Introduction

I have audited the accompanying financial statements of the Small Enterprise Development Agency, which comprise the statement of financial position as at 31 March 2010, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and the accounting authority's report, as set out on pages 76 to 85.

Accounting Authority's Responsibility for the Financial Statements

The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and in the manner required by the Public Finance Management Act of South Africa. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material mis-statement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor-General's Responsibility

As required by section 188 of the Constitution of South Africa and section 4 of the Public Audit Act of South Africa, my responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with International Standards on Auditing and General Notice 1570 of 2009 issued in Government Gazette 32758 of 27 November 2009. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material mis-statement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material mis-statement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Small Enterprise Development Agency as at 31 March 2010, and its financial performance and its cash flows for the year then ended, in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and in the manner required by the Public Finance Management Act of South Africa.

Emphasis of matter

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

Restatement of corresponding figures

As disclosed in note 8 to the financial statements, the corresponding figures for 31 March 2009 have been restated as a result of an error discovered during the financial year ending 31 March 2010 in the financial statements of the Small Enterprises Development Agency at, and for the year ended, 31 March 2009.

Irregular expenditure

As disclosed in note 23 to the financial statements, irregular expenditure to the amount of R3 632 466 was incurred as the proper delegation of authority had not been followed.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the PAA of South Africa and General notice 1570 of 2009, issued in Government Gazette No. 32758 of 27 November 2009 I include below my findings on the report on predetermined objectives, compliance with the PFMA and financial management (internal control).

Findings

Predetermined objectives

- Usefulness of reported performance information

The following criteria were used to assess the usefulness of the planned and reported performance:

- Consistency: Has the entity reported on its performance with regard to its objectives, indicators and targets in its approved annual performance plan, i.e. are the objectives, indicators and targets consistent between planning and reporting documents?
- Relevance: Is there a clear and logical link between the objectives, outcomes, outputs, indicators and performance targets?
- Measurability: Are objectives made measurable by means of indicators and targets? Are indicators well defined and verifiable, and are targets specific, measurable, and time bound?

The following audit findings relate to the above criteria:

Incomplete reporting on all predetermined objectives, indicators and targets.

The actual achievements with regard to 15% planned indicators and targets specified in the annual performance plan for the year under review, for the selected objectives, were not reported in the annual performance report submitted for audit purposes. The following indicators were excluded:

- Number of business projects adopted,
- number of resources/partnerships leveraged to co-operatives,
- number of clients assisted.

Planned and Reported Indicators not well Defined

For the selected objectives, 45% of the planned and reported indicators were not clear, with an ambiguous definition which did not allow for data to be collected consistently. This resulted in inconsistent use of source documents and collection of data at input level. The following indicators were affected, and could not be adequately verified:

- Number of clients trained
- % of clients assessed by business advisors through “improvement assessment”
- Number of new clients attracted
- % of new clients converted into registered clients of Seda
- % of registered clients converted into clients working with
- % of service level agreements which are fully compliant
- Number of clients registered as Seda clients during the year
- Number of new clients working with
- Number of other active clients working with

Reliability of Reported Performance Information

The following criteria were used to assess the reliability of the planned and reported performance:

- **Validity:** Has the actual reported performance occurred and does it pertain to the entity i.e. can the reported performance information be traced back to the source data or documentation?
- **Accuracy:** Amounts, numbers and other data relating to reported actual performance has been recorded and reported appropriately.
- **Completeness:** All actual results and events that should have been recorded have been included in the reported performance information.

Reported indicators not reliable when compared to source information.

For the selected objectives 20% of the indicators could not be verified as sufficient appropriate audit evidence and/or relevant source documentation could not be provided for audit purposes:

- % of compliance with Standard Operating Procedures in Seda branches
- % of Seda practitioners evaluated “good or excellent” by clients
- Number of operational collectively owned enterprises
- % of client data verified

INTERNAL CONTROL

I considered internal control relevant to my audit of the financial statements and the report on predetermined objectives and compliance with the PFMA, but not for the purposes of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the deficiencies identified during the audit.

Financial and Performance Management

Adequacy of systems utilised in the preparation of the report on predetermined objectives Manual or automated controls are not designed to ensure that the transactions for reporting of predetermined objectives have occurred and are completely and accurately processed.

Quality, Reliable Monthly Management Information

Pertinent information is not identified and captured in a form and time frame to support performance reporting.

Auditor-General

Pretoria

31 July 2010



REPORT OF THE ACCOUNTING AUTHORITY

We have pleasure in presenting the audited Annual Financial Statements which forms part of the Annual Report of Seda for the period ending 31 March 2010.

Nature of Business

Seda was established in December 2004 by the South African government as the national agency under the Department of Trade and Industry (the dti). Functions of Seda have been set forth in the Revised National Small Business Amendment Act (as amended by Act 29 of 2004) as follows:

- Implement the policy of national government for small enterprise development.
- Design and implement a standard national delivery network that must uniformly apply throughout the Republic in respect of small enterprise development, integrating all government-funded small enterprise support agencies, across all spheres of government.
- Design and implement small enterprise development support programmes.
- Establish provincial structures to ensure the effective implementation of its function.

Seda is listed as a Schedule 3A national public entity in terms of the Public Finance Management Act (PFMA), Act 1 of 1999.

Seda's Business Model

The following main services form the basis of Seda's core offerings:

- Business registrations
- Business planning
- Tender advice and training
- Access to finance
- Co-operative support
- Small enterprise training
- Access to technology (done through the Seda Technology Programme).

Seda also assists small enterprises through a number of sector specific and national programmes. The following programmes were part of Seda's service offerings in the 2009/10 financial period:

- Unizo Go North programme for business linkages;
- SEBRAE/Taiwan – International Best Practice for Business Advisors to improve their business advise capacity;
- Shintsha programme for capacity building and mentorship; and
- Programmes in the following areas:
Agri-business;
Tourism and cultural industries;
Franchise Support; and
Export Development.



Target Market

Seda is targeting small enterprises in every community of South Africa and has focused its efforts as follows:

- 80% on new businesses being formed; micro businesses striving to achieve sustainability; and very small business striving to become viable in the first economy.
- 20% on existing small and medium-sized enterprises that would like to become more competitive and those with potential to grow and create job opportunities, as well as enter the export market.

Local Delivery

To ensure effective delivery, Seda has created a network of nine provincial offices, 42 district branches, eight mobile units and 50 Enterprise Information Centres where prospective and existing clients have access to a physical office, staffed by competent staff with the necessary tools and systems. Provincial offices play a co-ordinating role while actual delivery happens at the branches. EIC's and mobile units enhance outreach in some areas and are primarily used for information, counselling and referrals to Seda branches or approved service providers.

Our Seda Technology Programme incubates and offers technological and business support to SMMEs through a network of 29 sector specific incubators.

Funding Model

The majority of Seda's funding is from **the dti** (84.4%) by means of a parliamentary grant.

Additional funding for the 2009/10 financial year was received from the Finnish Government (4.8%) and also from provincial and local governments (2.6%).

Supporting Local Economies

As much as possible, Seda tries to recruit skilled staff and providers from local areas, as they have more knowledge of the local economic conditions. Local economic support is also done through accrediting local organisations as Enterprise Information Centres and utilising local suppliers.

AUDITED FINANCIAL RESULTS

	2010 <i>R'000</i>	2009 <i>R'000</i>
Total revenue	484,751	559,417
Total expenditure	(521,428)	(482,220)
(Deficit)/Surplus for the year	(36,677)	77,197
TOTAL ASSETS	213,879	247,147
TOTAL LIABILITIES	(142,435)	(139,026)

Financial Performance

Total revenue decreased from R559 million to R485 million as a result of decreased funding from **the dti**, as well as other government entities. This, in addition to an increase in total expenditure, resulted in Seda incurring a deficit of R37 million in the year under review. The deficit was funded from the 2008/09 retained funds as approved by National Treasury.

Financial Position

Total assets decreased by R33 million mainly on account of the decrease in bank balances. Total liabilities dropped due to a decrease in conditional grants, of which the unspent portion is shown as income received in advance. The total assets:total liabilities ratio, at 1.50:1, has been maintained above the norm of 1:1.

Cash Flow

Cash flows used in operations were R22 million, a significant decrease from 2009 where R133 million was generated in operating activities. The decrease is attributed to the utilisation of the 2008/09 retained surplus during the year under review. Cash flows utilised in investing activities amounted to R20 million due to purchase of equipment. Cash and cash equivalents decreased by R44 million for the 2009/10 financial year.

Capital Expenditure

Expenditure on capital items of R20 million was mainly to maintain existing operations, as well as upgrade of the ICT infrastructure and network.

Events Subsequent to Reporting Date

No events took place between the period end date and the date at which the financial statements were signed that were material enough to warrant disclosure to interested parties.

Executive Management

The Executive Committee (EXCO) is made up of the executive management of all the Seda divisions. EXCO meets fortnightly, and its responsibilities include:

- Implementing Seda's strategy and business plan.
- Developing and implementing policies and procedures.
- Setting objectives for Seda's operational management and administration.
- Providing management direction.
- Preparing and reviewing business plans and budgets.
- Making key expenditure decisions.
- Making decisions with respect to staffing and related issues.

Number of Employees

The number of staff employed as at 31 March 2010 was 563.

Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure in the amount of R27,795 was incurred during the year under review in respect of interest paid.

Management Response

Management has continued improving the organisation's control environment with the aim of eliminating contraventions of policies and procedures. Also, our Supply Chain Management Policy and related procedures were reviewed to improve operational efficiency without compromising compliance. This has gone a long way towards assisting management with the proper control and compliance, organisation-wide is proven by the positive external audit results.

Materiality Framework

For the 1 April 2009 to 31 March 2010 period, Seda's materiality was 1% of total budgeted expenditure. Material facts of a quantitative nature that need to be disclosed would refer to any item discovered that exceeds this percentage.

Management Changes

There were no management changes at the Executive Management level for the period under review. The Acting Executive Manager: Mr. Jayesh Ravjee of the Seda Technology Programme (STP) joined the Seda Executive team during the middle of the financial year following the Board's decision to incorporate STP fully into Seda.



SIGNIFICANT EVENTS

Control Environment

Management is implementing the Financial Management Improvement Plan which was approved by the Board on 18 March 2009 in order to, *inter alia*, strengthen the control environment.

The Audit and Risk Committee has been fully functional during the 2009/10 financial year and several internal audits were conducted throughout the year. The audit findings were discussed and action plans implemented.

Statement of Responsibility

The Board, which is the Accounting Authority of Seda, is responsible for the preparation, integrity and fair representation of the financial statements and performance information of Seda in accordance with:

- The Public Finance Management Act (PFMA), Act 1 of 1999;
- Standards of Generally Recognised Accounting Practice (GRAP); and
- South African Statements of Generally Accepted Accounting Practice (SA GAAP).

The financial statements are based on appropriate accounting policies which have been consistently applied during the period under review and which are supported by reasonable and prudent judgements and estimates. They include entries based on judgements and estimates made by management. The Accounting Authority, in consultation with the Executive Committee, prepared the other information included in the annual report and is responsible for both its accuracy and its consistency with the financial statements.

The going concern basis has been adopted in preparing the annual financial statements. The Board has no reason to believe that Seda will not be a going concern in the foreseeable future based on forecasts and available cash resources as indicated below.

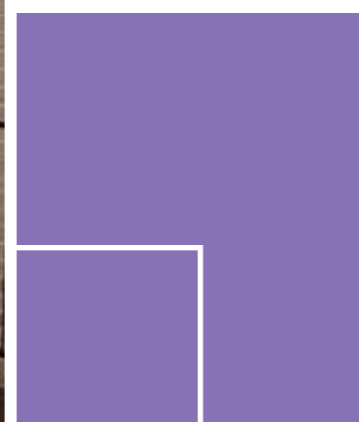
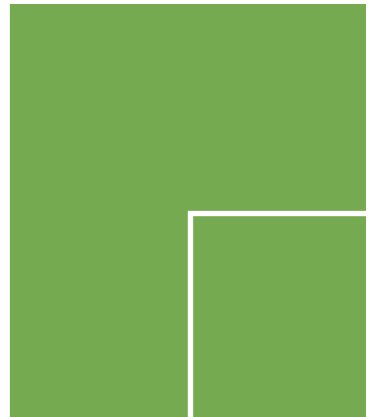
	R'000
the dti	409,497
Finnish government – donor funding	23,472
Other government departments and Entities	37,868
Internally generated funds (interest received, etc)	13,914

The Board is also responsible for the Seda system of internal controls. These are designed to provide reasonable, but not absolute, assurance as to the accuracy of the financial statements and to adequately safeguard, verify and maintain accountability of assets. These controls are monitored throughout Seda by management and employees with the necessary segregation of authority and duties. Processes are in place to monitor internal controls, identify material breakdowns and implement timely corrective action.

The financial statements are audited by an independent auditor, the Auditor-General. The auditor is given unrestricted access to all financial and performance records and related data, including minutes of all meetings of the Board, Executive Management and other. The Accounting Authority believes that all representations made to the auditors during the audit are valid and appropriate.

"Nobody talks about entrepreneurship as survival, but that's exactly what it is and what nurtures creative thinking."

Anita Roddick



STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 31 MARCH 2010

	Notes	2010 R	2009 R
<i>Revenue</i>			
Transfers from other government entities		409,497,000	484,770,000
External earnings		61,340,009	61,745,671
Interest received		13,914,397	12,901,064
TOTAL REVENUE	2	484,751,406	559,416,735
<i>Expenses</i>			
Personnel cost		(169,603,557)	(165,899,303)
Programme, projects and other Administrative expenses		(339,081,193)	(302,469,431)
Depreciation	7	(10,511,753)	(9,602,254)
Finance costs		(2,206,698)	(4,210,205)
Loss on sale of plant and equipment		(24,978)	(38,586)
TOTAL EXPENSES	3	(521,428,179)	(482,219,779)
(DEFICIT)/SURPLUS FOR THE YEAR		(36,676,773)	77,196,956

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2010

	Notes	2010 R	Restated 2009 R
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	4	162,081,742	206,449,797
Accounts receivable	5	6,416,377	4,996,407
Inventories	6	398,817	330,328
<i>Non-current assets</i>			
Plant and equipment	7 & 8	44,982,310	35,370,661
TOTAL ASSETS		213,879,246	247,147,193
LIABILITIES			
<i>Current liabilities</i>			
Accounts payable	9	94,652,323	95,233,067
Current portion of finance lease obligations	10	(161,407)	(95,869)
Provisions	11	13,143,726	12,136,544
<i>Non-current liabilities</i>			
Long-term portion of finance lease obligation	10	12,333,390	12,168,518
Grants received	8	7,641,424	7,641,424
Operating lease liability		14,825,436	11,942,382
TOTAL LIABILITIES		142,434,892	139,026,066
NET ASSETS		71,444,354	108,121,127
ACCUMULATED SURPLUS		71,444,354	108,121,127
TOTAL NET ASSETS		71,444,354	108,121,127

STATEMENT OF CHANGES IN NET ASSETS AS AT 31 MARCH 2010

	Accumulated Surplus R
<i>Balance at 31 March 2007</i>	<i>94,304,422</i>
Deficit for the year – 2007/08	(63,380,251)
<i>Balance at 31 March 2008</i>	<i>30,924,171</i>
Surplus for the year – 2008/09	77,196,956
<i>Balance at 31 March 2009</i>	<i>108,121,127</i>
Deficit for the year – 2009/10	(36,676,773)
BALANCE AT 31 MARCH 2010	71,444,354

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

	Notes	2010 R	Restated 2009 R
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Receipts</i>			
External earnings	15	59,920,039	102,618,503
Transfers from government entities		409,497,000	484,770,000
Interest received		13,914,397	12,901,064
<i>Payments</i>			
Personnel cost		(169,603,557)	(165,899,303)
Suppliers		(333,991,540)	(296,777,280)
Finance cost	3	(2,206,698)	(4,210,205)
NET CASH FLOWS (USED IN) / FROM OPERATING ACTIVITIES	15	(22,470,359)	133,402,779
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of equipment	7	(20,865,317)	(7,423,585)
Loss on sale of plant and equipment	15	716,938	(38,586)
NET CASH USED IN INVESTING ACTIVITIES		(20,148,380)	(7,462,171)
CASH FLOWS FROM FINANCING ACTIVITIES			
Refund of unspent funds – STP	15	(1,845,185)	(1,554,904)
Repayments on finance leases		95,869	(621,305)
NET CASH (USED IN) FINANCING ACTIVITIES		(1,749,316)	(2,176,209)
Net (decrease)/increase in cash and cash equivalents		(44,368,055)	123,764,399
Cash and cash equivalents at the beginning of the year		206,449,797	82,685,398
CASH AND CASH EQUIVALENTS AT END OF YEAR	4	162,081,742	206,449,797

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

1. ACCOUNTING POLICIES

The financial statements were prepared on a historical cost basis in accordance with Standards of Generally Recognised Accounting Practice, South African Statements of Generally Accepted Accounting Practice and the Public Finance Management Act 1999 (Act 1 of 1999) as amended. The financial statements have been prepared on a going concern basis. The accounting policies have been applied consistently throughout the year and agrees to the accounting policies applied in the previous financial year except where explicitly stated. (Refer to 1.19).

1.1. Basis of Preparation

In terms of section 55(1) of the Public Finance Management Act, Seda is required to comply with South African Statements of Generally Accepted Accounting Practice, unless the Accounting Standards Board approves the application of Generally Recognised Accounting Practice.

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

During the year, Seda adopted a number of standards of GRAP which became effective for the current financial period. A brief description of these standards as well as an estimate of the impact is contained in Note 1.1.2. A full list of the GRAP Framework is contained in Directive 5.

In the absence of a GRAP standard, the GRAP hierarchy in GRAP 3 – Accounting policies, changes in accounting estimates and errors are used to develop an appropriate accounting policy. In terms of GRAP 3, judgement must be used when developing an accounting policy. In applying judgement, GRAP 3 requires that management refers to, and considers the applicability of, the following sources in descending order:

- (a) the requirements and guidance in Standards of GRAP dealing with similar and related issues; and
- (b) the definitions, recognition criteria and measurement concepts for assets, liabilities, revenue and expenses set out in the Framework for the Preparation and Presentation of Financial Statements.

These accounting policies are consistent with the previous period, except for the changes set out in Note 1.1.2.

The annual financial statements have been prepared on a historical cost basis, except for the measurement of certain financial instruments at fair value less point of sale costs, and incorporate the principal accounting policies set out below.

Seda concluded that the annual financial statements present fairly its financial position, financial performance and cash flow.



1.1.1. Adoption of New and Revised Standards

During the year, Seda adopted a number of standards of GRAP which became effective for the current financial period. A brief description of these standards as well as an estimate of the impact is contained below. A full list of the GRAP Framework is contained in Directive 5.

The following standards, amendments and interpretations which are relevant to Seda have been adopted in these financial statements:

GRAP 9 – Revenue from Exchange Transactions

The definition of revenue in terms of GRAP 9 incorporates the concept of service potential. Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Entities may derive revenues from exchange or non-exchange transactions.

An exchange transaction is one in which the entity receives resources or has liabilities extinguished, and directly gives approximately equal value to the other party in exchange.

Non-exchange revenue transaction is a transaction where an entity receives value from another entity without directly giving approximately equal value to the other party in exchange.

An entity recognises revenue when it is probable that economic benefits or service potential will flow to the entity, and the entity can measure the benefits reliably.

GRAP 9 clarifies that this standard only applies to revenue from exchange transactions. This standard will not have a material impact on Seda.

GRAP 13 – Leases

GRAP 13 incorporates additional guidance of the concept of substance and legal form of a transaction, to illustrate the difference between lease and other contracts and on operating lease incentives.

In certain circumstances, legislation may prohibit the entering into certain types of lease agreements. If the entity has contravened these legislative requirements, the entity is still required to apply the requirements of GRAP 13.

Other than the above-mentioned requirements, there is no other impact on the initial adoption of GRAP 13.

GRAP 14 – Events after the Reporting Date

An event, which could be favorable or unfavorable, that occurs between the reporting date and the date when the annual financial statements are authorized for issue. The impact of the statement is not material.

GRAP 16 – Investment Property

This statement prescribes the accounting treatment for investment property and related disclosure requirements. This impact of the standard is not material.

GRAP 17 – Property Plant and Equipment

GRAP 17 does not require or prohibit the recognition of heritage assets, but if an entity recognises heritage assets it needs to comply with the disclosure of GRAP 17 disclosure requirements.

Additional commentary has been included to clarify the applicability of infrastructure assets to be recognised in terms of GRAP 17.

Where an entity acquires an asset through a non-exchange transaction, i.e. for a nominal or no consideration, its cost is its fair value as at date of acquisition.

The disclosure requirement for temporarily idle, fully depreciated property; plant and equipment for property; and plant and equipment that are retired from active use is required in GRAP 17 whereas IAS 16 only encourages this disclosure.

The impact of the standard is not material but will result in additional disclosure.

GRAP 19 – Provisions, Contingent Liabilities and Contingent Assets

GRAP 19 excludes from its scope those provisions and contingent liabilities arising from social benefits for which it does not receive consideration that is approximately equal to the value of goods and services provided directly in return from the recipients of those benefits.

For the purposes of GRAP 19, “social benefits” refers to goods, services and other benefits provided in the pursuit of the social policy objectives of a government. This Standard includes guidance on the accounting of these social benefits.

Outflow of resources embodying service potential also needs to be considered when assessing if a present obligation that arises from past events exists or not.

Additional disclosure requirements for each class of provision regarding reductions in the carrying amounts of provisions that result from payments or other outflows of economic benefits or service potential made during the reporting period, and reductions in the carrying amounts of provisions resulting from re-measurement of the estimated future outflow economic benefits or service potential, or from settlement of the provisions without cost to the entity. The impact of the standard is not material.

1.1.2. Standards and Interpretations Issued, but not yet Effective

Standards issued but not yet effective up to date of issuance of Seda’s financial statements are listed below. As at date of this report, the Minister had not yet announced an effective date for these standards. A list of the interpretations that have been issued, but are not yet effective, has also been provided. These will be adopted when they become effective.

The impact of the standard is not yet known.



STANDARD OR INTERPRETATION

Effective Date

Applicable to Seda:

GRAP 21:	Impairment of non-cash generating assets	None announced
GRAP 24:	Presentation of budget information in financial statements	None announced
GRAP 26:	Impairment of cash-generating assets	None announced
GRAP 104:	Financial Instruments	None announced
IGRAP 3:	Determining whether an arrangement contains a lease	1 April 2011
IGRAP 13:	Operating leases – incentives	1 April 2011

Not Applicable to Seda:

GRAP 18:	Segment reporting	None announced
GRAP 23:	Revenue from non-exchange transactions	None announced
GRAP 103:	Heritage assets	None announced
IGRAP 2:	Changes in existing de-commissioning, restoration and similar liabilities	1 April 2011
GRAP 4:	Rights to interests arising from de-commissioning, restoration and environmental rehabilitation funds	1 April 2011
IGRAP 5:	<i>Applying the restatement approach under the standard of GRAP on financial reporting in hyperinflationary economies</i>	1 April 2011
IGRAP 6:	Loyalty programmes	1 April 2011
IGRAP 7:	Limit on a defined benefit asset, minimum funding requirements and their interaction	None announced
IGRAP 8:	Agreements for the construction of assets from exchange transactions	1 April 2011
IGRAP 9:	Distribution of non-cash assets to owners	1 April 2011
IGRAP 10:	Assets received from customers	1 April 2011
GRAP 14:	Evaluating the substance of transactions involving the legal form of the lease	1 April 2011
IGRAP 15:	Revenue – Barter transactions involving advertising services	1 April 2011

The implementation of the mentioned GRAP standards will not have a material effect on the financial position of Seda since the standards of GRAP are closely aligned with SA GAAP.

1.2. Government Grants and Deferred Income

Government grants are recognised when it is probable that future economic benefits will flow to the public entity and these benefits can be measured reliably. The grant is recognised to the extent that there are no further obligations arising from the receipt of the grant.

Government grants received for the purpose of giving immediate financial support with no future related costs are recognised as income in the period in which they become receivable. Government grants relating to specific expenditure are deferred and recognised in the year during which the expenses are incurred.

1.3. Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets to its residual value over their estimated useful lives, using the straight-line method.

Residual values and estimated useful lives are assessed on an annual basis. Assets with a cost of R2,000 or less are written off in the year of purchase to the value of one rand (R1).

The carrying amount of plant and equipment is de-recognised on disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset, and is included in the statement of financial performance.

1.4. Impairment of Assets

At each balance sheet date, Seda reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, Seda estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in surplus or deficit, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in surplus or deficit, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.



1.5. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of Seda at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged to surplus or deficit, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with Seda's general policy on borrowing costs (see below).

Rentals payable and direct costs under operating leases are charged to surplus or deficit on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

1.6. Inventories

Consumable stores are valued at the lower of cost or net realisable value.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.7. Revenue Recognition

Revenue from Exchange Transactions

Transfers from government entities represents the parliamentary grant from the Department of Trade and Industry and provincial governments; external earnings comprise revenue from contracts; while investment income represents interest received on cash balances with financial institutions.

Transfers from government entities are recognised as income on accrual basis as-and-when invoiced or received from **the dti** or provincial governments. See also government grants 1.2.

Revenue from contracts and services rendered is recognised when all the following have been satisfied:

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

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

- The amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to Seda;
- the stage of completion of the transaction at the balance sheet date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

Revenue from the exchange transactions refers to revenue that accrued to the entity directly in return for services rendered/goods sold, the value of which approximates the consideration received or receivable.

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

Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the entity received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Public Finance Management Act (Act No. 29 of 1999) and is recognised when the recovery thereof from the responsible board members or officials is virtually certain.

1.8. Provisions

Provisions are recognised when Seda has a present obligation as a result of a past event, and it is probable that Seda will be required to settle that obligation. Provisions are measured at the Board's best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

1.9. Cash and Cash Equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks, all of which are available for use by Seda.

1.10. Employee Benefits

Short-term Employee Benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service. The provisions for employee entitlements to wage and salaries represent the amount which Seda has a present obligation to pay as a result of employees' service provided to the reporting date. The provisions have been calculated at undiscounted amounts based on current wage and salary rates.

Provident Fund

Seda contributes to defined contribution plans. The contributions to the defined contribution plans are charged against income as incurred. This fund is governed by the Pension Fund Act, 1956.

1.11. Financial Instruments

Financial assets and financial liabilities are recognised at fair value on Seda's statement of financial position when Seda has become a party to contractual provisions of the instrument.

Subsequent to initial recognition, these instruments are measured as set out below:

Financial Assets

Financial assets are cash and cash equivalents and trade and other receivables.

Accounts Receivable

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortized cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Bank and Cash Balances

Cash and cash equivalents comprise on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial Liabilities

Financial liabilities consist of finance lease long-term liabilities and trade; other payables; and other short-term finance lease liabilities.

Trade Payables

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

1.12. Foreign Currency

Transactions in foreign currencies are recorded at the rate of exchange ruling at transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Gains and losses arising on translation are credited to or charged against the surplus.



1.13. Residual Values

An entity is required to measure the residual value of an asset. Estimation is made of the amount it would receive currently for the asset if the asset were already of the age and condition expected at the end its useful life. IAS 16 requires residual values (if material) to be estimated at the date of acquisition and thereafter to be reviewed at each balance sheet date. If these change from the prior year, the depreciation charge is adjusted prospectively.

1.14. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Critical Judgements in Applying the Entity's Accounting Policies

In the process of applying the entity's accounting policies management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements:

Plant and Equipment

Depreciation is calculated on historical cost using the methods and the rates stated below in note 7. The residual values of all assets are estimated to be one rand (R1).

Trade and Other Receivables

The provision for bad debt was calculated on a specific identification basis.

Bonus Provision

The provision for bonuses was based on management's judgement.

1.15. Unauthorised Expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government or organ of state and expenditure in the form of a grant that is not permitted in terms of the Public Finance Management Act (Act No.1 of 1999). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, is subsequently accounted for as revenue in the Statement of Financial Performance.

1.16. Irregular Expenditure

Irregular expenditure comprises expenditure, other than unauthorised expenditure, incurred in contravention of, or that is not in accordance with, a requirement of any applicable legislation, including:

- the Public Finance Management Act (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999); or
- the State Tender Board Act, 1968 (Act No. 86 of 1968; or any regulation made in terms of the that Act)

Irregular expenditure is accounted for as expenditure in the statement of financial performance and, where recovered, is subsequently accounted for as revenue in the statement of financial performance.

1.17. Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the statement of financial performance and, where recovered, is subsequently accounted for as revenue in the statement of financial performance.

1.18. Offset

Transactions are offset when such offsetting reflects the substance of the transaction or event. Where a legally enforceable right of offset exists for recognised financial liabilities, and there is an intention to settle the liability and realise the asset simultaneously, or to settle on a net basis all related financial effects are offset.

1.19. Related Parties

The entity, as a Public Finance Management Act (PFMA), schedule 3A Public Entity, operates in an economic environment currently dominated by entities directly or indirectly owned by the South African Government. Seda discloses related party transaction and the nature of its relationship with the other party where the other party has significant influence through the participation in the financial and operating policy decisions and/or where significant transactions occurred with such an entity.

In 2009 only parties within the national sphere of government and Council of Trade and Industry Institutions (COTII) were considered to be related parties.

1.20. Borrowing Costs

Borrowing costs are expensed in the period in which they are incurred, unless they relate to qualifying assets in which case they are capitalised as part of those assets.

1.21. Commitments

Commitments are agreements that were entered into by the agency with an external service provider before the reporting date where delivery is expected to take effect after the reporting date.

Such commitments do not meet the definition of a liability in terms of the conceptual framework, and are thus disclosed as contingent liabilities in the notes to the financial statements.

1.22. Budget Information

Comparison of budget and actual amounts are presented in note 22. The entity only presents the final budget amounts. Differences (variances) between the actual amounts and budget amounts are presented.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	2010 R	2009 R
2. REVENUE		
Parliamentary grants	399,497,000	329,553,000
Grant adjustment from the dti	10,000,000	155,217,000
External earnings	61,340,009	61,745,671
Interest received	13,914,397	12,901,064
	484,751,406	559,416,735

Included in external earnings is an amount of R7,44 million from provincial governments and R4,96 million from local - and district governments. Also included is an amount of R23,47 million from the Finnish Government.

An additional grant of R10 million was given to the Seda Technology Programme as indicated above in "Grant adjustment from **the dti**".

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	2010 R	2009 R
3. (DEFICIT) / SURPLUS FOR THE YEAR		
<i>(Deficit)/surplus for the year is arrived at after taking into account the following:</i>		
Board Members' Emoluments		
For services as members	2,747,224	3,431,486
Operating Lease Expense		
Building	25,235,005	23,849,743
Technology Transfers and Quality Improvement Grants <i>(included under Programme, projects and other administrative expenses)</i>	19,609,298	19,418,856
Depreciation	10,511,753	9,602,254
Equipment	502,093	774,701
Office furniture	1,235,487	866,833
Motor vehicle	1,662,220	1,834,524
Computer equipment	4,440,113	2,843,426
Leased computer equipment	716,215	1,029,794
Leased improvements	969,243	1,285,167
Leased office furniture	780,452	766,080
Leased security equipment	205,929	201,728
Auditors' Remuneration	3,629,211	2,594,314
External auditors	2,058,400	1,546,350
Internal auditors	1,570,811	1,047,964
Finance Cost	2,206,698	4,210,205
Interest on finance lease obligation (liability at amortised cost)	2,178,903	1,900,128
Other	27,795	2,310,077
Provision for Bad Debts	143,277	(334,629)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	2010 R	2009 R
4. CASH AND CASH EQUIVALENTS		
Call Account	163,727,356	102,162,149
Current Account	(1,900,356)	104,090,087
Petty Cash	254,742	197,561
	162,081,742	206,449,797

Refer to note 16.4 for detail on interest rates.

Of the cash balance R29,175,229 (2009: R36,020,018) relates to grants received in advance which are to be utilized for specific projects as reflected in note 9.

	2010 R	2009 R
5. ACCOUNTS RECEIVABLE		
Payment in advance	1,564,055	1,609,821
Staff receivables	125,875	91,391
Deposits	756,212	750,555
Sundry receivables	3,608,443	2,178,800
Provision on sundry receivables	(138,763)	(196,807)
Relocation cost receivables	683,355	714,197
Provision on relocation cost receivables	(182,800)	(151,550)
	6,416,377	4,996,407

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	2010 R	2009 R
<i>PROVISION FOR BAD DEBTS:</i>		
<i>Movement for the Year:</i>		
Opening Balance at 1 April	348,357	682,986
Less: Bad debt written off	(170,071)	-
	178,286	682,986
Net charge/(reversal) to the Statement of Financial Performance	143,277	(334,629)
CLOSING BALANCE AT 31 MARCH	321,563	348,357

	2010 R	2009 R
6. INVENTORIES		
Consumable stores	398,817	330,328

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

SMALL ENTERPRISE DEVELOPMENT AGENCY (Seda)

ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2010

7. PLANT & EQUIPMENT – 2009/10

	Equipment R	Office Furniture R	Motor Vehicles R	Computer Equipment R	Leased Computer Equipment R	Leasehold Improvements R	Leased Office Furniture R	Leased Security Equipment R	Total R
<i>Major Assets (above R2 000 per item)</i>									
At 1 April 2009									
Cost	7,253,762	11,209,729	10,678,566	21,979,459	5,015,930	3,819,038	5,107,200	1,344,856	66,408,541
Accumulated depreciation and impairment	(3,066,216)	(3,590,934)	(5,724,434)	(9,139,686)	(4,094,948)	(2,114,984)	(2,617,440)	(689,239)	(31,037,880)
Opening carrying amount	4,187,547	7,618,795	4,954,132	12,839,773	920,983	1,704,054	2,489,760	655,617	35,370,661
Year ended 31 March 2010									
Opening carrying amount	4,187,547	7,618,795	4,954,132	12,839,773	920,983	1,704,054	2,489,760	655,617	35,370,661
Additions at cost	1,210,851	1,779,416	4,432,692	11,603,572	0	1,790,108	0	48,679	20,865,317
Disposals at cost	(277,850)	(255,530)	(1,083,231)	(789,010)	0	(825,903)	5	0	(3,231,519)
Disposal depreciation	194,540	125,562	857,564	529,968	0	781,969	0	0	2,489,603
Reclassification of assets at carrying amount	(330,356)	1,312	0	329,044	0	0	0	0	0
Depreciation for the year	(410,524)	(974,349)	(1,662,220)	(4,371,510)	(716,215)	(969,243)	(780,452)	(205,929)	(10,090,443)
Cost re-allocated to minor assets	(231,920)	(1,664,882)	0	(536,081)	0	1,200	(781,844)	0	(3,213,527)
Depreciation re-allocated to minor assets	203,793	1,377,748	48,181	470,708	0	42,735	639,658	0	2,782,823
Closing carrying amount	4,546,082	8,008,072	7,547,117	20,076,463	204,768	2,524,920	1,567,127	498,367	44,972,916
At 31 March 2010									
Cost	7,638,913	11,068,735	14,028,028	32,468,554	5,015,930	4,784,443	4,325,356	1,393,535	80,723,494
Accumulated depreciation and impairment	(3,092,831)	(3,060,663)	(6,480,910)	(12,392,092)	(4,811,162)	(2,259,523)	(2,758,229)	(895,168)	(35,750,578)
Carrying amount	4,546,082	8,008,072	7,547,117	20,076,463	204,768	2,524,920	1,567,127	498,367	44,972,916
Useful lives	6 - 7 years	6 - 7 years	4 - 6 years	3 - 5 years	4 - 7 years	6 - 7 years	6 - 7 years	6 - 7 years	

Minor Assets (excluded above and below R2 000 per item)

At 31 March 2010									
Depreciation for the year	(91,569)	(261,138)	0	(68,603)	0	0	0	0	(421,310)
Cost	492,155	3,069,626	0	1,004,207	0	0	781,844	0	5,347,832
Accumulated depreciation and impairment	(490,824)	(3,064,269)	0	(1,002,026)	0	0	(781,319)	0	(5,338,438)
Carrying amount	1,331	5,357	0	2,181	0	0	525	0	9,394
TOTAL CARRYING VALUE	4,547,413	8,013,429	7,547,117	20,078,644	204,768	2,524,920	1,567,652	498,367	44,982,310

NOTE: Leased assets are encumbered by a finance lease, refer to note 10.

7. PLANT & EQUIPMENT - 2008/09 (Restated - refer note 8)

	Equipment R	Office Furniture R	Motor Vehicles R	Computer Equipment R	Leased Computer Equipment R	Leasehold Improvements R	Leased Office Furniture R	Leased Security Equipment R	Total R
At 1 April 2008									
Cost	4,970,013	8,132,724	10,206,876	13,822,748	5,015,930	3,351,299	5,107,200	1,344,856	51,951,645
Accumulated depreciation and impairment	(2,226,235)	(2,739,840)	(4,378,376)	(6,465,450)	(3,065,153)	(829,816)	(1,851,360)	(487,510)	(22,043,739)
Opening carrying amount	2,743,778	5,392,884	5,828,500	7,357,298	1,950,777	2,521,483	3,255,840	857,346	29,907,906
Year ended 31 March 2009									
Opening carrying amount	2,743,778	5,392,884	5,828,500	7,357,298	1,950,777	2,521,483	3,255,840	857,346	29,907,906
Additions at cost	1,123,790	580,996	877,837	4,373,225	0	467,738	0	(0)	7,423,585
Depreciation for the year	(774,701)	(866,833)	(1,834,524)	(2,843,426)	(1,029,794)	(1,285,167)	(766,080)	(201,728)	(9,602,254)
Assets received as grants	1,094,680	2,511,748	82,320	3,952,676	0	0	0	0	7,641,424
Closing carrying amount	4,187,547	7,618,795	4,954,132	12,839,773	920,983	1,704,054	2,489,760	655,617	35,370,661
At 31 March 2009									
Cost	7,253,762	11,209,729	10,678,566	21,979,459	5,015,930	3,819,038	5,107,200	1,344,856	66,408,541
Accumulated depreciation and impairment	(3,066,216)	(3,590,934)	(5,724,434)	(9,139,686)	(4,094,948)	(2,114,984)	(2,617,440)	(689,239)	(31,037,880)
Carrying amount	4,187,547	7,618,795	4,954,132	12,839,773	920,983	1,704,054	2,489,760	655,617	35,370,661
Useful lives	6 - 7 years	6 - 7 years	4 - 6 years	3 - 5 years	4 - 7 years	6 - 7 years	6 - 7 years	6 - 7 years	

NOTE: Leased assets are encumbered by a finance lease, refer to note 10.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

8. RETROSPECTIVE RE-STATEMENT OF PRIOR PERIOD ERROR

Assets received from other institutions as unconditional grants were capitalised during the current year but related to previous periods which resulted in the restatement of prior year figures in the Statement of Financial Position.

	2010 R	2009 R
Non-current Assets – Plant and Equipment		
As previously stated		27,729,237
Assets received as grants		7,641,424
Plant and Equipment – re-stated for 2009		35,370,661
Non-current Liabilities – Grants Received		
As previously stated		-
Assets received as grants		7,641,424
Grants received – re-stated for 2009		7,641,424
9. ACCOUNTS PAYABLE		
Trade payables	12,518,052	12,077,304
Sundry payables and accrued expenses	46,664,773	39,562,937
Leave pay accrual	6,294,269	7,572,808
Grants received in advance	29,175,229	36,020,018
	94,652,323	95,233,067

Trade payables are non-interest bearing and are settled on a 30 day basis. Due to the short-term nature of the payables, management believes that the carrying amount approximates their fair value.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

10. FINANCE LEASE OBLIGATION

The finance lease obligation consists of two lease contracts. The one finance lease obligation is capitalised at a fixed rate of 13% per annum payable in average monthly instalments of R21,196 over 48 months. The full and final settlement occurred in October 2009. The second finance lease is capitalised at a fixed rate of 16% per annum payable in average monthly instalments of R191,478 (escalating at 8% p.a.) over 173 months (127 months remaining: 2009 – 139 months remaining). The agreement is secured against the assets, described as leased assets in note 7.

	2010 R	2009 R		
Total outstanding	12,171,983	12,072,649		
Plus: Current portion	161,407	95,869		
Long-term liability	12,333,390	12,168,518		
2010				
	<i>Minimum Lease Payments</i>	<i>Finance Cost</i>	<i>Present Value</i>	<i>Present Value</i>
Due within one year	1,782,990	(1,944,397)	(161,407)	-
Due between two and five years	8,677,103	(7,692,645)	984,458	-
After five years	17,732,865	(6,383,933)	11,348,932	-
	28,192,958	(16,020,975)	12,171,983	-
2009				
Due within one year	1,821,834	(1,917,703)	-	(95,869)
Due between two and five years	8,034,354	(7,784,510)	-	249,844
After five years	19,997,755	(8,079,081)	-	11,918,674
	29,853,943	(17,781,294)	-	12,072,649

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	2010 R	2009 R
11. PROVISIONS		
Provision for bonus	12,628,371	11,761,647
Provision for 13 th cheque	515,355	374,897
	13,143,726	12,136,544
<i>Movement for the Year</i>		
Provision for bonus		
Opening Balance at 1 April	11,761,647	32,063
less: bonus paid	(10,150,709)	-
	1,610,938	32,063
Net charge to the Statement of Financial Performance	11,017,433	11,729,584
CLOSING BALANCE AT 31 MARCH	12,628,371	11,761,647

The provision for bonuses is based on management's judgement and represents the obligation to pay bonuses to salaried employees as a result of predetermined performance criteria having been met.

12. OPERATING LEASE COMMITMENTS

Seda leases its building in terms of an operating lease. Seda does not have the option to acquire the building at the termination of the lease.

The future minimum lease payments under non-cancellable operating leases are as follows:

Up to one year	6,858,744	6,350,689
Between two and five years	33,378,768	30,906,267
Later than five years	67,481,186	76,812,431
	107,718,698	114,069,387

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	2010 R	2009 R
13. CONTINGENT LIABILITIES		
There are contingent liabilities in respect of:		
Legal claims – CCMA	4,249,403	2,222,799
Legal claims – Suppliers	1,260,858	600,000
Accumulated surplus funds	-	108,121,127
	5,510,261	110,943,926
(a) COMMITMENTS		
<i>Current Expenditure</i>		
Approved and contracted	57,936,406	66,356,308
Approved but not yet contracted	1,359,503	7,571,387
	59,295,909	73,927,695
<i>Capital Expenditure</i>		
Approved and contracted	474,049	5,823,283
Approved but not yet contracted	-	2,994,420
	474,049	8,817,703
TOTAL COMMITMENTS	59,769,958	82,745,398

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2010

14. REMUNERATION OF BOARD OF DIRECTORS

Board members: 1 April 2009 to 31 March 2010

Name	Director Fees		Subsistence Allowance		Travelling		CellPhone Allowance		Re-imbursments		Salary		Other		TOTAL	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
HNI Lupuwana	-	-	-	-	-	-	15,000	3,478	1,257,642	-	-	-	-	-	1,276,120	
LJ Mngomezulu	164,340	390	7,740	-	-	-	-	-	-	-	-	-	-	-	172,470	
DMN Mokhobo	96,604	-	2,190	-	-	-	-	-	-	-	-	-	-	-	98,794	
BP Calvin	9,684	65	750	-	-	-	-	-	-	-	-	-	-	-	10,499	
N Dinie	94,020	975	3,600	-	-	-	-	-	-	-	-	-	-	-	98,595	
NHB Faulf	101,300	910	2,370	-	-	-	522	-	-	-	-	-	-	-	105,102	
MJ Feinstein	144,838	1,365	4,140	-	-	-	-	-	-	-	-	-	-	-	150,343	
N Galeni	22,505	65	1,104	-	-	-	-	-	-	-	-	-	-	-	23,674	
PF Lugayeni	125,461	1,040	3,750	-	-	-	260	-	-	-	-	-	-	-	130,511	
TMS Matang	148,844	1,625	35,748	-	-	-	639	-	-	-	-	-	-	-	186,856	
F Mayimele-Hashaste	114,545	1,235	13,440	-	-	-	-	-	-	-	-	-	-	-	129,220	
QN Mogotsi	64,546	910	2,340	-	-	-	209	-	-	-	-	-	-	-	68,005	
TB Nkambule	152,460	1,560	8,364	-	-	-	-	-	-	-	-	-	-	-	162,384	
DMN Thabaneng	63,182	195	6,894	-	-	-	70	-	-	-	-	-	-	-	70,341	
TOTAL	1,302,329	10,335	92,430	15,000	5,178	1,257,642	-	-	2,682,914							

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2010

Board Sub-committees Members: 1 April 2009 to 31 March 2010

Name	Attendance Fees		Subsistence Allowance		Travelling		CellPhone Allowance		Re-imbursments		Salary		Other		TOTAL	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
JA Motha	7,106	-	468	-	-	-	-	-	-	-	-	-	-	-	-	7,574
MJ Lesejane	53,766	-	2,970	-	-	-	-	-	-	-	-	-	-	-	-	56,736
M Manjezi *	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
K Roelofse *	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
T Nemahagala *	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	60,872	-	3,438	15,000	5,178	1,257,642	-	-	64,310							
TOTAL	1,363,201	10,335	95,868	15,000	5,178	1,257,642	-	-	2,747,224							

The following Directors were not with the agency for the full financial period:

Name of Director	Date of exit
BP Calvin	31-Aug-09
N Galeni	31-Oct-09
M Manjezi	31-May-09

* These members did not receive remuneration due to being employed elsewhere in the Public Service.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2010

Board members: 1 April 2008 to 31 March 2009

Name	Director Fees R	Subsistence Allowance R	Travelling R	Cellphone Allowance R	Re-imbursments R	Salary R	Other R	TOTAL R
HN Lupuwana	-	-	-	-	-	603,351	-	603,351
AN Damane	-	-	28,000	9,000	-	293,487	1,481,272	1,811,759
LJ Mngomezulu	76,230	1,680	2,220	-	-	-	-	80,130
DMN Mokhobo	37,976	5,900	2,460	-	-	-	-	46,336
BP Calvin	27,144	65	2,580	-	-	-	-	29,789
N Dintie	57,062	1,170	4,560	-	660	-	-	63,452
NHB Faulstich	48,739	975	3,660	-	-	-	-	53,374
MJ Feinstein	86,912	1,170	4,692	-	-	-	-	92,774
N Galeni	15,080	65	486	-	-	-	-	15,631
PF Lugaveni	37,080	585	1,620	-	-	-	-	39,285
TMS Matang	69,831	8,985	39,162	-	-	-	-	117,978
F Mayimele-Hashaste	21,112	195	2,850	-	-	-	-	24,157
QN Mogotsi	44,194	715	2,460	-	-	-	-	47,369
TB Nkambule	75,513	910	5,520	-	-	-	-	81,943
DMN Thabaneng	27,144	65	3,300	-	-	-	-	30,509
TP Diutlwileng	578	-	-	-	-	-	-	578
AT Mokgokong	1,734	-	-	-	-	-	-	1,734
N Gosa	704	-	-	-	-	-	-	704
TOTAL	627,033	22,480	103,570	9,000	660	896,838	1,481,272	3,140,853

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2010

Board Sub-committees Members: 1 April 2008 to 31 March 2009

Name	Attendance Fees R	Subsistence Allowance R	Travelling R	Cellphone Allowance R	Re-imbursments R	Salary R	Other R	TOTAL R
JA Motha	162,093	-	9,636	-	204	-	-	171,933
R Nicholls	113,241	-	5,459	-	-	-	-	118,700
M Manjezi *	-	-	-	-	-	-	-	-
K Roelofse *	-	-	-	-	-	-	-	-
TOTAL	275,334	-	15,095	-	204	-	-	290,633
TOTAL	902,367	22,480	118,665	9,000	864	896,838	1,481,272	3,431,486

The following Directors were not with the agency for the full financial period:

Name of Director	Date of exit
AN Damane	31-Aug-08
TP Diutlwileng	30-Apr-08
AT Mokgokong	30-Jun-08
N Gosa	30-Apr-08

* These members did not receive remuneration due to being employed elsewhere in the Public Service.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	2010 R	2009 R
15. NOTES TO THE CASH FLOW STATEMENT		
a) Plant & Equipment		
During the period under review Seda acquired assets by means of cash on hand. As per asset note 7.	20,865,317	7,423,585
b) Reconciliation of (deficit)/surplus for the year to net cash flows (used in)/from Operating Activities		
<i>Net (deficit)/surplus for the Year</i>	(36,676,773)	77,196,956
<i>Non-cash Movements:</i>	12,385,381	11,921,501
Escalation effect of finance lease	3,465	725,757
Depreciation	10,511,753	9,602,254
Loss on sale of plant and equipment	24,978	38,586
Grants received	-	7,641,424
Assets received as unconditional grants	-	(7,641,424)
Interest earned refunded to the dti	1,845,185	1,554,904
<i>Changes in Working Capital</i>	1,821,033	44,284,322
Increase in provisions	1,007,182	11,729,203
(Decrease) in accounts payable	(580,744)	(9,358,489)
(Decrease) in tax payable	-	(1,782,467)
(Decrease) in tax receivable	-	40,856
(Decrease)/increase in inventories	(68,489)	52,468
(Decrease)/increase in accounts receivable	(1,419,970)	40,872,832
Smoothing effect of operating lease	2,883,054	2,729,919
Net cash flows (used in) / from operating activities	(22,470,359)	133,402,779
c) Receipts from External Earnings		
Gross external earnings	61,340,009	61,745,671
Accounts receivable – current period	(6,416,377)	(4,996,407)
Accounts receivable – prior period	4,996,407	45,869,239
	59,920,039	102,618,503
d) Refund of Unspent Funds		
Interest earned by STP refundable to the dti	1,845,185	1,554,904

16. FINANCIAL INSTRUMENTS

16.1. Capital Risk Management

As Seda is not exposed to debt, other than the finance lease commitment, there is no meaningful debt to equity ratios such as gearing ratios to be disclosed. The majority of the funding is received from the Department of Trade and Industry and is therefore dependent on their support.

16.2. Financial Risk Management Objectives

The Board Members monitor and manage the financial risks relating to the operations of the entity through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest risk), credit risk, liquidity risk and cash flow interest rate risk.

Compliance with policies and exposure limits are reviewed by the internal auditors on a continuous basis. The entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

16.3. Market Risk

The entities activities are of such a nature that it does not materially expose Seda to financial risks of changes in foreign currency exchange rates and interest rates as referred to below. There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

16.4. Interest Rate Risk Management

Seda is exposed to interest rate risk with the current interest rate movements. The risk is managed by investment of surplus funds at fixed and floating interest rates for periods of 90 days and shorter with reputable banks.

The following table identifies the period over which those financial instruments that are sensitive to interest rate risk reprice. Seda surplus funds are invested in terms of its investments policy as approved by its Board.

2010 <i>Assets</i>	<i>Effective Interest Rate as at 31 March 2010</i>	<i>Less than 6 months</i> R	<i>More than 6 months</i>	<i>Total</i> R
Current cash balances	4.75%	(1,900,356)		(1,900,356)
Short-term call deposits	6.00%	163,727,356		163,727,356
		161,827,000		161,827,000
Liabilities				
Finance lease	16%		12,333,390	12,333,390
2009 <i>Assets</i>	<i>Effective interest rate as at 31 March 2009</i>	<i>Less than 6 months</i> R	<i>More than 6 months</i>	<i>Total</i> R
Current cash balances	7.00%	104,090,087		104,090,087
Short-term call deposits	9.05%	102,162,149		102,162,149
		206,252,236		206,252,236
Liabilities				
Finance leases	13% , 16%		12,168,518	12,168,518

16.5. Other Price Risks

Prices for future purchases and sales of goods and services are generally established on normal commercial terms directly with suppliers and customers. The Board Members consider the price risk to be insignificant.

16.6. Credit Risk Management

Credit risk refers to the risk that a counter party would default on its contractual obligations resulting in financial loss to the entity.

Financial assets which potentially subject Seda to concentrations of credit risk consist principally of cash and short-term deposits placed with high credit quality financial institutions. Trade receivables are presented net of an allowance for doubtful receivables. Seda does not have any significant exposure to any other individual customer or counter party.

The carrying amounts of financial assets included in the statement of financial position represent the Seda's exposure to credit risk in relation to these assets.

16.7. Liquidity Risk Management

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Board Members are satisfied that the entity will be able to settle their financial liabilities (payables and leave pay accrual) and lease liability in the normal course of business.

16.8. Fair Value of Financial Instruments

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions, and traded on active liquid markets, are determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

The Board Members consider that carrying amounts of financial assets and financial liabilities recorded at amortized cost in the financial statements approximate their fair values.

17. RELATED PARTIES

Seda, as a Public Finance Management Act (PFMA) schedule 3A Public Entity, receives its core funding from Parliament via Vote 32 – Department of Trade and Industry as disclosed in note 2.

	2010 R	2009 R
Balances at 1 April	-	-
Transactions		
South African Bureau of Standards (SABS)	-	108,129
Council of Scientific and Industrial Research (CSIR)	-	2,000,000
	-	2,108,129
Less: payments	-	(2,108,129)
Balances at 31 March	-	-

18. REMUNERATION OF KEY MANAGEMENT

Payments made to Seda's Executive Managers for the year ended 31 March 2010:

Name	Salary R	Travel Allowance R	Cellphone Allowance R	Re-imbursments R	Other R	TOTAL R
M Hogendoorn	831,637	60,000	21,600	-	-	913,237
KD Motlhoioa*	937,407	102,000	21,600	2,321	18,692	1,082,020
B Pitso*	903,092	137,448	21,600	5,272	36,594	1,104,006
J Ravjee * (Acting)	695,834	84,000	14,400	22,766	79,829	896,829
C Wyeth*	990,380	84,000	21,600	9,675	-	1,105,655
	4,358,350	467,448	100,800	40,034	135,115	5,101,747

* Including performance bonus in respect of 2008/09.

Payments made to Seda's Executive Managers for the year ended 31 March 2009:

Name	Salary R	Travel Allowance R	Cellphone Allowance R	Re-imbursments R	Other R	TOTAL R
T Guvebu	382,304	92,166	10,229	5,865	1,424,214	1,914,778
M Hogendoorn	182,975	15,000	3,600	288	9,860	211,723
KD Motlhoioa	621,021	102,000	14,400	9,374	13,819	760,614
B Pitso	670,208	103,086	14,400	1,287	-	788,981
C Wyeth	656,507	68,600	13,200	19,376	66,257	823,940
H Zondi	372,596	25,846	8,686	1,454	408,406	816,988
	2,885,611	406,698	64,515	37,644	1,922,556	5,317,024

M Hogendoorn joined 1 January 2009

T Guvebu resigned 15 December 2008

H Zondi resigned 7 November 2008

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

19. RETIREMENT BENEFITS AND MEDICAL AID

The total amounts paid toward retirement benefits for the period (522 employees for the current year) and medical aid for the period (381 employees for the current year) are as follows:

	2010 R	2009 R
Provident fund	14,557,070	13,519,475
Medical aid	8,424,904	7,471,245
	22,981,974	20,990,720

20. FRUITLESS AND WASTEFUL EXPENDITURE

Settlement payment	-	16,748
Staff relocation cost not recovered	-	35,456
Staff travel advances	-	13,264
Diners – interest	-	83,119
Other interest	27,795	-
	27,795	148,587

21. TAX STATUS

Seda is exempt from income tax in terms of section 10(1)(cA) of the Income Tax Act, 1962. Seda is exempted from VAT registration.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

22. RECONCILIATION OF BUDGET SURPLUS/(DEFICIT) WITH THE SURPLUS/(DEFICIT) IN THE STATEMENT OF FINANCIAL PERFORMANCE

	Budget 2009/10 R	Actual 2009/10 R	%	Variance R	%
<i>Net surplus/(deficit) per Statement of Financial Performance</i>					
<i>Revenue</i>					
Transfers from other government entities	409,497,000	409,497,000		-	
External earnings	62,018,704	61,340,009		(678,695)	
Interest received *	10,961,597	13,914,397		2,952,800	
TOTAL REVENUE	482,477,301	484,751,406		2,274,105	
<i>Expenses</i>					
Personnel cost ^	(179,449,013)	(169,603,557)		9,845,456	
Programme, projects and other administrative expenses #	(329,742,878)	(341,312,869)		(11,569,991)	
Depreciation	(10,404,896)	(10,511,753)		(106,857)	
TOTAL EXPENSES	(519,596,787)	(521,428,179)		(1,831,392)	
NET DEFICIT	(37,119,486)	(36,676,773)	99.91	442,713	0.09
Plus: Accumulated surplus previous year		108,121,127			
Net: Accumulated surplus as per Statement of Financial Position		71,444,354			

Notes:

* Interest received: Variance due to better cash management

^ Personnel cost: Variance due to restructuring of some units within Seda

Programme and admin cost: Variance due to Finnish government grant for specific projects

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

23. IRREGULAR EXPENDITURE

	2010 R	2009 R
<i>Opening balance</i>	3,632,466	-
Add: Irregular Expenditure – current year	-	3,632,466
Less: Amounts condoned	-	-
Less: Amounts recoverable (not condoned)	-	-
Less: Amounts not recoverable (not condoned)	(3,632,466)	-
Irregular Expenditure awaiting condonation	-	3,632,466
<i>Analysis of expenditure awaiting condonation per age classification</i>		
Current year	-	3,632,466
Prior years	-	-
TOTAL	-	3,632,466

Details of Irregular Expenditure not recoverable (not condoned)

Incident

The PFMA (Public Finance Management Act, Act 1 of 1999) defines irregular expenditure as “... expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation...”

As reported in the 2007/08 Seda Annual Report under the Auditor-General’s Report, procurement transactions to the value of R19 million were being investigated due to possible irregularities. The outcome of the investigation could not be determined at that stage and it was therefore uncertain as to what extent the administrative and other expenses in the statement of financial performance would be affected.

As reported in the 2008/09 Seda Annual Report under the Report of the Accounting Authority, the investigation revolved around a project that commenced in 2005 under the management of the Department of Trade and Industry (dti) which channeled R25,262,318 through the Godisa Trust/ Seda Technology Programme (STP) (in 2006, the dti placed the Godisa Trust within Seda whereupon it was

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

now referred to as Seda Technology Programme (STP), the Trust was subsequently dissolved). Of the R25,262,318 received by the Godisa Trust/ STP, R21,200,000 was transferred (expensed as required in the PFMA definition of irregular expenditure) to LIBSA (Limpopo Business Support Agency).

of the Limpopo Provincial Government) in terms of a Memorandum of Agreement (MoA) in which LIBSA accepted full responsibility for the funds transferred to them.

During the 2008/09 financial year, preliminary investigation reports did not reveal any irregularities within STP since it was concluded that STP had no management or decision-making responsibility with regards to the project in question. The dti supplied further funding amounting to R4,1 million for a transfer to the project of which R3,632,466 was transferred directly to the project consulting firm, due to the expiry of the MoA with LIBSA, on 26 May 2008 (2008/09 financial year).

During the 2009/10 financial year, the investigations were concluded and it has been found that the approval for the payment of R3,632,466 was given by the STP Board Committee which, in hind sight did not enjoy the requisite delegations (in terms of PFMA, Section 56(1)) from the Seda Board (Accounting Authority) to approve such transaction. Since the STP Board Committee comprises some Seda Board Members, as well dti officials, the matter has been referred to the Executive Authority to take the requisite action.

Disciplinary action against the Seda Executive Manager who paid or caused such payment to be effected has been instituted.

Whilst Seda declares the amount of R3,632,466 as not recoverable, Seda reserves its rights to embark on recovery action, should this become feasible and financially justifiable.

<i>Reconciliation of Project Funds</i>	R
Funds received from dti by Godisa Trust / STP	25,262,318
Funds Transferred by Godisa Trust / STP to LIBSA	(21,200,000)
Funds Paid by STP to project consulting firm	(3,632,466)
Funds retained by STP	429,852

ABBREVIATIONS AND ACRONYMS

AsgiSA	Accelerated and Shared Growth Initiative in South Africa
BA	Business Advisor
BDSP	Business Development Service Provider
CACB	Confederation of Business Chambers Brazil
CD	Compact Disc
CIPRO	Companies and Intellectual Properties Registration Office
CIS	Cooperatives Incentives Scheme
CSIR	Council for Scientific and Industrial Research
DoA	Department of Agriculture
DPLG	Department of Provincial and Local Government
the dti	Department of Trade and Industry
EAP	Employee Assistance Programme
EC	Eastern Cape
EIC	Enterprise Information Centre
EWPP	Employee Wellness Programme
Exco	Executive Committee
FDC	Free State Development Corporation
FET	Further Education and Training
FNB	First National Bank
FoodBev	Food Beverages Sector
FOSAD	Forum of South African Directors General
FS	Free State
GRI	Global Reporting Initiative
IBSA	India, Brazil and South Africa
ICT	Information, Communication and Technology
IDC	Industrial Development Corporation
IDT	Independent Development Trust
IO	Information Officer
IR	Industrial Relations
KZN	KwaZulu-Natal
LIBSA	Limpopo Business Support Agency
M&E	Monitoring and Evaluation
MEGA	Mpumalanga Economic Growth Agency
MOU	Memorandum of Understanding
MQA	Mining Qualification Authority
NAAAASP	National African Association of Automotive Service Providers
NAFCOC	National African Federated of Chamber of Commerce
NAMAC	National Manufacturing Advisory Centre
NC	Northern Cape
NEF	National Empowerment Fund
NSIC	National Small Industry Council, India
PAA	Public Audit Act
PFMA	Public Finance Management Act
PMDS	Performance Management and Development System
PSJ	Port St. Johns Development Agency
SAMAF	The South African Micro Finance Apex Fund
SAWEN	South African Women Entrepreneur Network
SAQA	South African Qualification Authority
SBC	Small Business Corporation, South Korea
SEBRAE	Small Enterprise Agency Brazil
Seta	Sector Education and Training Authority
SMME	Small Medium and Micro Enterprise
STP	Seda Technology Programme
TIPA	Technology Innovation for Poverty Alleviation
TUT	Tshwane University of Technology
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNIZO	Union of Independent Business, Belgium
WC	Western Cape
WRSeta	Wholesale and Retailing Seta

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