

Annual Report

2011/2012



seda 

SMALL ENTERPRISE DEVELOPMENT AGENCY

a member of the dti group

Vision

To be the centre of excellence for small enterprise development in South Africa.



Mission

To develop, support and promote small enterprises to ensure their growth and sustainability in coordination and partnership with other role players.



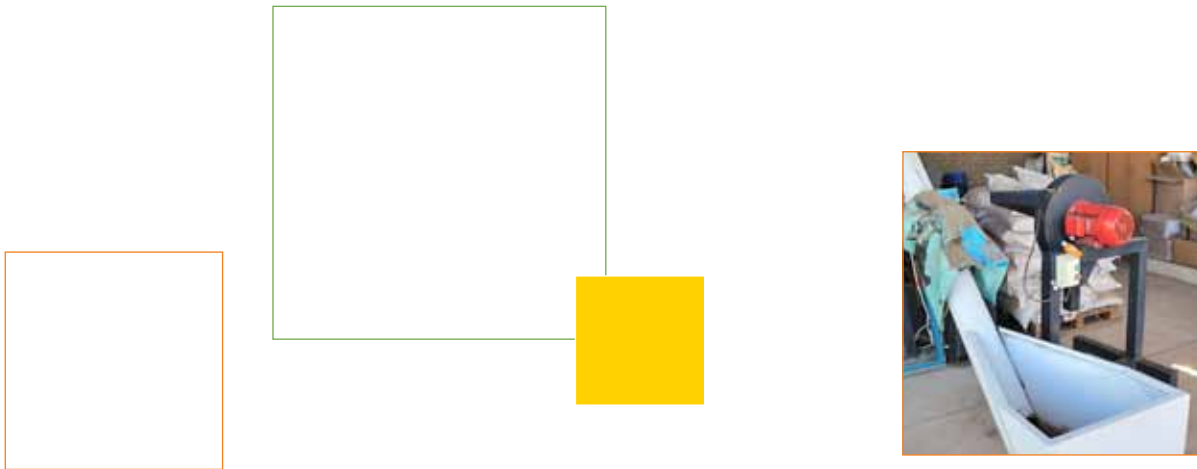
Values

Seda's N I C E R values focus on:

- N = Nurture
- I = Innovation
- C = Customer service excellence
- E = Ethical behaviour
- R = Resilience



The dti's "review of government support to SMMEs" is expected to provide impetus to how government should best coordinate SMME support, enhance accessibility to small business support services and improve the overall effectiveness and efficiency of support interventions.



It is anticipated that the outcome of the review and implementation of key recommendations will assist us to arrive at a point where the small enterprise sector is capable of making a significant contribution to South Africa's Gross Domestic Product (GDP) and employment.

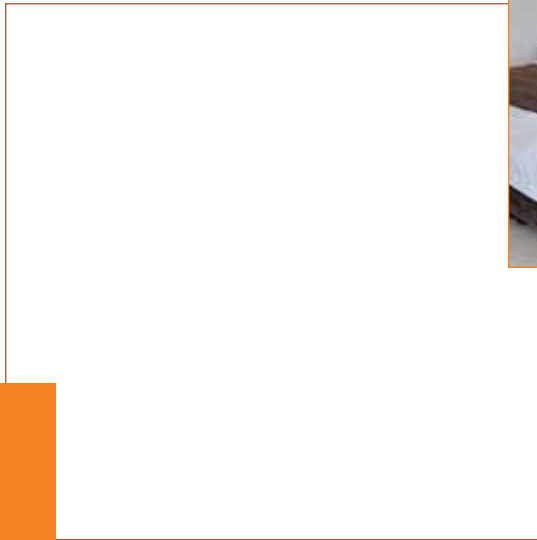
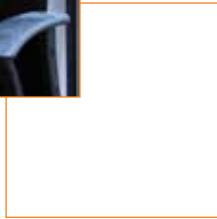
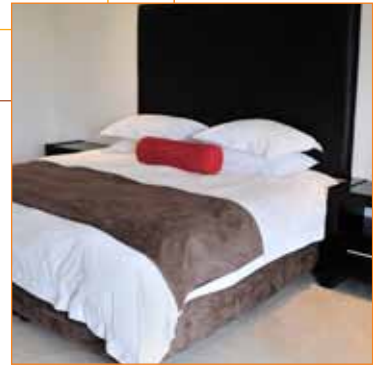


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Part One: Introduction





The Small Enterprise Development Agency (Seda) is mandated to implement government's small business strategy; design and implement a standard and common national delivery network for small enterprise development; and integrate government-funded small enterprise support agencies across all tiers of government.

While we must inevitably pay close attention to the global economy and its shifting sands, we recognize the importance of small and medium-sized businesses to an inclusive economy at home.

- Dr Rob Davies, Minister of Trade and Industry,



The 2011/2012 financial year was preceded by a discussion between **the dti** and Seda on the Seda's focus areas in the medium to long term to upscale its support and maximise its impact on small enterprises. This discussion was necessitated by the need to create decent employment through inclusive growth, one of government's key delivery areas.

The four areas of focus that Seda will work towards in the medium to long term are: increasing the number of Seda-supported business incubators to facilitate the more successful entry of small businesses into the market; working with cooperatives and large scale projects, especially secondary cooperatives to harness local resources and help communities become self-sustainable, especially those in rural areas; increasing assistance to the more established and sophisticated small and medium enterprises to improve their capacity to create employment; and developing and implementing interventions for small enterprises in key economic growth or priority sectors.

Some of these focus areas are beginning to reap much needed rewards. The SMME Payment Assistance Hotline, for example, has facilitated over R300 million of late payments to small enterprises since inception in September 2009. As part of the incubation roll-out, three incubators are currently being established. The expectation is that the existing 32 business incubators will be increased to 42 by end of the 2012/2013 financial year.

The year under review focused on mobilising cooperatives and collectively-owned enterprises, while 18 large scale projects have been identified for support in subsequent years. In an effort to foster a culture of entrepreneurial thinking, the organisation successfully ran a business plan competition which had over 5,000 entrants. It is expected that all the contestants will be assisted by Seda to refine their business ideas and implement their business plans.

The dti will continue with the process of reviewing the business regulatory framework to ensure that the regulatory function is strengthened while reducing unnecessary 'red tape'. **The dti's** "review of government support to SMMEs" is expected to provide impetus



1. FOREWORD BY THE MINISTER OF TRADE AND INDUSTRY

on how government should best coordinate SMME support, enhance accessibility to small business support services and improve overall effectiveness and efficiency of support interventions. It is anticipated that the outcome of the review and implementation of key recommendations will assist us to arrive at a point where the small enterprise sector is capable of making a significant contribution to South Africa's Gross Domestic Product (GDP) and employment.

Another area that **the dti** will focus on is opening up procurement opportunities, especially in the public sector for SMMEs. Access to markets presents an opportunity to grow and sustain the small enterprise sector in South Africa.

The dti and Seda are fully aware of the enormous mandate that Seda is entrusted with and will continue to work with partners in the private and public sectors to achieve economic transformation and inclusive growth through small enterprises.

A word of gratitude must go to the local and international organisations and government institutions throughout the country that work with Seda. One of these partnerships is the IBSA (India Brazil South Africa) Forum. Through this partnership, Seda is working with India's NSIC on the exchange of knowledge and best practice, access to technology and innovation as well as access to markets programmes and with Brazil's SEBRAE on access to technology and innovation and exchange of knowledge and best practice.

I am confident that Seda will continue to contribute to **the dti**'s objectives and the important priorities of government.



The Honourable Dr Rob Davies, MP
Minister: Department of Trade and Industry

Partnerships are integral to executing our mandate and we continuously seek to strengthen those that exist and create others with organisations and influential individuals for the benefit of small enterprises.

- Mr Linda Mngomezulu



I take great pleasure in presenting the 2011/2012 Seda Annual Report, a year in which the importance of small enterprises in developing our country's economy was brought to the fore.

The National Planning Commission's National Development Plan, which sets out a strategy towards achieving South Africa's 2030 vision, has two key socio-economic targets: reducing unemployment levels to 6% by creating 11 million jobs and ensuring that the economy grows by about 5.4% on average over this period. While the expectation is that 90% of these jobs will be created in small and expanding firms, South Africa's economy needs to accommodate business entry and expansion for us to achieve these stretching targets.

During the past financial year, Seda identified priority programmes that the organisation believes will contribute significantly to achieve broader socio-economic targets. Independent reviews have affirmed the importance of these programmes and provided insight in their optimal implementation. Increasing business incubation services with a focus on both innovation and job creation is one of the priorities. The interest shown by the private and public sector in this regard is encouraging.

The year under review has been characterised by continued organisational stability in governance, leadership, financial management and controls, with an emphasis on procurement processes and procedures. Once more, Seda's management has ensured strict adherence to and maintenance of sound administration standards, as well as good corporate governance, which we will continue to entrench as part of our corporate culture.

The stability has enabled the organisation to take a long-term view of small enterprise development to maximise impact. This includes increased turnover and employment creation, as well as sustainability and expansion in the businesses of assisted clients. The organisation's 'client journey' delivery model, which promotes a longer term relationship between Seda and small enterprises with clear outcome targets, is crucial in this regard.



2. OVERVIEW BY THE CHAIRPERSON OF THE BOARD

In an effort to develop a culture of entrepreneurship, Seda successfully ran a business plan competition during the second half of 2011/2012. The competition saw over 5 500 aspiring and existing entrepreneurs submit their business plans. The high level of commitment displayed by participants was heartening. Congratulations once again to Adesh Naidoo, the overall national winner, as well as the other category winners and finalists.

The Board appreciates the efforts by Seda management and staff to serve as well as contribute to the development of the organisation's new strategic approach towards increasing the impact of its services. The organisation is dealing with the equalisation of worker remuneration and benefits to further ensure job satisfaction and staff commitment.

Seda is always mindful of the fact that meaningful small enterprise development is a collaborative effort. We greatly appreciate the support received from the private and public sector, as well as international organisations.

The coming years hold great promise for Seda and small enterprise development. The organisation will continuously strive towards being the principal organisation for small enterprise development in South Africa by increasing strategic interventions in business infrastructure, sector focus, skills development through an increased incubator footprint, increased productivity and production capacity, facilitated access to markets and improved capital access by small business and collectively owned enterprises.

Small businesses should explore new opportunities created by the government infrastructure programme and the bigger pool of SMME capital made available by different government agencies.

The Board will also focus on strengthening relations with state-owned enterprises, as well as the NBBC, FABCOS, NAFCOC, the private sector and government departments and agencies to improve coordination and efficiency in providing enterprise development services. The country must produce SMME ambassadors and use all possible mediums of communication to stimulate interest in and for small business.

South Africa will host the International Small Business Congress in September 2012. This provides Seda with the opportunity to participate and contribute to an improved SMME environment and conditions of trade.

Lastly, allow me a special word of thanks to my Board colleagues for their unprecedented contribution to change the small business landscape; our shareholder, **the dti** for the confidence it shows in Seda and the support it continues to offer the organisation.

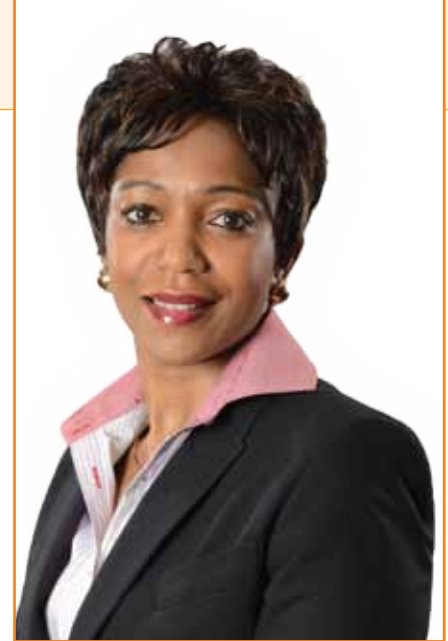


Linda J Mngomezulu
Chairman



Our commitment towards operating efficiency is evident in Seda again achieving an unqualified audit opinion from the Auditor-General. This also attests to well-functioning systems that support the achievement of our objectives.

- Ms Hlonela Lupuwana



The 2011/12 financial year was yet another challenging year for small enterprises locally and beyond. The economic meltdown in the Euro zone continues to affect economies world-wide who are still trying to recover from the 2008/09 global recession. With Europe being South Africa's significant trading partner, this means South Africa has not been spared from these economic factors; and neither have our small enterprises, to which we turn for creating the much needed employment in our country. Considering this context, we can only be immensely proud of our achievements within the small enterprise sector during the financial year under review.

Our overall mechanisms of stimulating growth in the small enterprise sector remain effective in increasing the sector's contribution to the economy through employment and wealth creation. We are therefore pleased to note that 56% of our clients reported an increase in turnover, whilst 32% increased the number of people employed. These accomplishments are in perfect alignment with our strategic objective of enhancing the competitiveness and capabilities of small enterprises through coordinated services, programmes and products.

We attribute much of these achievements to our client journey model which ensures long-term relationships with clients, with sustained and well-directed interventions. This approach has contributed to the high levels of client satisfaction that we continue to experience within our service delivery network, with satisfaction levels during the 2011/12 financial year reaching an all-time high of 97%, a notable improvement over the 93% during the previous year.

Seda remained relevant to key partners who enhance our value delivery to clients having facilitated an additional R10,09 million for various service delivery programmes, which is 6% of our total budget. Our partnerships, whether financial or through other means, have strengthened as a result our service delivery in the core areas of our operations, with improved ability to meet client needs. We hereby express our sincere thanks to all our partners for their continued confidence in Seda.

With job creation as a key area of focus for the Government, Seda had to review its approach to the client base to ensure that resources are



3. REVIEW BY THE CHIEF EXECUTIVE OFFICER 2011/2012

channelled to enterprises better placed to create decent and sustainable jobs. With this background, our strategic focus has therefore shifted to the upper end of the SME sector. The launch of the National Business Plan Competition during the past financial year is one such intervention aimed at identifying high-impact SMEs with innovation at the core of their operations so as to realise value and better outcomes-based results. In this regard, we will continue to reinforce our programmes aimed at this level of our target market, such as technology transfer, export development and supplier development, to ensure that they derive the desired results.

Business incubation as a key intervention for start-up enterprises with potential to realise sustainability and growth post incubation remains critical, as it is well documented that significantly lower failure rates occur among graduates from the programme. Plans to up-scale this programme started during the reporting period and a notable increase in our incubation footprint should be seen in the next financial year. The incubation programme had 32 Incubation Centres under its wing with a total of 1 845 clients (against a target of 1 500) who benefitted from targeted technical skills and business development interventions. Incubatees are also deriving value from the incubation programme, with 71.4% of them expressing satisfaction with the programme.

Building on three successive unqualified audit reports by the Auditor-General, we continued our impeccable record of prudent and responsible financial management and again achieved an unqualified audit report for the financial year under review. This affirms that the measures put in place since 2009 to stabilise the organisation have taken root. This is further proof that Seda is indeed a working organisation. This is also evident in the fact that 69.31% of our funds were utilised in direct service delivery programmes.

We have taken considerable steps to strengthen governance in relation to information systems, as advised by the Auditor-General. This is evident with the appointment of a Chief Strategy and Information Officer who will position our information systems as a strategic function and a key enabler for the organisation to deliver against strategic objectives and achieve our mission.

Our performance is due to the commendable efforts of all our hardworking staff, without whom our targets would not have been achieved. We are so grateful for their hard work! Accordingly, we will continue to invest in the development of our staff through targeted training so as to continuously improve on the quality of our service to small enterprises.

Let me conclude by thanking our Shareholder, the dti, for the confidence displayed in supporting Seda throughout the year, we draw great inspiration from it. Seda Management and staff are also indebted to the Board for the guidance and encouragement which continues to ensure that we reach greater heights. The organisation is stronger because of your support.



Hlonela Lupuwana
Chief Executive Officer



4. THE SEDA BOARD



Mr Linda Mgomezulu (Chairperson)
Committees:
Chairperson - Executive Board,
Member - Strategy and Organisational
Performance



Ms Hlonela Lupuwana
Chief Executive Officer



Adv Faith Mayimele-Hashatse
(Deputy Chairperson)
Committees:
Member - Executive Board,
Member - Audit and Risk



Dr Ivor Zwane
Committees:
Member - Strategy and Organisational
Performance,
Member - Audit and Risk

4. THE SEDA BOARD



Mr Vusumuzi Skhosana
Committees:
Member – Strategy and Organisational
Performance,
Member – Audit and Risk



Ms Fatima Habib
Committees:
Member – Strategy and Organisational
Performance,
Member – Remuneration and Human Resources



Ms Tholakele Nkambule
Committees:
Chairperson – Remuneration and
Human Resources



Ms Nafeesa Dinie
Committees:
Member – Finance,
Member – Audit and Risk



Mr Mojalefa Mohoto
Committees:
Member – Strategy and Organisational
Performance



Ms Precious Lugayeni
Committees:
Chairperson – Strategy and Organisational
Performance,
Member – Finance

4. THE SEDA BOARD



Mr Dennis Thabaneng
Committees:
Member – Finance,
Member – Remuneration and Human Resources



Ms Rene Kenosi
Committees:
Chairperson – Finance,
Member – Executive Board



Dr Teboho Mokgoro
Committees:
Member – Strategy and Organisational
Performance, Member – Remuneration and
Human Resources



Mr Sipho Mzolo
Committees:
Member – Remuneration and Human Resources



Dr Marius Venter
Committees:
Member – Strategy and Organisational
Performance



Mr Joe Lesejane
Committees:
Chairperson – Audit and Risk

5. SEDA ORGANISATIONAL STRUCTURE



6. SEDA EXECUTIVE MANAGEMENT TEAM



Ms Maralize Hogendoorn
Chief Financial Officer
B Com (Acc), B Compt Hons, CTA



Mr Ranjit Alummoottil
Executive Manager: Seda Technology
Programme
B Eng Mechanical



Ms Pam Mahlawe
Executive Manager: Human Resources
B Admin Hons



Mr Kaybee Motlhoioa
Executive Manager: Corporate Services
B Sc, MBA



Mr Koenie Slabbert
Chief Operations Officer
M Sc, Higher National Diploma in
Production Management

STRATEGIC OBJECTIVE 1: ENHANCE COMPETITIVENESS AND CAPABILITIES OF SMALL ENTERPRISES THROUGH COORDINATED SERVICES, PROGRAMMES AND PRODUCTS

Blue denotes target is achieved or exceeded

Red denotes target is not achieved by more than 5%

Outcome	Performance Measure or Indicator	Annual Target	Annual Achievement	Reasons for variance	Measures taken to rectify	Sources of verification	Responsible Manager
Client satisfaction ensured	% of surveyed clients satisfied with quality of Seda services	80%	97%	Performance is consistent with previous financial year and points to improved quality of services as a result of capacity building of services providers and projects completed on time	None	Branch MOV files	HOD: Provincial Affairs
Client business performance improved	% of surveyed SMME clients who turnover has increased (Growth)	35%	56%	Improved access to markets has had a positive result on assisted client's turnover	None	Branch MOV files	HOD: Provincial Affairs
	% of surveyed SMME clients whose number of employees has increased (Growth)	25%	32%	Long term support has seen client businesses improving and thus employing more people, especially in the first two quarters	None	Branch MOV files	HOD: Provincial Affairs



STRATEGIC OBJECTIVE 2: ENSURE EQUITABLE ACCESS TO BUSINESS SUPPORT SERVICES

Outcome	Performance Measure or Indicator	Annual Target	Year to date Actual Achievement	Reasons for variance	Measures taken to rectify	Sources of verification	Responsible Manager
Client reach improved	Number of new clients attracted	90,000	79,570	The target for 2011/2012 was set at 90,000 to ensure that a significant number of new clients in the strategic focus areas were attracted into the network. This was an increase of 50% from the 2010/2011 target. The year to date achievement is a 24% increase on the achievement for the 2010/2011 financial year which was 63,916	Target for 2012/2013 has been revised, based on historical trends.	Branch MOV files	HOD: Provincial Affairs
	Number of clients working with	25,000	15,391	As a result of the 50% increase in the target for new clients attracted, the target for clients working with was increased as the two are inter related	Target for 2012/2013 has been revised, based on historical trends.	Branch MOV files	HOD: Provincial Affairs
	% of projects that were awarded to clients retained from previous year	50%	17%	The 50% target was an estimation and not based on baseline information. The volume of new clients working with makes it difficult for Business Advisors to proactively visit old clients.	It is envisaged that the Cadet Programme will free up Business Advisors to focus on repeat clients.	Branch MOV files	HOD: Provincial Affairs



7. ANNUAL PERFORMANCE REPORT 2011/2012

Outcome	Performance Measure or Indicator	Annual Target	Year to date Actual Achievement	Reasons for variance	Measures taken to rectify	Sources of verification	Responsible Manager
Rural enterprise development enhanced	Number of adopted enterprises under CPPP programme	20	23	Greater than expected number of enterprises fully functional as a result of partnerships.	None	Project files	Senior Manager: Cooperatives and CPPP
Cost sharing with delivery partners maintained	Value of service delivery costs covered by delivery partners	R7.6mil	R10.09mil	Increase in funds received and utilized from provincial and local government partners in the fourth quarter.	None	Financial Reports	Management Accountant
	Number of partnerships operational	30	61	Target exceeded due to organisations wanting to partner with Seda, especially existing partners who want to continue working with Seda.	None.	Partnership records	Senior Manager: Stakeholder Relations

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

Outcome	Performance Measure or Indicator	Annual Target	Year to date Actual Achievement	Reasons for variance	Measures taken to rectify	Sources of verification	Responsible Manager
Seda image improved	Positive to negative publicity ratio	5:1	92:1	The better than targeted performance is due to the organization's public relations on performance and events such as the Annual Stakeholder Forum and Seda Stars Competition	The target will be retained at 5:1 for the 2012/13 financial year as the organization is changing focus in terms of strategy	Media statistics from outside service provider.	Senior Manager: Corporate Communication and Marketing



7. ANNUAL PERFORMANCE REPORT 2011/2012

Outcome	Performance Measure or Indicator	Annual Target	Year to date Actual Achievement	Reasons for variance	Measures taken to rectify	Sources of verification	Responsible Manager
Cost efficiency improved	% of direct service delivery costs versus total delivery costs	58%	69.31%	Midyear budget review was conducted in October 2011 and resulted in more funds allocated to the provincial network	The performance is in line with the organization's strategy of channelling more funds to the delivery network	Financial Reports	Management Accountant
	% of deviations of actual expenditure from approved budget	5%	0.89%	The performance depicts efficient financial management and budget	None	Financial Reports	Management Accountant
Organisational staffing improved	% reduction in staff vacancies	50%	76%	Improvement in turnaround time to fill vacancies resulted in a higher than targeted vacancies being filled	None	HR Reports	Senior Manager: Recruitment, Employment Equity and Remuneration



SEDA TECHNOLOGY PROGRAMME 2011/2012 DRAFT ANNUAL PERFORMANCE REPORT

STRATEGIC OBJECTIVE 1: ENHANCE COMPETITIVENESS AND CAPABILITIES OF SMALL ENTERPRISES THROUGH COORDINATED SERVICES, PROGRAMMES AND PRODUCTS

Outcome/ Output	Performance Measure or Indicator	Annual Target	Annual Achievement	Reasons for variance	Measures to rectify	Sources of verification	Responsible Manager
Client satisfaction ensured	% of surveyed clients satisfied with quality of Seda services	80%	71.4%	Key dissatisfaction drivers are around network opportunities created for clients, incubator support in sourcing additional funds and access to relevant research and reference material. Survey was conducted for the first time in 2011/2012 and focused on incubation clients. Improvements to the survey will include a survey on the supported incubators	As this indicator is being measured for the first time, the results are being analysed to introduce corrective measures	Survey Report	Acting Senior Manager: Incubation
Client business performance improved	Number of potential entrepreneurs turned into trading businesses	244	295	Better performance by agricultural incubators produced more enterprises	None	Incubator Reports	Acting Senior Manager: Incubation
	Number of jobs created	1,050	1,517	Better performance by agricultural and construction incubators contributed to the increase	None	Incubator Reports	Acting Senior Manager: Incubation
Client support services provided	Number of clients supported	1,500	1,845	Increased client portfolios of construction, manufacturing and agricultural improved the achievement	None	Incubator Reports	Acting Senior Manager: Incubation

7. ANNUAL PERFORMANCE REPORT 2011/2012

Outcome/ Output	Performance Measure or Indicator	Annual Target	Annual Achievement	Reasons for variance	Measures to rectify	Sources of verification	Responsible Manager
Technology interventions provided	Number of clients referred/linkages	50	58	Increased demand for technology related interventions	None	Programme Reports	Acting Senior Manager: Technology Transfer Programme
Standards and Quality workshops conducted	Number of workshops conducted	50	41	Due to demand and focus on training on national and international standards in the first two quarters, less than anticipated workshops on quality and standards could be scheduled	Prior scheduling of workshops	Workshop Reports	Senior Manager: Quality
Conformity assessment and productivity testing support provided	Number of clients supported	100	129	Increased demand for company system audits and product testing and certification	None	Programme Reports	Senior Manager: Quality
Training on national and international standards conducted	Number of clients supported	500	936	Due to early demand in the first quarter this target was exceeded in the 1 st and 2 nd quarter	None	Programme Reports	Senior Manager: Quality
Systems implementation support provided	Number of clients supported	30	30	None	None	Programme Reports	Senior Manager: Quality



EXECUTIVE SUMMARY

The performance information reported here for the year under review supports the strategic indicators in the Seda 2011/12 Business Plan. Overall Seda achieved and exceeded performance in 10 of its 13 strategic indicators, while the Seda Technology Programme achieved and exceeded performance in 7 of its 9 indicators.

The indicators not met included: Attracting new clients, Number of clients assisted and Retaining and working with clients from the previous financial year.

STRATEGIC OBJECTIVE 1: ENHANCE THE COMPETITIVENESS AND CAPABILITIES OF SMALL ENTERPRISES THROUGH COORDINATED SERVICES, PROGRAMMES AND PRODUCTS

Client satisfaction ensured

A sample of 3,747 assisted clients was surveyed following Seda intervention, to determine client satisfaction levels. Of these, 3,645 or 97% rated the Seda's service quality as good or excellent. This performance is consistent with the previous financial year and is due to the programme of building the capacity of service providers ensuring of completing projects on time, as well as capacity building of our frontline staff .

Client business performance improved

Seda's services to small enterprises are aimed at business formalisation, graduation and growth. During the 2011/2012 financial year, the organization surveyed a representative sample of 1,872 assisted clients to assess their business improvement attributable to Seda interventions. Of those surveyed, 56% (target 35%) reported an increase in turnover, while 32% (target 25%) indicated growth in the number of people employed.

STRATEGIC OBJECTIVE 2: ENSURE EQUITABLE ACCESS TO BUSINESS SUPPORT SERVICES

Client reach improved

A total of 79,570 (target 90,000) potential and existing small businesses accessed the Seda branch network during the year under review. This was 11.6% below target, which was set to ensure that a significant number of new clients in strategic focus areas, particularly from the small to medium-sized enterprise segment of the SMME sector, were attracted to the network.

This 2011/12 target was an increase of 50% from the previous year, we however note that the year on year achievement is 24% more than the 63,916 in the 2010/11 financial year. Subsequently, 15,391 clients received a Seda intervention.

The target for existing clients is interrelated with that of new clients, which therefore also increased by 50% for 2011/12.



8. PERFORMANCE HIGHLIGHTS

The following Figures profile new and existing clients by province.

Figure 1: New clients attracted per province.

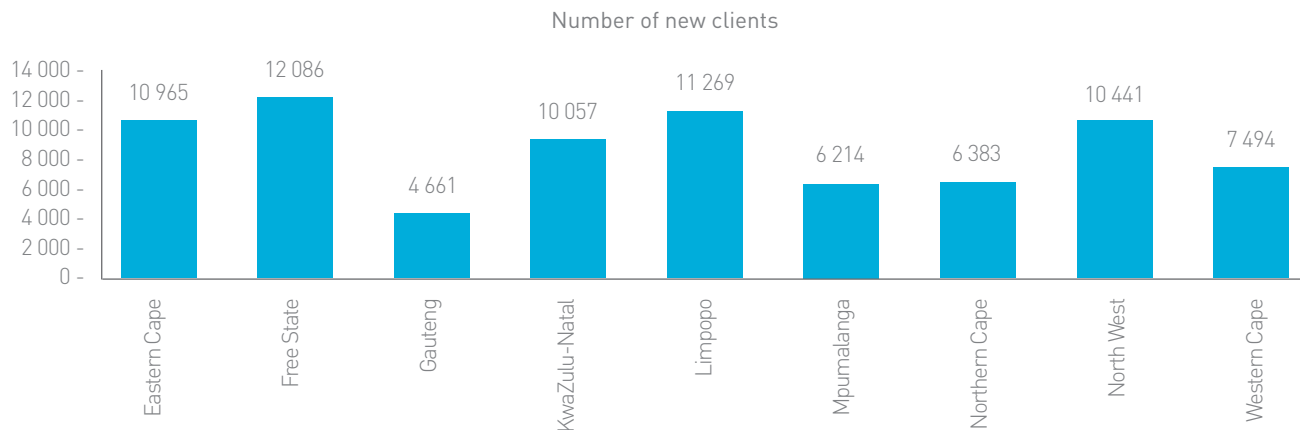
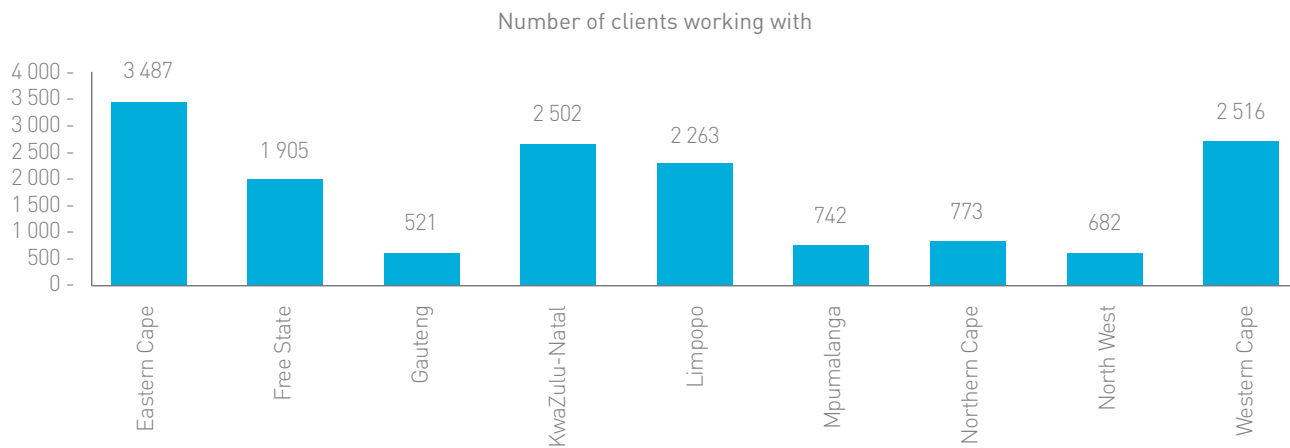


Figure 2: Existing clients per province.



8. PERFORMANCE HIGHLIGHTS

Seda's specific provincial performance is both a factor of the entrepreneurial activity and size of the Seda network in each province. Seda's single branch in Gauteng explains why its performance is the lowest despite being economic hub of South Africa. Provinces with a fairly expansive network, such as Eastern Cape attracted over 10,000 new clients.

Historical disparities addressed

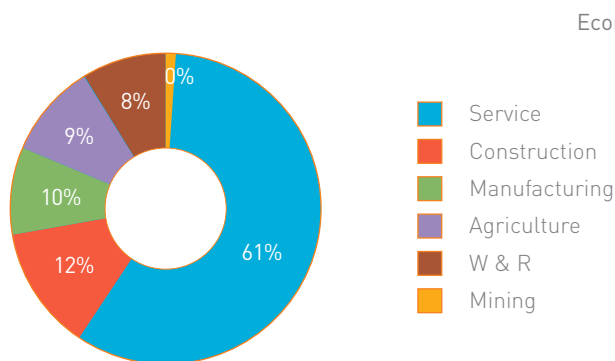
Seda addresses the country's historical and other disparities through focused events that aim to bring black, youth, women and the disabled into economic activity. Table 1 reflects the demographic profile of Seda's assisted clients.

Table 1: Seda client demographics

Demographic	Prevalence
Black-owned businesses	96%
Women-owned businesses	49%
Youth-owned businesses	46%
Disabled-owned businesses	2%

In line with government policy, Seda has prioritised the following sectors in the medium-term: manufacturing, services (with a focus on technology and tourism) and agriculture (with a focus on agro-processing). Figure 3 classifies Seda's assisted clients by sector.

Figure 3: Sector classification of Seda's existing clients.



The priority sectors represent three of the four largest sectors, with more than 60% of assisted enterprises in the services sector. While the initial expectation was a decline in the construction sector after the 2010 FIFA World Cup, the planned infrastructure projects announced by President Jacob Zuma during this 2012 State of the Nation address, is expected to increase the demand for Seda services from small enterprises in the construction sector.

Seda's decision to focus on SMMEs with between 21 and 200 employees during the past year was intended to stimulate the employment creation ability of small enterprises. This SMME segment generally has the capacity and technical skills to yield better impact by creating more jobs.



8. PERFORMANCE HIGHLIGHTS

Table 2 indicates the existing client groups (by number of people employed) that Seda assisted during the past year.

Table 2: Seda's existing client groups by number of people employed

Type (number of people employed)	Percentage
Pre-operational (0 employees)	12.0%
Survivalist (1 to 5 employees)	78.0%
Micro (6 to 20 employees)	8.7%
Small (21 to 50 employees)	1.0%
Medium (51 to 200 employees)	0.3%

Recommendations from a study of the profile, aspirations and challenges of small and medium-sized enterprises conducted during the reporting period, particularly programmes to stimulate employment creation, will be implemented in the 2012/13 financial year. The resultant medium-term expectation is that within the next three years, Seda's clients within the small and medium enterprise segments of the SMME sector will have to increase significantly, if we are to realise better impact.

Client retention improved

Independent research commissioned by Seda has confirmed that sustained support rather than once-off interventions increases the impact derived from its services. During the past financial year, Seda started tracking the extent to which previously-assisted clients accessed the organisation's delivery network for additional support. Results indicated that 17% (target 50%) of the interventions were provided to clients retained from the previous financial year. The estimated 50% target was not based on baseline information, and was rather an ambitious target.

The volume of new clients makes it difficult for Business Advisors to continuously support existing clients, in future. Seda will explore options such a Cadet Programme with the view that Cadets deal with the initial queries and assessments to avail Business Advisors with more time to focus on repeat clients, thereby strengthening our client journey approach.

Enhanced rural development

Enterprise development in rural areas remains one of Seda's priority areas. This focus is aligned with the National Development Plan 2030, which posits that rural economic participation will rise from its current level of 29% to 40% by 2030. Seda has mobilised and assisted hundreds of communities to establish Cooperatives. Using a model that leverages support from the private and public sector, Seda has assisted 23 (target 20) Cooperatives to a fully functional stage. This better-than-expected performance can be attributed to provincial partnerships and cooperatives forums. In the medium to long term, Seda will bring together primary cooperatives with common interest to create secondary cooperatives.



8. PERFORMANCE HIGHLIGHTS

Maintaining cost- sharing with delivery partners

Despite financial constraints, Seda's provincial and local partners contributed R10,09 million towards the much-needed financial support to service small enterprises, using the vast Seda network. Services provided with this support ranged from business development services including facilitation access to finance.

Increasing cooperation with delivery partners

Evidence of the confidence in approval of Seda's small enterprise interventions is reflected by the 61 (target 30) organisations that partnered with Seda during 2011/12. These partnerships ranged from physical space provided by local and provincial government from which Seda services clients to access a variety of non-financial support services and facilitation of access to finance.

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

Improving Seda image

Seda's public relations team generated publicity for the organisation far in excess of expectations, with 92 (target 5) positive against one negative mention in the media, and facilitated successful events such as the Annual Stakeholder Forum and the National Business plan competition. In future, media monitoring will be augmented with periodic reputation surveys drawn from among key stakeholders so as to refine and focus the organisation's communication strategy.

Improved cost - efficiency

69.31% of Seda funding was utilised for the network and direct service delivery.

Due to efficient financial management and budgeting, Seda used 99.11% of its approved funds. This is well within the generally accepted 5% budget deviation.

Improved organisational staffing

During the reporting period, 62 of 82 vacancies at the beginning of the financial year were filled by year- end. This translates to an actual achievement of 76% against a target of 50%.

As a service organisation, Seda strives to maintain reasonable staff levels with a vacancy rate of below 10%.



SEDA TECHNOLOGY PROGRAMME

Ensuring client satisfaction

Incubation is a key focus area in Seda's efforts to create much-needed employment in South Africa. During the fourth quarter, the results of a client satisfaction survey among incubatees indicated a satisfaction level of 71.4%, which is lower than target of 80%. Areas identified for attention by the survey include supporting start-up businesses with more networking opportunities and access to additional funds for relevant research and reference materials.

Improved client business performance

Small enterprises in Seda-supported incubators graduate and exit the incubator as they reach acceptable levels of self-sustainability. While the incubation period differs from sector to sector, graduation creates opportunities to take in new clients. The improved performance by incubators in the agricultural sector resulted in 295 (target 244) potential entrepreneurs becoming self-sustainable as trading businesses, which exceeded the target by 21% for the year under review.

The incubation programme overall, exceeded its job creation target of 1,050 against a target of 467 due to incubators in both the construction and agricultural sectors exceeding their targets.

Providing client support services

Seda's Technology Programme supported 1,845 against the target of 1,500 start-up businesses in incubation during the past year, due to an influx of new clients entering incubators in the agriculture, construction and manufacturing sectors.

Providing technology interventions

A total of 58 small enterprises that required technology interventions were assessed and referred to other institutions for technology support, while Seda assisted 34 clients with technology interventions.

Standards and quality compliance workshops

Seda conducted 41 (target 50) workshops to create awareness about the need for standards and quality in business operations. The performance was below the targeted number of workshops for the year in future, Seda will focus on dealing with the demand for training on national and international standards and quality requirements.



8. PERFORMANCE HIGHLIGHTS

Conformity assessment and productivity testing

A higher-than-expected demand for company systems audits and product testing resulted in 129 clients being supported during the year against a target of 100.

Training on national and international standards

The significant interest in national and international standards training among small enterprises resulted in most of the training conducted in the first and second quarters of the 2011/12 financial year. The total number of clients trained is 936 which far exceeded the annual target of 500.

Systems implementation support provided

Seda achieved its target of supporting 30 clients with systems implementations during the past financial year.



A small selection of Seda's SMME success stories are again profiled in this section - stories that come from the entrepreneurs themselves, stories that are impressive, inspiring and delightful. We take pride in sharing them with you.



An entrepreneur is a person whose career choice is to create and run their own business. Someone who sees benefit in opportunity, who is inventive, creative, hard working and willing to take a risk with the passion to launch a new adventure that will turn innovation into economic reality. In recent years, entrepreneurship has included social and political forms of entrepreneurial activity.

FROM IDEA TO SUSTAINABLE ENTERPRISE

Imagine combining steam engine technology with that of a horse-drawn carriage to create a horseless carriage in the form of a car? An entrepreneur would.

An entrepreneur converts a new idea into a successful innovation. Entrepreneurship owes much to the attributes of an entrepreneur: a passion for challenge, excellence and distinction, self-reliance, optimism, energy and realism.

Through the ages, entrepreneurship created new industries and new combinations of existing technologies. Although transformational, the car did not require the development of a new technology, merely the application of existing technologies in a novel manner. Over time, incremental improvements reduced the cost and improved the technology, which brought about modern transportation and the practical replacement of beast-drawn vehicles.

Entrepreneurship is widely regarded as integral to the culture of business life and an engine for job creation and economic growth. More than a hundred scholars around the world track entrepreneurial activity, policy and social influences as part of the Global Entrepreneurship Monitor (GEM) and its associated reports.

Since inception, Seda has assisted, guided and supported small enterprises across South Africa. Seda's Business Advisors are often lauded by the entrepreneurs for their support, empathy, acumen and wisdom in guiding start-up businesses through the labyrinth of initial challenges and the sincere way in which they share progress and achievement.

There is no doubt that long-term support improves business sustainability, increases turnover and adds value to growth and expansion. Seda uses a well-proven improvement assessment tool to determine business success six months after its first support intervention. The assessment evaluates whether the SMME has graduated from idea to enterprise with a formal business plan, increased turnover and number of employees and measurable growth.



AUSLEO CONSTRUCTION CC



Province: Northern Cape
Seda Branch Name: John Taolo Gaetsewe
Business: Manufacturing, Specialising In Woodwork-Related Products

ABOUT THE BUSINESS

Established on 1 March 2009, Ausleo Construction CC opened its doors as a woodwork manufacturing and retail enterprise in Kuruman's central business district from premises no larger than 100 m² floor space. The business manufactures and installs customised furniture, such as display, kitchen, home, leisure and wall units, built-in cupboards, as well as bars and counters for a variety of clients, including local carpenters and walk-in clients. The company also provides maintenance services for buildings and furniture.

Founding members, Lenie and Gregory Austin, have had extensive experience in managing a furniture business. Both are excellent managers, which contributed greatly to business growth.

"We listened to clients with planning challenges and shared ideas, solutions and new developments in the market. Today, our business growth has necessitated an increase in floor space to 400 m², which at times is still too small, and our staff complement has grown from 3 to 10."

THE CHALLENGES

The first challenge Ausleo Construction faced was the lack of a business plan, which inhibited their ability to access start-up funding. In addition, some of the early staff members were largely unskilled, while the company had a low client base, inadequate machinery and equipment and limited floor space from which to operate.

SEDA INTERVENTIONS AND SUPPORT

Planning Lenie and Ausleo's passion for their business was infectious. Seda assisted the company to deal with the first hurdle: the development of a business plan.



“The support from Seda helped to grow our business. Now we can show other businesses the importance of sharing, uplifting and making a better living - not for us only, but for other people as well. Where will our next generation be if we do not give them something to hold on to? ”

- Lenie and Gregory Austin, Kuruman 2012

Funding Seda referred Ausleo to funders such as Anglo-American Zimele Fund. Funding was secured and paid within 30 days of application and Ausleo received valuable mentoring and support from the funder.

Support Throughout the start-up process, Ausleo staff benefitted from regular interaction with Seda representatives who discussed progress to determine and assist with additional business needs.

Training Seda's Business advisor often invited Ausleo to attend training and skills workshops, which greatly assisted in the increase in competence and proficiency among all staff members. CESS

THE OUTCOMES

- Celebrated achievements with customers at the new premises in April 2011.
- Marketing the business with branded wall signage, a website, advertisements in local and regional business publications and word-of-mouth referrals.
- Financial systems are in place to manage a significant increase in turnover, profit margin and customer base, with credit given to loyal customers.
- Increase in staff complement from 4 to 16, with skills training ongoing.
- New product range will include manufacturing of coffins in consultation with local funeral parlours.



BJ GAMAZINE TRADING CC



Province: Mpumalanga
Seda Branch Name: Ehlanzeni
Business: Manufacturing gamazine coating products

ABOUT THE BUSINESS

Retired school principal, Boy John Mokoena and his wife, Eunice, previously employed in the retail clothing sector, established their gamazine coating manufacturing enterprise in 2005. Introduced to the concept by a friend, Boy John recognised a business opportunity and set off to Malawi to spend two months in training under a German surface paints specialist.

Upon his return, he invested what money he had in production equipment and stock and, proverbially, 'has never looked back'. The business expanded rapidly and today BJ Gamazine exports products to countries such as Equatorial Guinea and Senegal.

The core activity of the business is the manufacture of superior-quality interior and exterior coating products, which are extremely durable, can be applied with a trowel and need no paint. The company also manufactures complementary products, including wall preparation chemicals such as water-proofing and algae and fungal cleaners. Customers consist mainly of property owners and construction companies, locally and in the region. The business employs 26 people and operates from two premises – a client interface office in Nelspruit and a manufacturing facility 25 km outside town in the Msogwaba Township.

THE CHALLENGES

The business needed a business plan to access finance, while the owners needed business management skills and export experience to use company resources effectively and respond to a business opportunity in Swaziland. Professionally designed marketing materials were also required to attract clients, while a quality management system was needed to meet customers' quality requirements.

SEDA INTERVENTIONS AND SUPPORT

Following a diagnostic assessment, Seda recommended business skills training for the owners in financial, marketing, operations and human resource management. The resultant business provided access to finance in 2007, while the Seda Quality Unit provided ISO 9000:2008 training that included compliance with quality principles to improve business competitiveness.



“It was at the 2010 International Trade Fair in Mozambique that BJ Gamazine Trading was really born for the first time, where we saw the opportunities for small businesses that work hard, focus, commit and persevere. Thank goodness for the support from Seda, who accompanied us - it helped a lot.”

- Boy John and Eunice Mokoena, Nelspruit, 2012

In September 2010, Seda accompanied BJ Gamazine to Mozambique where, for the first time, the company participated in an international trade expo. Six months later, MEGA and **the dti** enabled the company's participation at the Dakar International Trade Fair, with a repeat participation in November 2011 to meet potential clients.

THE OUTCOMES

- The application of business management principles resulted in a 100% increase in turnover from just under R1 million in 2010 to R2 million in 2011.
- The business plan secured a loan from MEGA to purchase machinery and refurbish the factory.
- Participation in the trade fairs resulted in contracts with NUUR MARKETING INTERNATIONAL of Senegal and T.E.D AFRIC GUINEE in Equatorial Guinea to the total value of R4, 2 million; as a result, 22 jobs were retained and four created, with the expectation of creating a further 25 job opportunities. The company is training sixty people to assist in fulfilling the contract orders.
- Participation in the Botswana Global Expo in November 2011, also coordinated by Seda, resulted in interest from the Botswana Government in BJ Gamazine's products for which negotiations are ongoing.
- Participation in a business delegation to India with the Deputy Minister of the Department of Trade and Industry, while the business is being ISO accredited by SABS.
- Envisioned creation of 100 jobs by the end of 2012.



CITY BRICKS AND BLOCKS CC



Province: KwaZulu-Natal
Seda Branch Name: UGu
Business: Manufacturing concrete products for building and construction industry

BACKGROUND

City Bricks and Blocks is located in Hibberdene along the Kwazulu/Natal South Coast. The enterprise started operating on 1 February 2010 and manufactures concrete products such as pavers, bricks, blocks and retainers for the building and construction industry.

City Bricks and blocks is a registered Close Cooperation and also offers truck hire services in a form of a horse and trailer. Owner Shamika Sevusunker started the business more than two years ago with a staff complement of nine male and two female employees.

THE CHALLENGES

Although exposed to a bricks and blocks manufacturing business previously, the owner's skills and knowledge had been focused on front office reception in an accounting firm environment. The company lacked a business plan with which to access much needed finance. Whilst enthusiastic, many of the employees were inadequately skilled for the construction of concrete products. The business had reached a point where demand outstripped supply, with orders from the Eastern Cape waiting to be filled, but with inadequate manufacturing as well as office equipment to expand operations. The company's products were also not SABS-approved.

SEDA INTERVENTIONS AND SUPPORT

Shamika's visit to the Seda UGu branch for advice resulted in an assessment of the business, which included an on-site visit to determine the state of the operations. Seda recommended that a business plan be developed to facilitate access to funding for the purchase of equipment. Assistance was provided to Shamika through attending business skills training provided by Seda.



“Energy and persistence conquer all things.”

- Benjamin Franklin

THE OUTCOMES

- Accessed funds to the value of R580 000 from Old Mutual Masisizane Fund.
- Monthly business turnover improved from R200 000 to R400 000 following the purchase of the necessary equipment.
- Full-time employees increased from 11 to 16.
- Secured a mining license.
- Their customer service has improved (three more big contracts were secured) supplying blocks for low cost housing in three municipalities.



DIVINE VISION TRADING CC



Province: Free State
Seda Branch Name: Fezile Dabi
Business: General trading, cleaning and catering services

BACKGROUND

Owner-managers of Divine Vision Trading CC, Silvia and Anthony Edwards, started their business in trading a range of products and providing cleaning and catering services in July 2008. The general trading side of the business is done mainly through door-to-door sales, while cleaning and catering contracts are secured for the related services.

THE CHALLENGES

Seda's assessment of the business identified the need to increase turnover to improve cash flow and create growth, as well as the need for the owners to acquire business management skills to run the business effectively. The assessment also identified the lack of financial statements needed for the owners to become conversant with sales levels and related business matters.

SEDA INTERVENTIONS AND SUPPORT

Seda's first port of call was to assist Divine Vision Trading in stabilising its existing sales levels. A once-off financial cleanup was followed by the preparation of a business profile and business cards. This enabled the company to register as a supplier with large corporates and government entities.

The Seda also facilitated participation in several training interventions, including basic business skills, tendering to secure business and HCCP.

THE OUTCOMES

- The Seda-facilitated profile and tender training enabled Divine Vision Trading to tender for and secure a one year cleaning contract at the De Beers Voorspoed Mine. The contract was subsequently extended for a further year.



“When we started our business we had no knowledge of business practices. Seda helped us to register our business and develop a business plan to attending workshops and training courses. During the entire process we were mentored, which enabled us to grow in the way we did. Seda has been with us all the way and has played a significant role in the success of our business thus far.”

- Sylvia and Anthony Edwards, Free State, 2012

- As a result of the De Beers contract, monthly turnover initially trebled before increasing to R250k due to over-time services provided in addition to those contracted.
- Staff members increased from four to 30 workers initially, while the business currently employs 60 permanent workers and contracted another 20 temporary workers during the busy end-of-year period in 2010.
- With the above successes in mind, the client will, most probably be provided with a business plan for expansion purposes and to minimize their dependence on De Beers for an income, and also a QMS intervention. The client plans to open another related business and Seda is already involved in this as well.



GOSIAME AGRICULTURAL PROJECTS



Province: North West
Seda Branch Name: Bojanala West
Business: Primary agricultural – piggery, poultry and vegetables

BACKGROUND

Owned by Memme Ramaila, Gosiam Agricultural Projects (GAP) started its operations in October 2010 as a self-funded business in Mabeskraal, a village within the Moses Kotane Local Municipality. Situated on a two hectare plot, the business started with 450 chickens and currently consists of three agricultural enterprises. These entail a piggery, which produces piglets sold at local farm markets; a poultry incubator to produce eggs sold locally to the community, stores and the Boshhoek supermarket; and vegetable cultivation from which spinach is sold to the local community.

THE CHALLENGES

GAP's potential contract with Top Lay, a national egg supplier, to deliver 50 000 eggs per day required an investment of R14 million in expanding the company's infrastructure and capacity to sustainably fulfill such an order. The contract would also enable GAP to contribute to food security and job creation in the region by employing the additional staff from the Mabeskraal residents.

GAP also required assistance with marketing tools such as a website to attract new clients locally and abroad to achieve its goal of exporting eggs to other countries, while mentorship would assist the owner to improve her business management skills.

SEDA INTERVENTIONS AND SUPPORT

Seda registered GAP in the agency's system and appointed a service provider to assist with the development of a bankable business plan to support access to funding. Efforts to secure the R14 million investment in infrastructure and capacity expansion are ongoing. Branding support was provided to develop marketing tools such as signage boards, business cards and promotional material, as well as company stationery. Seda also facilitated staff training in crop farming and business management.



“We pride ourselves in providing customers with excellent service because we cannot achieve our goals without satisfied customers. We have not had the opportunity to participate in an exhibition, but with assistance from Seda, we will gladly and proudly honour such an invitation.”

- Memme Rramaila, Mabeskraal, North West, 2012

THE OUTCOMES

- Improved sales especially from walk-in customers due to greater visibility and a significant increase in turnover.
- New clients for Goisame Eggs, including the Kwa Maritane and Madikwe Game Lodges, the latter through an agreement with a poultry farmer, while Saint Annes Catholic Boarding School and the Bakubung Game Lodge has shown interest in our egg produce.
- Creation of new jobs with three full-time employees at GAP and a steady improvement in financial administration with all sales now recorded.
- Winner of the prestigious North West Female Farmer of the Year Award in the smallholder category on 24 March 2012. The R625 000 prize money will be used for drilling a borehole and purchasing feed and additional point-of-lay chickens.
- Continued business improvement through staff training and working towards accreditation (BEE and Company Food Safety Certificates to confirm compliance with Global Food Safety Initiative (GFSI) requirements and Hazard Analysis and Critical Control Points (HACCP) principles).



THE HERBAL HORSE



Province: Gauteng
Seda Branch Name: eGoliBIO
Business: Herbal food supplements for horses and domestic animals

BACKGROUND

Formulating and supplying herbal food supplements for horses and other domestic animals is a dream come true to entrepreneur and company owner, Beryl Shuttleworth. The Herbal Horse is a small company that believes in natural healing – a conviction that led to the development of a natural herbal remedy range of products, all of which contain herbs, vitamins, amino acids and minerals known to be safe and effective for horses and other domestic animals.

THE CHALLENGES

A lack of business skills such as financial management, business planning, administration and marketing affected the owner's ability to run the business effectively. The company needed to brand itself with a corporate identity and visible marketing initiatives to increase its client base. Access to funding and new markets, as well as upgrading office equipment and infrastructure, creating business linkages and mentorship in the development of business skills required attention.

SEDA INTERVENTIONS AND SUPPORT

The eGoliBIO Incubator in Gauteng has supported the company with incubation since 2007. Numerous interventions through the incubation process have improved business efficiency and growth, such as a complete business assessment with full business plan as the final product. The owner also received training and mentorship in business management, attended several conferences and an international exhibition in her field of expertise and participated in trade missions to several countries to market the company's products.

THE OUTCOMES

- Exhibited at the Dubai International Horse Fair with assistance from the Export Marketing and Investment Assistance Scheme (EMIA).



“ Thank you to eGoliBIO and its staff for the continuous support over the years, they have helped me a great deal to effectively run my business.”

- Beryl Shuttleworth, Gauteng, 2012

- Company products are available in a number of pet stores in the country, such as the Aquafox shop and at Fourways-SA.
- Opened new distribution channels through Agrichem SR and in Botswana, Zambia and Zimbabwe, while currently negotiating with a potential distributor in the USA.
- Increased market share with a total turnover of R1,5 million from exports in 2011.
- Successfully participated in many exhibitions and conferences to market products.
- Sound financial management of the company, and have secured funding from other institutions.



MOOIHOEK BOERDERY



Province: Eastern Cape
Seda Branch Name: Nelson Mandela Bay
Business: Agricultural enterprise

BACKGROUND

Mooihoek Boerdery is a 100% woman-owned business established in 1999 by Madelé Ferreira and located in Backhouse Hoek, Hankey. With entrepreneurial flair, she identified a gap in the fresh produce market for fresh strawberries and motivated by a need to contribute to the local community and supplement her household income, started her a small scale business with 15 000 strawberry plants.

Strawberry jam and preserves were soon added to the business offering and initially sold to local supermarkets. In 2005, Mooihoek Boerdery added spinach to its product range which is planted with the strawberries on a 20 hectare plot of farmland leased from the family Trust. The pack house and office are located in a 300 m² building.

THE CHALLENGES

The business started with limited capital and an owner with no farming experience, business acumen or knowledge of production processes. Farmers in the area assisted during the initial stages, but the need to improve the overall farming and processing methods soon became apparent.

The business needed systems to comply with the stringent quality requirements of Mooihoek's main customers, the national chain store groups.

SEDA INTERVENTIONS AND SUPPORT

Seda's assessment of company operations in 2006 identified the need for modern and efficient production and business management systems and professional promotional material to improve the image of the business.

The agency linked Mooihoek with PUM, a Netherlands-based organisation that offers business support programmes to SMMEs. Two



“My determination to succeed brought me into contact with role players who provided me with the knowledge and skills I needed to grow my business from a few hundred plants in 1998 to a multi-million Rand farming enterprise today. The advice and friendship from Seda, the Seda service providers and PUM cannot be measured in monetary terms. I am very thankful.”

– Madelé Ferreira, Hankey, Eastern Cape, 2012.

PUM experts spent two weeks at Mooihoek to transfer management skills and improve farming efficiencies, such as the installation of a conveyor belt in the pack house. The improvements also improved crop quality and enabled Mooihoek to comply with client requirements, particularly the large chain store groups. PUM funded the costs for the Mooihoek support programme.

Further support from Seda resulted in a marketing plan, promotional material and a quality management system, as well as financial management training and mentorship where needed.

THE OUTCOMES

- Increased income from R256 000 in 2006 to over R6 million in 2012.
- Approached by the Netherlands to do a trial production run for the supply of berries.
- Secured R3.2 million funding from the Industrial Development Corporation.
- Passed FSA (Food Safety Assessment) High Risk Audit in 2008 with flying colours and annually since then with a 97% score.
- Passed the Global Gap Audit and Q-Pro Audit each with a 98% score and recently achieved BBBEE Level 4 accreditation.
- Regional winner of the Business Women Association in 2012.



NAKISENI BUSINESS ENTERPRISE



Province: Limpopo Vhembe district
Seda Branch Name: Vhembe
Business: Agricultural enterprise

BACKGROUND

Detergent manufacturer, Nakiseni Business Enterprise, was launched in 2004 as the brainchild of Gloria Malema, who saw a gap in the market for locally produced cleaning products. Four years later in 2008, the factory based in the Shayandima industrial area in Thohoyandou, which falls under the Thulamela Municipality, started manufacturing cleaning products.

THE CHALLENGES

The original business idea was based on the assumption, among others, that highly skilled staff would be available to manage the company's production, marketing and finances. The practical reality of the high cost of skilled staff – unaffordable for a start-up business – soon took root. With no capacity and little resources and no funding to invest in product testing, initial skepticism about the products among prospective clients affected sales negatively.

Even when the factory became a reality, the small budget could not accommodate a comprehensive marketing campaign to establish the new product line. Only semi-skilled staff could be recruited, many of whom were not equal to the tasks at hand. Penetrating a market already dominated by well-established players in the sector and challenging brand loyalty among prospective customers required a level of marketing sophistication that was beyond what the company could afford. Contracts were difficult to come by and took a long time to realise.

SEDA INTERVENTIONS AND SUPPORT

Despite numerous challenges, Nakeseni Business Enterprise won the African SMME Competition Award in 2010. The company approached Seda for advice and support in further growing the business. Interventions included assistance with marketing tools, such as banners, signage boards and business cards, to create greater visibility for the factory among potential clients.



“We are delighted to have been beneficiaries of Seda interventions. Our business has now grown and become a significant player in the economy. Our growth is partly due to diversification as franchisees of O’Galitos restaurant. In the process we have created jobs for many South Africans.”

– Gloria Malema, Thohoyandou, Limpopo, 2012

Seda facilitated the company’s participation in the 2010 Accenture Enablis Business Launch-Pad Competition, which aims to create an opportunity for anyone with a business idea or existing business who finds it difficult to secure conventional commercial funding to be considered for access to start-up or expansion funding. Nakiseni Business Enterprise won the competition and used the award to profile itself to the public.

Seda also assisted Nakiseni to obtain SABS approval for their products.

THE OUTCOMES

- Participated in an international exhibition in Zimbabwe and established networks through which to find permanent markets for their products.
- Created permanent and temporary jobs due to high levels of business performance, consistency and productivity.
- Awards include the Enablis Business Launchpad Competition, Africa’s Biggest Small Business Competition (partnered by FNB, Enablis, Seda, Microsoft, Spiergreen Capital, Business Times, Postnet, Business Place, Gauteng Enterprise Propeller, Free State Development Corporation, Khula Enterprise Finance, Tele Systems, KPMG and REVLON).
- The company also won the Black Management Forum’s Tracey Malatji Woman of Excellence Award as well as the Vhembe District Young Entrepreneur of the Year Award.



PHASE OF PLATINUM JEWELLERS



Province: North West
Seda Branch Name: Seda Platinum incubator (SPI)
Business: Bespoke jewellery

BACKGROUND

An enterprising entrepreneur and business man, Cedric Lesele has gone from a decade of owning hair salons to being the founder and owner of the Rustenburg-based Phase of Platinum Jewellers, a bespoke jewellery manufacturer.

With jewellery design and Manufacturing NQF Level 3 qualifications and a wealth of business experience under his belt, Cedric registered Phase of Platinum Jewellers and signed up with the Seda Platinum Incubator (SPI) as a SMME in 2008 and left no stone unturned to explore opportunities that would lead to business growth and success.

The company's tag line "If you can dream it, we can make it" and its specialisation in custom-made jewellery such as platinum earrings and wedding bands using platinum, gold, silver and palladium, has attracted customers from all walks of life in Rustenburg. The company also cleans and polishes jewellery, remodels, plates and resizes old pieces of jewellery and provides customers with jewellery evaluations. Pride of place in the product line-up is the "Tlthago Range", a Setswana word for nature.

THE CHALLENGES

Cedric's business acumen, management skills and experience in business ownership, as well as his business networks and natural ability to promote his company at trade exhibitions stood him in good stead when he launched Phase of Platinum Jewellers. The lack of experience in the jewellery industry and market access, however, presented major challenges and required a steep learning curve, while the company also needed a brand presence and corporate identity to differentiate it in the market place.

SEDA INTERVENTIONS AND SUPPORT

The Seda Platinum Incubator (SPI) arranged training in new venture creation through the W&RSETA, provided links to district and provincial stakeholders in the economic development field and facilitated market and funding access, the latter from the North West Craft and Design Institute, Bojanala Platinum District Municipality and Rustenburg Local Economic Development. The company is a registered member of the Jewellery Council of South Africa.



“Seda, I am really thankful for the day I walked onto your premises, where I was welcomed from reception to the business advisor. A sincere thanks to Keneilwe Danke and the Seda team for your support and sound advice.”

– Cedric Lesele, Rustenburg, North West, 2012

As a SPI tenant, the company was given access to a SMME webpage to promote its business and encouraged to participate in the South African Breweries (SAB) KickStart Competition, which stimulates sustainable enterprise development and promotes business awareness through, among others, start-up capital grants, training and mentorship.

THE OUTCOMES

- Improved turnover and greater visibility, business efficiency and market access.
- Won R50 000 in the SAB KickStart competition in the regional category.
- Accessed funding from the North West Craft and Design Institute (NWCDI) for a corporate identity and from the W&RSETA to purchase hand tools, metal, consumables and a laptop for the business.
- Successful participation in local and international jewellery trade exhibitions to track jewellery trends and meet potential business partners. Exhibitions included the 2010 FIFA World Cup, Conseq Science and Engineering Fair and CIFIT exhibition in China, as well as exhibitions in India and Botswana, with remarkable results.
- Established a good client base in Rustenburg.



RAN INTERIORS AND WOODEN COMPONENTS CC



Province: KwaZulu-Natal
Seda Branch Name: Furntech Durban
Business: Wood and wood products

BACKGROUND

Sole Proprietor Mike Pillay started Ran Interiors & Wooden Components as a start-up Close Corporation because he wanted to share his extensive knowledge of woodworking with others and create jobs while doing so. The company's product range includes the manufacture of customised doors and household, upholstered and office furniture. As a Sole Proprietor, professionalism and quality of work attract more customers than any marketing campaign and this has seen the company go from strength to strength with an order book that is completely full well into the new financial year.

With Seda assistance, the business entered the Furntech Incubation Programme in April 2011.

THE CHALLENGES

Similar to other start-up businesses in the wood and wood products sector, key challenges included access to affordable business premises, adequate infrastructure such as machinery and sufficient capital, skills and markets.

SEDA INTERVENTIONS AND SUPPORT

Furntech's Incubation Programme provided the company with a protected environment and benefits such as lockable premises, access to a workshop and administrative services, as well as business and technical support.

Participation in the incubation created a platform for the development of a detailed business plan and marketing material with business and technical mentoring to align the company's systems and processes with legal and legislative requirements. Further



“Operating my business from Furntech has been very profitable thus far. The advice that I have received from the facilitators has played a key role in developing and growing my business.”

– Mike Pillay, Durban, KwaZulu/Natal, 2012

benefits included access to the Incubator’s business network, which provided the company with a number of business opportunities. Furntech also facilitated funding for participation in exhibitions such as the Durban Business Fair 2011 and Decorex Durban 2012.

Mike has set himself challenging goals for 2012: increasing business growth by expanding his business to a national level and extending the company’s product range by producing more solid furniture to the export market.

THE OUTCOMES

- Significant increase in revenue during the past financial year (R62 066 to R200 670).
- Provided permanent employment to three workers since April 2011.
- Selected to assist in the restoration of a kitchen in an upmarket area in Durban to the value of R1.4 million.
- Secured orders to the value of R20 000 after the factory sale that was held at Furntech in November 2011.



RCCH CONSTRUCTION



Province: Mpumalanga
Seda Branch Name: Gert Sibane
Business: Civil and mechanical engineering, maintenance and construction

BACKGROUND

Established as Rcch Construction in 2003 and located in Evander in Mpumalanga, the company specialises in civil and steel engineering. This includes single-, double- and argon-coded welding, pipe- and mechanical fitting, boiler-making and replacing canopies on conveyor belts. Rcch Construction also provides clients with general construction services such as building, painting, carpentry, tiling and plumbing.

THE CHALLENGES

Similar to other start-up businesses, major challenges included inadequate financial and accounting management skills with the resultant propensity of not applying basic financial principals. No proper financial management system was in place, which included a need for payroll and HR software. The company also battled with insufficient number of vehicles to transport tools and material and not enough skilled and qualified employees to execute the work effectively and efficiently.

SEDA INTERVENTION AND SUPPORT

Seda assisted the business with the development and implementation of financial management systems and a Pastel Partner Payroll System and software to ensure compliance with local financial legislation and statutory rules and regulations. Seda also supported Rcch Construction in dealing with business challenges, with agency representatives always willing to visit their business premises or that of clients such as SASOL where the company was working. Benefits also accrued from participation in workshops.

THE OUTCOMES

- Improved management skills and professional image to attract and retain customers.



“The Seda interventions assisted us in a good way. We now deal with our clients professionally, especially a big client such as SASOL. Our client referrals have increased and we are reducing the amount of manual paper that we used to do.”

- Robert Frans and Xavier Kleyhans, Evander, Mpumalanga, 2012

- Greater business efficiency with professional financial systems and financial statements.
- Improved employee data management and salary calculations.
- Staff complement increased from five to 64 employees, while more than 40 employees are currently being recruited.
- Increased in annual turnover from R2.1 million to R7.3 million.



SECURITY ZONE



Province: Western Cape
Seda Branch Name: Eden
Business: Security services sector

BACKGROUND

Having accrued significant business acumen as the owner of a number of small enterprises and with more than a decade of experience in the security sector, Alton Mavata started Security Zone in 2001. The business provides property owners with security personnel, CCTV installations and general security services and the intention was to secure contracts mainly from government and private institutions.

THE CHALLENGES

Typical of the challenges that start-up businesses face in a very competitive sector, Security Zone struggled to break into the market during its first two years. The company was forced to lower prices and as a result, hardly broke even and showed no real profit.

SEDA INTERVENTION AND SUPPORT

Alton Mavata approached Seda and other institutions for assistance. Through Seda, he received valuable advice and attended business skills workshops. Following a comprehensive assessment of the Security Zone business, Seda also assisted the company with branding and promotional material to increase its visibility and presence in the market place. This included an interactive website where clients can request quotes and find information on the company.

THE OUTCOMES

Since the first contact with Seda in February 2011,

- Security Zone increased its sales by more than 300%, from a monthly turnover of R100 000 to over R400 000 and its staff complement from 36 to 90 employees.



“I did not hesitate to acknowledge Seda’s role in our business growth when I received the prestigious Entrepreneur of the Year Award, especially the support from Seda’s business advisor, Sfiso Mtshweni. We encourage others to also seek assistance from Seda.”

- Alton Mavata, Eden, Western Cape 2012

- Owner Alton Mavata was nominated for and awarded the George Business Chamber Entrepreneur of the Year Award in 2011 at an annual Gala Event that honours top business achievers in the George area and
- Received an invitation to join the George Business Chamber, a first for a resident from Thembaletu township in George.



TIKUME INVESTMENTS



Province: Gauteng
Seda Branch Name: Tshwane
Business: Financial services sector

BACKGROUND

Tikume Investment is a 100% black woman-owned business that opened its doors to clients in December 2009 as an Financial Service Board (FSB) (FAIS)-accredited brokerage and call centre. The business is located in Ferndale, Randburg in Gauteng. Service offerings include voice, chat and e-mail support to businesses that want to provide their customers with a consistently convenient contact method, as well as cold cross-selling to consumers.

Having started life as a small call centre, Tikume Investments has grown into a multichannel contact centre that provides customers with a wide range of flexible contact centre solutions and assists them to buy and/or sell products. Customers include insurance and vehicle tracking companies and banks.

Primarily, business offerings include outbound call centre services, such as telesales, and inbound services such as customer services and order-taking. The business recently implemented web-based technology for customer support solutions such as live web chat and e-mail responses.

THE CHALLENGES

Despite its remarkable business growth, business opportunities are still, at times, snapped up by the company's larger and better-known competitors. Tikume Investments wants to improve turnover and increase market share through a brand and image shift.

SEDA INTERVENTIONS AND SUPPORT

The Seda assessment of the business identified several weaknesses in brand value and awareness, as well as in operations. The Seda advisor proposed to address these shortcomings by revitalising the company's branding and marketing strategy.



“ Thank you Seda for all the support with marketing material that helped us to promote our business more effectively. The service was exceptional.”

- Ms Gugu Thwala, Randburg, Gauteng 2012

THE OUTCOMES

Tikume Investments has achieved tremendous business growth and today reflects a professional image aligned with the professional level of their services. Outcomes include:

- Greater brand visibility and easy access through electronic media.
- A 30% increase in turnover.
- An increase in employees from 57 to 112 permanent and contracted employees.



SEASON FIND GUEST LODGE



Province: Eastern Cape
Seda Branch Name: Amathole
Business: Tourism

ABOUT THE BUSINESS

Enthused by his vision to create an upmarket guest lodge for the more affluent, Clint van der Westhuizen started Seasons Find Guest Lodge three years ago in East London, undaunted by significant initial financial and logistical challenges, such as breaking into a specialised market segment that was difficult to penetrate.

THE CHALLENGES

A major challenge was to craft an end-to-end solution to achieve not only market penetration in a well-established, niche market segment while attracting clients from further afield locally and abroad, but also to ensure the company's sustainability in the long-term in an economy not fully recovered from a global downturn.

SEDA INTERVENTIONS AND SUPPORT

Planning Seda facilitated the process of securing the business premises, a site with great street appeal and the best in East London according to the lodge owner, and transferring the funds to the supplier within a two-week period.

Support Seda recommended the use of e-commerce to attract international clients and arranged a supplier to create a world-class website for Seasons Find Guest Lodge. The Seda Business Advisor also assisted with the preparation of a marketing strategy for the business.

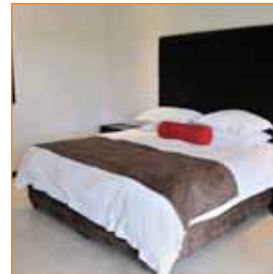


“Seasons Find is a success story enabled by the professional assistance from people at Seda. Not only did they respect my vision and facilitated access to funding, they have become a client. Thank you for believing in me. You are a true partner in wealth. Keep up the good work.”

- Clint van der Westhuizen, East London 2012

THE OUTCOMES

- Increased monthly turnover during the past two years from R35 000 to R296 000 – a significant achievement in an economy still recovering from the global recession.
- Effective and successful e-business marketing campaign that has attracted many international clients.



SEDA SMALL BUSINESS STARS



SEDA SMALL BUSINESS STARS

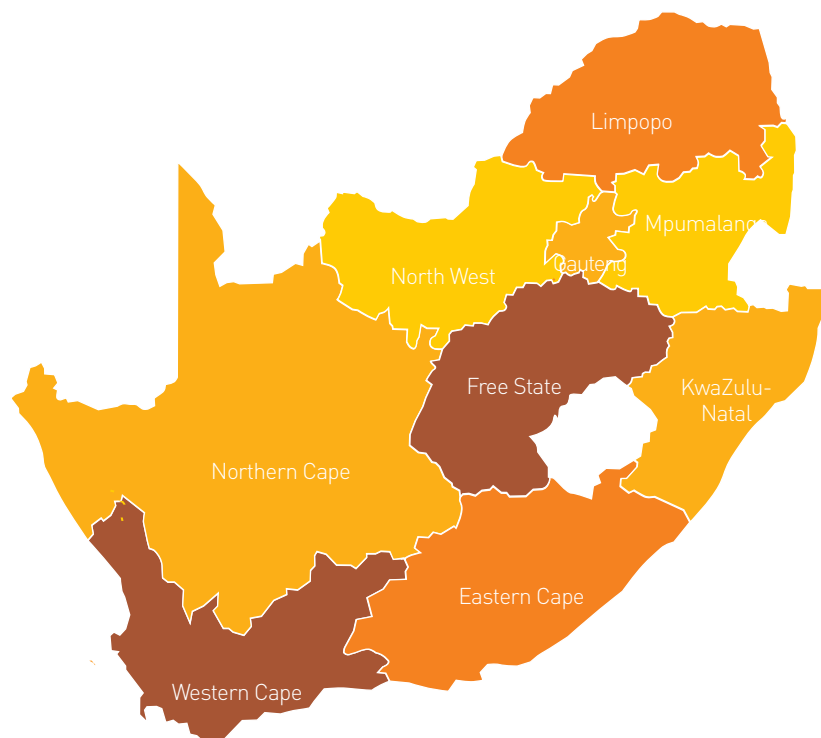


Part Two: Overview





10. SEDA PROVINCIAL MANAGEMENT TEAM



Geographical spread of Seda Provincial Offices, Branches, Supported Incubators and Enterprise Information Centres

Name of Province	Seda Branches	Seda Supported Incubators	Contracted EICS
Eastern Cape	6	6	1
Free State	6	1	0
Gauteng	1	8	0
KwaZulu-Natal	6	7	0
Limpopo	5	2	0
Mpumalanga	5	5	0
Northern Cape	5	0	0
North West	5	1	1
Western Cape*	3	2	1
Totals	42	32	3

* Also has an additional 7 Enterprise Development Centres



10. SEDA PROVINCIAL MANAGEMENT TEAM



Ms Jackie Ntshigila
Free State



Mr Daniel Monyela
Limpopo (Acting)



Mr Siphiso Soga
Eastern Cape



Ms Nosipho Khonkwane
Gauteng



Ms Kedisaletse Williams
Northern Cape



Mr Neville Maimane
North West

10. SEDA PROVINCIAL MANAGEMENT TEAM



Ms Sihaam Miller
Western Cape



Mr Lindani Dhlomo
Kwazulu-Natal



Ms Ntokozo Majola
Mpumalanga

11. SEDA SERVICE DELIVERY

Seda provides business-related information, advice, consultancy, training and mentoring services in all areas of enterprise development. These services aim to provide solutions related to various business functions, from production to human resources, finance, marketing and exporting. Rural enterprise development and cooperatives are supported through the Cooperatives and Community Private Partnerships Programme. Seda also provides business and technology incubation services through the Stp, as well as incentives for the implementation of management systems (such as ISO9001 and OHSAS 18001), product testing and certification, as well as machinery and equipment.

Seda continues to utilise a 'client journey' approach to establish a long-term relationship with clients. Before embarking on any intervention, a Seda Business Advisor first assesses the needs of the client and based on the assessment, the client and the Seda Business Advisor drafts a development plan with specific development interventions. These services are delivered to the client by Seda staff or through specialised service providers.

Seda's target market covers small, medium and micro enterprises (SMMEs), which include cooperatives, and potential entrepreneurs with a business idea. The definition of a small enterprise in the National Small Business Act, 102 of 1996, and is based on the number of employees, turnover and fixed assets. Seda defines its clients according to the number of employees.

Small enterprises defined by number of employees:

- Medium 51- 200
- Small 21 - 50
- Very small 6 - 20
- Micro 0 - 5

Historically, Seda focused primarily on the micro and very small segments of the SMME sector, due to the sheer volumes and number of people who want to start a business. The output in clients assisted has been huge but detracted from delivery against impact measures such as the employment rate, profitability and sustainability of assisted clients.

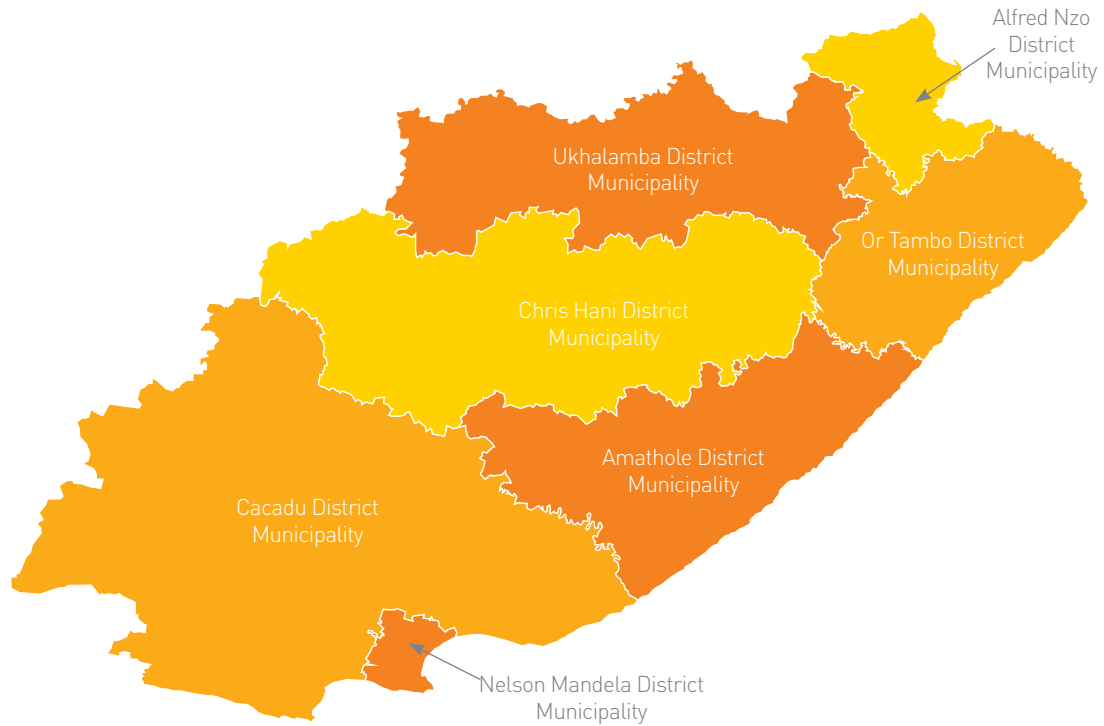
Seda believes that to contribute to the target of five million jobs by 2020, as outlined in the New Growth Path, it has to review its focus on existing micro and very small enterprises (with a staff of maximum of 20), as well as those potential entrepreneurs who want to start a business or are in the early phase of establishing a business. Whilst still working with these clients, the organisation will increase its focus on small- and medium-sized enterprises (those employing between 21 and 200 employees).

This segment of the SMME sector has a larger job creation potential in comparative terms. Over time, the organisation will spend more time with existing businesses to provide clients with more interventions and ultimately increase its impact on assisted small enterprises. This strategic choice occurs at a time when the organisation has been experiencing a decrease in walk-in business at our branches over the past two years. New programmes will be introduced in 2012/2013 to visit communities and identify existing small enterprises that have a potential to develop further.

Seda's service delivery network consists of delivery points throughout the country in the form of Seda branches, Seda-supported incubation centres and Enterprise Information Centres (EICs). Seda also uses information kiosks and mobile units in remote areas to increase access to its services. In addition, Seda representatives are located at local municipalities in areas where it does not have a branch.



EASTERN CAPE

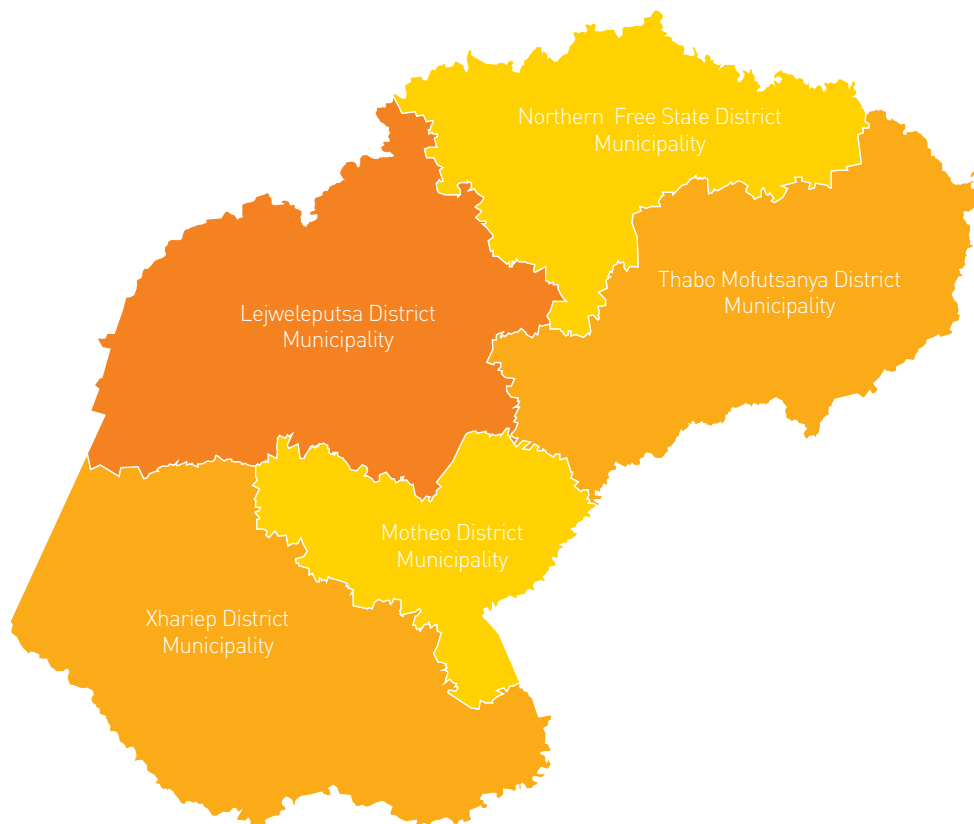


Branch Name	Location
Seda Amathole	East London
Seda Chris Hani	Queenstown
Seda Nelson Mandela Metro	Port Elizabeth
Seda Nelson Mandela Metro (Satellite)	Uitenhage
Seda OR Tambo	Mthatha
Seda Alfred Nzo	Mt Ayliff

Incubator Name	Location
Chemin Port Elizabeth	Port Elizabeth
Seda Nelson Mandela Bay ICT Incubator (SNMBICTI)	Port Elizabeth
Seda Construction Incubator (SCI) Port Elizabeth	Port Elizabeth
Chemin East London	East London
Furntech Mthatha	Mthatha
Seda Construction Incubator (SCI) Mthatha	Mthatha



FREE STATE

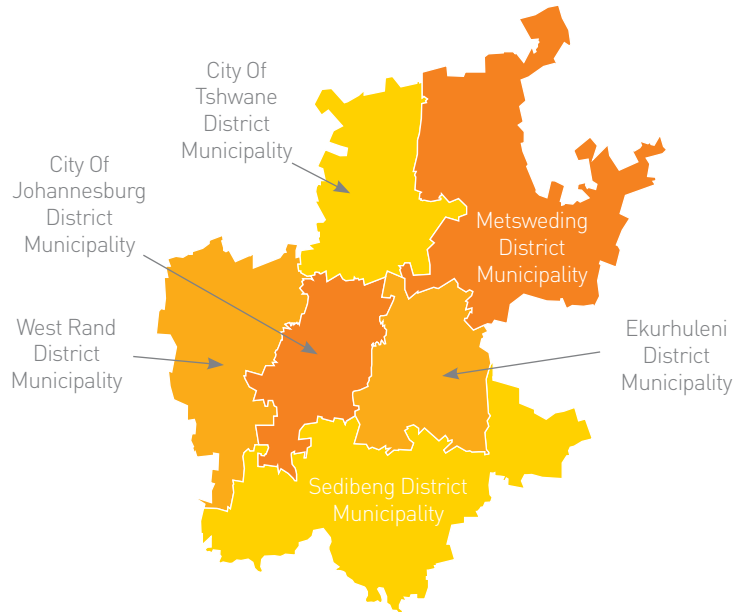


Branch Name	Location
Seda Lejweleputswa	Welkom
Seda Mangaung	Bloemfontein
Seda Fezile Dabi	Kroonstad
Seda Metsimaholo (Satellite)	Sasolburg
Seda Thabo Mofutsanyana	Phuthaditjhaba
Seda Xhariep	Trompsburg

Incubator Name	Location
Seda Agricultural and Mining Tooling Incubator	Bloemfontein



GAUTENG

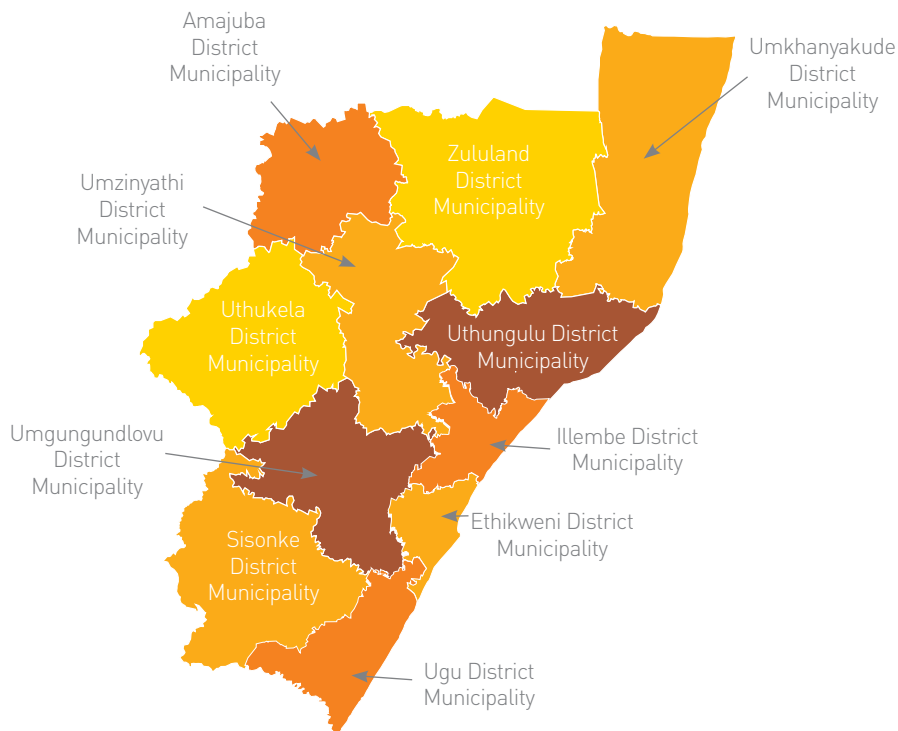


Branch Name	Location
Seda Tshwane	Pretoria

Incubator Name	Location
EgoliBIO	Pretoria
Seda Essential Oils Business Incubator (SEOBI)	Pretoria
Furntech Johannesburg	Johannesburg
Lepharo	Springs
Softstart BTI	Midrand
Seda Automotive Technology Centre (SATEC)	Roslyn
Soshanguve Manufacturing Technology Demonstration Centre (SMTDC)	Soshanguve
Zenzele Technology Demonstration Centre	Randburg



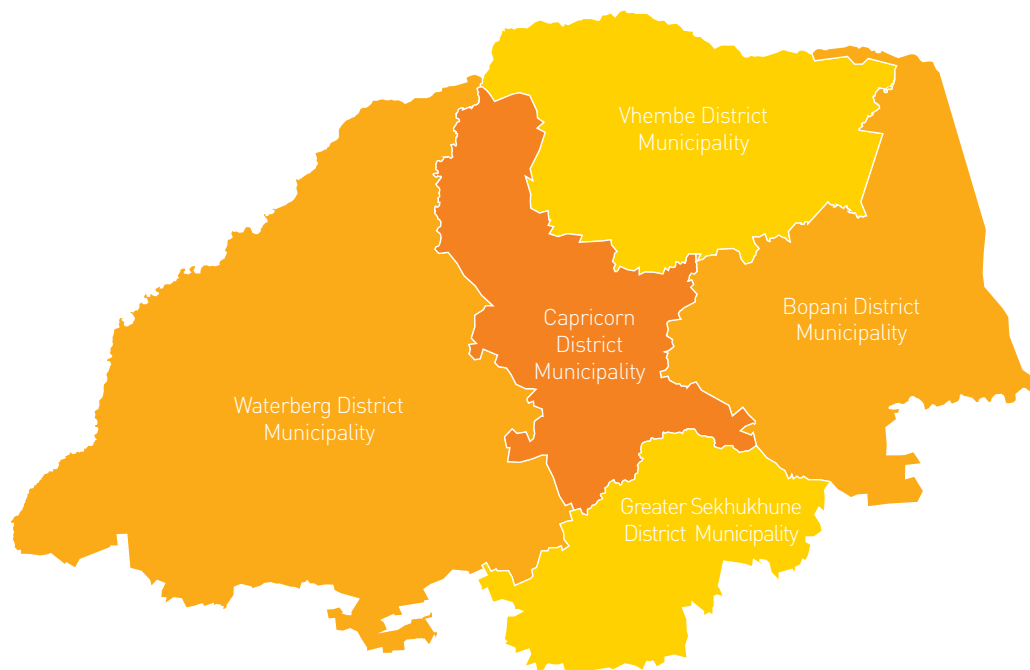
KWAZULU-NATAL



Branch Name	Location
Seda Amajuba	Newcastle
Seda uGu	Port Shepstone
Seda uMgungundlovu	Pietermaritzburg
Seda Sisonke	Ixopo
Seda uThukela	Ladysmith
Seda uThungulu	Richards Bay

Incubator Name	Location
Downstream Aluminium Centre for Technology (DACT)	Richards Bay
Furtech Durban	Durban
Seda Construction Incubator (SCI) Durban	Durban
Seda DUT Technology Incubator	Durban
Furtech Umzimkhulu	Umzimkhulu
Seda Construction Incubator (SCI) Dundee	Dundee
Smart X Change	Durban

LIMPOPO

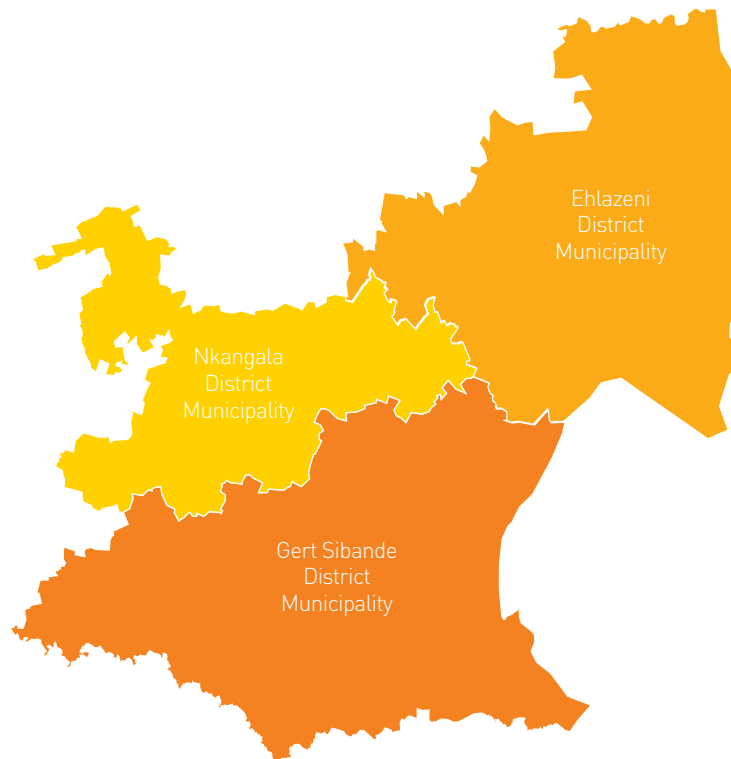


Branch Name	Location
Seda Capricorn	Polokwane
Seda Modimolle	Mokopane
Seda Sekhukhune	Jane Furse
Seda Mopani	Tzaneen
Seda Vhembe	Thohoyandou

Incubator Name	Location
Makhura Makhura Incubator	Marble Hall
Seda Limpopo Jewellery Incubator (SLJI)	Polokwane



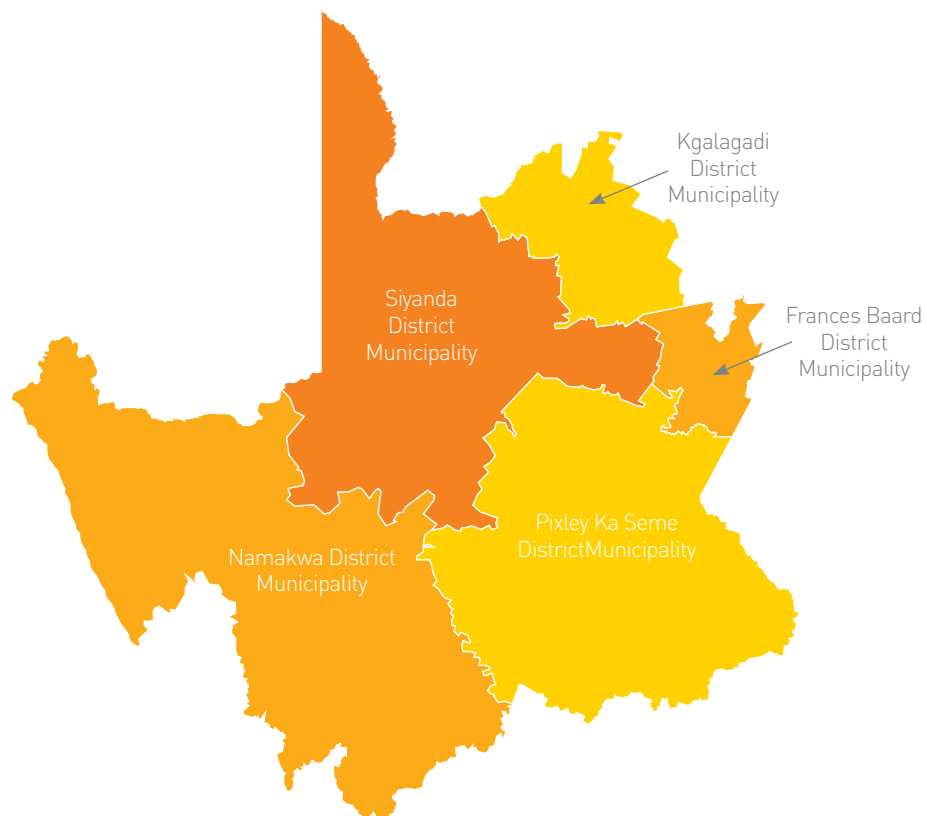
MPUMULANGA



Branch Name	Location
Seda Bushbuckridge	Bushbuckridge
Seda Ehlanzeni	Nelspruit
Seda Gert Sibande	Secunda
Seda Nkangala	Witbank
Seda Nkomazi	Malelane

Incubator Name	Location
Furntech White River	White River
Mpumalanga Stainless Steel Initiative (MSI)	Middelburg
Mpumalanga Agri-skills Development & Training (MASDT)	Nelspruit
Seda Sugar Cane Incubator (SESUCI)	Nelspruit
Timbali	Nelspruit

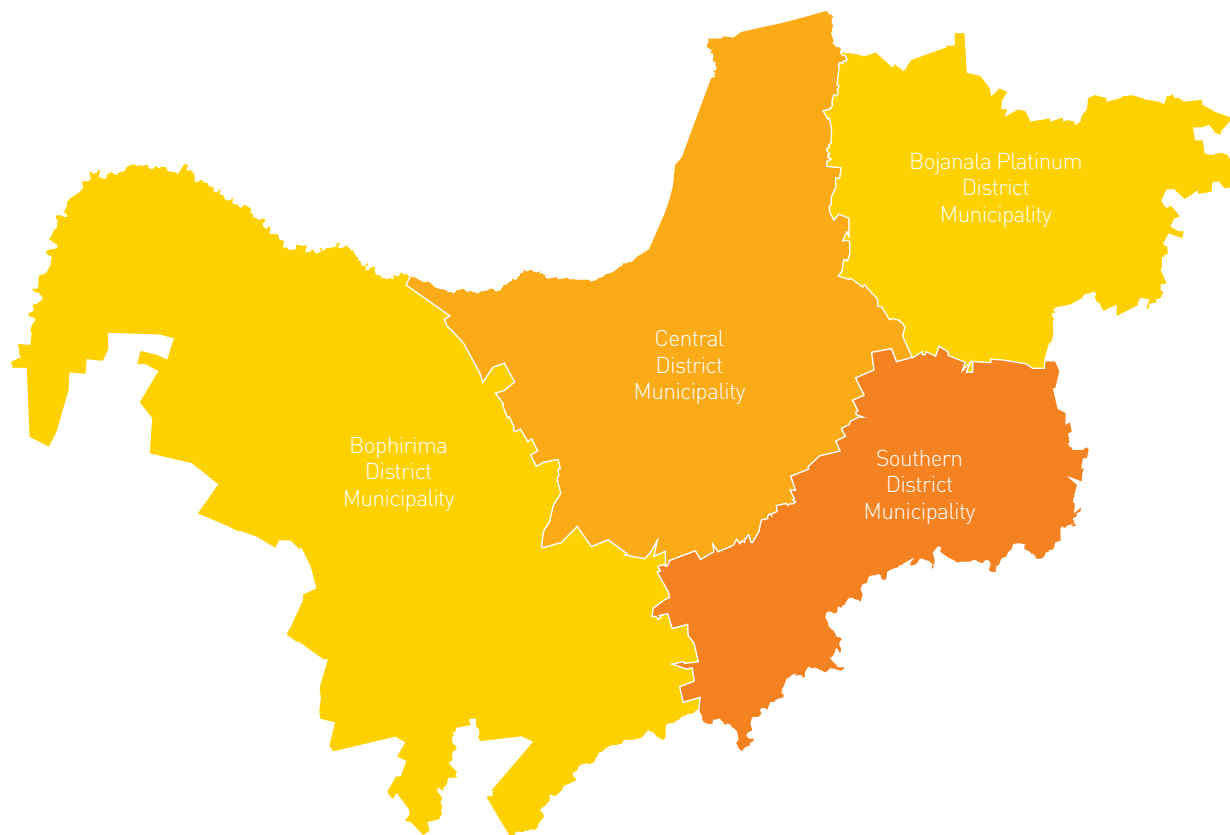
NORTHERN CAPE



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



NORTH WEST

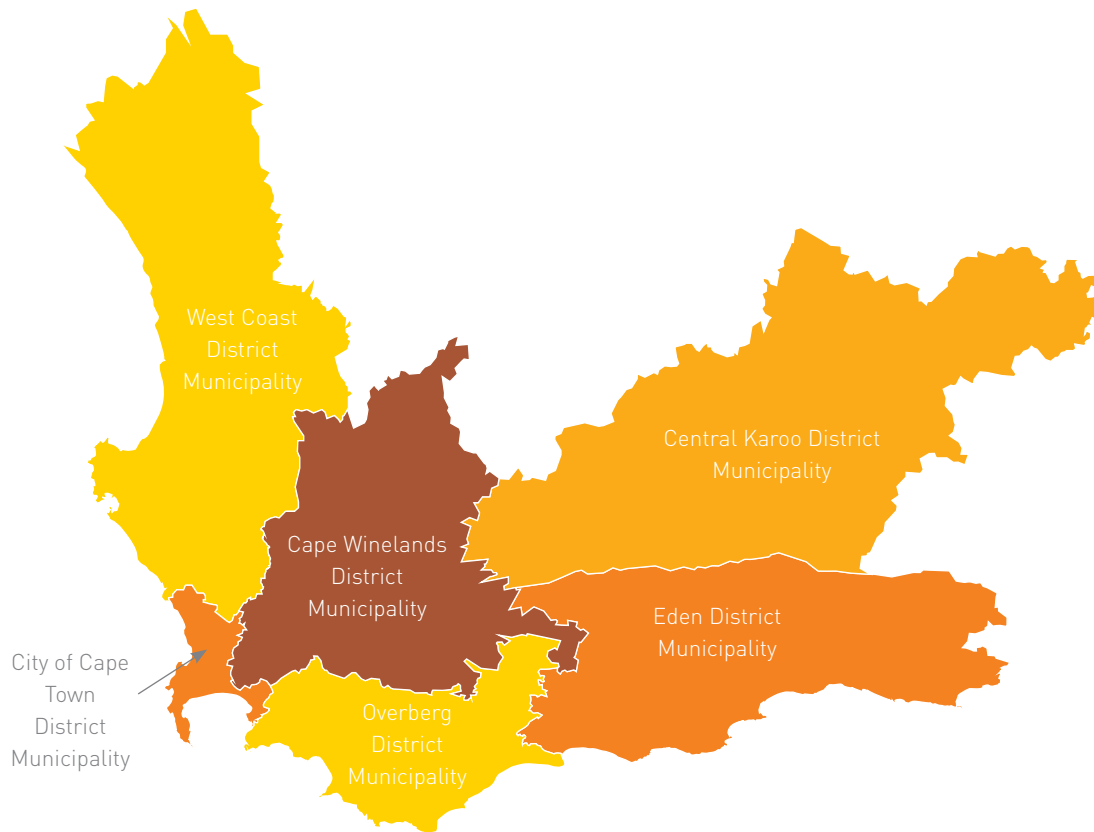


Branch Name	Location
Seda Bojanala West	Rustenburg
Seda Bophirima	Vryburg
Seda Dr Modiri Molema	Mafikeng
Seda Bojana East	Brits
Seda Dr Kenneth Kaunda	Klerksdorp

Incubator Name	Location
Seda Platinum Incubator (SPI)	Rustenburg



WESTERN CAPE



Branch Name	Location
Seda Cape Town	Bellville
Seda Eden	George
Seda Cape Winelands	Stellenbosch

Incubator Name	Location
Furntech Cape Town (Head Office)	Cape Town
Furntech George	George



SEDA HUMAN RESOURCES REPORT 2011/12

Staff Composition and Employment Equity

Table 1: Staff composition by business unit at 31 March 2012

Name of Unit/Province	Staff List as at 31 March 2012	Number of vacancies as at 31 March 2012	Number of positions per Division as at 31 March 2012	% Vacancy Rate per Division as at 31 March 2012
HR	14	0	14	0%
CEO	19	1	20	5%
EDD	36	3	39	8%
Corporate Services	44	5	49	10%
CFO	21	4	25	16%
STP	22	9	31	29%
TOTAL NATIONAL OFFICE	156	22	178	12%
EC	56	18	74	24%
FS	49	7	56	13%
GP	28	4	32	13%
KZN	55	9	64	14%
LIM	49	5	54	9%
MP	58	10	68	15%
NW	52	0	52	0%
NC	53	8	61	13%
WC	55	3	58	5%
TOTAL PROVINCIAL	455	64	519	12%
GRAND TOTAL	611	86	697	12%

Table 2: Staff employment by occupational category and levels as at 31 March 2012

Occupational Category	Male					Female					Foreign Nationals		
	A	C	I	W	Total	A	C	I	W	Total	Males	Females	Total
Top Management	1	1	1	0	3	2	0	0	1	3	0	0	6
Senior Management	8	1	2	1	12	9	2	0	1	12	0	0	24
Mid Management and Qualified Specialist	144	18	6	13	181	101	10	3	15	129	1	0	311
Junior Management	33	1	1	0	35	146	17	2	16	181	0	3	219
Semi skilled workers	5	0	0	0	5	42	3	0	1	46	0	0	51
Grand Total	191	21	10	14	236	300	32	5	34	371	1	3	611
Employees with disabilities	2	0	2	0	4	1	0	0	0	1	0	0	5
Percentage Total	31.3%	3.4%	1.6%	2.3%	38.6%	49.1%	5.2%	0.8%	5.6%	60.7%	0.2%	0.5%	100.0%

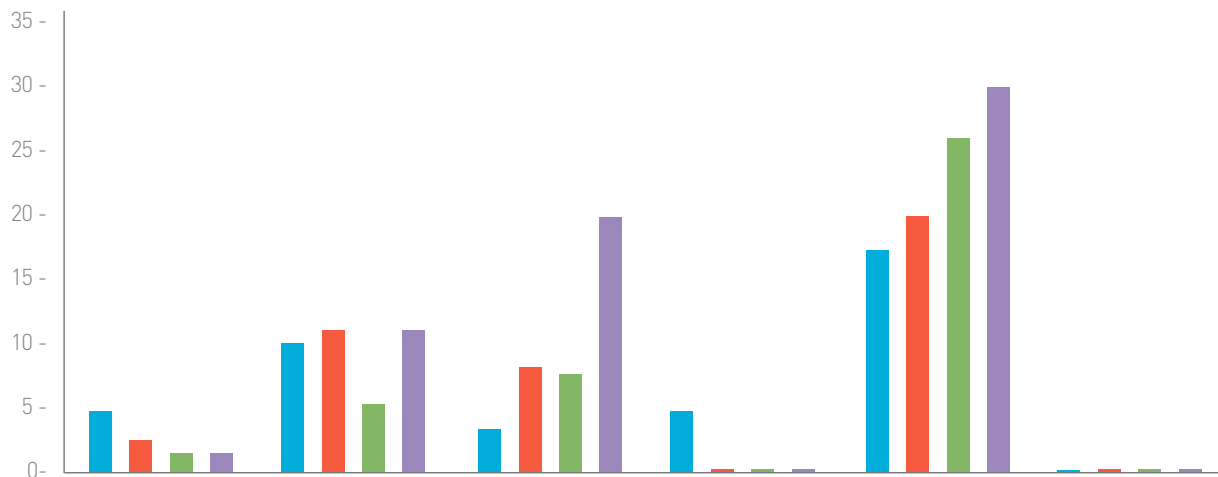
13. SEDA'S PEOPLE

Table 2 statistics indicate that female employees continue to make up the majority share of the total staff compliment at 62%. This is 12% more than the organisation's target of 50% in terms of gender equity. In an effort to balance both race and gender ratios to ensure alignment to the approved Employment Equity Plan, both National Office and Provinces will prioritize recruitment along these demographics in 2012/2013 and beyond.

Staff Turnover Rate

Graph 1: Staff Movement as at 31 March 2012

Staff Turnover Rate Comparison for Q1, Q2, Q3 & Q4



	Dismissal	Resignation	Fixed Term Contract Expired	Deceased	Total Terminations	Turnover % Rate
Quarter 1	4	10	3	4	17	3,5%
Quarter 2	2	12	9	0	20	3,8%
Quarter 3	1	6	8	0	26	2,4%
Quarter 4	1	12	19	0	32	5,2%



13. SEDA'S PEOPLE

Graph 1 illustrated the number of staff that has left the organisation during the 2011/12 financial year and reasons thereof, based on exit interviews. Quarterly statistics are reported on this, and the annual turnover rate is a percentage of terminations in relation to total number of staff of the organisation which is below 10% target.

Table 3: HIV/AIDS Health Promotion Programmes

Question	Yes	No	Details, if yes
Does the entity have a dedicated unit or has it designated specific staff members to promote health and wellbeing of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		Organisation employs dedicated Wellness Manager who provides support to National and Provincial Office staff.
Has the entity introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this programme.	X		Appointed an external service provider to provide a 24 hour psycho-social counselling to staff (telephonic and face to face). There is an onsite wellness clinic services utilized by staff.
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.	X		All policies were reviewed to ensure non-discrimination against employees on the basis on their HIV status, i.e recruitment policy. There is also an HIV/AIDS policy developed to protect staff who are infected with HIV.
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.	X		The entity through its wellness and HIV policies put emphasis on confidentiality and protection of staff who disclose their HIV status.
Does the entity encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	X		The HIV policy encourages staff to undergo Voluntary Counselling and Testing.



Labour Relations

Table 4: Employee Relations Case Summary as at 31 March 2012

Cases	Number of Cases			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Grievances	3	0	0	1
Dismissals	4	2	1	1
Final Written Warning (FWW)	0	2	1	0
Written Warning (WW)	1	2	2	5
Counselling / Verbal Warning	0	0	0	0
Total disciplinary cases	8	6	4	7

Table 5: CCMA and Labour Court Matters as at 31 March 2012

CCMA	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Conciliation	0	1	2	1
Arbitration	2	3	1	0
Settlement agreements	0	0	1	1
Pre-Dismissal Arbitration	1	1	0	0
Cases dismissed/withdrawn	0	0	0	0
LABOUR COURT MATTERS	3	3	5	5

Injury on Duty Cases

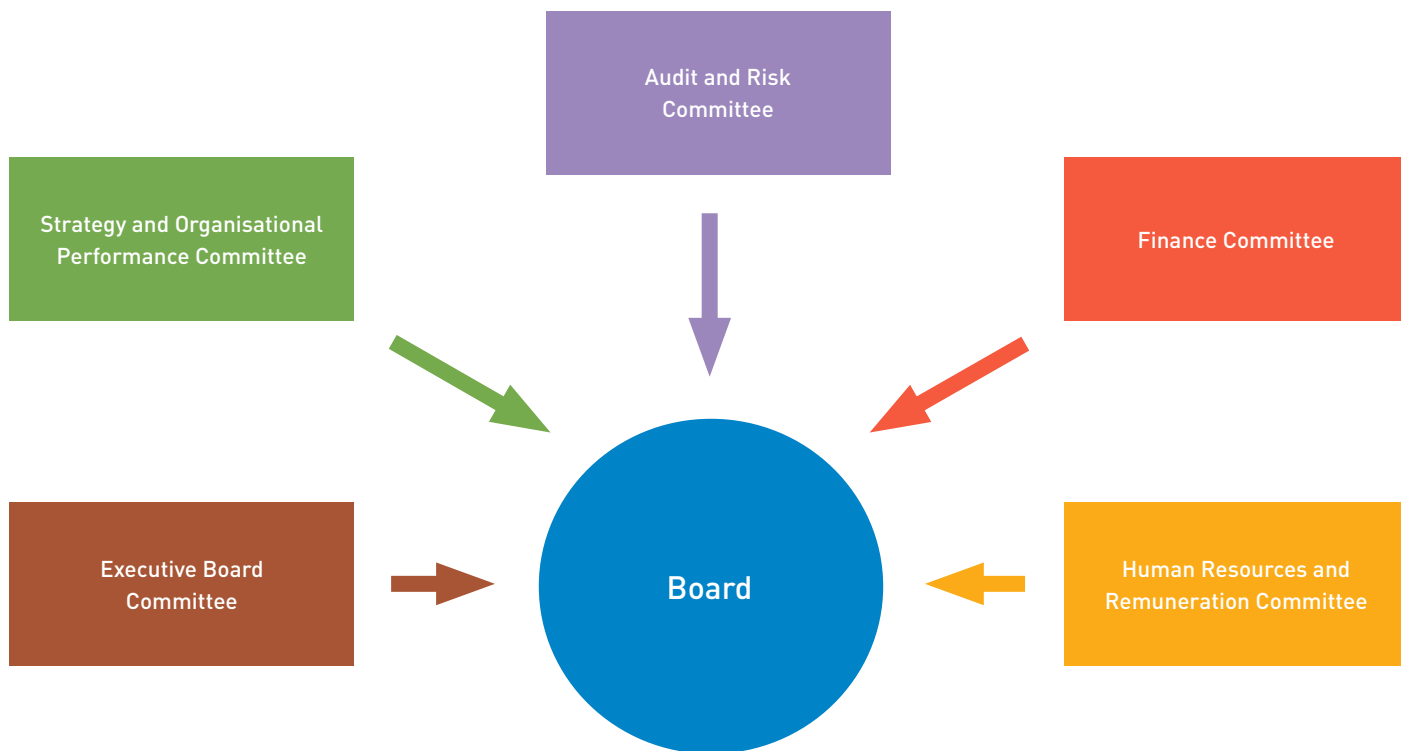
IOD cases pending = 3

IOD Cases settled = 2



CEO'S EXCELLENCE AWARDS EVENT





COMPOSITION OF SEDA BOARD

The Small Enterprise Development Agency (Seda) was established in terms of section 9 (1) of the National Small Enterprise Act, (Act 102 of 1996), as amended, (herein referred to as "the Act"). The organisation is driven by the Board which is the highest decision making body within the organisation. The Board members are appointed by the Minister of Trade and Industry on a three year term and comprises of non-executive Chairperson, Deputy Chairperson and members with the exception of the Chief Executive Officer (ex officio) being the only executive member. The offices of the Board Chairperson and the Chief Executive Officer are separated.

The Board members meet at least six times in a year. The Board charges the Executive Management with regard to the day-to-day management and administration of the organisation with the Board focusing on strategic direction of, and proper control of Seda.



In keeping with the recommendations of the King III Report, the Board adopted a Board Charter which sets out the role of the Board as follows:

The Board's primary responsibilities include determining Seda's objectives and giving strategic direction of the organisation, taking effective and appropriate steps to ensure that key risk areas and key performance indicators of Seda's business are identified, monitoring the performance of Seda against agreed objectives as well as amongst others:

- Approving key policies.
- Approving Seda's strategy, business plans and annual budgets.
- Approving annual financial statements.
- Ensuring that an adequate and effective process of corporate governance is established and maintained.
- Ensuring that there is an effective Management process.

BOARD SECRETARIAT

The Board Secretariat provides Board members with guidance and advice on matters of good governance, ethics, as well as on the nature and extent of their duties and responsibilities and how such duties should be properly discharged.

Each of the Board Members has unrestricted access to the advice and services of the Board Secretariat Team and organisational information.

BOARD SUB-COMMITTEES

The Board established several committees in order to assist in the discharge of its duties. Each committee operates within the defined terms of reference and is chaired by a non-executive Board member.

1. Audit and Risk Committee

The Audit and Risk Committee consists of non-executive Board members appointed by the Board. The Committee met three times a year, and is chaired by an independent non-executive Board member who is not the Chairperson of the Board.

The external and internal auditors have unrestricted access to the Committee. Appropriate Executive and Senior Managers attends these meetings by invitation. The Committee has agreed terms of reference as approved by the Board. The report of the Audit and Risk Committee is included in the annual financial statements.

The Committee reviews the effectiveness of the organisation's internal control systems. The organisation's top ten risks are identified and its responses thereto are reviewed on regular basis by the Committee.



14. SEDA CORPORATE GOVERNANCE AND RISK MANAGEMENT

2. Human Resources and Remuneration Committee

This Committee is chaired by a non-executive Board member and comprises of non-executive Board members appointed by the Board.

This Committee seats at least six times in a year. The Committee is responsible for formulating the Human Resources Strategy and policies in general.

3. Executive Board Committee

The Board has established an Executive Board Committee in pursuit of enhancing good governance and to deal with any other matters in between Board meetings.

The Executive Board Committee consists of non-executive Board members being the Board Chairperson, Deputy Board Chairperson, two other Committees' Chairpersons and the Chief Executive Officer. The Committee is chaired by the Board Chairperson. The Committee meets as frequently as possible to discharge its duties.

4. Finance Committee

The Committee is chaired by a non-executive Board member and it consists of non-executive Board members appointed by the Board. The Committee meets at least six times in a year. The Chief Executive Officer and the Chief Financial Officer attend the Committee meetings by invitation.

The Committee reviews the quarterly financial statements and other financial report on organisational financial position.

5. Strategy and Organisational Performance Committee

The Committee plays an important role in monitoring and evaluating the compliance with strategic objectives and target that have been set. It also monitors the project reports in order to evaluate the organisational achievement of targets set out in the strategy.

The Committee is chaired by an independent non-executive Board member and comprises of non-executive Board members appointed by the Board.

CODE OF ETHICS

Seda's Board Members, Management and Employees recognize 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 and with the highest standards of proprietary and to comply with Seda's Code of Ethics. Seda is committed to high standards of compliance and promoting good corporate governance.



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.

Codes of reference for the attendance register

√	Denotes Attendance
Ap	Denotes apology
A	Denotes absent
R	Denotes Resignation
CMC	Denotes Committee Membership Changed
N/A	Denotes Recused
NYA	Not yet appointed
TSF	Term of service finished

SEDA BOARD

	26.05.11	28.07.11	26.08.11	28.09.11	01.12.11	29.03.12
Ms H Lupuwana	√	√	√	√	√	√
Mr L Mngomezulu	√	√	√	√	√	√
Adv T Mayimele-Hashatse	√	√	√	√	√	√
Ms T Nkambule	√	AP	√	√	√	√
Ms N Dinie	√	AP	√	√	√	√
Ms P Lugayeni	√	√	√	√	√	√
Mr D Thabaneng	√	√	√	√	√	√
Ms R Kenosi	√	√	AP	√	√	√
Dr T Mokgoro	√	√	AP	√	√	AP
Dr I Zwane	√	AP	√	√	√	√
Mr V Skosana	√	√	√	√	√	√
Mr M Mohoto	√	√	√	√	√	√
Dr Marius Venter	√	√	AP	AP	√	√
Mr S Mzolo	√	√	√	√	√	√
Mr J Lesejane	√	√	√	√	AP	AP
Ms F Habib	√	√	AP	√	√	AP



EXECUTIVE BOARD COMMITTEE

	05.05.11	20.05.11	09.09.11	03.02.12	14.03.12	11.04.12
Ms H Lupuwana	✓	✓	✓	✓	✓	✓
Mr L Mngomezulu	✓	✓	✓	✓	✓	✓
Adv T Mayimele-Hashatse	✓	AP	✓	✓	✓	✓
Ms T Nkambule	✓	✓	✓	✓	✓	✓
Ms R Kenosi	✓	✓	✓	AP	✓	✓

STRATEGY AND ORGANISATIONAL PERFORMANCE COMMITTEE

	04.05.11	26.07.11	26.09.11	25.10.11	24.11.11	26.01.12
Ms H Lupuwana	✓	✓	✓	AP	✓	✓
Mr L Mngomezulu	✓	✓	✓	✓	AP	✓
Ms P Lugayeni	✓	✓	✓	✓	✓	✓
Dr T Mokgoro	✓	AP	✓	✓	✓	✓
Dr I Zwane	✓	AP	✓	✓	✓	AP
Mr V Skosana	✓	✓	✓	✓	✓	✓
Mr M Mohoto	✓	✓	AP	✓	AP	AP
Dr M Venter	✓	AP	AP	✓	✓	✓
Ms F Habib	A	✓	✓	AP	AP	AP

AUDIT AND RISK COMMITTEE

	25.07.11	26.08.11	31.01.12
Ms H Lupuwana	✓	✓	✓
Mr K Roelofse	✓	✓	✓
Adv T Mayimele-Hashatse	✓	✓	✓
Ms N Dinie	✓	✓	✓
Ms P Lugayeni	✓	✓	✓
Mr D Thabaneng	✓	✓	✓
Ms R Kenosi	✓	✓	✓
Dr I Zwane	AP	✓	✓
Mr V Skosana	✓	✓	✓
Mr J Lesejane	✓	✓	✓



HUMAN RESOURCES AND REMUNERATION COMMITTEE

	12.04.11	09.05.11	17.05.11	20.07.11	24.08.11	16.11.11	23.11.11	27.02.12	14.03.12
Ms H Lupuwana	√	√	√	√	√	√	√	√	√
Ms T Nkambule	√	√	√	√	√	√	√	√	√
Mr D Thabaneng	√	√	√	√	√	√	√	√	√
Dr T Mokgoro	√	√	√	√	√	√	√	√	AP
Ms F Habib	√	√	√	√	AP	AP	√	AP	AP
Mr S Mzolo	√	√	√	AP	√	√	√	√	√

FINANCE COMMITTEE

	26.09.11	24.11.11	25.01.12
Ms H Lupuwana	√	√	√
Ms N Dinie	√	AP	√
Ms R Kenosi	√	√	√
Ms P Lugayeni	√	√	√
Mr D Thabaneng	√	√	√



Part Three: Annual Financial Statements





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15. REPORT OF THE AUDIT AND RISK COMMITTEE (ARC)

FOR THE YEAR ENDED 31 MARCH 2012

We are pleased to present our report for the year ended 31 March 2012.

The Audit and Risk Committee (ARC) of the Small Enterprise Development Agency (Seda) comprises of non-executive members and is chaired by an externally contracted independent chairperson towards compliance with the Public Finance Management Act 77(a) and (Treasury Regulations 27.1.3 and 27.1.14.

The Committee operates in terms of written terms of reference and has complied with its responsibilities as registered therein as required in terms of Treasury Regulation 27.1.6 and 27.1.7.

The ARC has, inter alia, executed the following responsibilities:

- Reviewed reports from both internal and external auditors on the adequacy and effectiveness of Seda's internal control, risk management and governance processes;
- Reviewed the key areas of Seda's operations and confirmed that these are appropriately dealt with in the scope of the work of both internal and external auditors;
- Reviewed the annual financial statements and disclosure notes for fair presentation and conformity with relevant generally recognised accounting standards and practices prior to publication; assessed the adequacy, reliability and accuracy of financial information provided by management to all users of such information; and 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, and confirmed that is coordinated with that of the external auditors;
- Reviewed reports of significant investigations, as well as the related management's responses to specific recommendations.

The ARC therefore hereby confirms that the internal controls of Seda, with the exception of certain non-significant administrative weaknesses set out in the report of the Auditor-General, are effective to ensure that:

- Seda meets its business objectives as per the strategic and business plans;
- Seda's assets are safeguarded;
- Seda complies with legal and regulatory provisions;
- 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.

INTERNAL CONTROLS

The Seda Board continues to take control issues very seriously and significant issues continue to be escalated and dealt with at that level. The control environment, in general is optimal due to the continued vigilance of Senior Management's Executive Committee (EXCO).



15. REPORT OF THE AUDIT AND RISK COMMITTEE (ARC)

FOR THE YEAR ENDED 31 MARCH 2012

RISK MANAGEMENT

The Seda Board continues to take full control and accountability of risk governance. This includes the process of risk assessment through risk workshops, which continue to be conducted nationally towards achieving full institutionalisation of the processes right down to operational levels. These are preceded by robust annual and more regular assessments of risks, followed by fully populated risk registers and response strategies and activities which are monitored by the ARC on a regular basis. The ARC is satisfied that all major risks are identified and management effectively.

GOVERNANCE

The ARC continued to assist the Board through the review of the effectiveness of Governance during the year. Management continues to address management of projects, being Seda's key delivery mechanism, turnaround, fraud prevention strategies and internal audit implementation plans in a satisfactory manner.

The ARC's overall conclusion is that governance processes within Seda are strong.

CONCLUSIONS OF THE AUDITOR GENERAL

The ARC reviewed and discussed with the Auditor General and recommended to the Accounting Authority:

- The audited annuals financial statements and the auditor's report to be included in the Annual Report; and
- The Auditor-Generals' management letter and management's responses thereto.

The ARC concurs with and accepts the conclusions of the Auditor-General on the financial statements and the audit of performance information. The Auditor-General's report was accepted by the Board, the audited financial statements were also approved by the Board. The ARC is also pleased with the positive results of the Auditor-General.



Mr Motshwanedi Joe Lesejane CA (SA)



TO PARLIAMENT ON THE SMALL ENTERPRISE DEVELOPMENT AGENCY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of Seda as set out on pages 99 to 134, which comprise the statement of financial position as at 31 March 2012, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting Authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the General Notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of Seda as at 31 March 2012, and its financial performance and cash flows for the year then ended in accordance with SA Standards of GRAP and the requirements of the PFMA.



TO PARLIAMENT ON THE SMALL ENTERPRISE DEVELOPMENT AGENCY

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

7. In accordance with the PAA and the General Notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

8. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 19 to 24 of the annual report.
9. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury Framework for managing programme performance information.

The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts.

10. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

Additional matter

11. Although no material findings concerning the usefulness and reliability of the performance information were identified in the annual performance report, I draw attention to the following matter below.

Achievement of planned targets

12. Of the total number of 22 planned targets, 17 were achieved during the year under review. This represents 23% of total planned targets that were not achieved during the year under review. This was mainly due to the fact that these targets were not suitably benchmarked during the strategic planning process. Refer to the annual performance report as set out on pages 19 to 24 for detailed explanations.



TO PARLIAMENT ON THE SMALL ENTERPRISE DEVELOPMENT AGENCY

Compliance with laws and regulations

13. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key applicable laws and regulations as set out in the General Notice issued in terms of the PAA.

Internal control

14. I considered internal control relevant to my audit of the financial statements, the annual performance report and compliance with laws and regulations. I did not identify any deficiencies in internal control which were considered sufficiently significant for inclusion in this report.

Auditor - General

Pretoria

21 August 2012



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence



17. REPORT OF THE ACCOUNTING AUTHORITY

FOR THE YEAR ENDED 31 MARCH 2012

1. OVERVIEW

Seda has directed its efforts during the 2011/2012 financial year on implementing the planned activities, focusing on four focus areas, namely: increasing incubation footprint, directing specific interventions towards the small and medium segments of the small enterprise sector, working with large scale projects and cooperatives and prioritising key growth sectors such as agriculture, manufacturing and services. The organisation believes that these focus areas will position it as a key driver in employment creation in South Africa.

To maintain the trend of utilising a greater proportion of the funds in the delivery network, a mid-year budget review was conducted. This resulted in more funds i.e. 69.3% of Seda's total funds for the year being utilised in the delivery network. Prudent financial management saw the organisation once again spending within 5% of its approved budget, at 99.11%. Emphasis was also put on reducing the organisation's vacancy rate. Of the 82 vacancies at the beginning of the financial year, 76% or 82 were filled.

Our provincial partnerships continue to provide for improved support for SMMEs, especially in areas where Seda has not established branches due to budgetary considerations. At the end of March 2012, Seda co located at 68 local municipalities and also rolled out 48 information kiosks. This much needed outreach compliments Seda's current network of 42 branches, 31 incubation centres, 3 Enterprise Information Centres, 17 mobile units.

The SMME Payment assistance Hotline continues to be a much needed service to small enterprises. The Hotline handled 2,398 calls during the 2011/2012 financial year and facilitated payments totalling R59,5 million. This brings the total number of payments facilitated since inception to over R300 million.

2. HIGHLIGHTS ON ORGANISATIONAL PERFORMANCE FOR THE YEAR ENDING 31 MARCH 2011

Most targeted client interventions show acceptable levels of performance, during a year where small enterprises grappled with the global economic uncertainty. Seda assisted clients showed improvements in terms of increasing turnover and people employed. 56% of clients surveyed six months after receiving a Seda intervention indicated that they had seen an increase in turnover, while 32% saw an increase in number of people employed. Improved service provision and better management of business development service providers resulted in 97% of assisted clients indicating that they were satisfied with the quality of Seda services.

79,570 potential and existing entrepreneurs accessed the Seda network for the first time during the year under review. A total number of 15,391 small businesses received Seda assistance. One of Seda's strategic focus areas is working with large scale projects and cooperatives. To this end, the organisation assisted 23 cooperatives in terms of making them operational and linking them up with partners in the private and public sectors.

Seda's marking and advertising campaigns, particularly around events such as the Annual Stakeholder Forum and the Seda Small Business Starts competition generated positive publicity for the organisation. Consequently, Seda received ninety two (92) positive mentions to one (1) negative mentions in the various media during the year under review.



FOR THE YEAR ENDED 31 MARCH 2012

ENTERPRISE RISK MANAGEMENT AND INTERNAL AUDIT

Organisational risk management has improved as a result of a rigorous risk management evaluation process that gets conducted on a monthly basis. The evaluation is done on the management of risks as per the Auditor-General findings for the 2010/2011 financial year as well as organisational risks identified by management.

3. LOOKING AHEAD

During the 2012/2013 financial year and subsequent years, Seda will continue with work in the following four strategic focus areas:

- Increasing Seda's incubation footprint.
- Directing specific interventions to the small and medium size segment.
- Identifying and working with large scale projects and cooperatives.
- Prioritisation of growth sectors.

Key to successful implementation of these strategic focus areas is the availing of requisite resources by the shareholder and the development of practitioners who can service clients in the priority sectors and focus areas. Seda will engage the private and public sector to partner with it in implementing these focus areas and ultimately making a significant contribution to the country's goal of reducing unemployment.

I believe that the organisation has staff members that are committed to its values and implementation of government's mandate and that performance will continue to grow in leaps and bounds. The outcomes based approach has been entrenched in the organisation and I expect the focus going forward to be on the quality and depth of our interventions and the impact they have on small businesses in particular and economic development in general.



18. STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2012

	Notes	2012 R	2011 R
Revenue			
Transfers from other government entities		508,290,000	461,121,000
External earnings		24,938,505	23,026,256
Interest received		10,790,979	11,627,163
TOTAL REVENUE	2	544,019,484	495,774,419
Expenses			
Personnel cost		(206,118,503)	(189,847,834)
Programme, projects and other administrative expenses		(360,790,969)	(303,799,342)
Depreciation	7	(14,874,643)	(13,702,240)
Finance costs	3	(2,074,412)	(2,191,480)
Gain on sale of plant and equipment	15	545,350	233,515
TOTAL EXPENSES	3	(583,313,177)	(509,307,381)
DEFICIT FOR THE YEAR		(39,293,693)	(13,532,962)



19. STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2012

	Notes	2012 R	2011 R
ASSETS			
Current Assets		185,956,361	160,362,641
Cash and cash equivalents	4	153,655,466	155,912,092
Accounts receivable	5	32,062,438	4,109,734
Inventories	6	238,457	340,815
Non Current Assets			
Plant and equipment	7	40,716,739	45,519,889
TOTAL ASSETS		226,673,100	205,882,530
LIABILITIES			
Current Liabilities		170,924,744	109,957,508
Accounts payable	9	154,583,516	94,216,542
Current portion of finance lease obligations	10	123,506	(35,944)
Provisions	11	16,217,722	15,776,910
Non Current Liabilities		37,130,657	38,013,630
Long-term portion of finance lease obligation	10	12,084,979	12,208,484
Grants received	8	6,610,371	9,082,360
Operating lease liability	12	18,435,307	16,722,786
TOTAL LIABILITIES		208,055,401	147,971,138
NET ASSETS		18,617,699	57,911,392
ACCUMULATED SURPLUS		18,617,699	57,911,392
TOTAL NET ASSETS		18,617,699	57,911,392



20. STATEMENT OF CHANGES IN NET ASSETS

AS AT 31 MARCH 2012

	Accumulated Surplus R
Balance at 31 March 2009	108,121,127
Deficit for the year - 2009/10	(36,676,773)
Balance at 31 March 2010	71,444,354
Deficit for the year - 2010/11	(13,532,962)
Balance at 31 March 2011	57,911,392
Deficit for the year - 2011/12	(39,293,693)
BALANCE AS AT 31 MARCH 2012	18,617,699



21. CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2012

	Notes	2012 R	2011 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
External earnings	15c	(3,014,199)	25,332,899
Transfers from government entities	2	508,290,000	461,121,000
Interest received	2	10,790,979	11,627,163
Payments			
Personnel cost		(206,118,503)	(189,847,834)
Suppliers		(298,168,395)	(296,907,854)
Finance cost	3	(2,074,412)	(2,191,480)
NET CASH FLOWS FROM OPERATING ACTIVITIES	15b	9,705,470	9,133,894
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of equipment	15a	(12,904,719)	(15,615,822)
Proceeds on disposal of equipment		906,678	311,721
NET CASH USED IN INVESTING ACTIVITIES		(11,998,041)	(15,304,101)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments on finance leases		35,945	557
NET CASH FROM FINANCING ACTIVITIES		35,945	557
Net decrease in cash and cash equivalents		(2,256,626)	(6,169,650)
Cash and cash equivalents at the beginning of the year		155,912,092	162,081,742
CASH AND CASH EQUIVALENTS AT END OF YEAR	4	153,655,466	155,912,092



FOR THE YEAR ENDED 31 MARCH 2012

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 agree to the accounting policies applied in the previous financial year except where explicitly stated.

1.1 Basis of Preparation

In terms of section 55(1)b 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 (ASB).

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 1.1.1.

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 1.1.1.

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 previous year, Seda adopted a number of standards of GRAP which became effective from the previous financial period. A brief description of these standards, as well as an estimate of the impact is contained on the following page.

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



FOR THE YEAR ENDED 31 MARCH 2012

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 agreements 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 17 - Property Plant and Equipment

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

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 and for property, plant and equipment that are retired from active use is required in GRAP 17 whereas IAS 16 only encourages this disclosure.



FOR THE YEAR ENDED 31 MARCH 2012

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 remeasurement 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 the date of this report, the Minister has 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.

Standard or Interpretation		Effective date
Applicable to Seda:		
GRAP 21	Impairment of non-cash generating assets	1 April 2012
GRAP 24	Presentation of budget information in financial statements	1 April 2012
GRAP 25	Employee Benefits	None announced
GRAP 26	Impairment of cash-generating assets	1 April 2012
GRAP 104	Financial Instruments	1 April 2012
IGRAP 3	Determining whether an arrangement contains a lease	None announced
IGRAP 13	Operating leases - incentives	None announced

Not Applicable to Seda:		
GRAP 18	Segment reporting	None announced
GRAP 23	Revenue from non-exchange transactions	1 April 2012



FOR THE YEAR ENDED 31 MARCH 2012

Standard or Interpretation		Effective date
Not Applicable to Seda:		
GRAP 103	Heritage assets	1 April 2012
IGRAP 1	Applying the probability test on initial recognition of exchange revenue	None announced
IGRAP 2	Changes in existing decommissioning, restoration and similar liabilities	None announced
IGRAP 4	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds	None announced
IGRAP 5	Applying the restatement approach under the standard of GRAP on financial reporting in hyperinflationary economies	None announced
IGRAP 6	Loyalty programmes	None announced
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	None announced
IGRAP 9	Distribution of non-cash assets to owners	None announced
IGRAP 10	Assets received from customers	None announced
IGRAP 11	Consolidation - Special purpose entities	None announced
IGRAP 12	Jointly controlled entities - non-monetary contributions by ventures	None announced
IGRAP 14	Evaluating the substance of transactions involving the legal form of the lease	None announced
GRAP 20	Related-party disclosures	None announced
GRAP 105	Transfers of functions between entities under common control	None announced
GRAP 106	Transfers of functions between entities not under common control	None announced

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.



FOR THE YEAR ENDED 31 MARCH 2012

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 derecognised 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 Statement of Financial Position 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.

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 (cash-generating unit) 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 (cash-generating unit) 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 (cash-generating unit) 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.



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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 an 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:



FOR THE YEAR ENDED 31 MARCH 2012

- 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. 1 of 1999, as amended) 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 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.



FOR THE YEAR ENDED 31 MARCH 2012

Provident Fund

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

1,10 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 amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. 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 and other payables and other short-term finance lease liabilities.

The financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Trade payables

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

1,11 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.



FOR THE YEAR ENDED 31 MARCH 2012

1,12 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. GRAP 17 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.

1,13 Critical Accounting Judgments and Key Sources of Estimation Uncertainty

Critical judgments in applying the entity's accounting policies.

In the process of applying the entity's accounting policies management has made the following judgments 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 after consideration of the factors as required by Treasury Regulation 11 namely: that all reasonable steps have been taken to recover the debt and the debt is irrecoverable; or the recovery of the debt would be uneconomical; or that the recovery would cause undue hardship to the debtor or his/her dependants; or it would be to the advantage of the state to effect a settlement of its claim or to waive the claim.

Bonus provision

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

1,14 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 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, it is subsequently accounted for as revenue in the statement of financial performance.



FOR THE YEAR ENDED 31 MARCH 2012

1,15 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, it is subsequently accounted for as revenue in the statement of financial performance.

1,16 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.

1,17 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 a related party transaction and the nature of its relationship with the other party where the other party has significant influence through participation in the financial and operating policy decisions and/ or where significant transactions occurred with such an entity.

1,18 Contingent Liabilities

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



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1,19 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.

1,20 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 and explained.

	Notes	2012 R	2011 R
2 REVENUE			
Parliamentary grants		508,290,000	461,121,000
External earnings		24,938,505	23,026,256
Interest received		10,790,979	11,627,163
		544,019,484	495,774,419

Included in external earnings is *inter alia* an amount of R13,63 million from various ring-fenced projects; R6,98 million from provincial governments; and R3,11 million from local- and district governments.



FOR THE YEAR ENDED 31 MARCH 2012

	2012 R	2011 R
3 DEFICIT FOR THE YEAR		
Deficit for the year is arrived at after taking into account the following:		
Board members' emoluments		
- For services as members	3,410,759	3,042,000
Operating lease expense		
- Buildings	28,274,927	26,429,503
Depreciation	14,874,643	13,702,240
- Equipment	1,504,347	1,174,438
- Office furniture	2,211,139	1,702,073
- Motor vehicles	2,839,193	2,756,133
- Computer equipment	6,076,103	6,195,145
- Leased computer equipment	(2,183)	168,074
- Leased improvements	1,383,409	849,976
- Leased office furniture	646,689	647,514
- Leased security equipment	215,946	208,887
Auditors' remuneration	2,271,688	3,503,540
- External auditors	1,251,269	2,777,898
* Regularity audit	719,955	2,119,854
* Interim audit	531,314	658,044
- Internal auditors	1,020,419	725,642
Finance cost	2,074,412	2,191,480
- Interest on finance lease obligation (liability at amortised cost)	2,074,060	2,168,470
- Other	352	23,010
Provision for bad debts	5 213,668	44,553
	2012 R	2011 R

4 CASH AND CASH EQUIVALENTS

Call Account	90,799,535	155,977,354
Current Accounts	62,581,161	(323,687)
Petty Cash	274,770	258,425
	153,655,466	155,912,092

Refer to note 16.4 for detail on interest rates.

Of the cash balance, R82,244,995 (2011: R31,850,775) relates to grants received in advance which are to be utilised for specific projects as reflected in note 9.



22. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

	2012 R	2011 R
5 ACCOUNTS RECEIVABLE		
Payment in advance	1,542,160	1,939,810
Staff receivables	81,313	139,283
Deposits	817,450	691,541
Sundry receivables *	29,185,432	717,972
Provision on sundry receivables	(328,724)	(115,056)
Relocation cost receivables	949,629	921,006
Provision on relocation cost receivables	(184,822)	(184,822)
	32,062,438	4,109,734
* Including R28,224,000 to be received from the dti for ring-fenced projects		
Provision for bad debts:		
Movement for the year:		
Opening Balance at 1 April	299,878	321,563
Less: Bad debt written off	-	(66,238)
	299,878	255,325
Net charge to the Statement of Financial Performance	3	213,668
CLOSING BALANCE AT 31 MARCH	513 546	299 878
	2012 R	2011 R

6 INVENTORIES

Consumable stores	238,457	340,815
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FOR THE YEAR ENDED 31 MARCH 2012

7 PLANT & EQUIPMENT - 2011/12

	Equipment R	Office Furni- ture R	Motor Ve- hicles R	Computer Equipment R	Leased Computer Equipment R
Major Assets (above R2 000 per item)					
At 1 April 2011					
Cost	10,132,658	12,237,103	18,346,939	35,336,641	5,015,930
Accumulated depreciation and impairment	(4,535,280)	(5,156,996)	(8,972,920)	(18,773,940)	(4,979,236)
Accumulated depreciation: normal	(4,400,082)	(4,865,506)	(8,952,355)	(17,762,955)	(4,979,236)
Accumulated depreciation: grant assets	(135,198)	(291,490)	(20,565)	(1,010,985)	0
Opening carrying amount	5,597,378	7,080,107	9,374,019	16,562,701	36,694
Year ended 31 March 2012					
Opening carrying amount	5,597,378	7,080,107	9,374,019	16,562,701	36,694
Additions at cost	1,275,108	1,282,150	4,658,477	3,494,609	0
Disposals at cost	(230,060)	(14,999)	(1,843,101)	(1,645,995)	0
Disposal depreciation	186,327	64,647	1,651,298	1,315,771	0
Reclassification of assets at carrying amount	0	0	0	0	0
Depreciation for the year	(1,431,329)	(1,858,952)	(2,839,193)	(5,977,034)	2,183
Cost Reallocated	0	0	0	0	0
Depreciation: grant assets	(243,193)	(440,023)	(228,128)	(1,560,553)	0
Depreciation reallocated	18,074	10,452	0	(24,945)	0
Impairment	0	0	0	0	0
Closing carrying amount	5,172,305	6,123,382	10,773,372	12,164,554	38,877
At 31 March 2012					
Cost	11,177,706	13,504,254	21,162,315	37,185,255	5,015,930
Accumulated depreciation and impairment	(6,005,401)	(7,380,872)	(10,388,943)	(25,020,701)	(4,977,053)
Accumulated depreciation: normal	(5,627,010)	(6,649,359)	(10,140,250)	(22,449,163)	(4,977,053)
Accumulated depreciation: grant assets	(378,391)	(731,513)	(248,693)	(2,571,538)	0
Carrying amount	5,172,305	6,123,382	10,773,372	12,164,554	38,877
Useful lives	6 - 7 years	6 - 7 years	4 - 6 years	3 - 5 years	4 - 7 years
Minor Assets (excluded above and below R2 000 per item)					
At 31 March 2012					
Depreciation for the year	(73,018)	(352,187)	0	(99,069)	0
Cost	598,189	3,603,272	0	1,129,065	0
Accumulated depreciation and impairment	(586,233)	(3,596,736)	0	(1,104,026)	0
Carrying amount	11,956	6,536	0	25,039	0
TOTAL CARRYING VALUE	5,184,261	6,129,918	10,773,372	12,189,593	38,877

Note: Leased assets are encumbered by a finance lease, refer to note 10. Seda complied with the accounting policy as stated in 1.4.



FOR THE YEAR ENDED 31 MARCH 2012

7 PLANT & EQUIPMENT - 2011/12 (CONTINUED)

	Leasehold Improve- ments R	Leased Office Furniture R	Leased Security Equipment R	Total R
Major Assets (above R2 000 per item)				
At 1 April 2011				
Cost	8,769,345	4,325,356	1,393,535	95,557,507
Accumulated depreciation and impairment	(3,131,897)	(3,405,743)	(1,104,055)	(50,060,067)
Accumulated depreciation: normal	(3,131,488)	(3,405,743)	(1,104,055)	(48,601,420)
Accumulated depreciation: grant assets	(409)	0	0	(1,458,647)
Opening carrying amount	5,637,448	919,613	289,480	45,497,440
Year ended 31 March 2012				
Opening carrying amount	5,637,448	919,613	289,480	45,497,440
Additions at cost	1,602,309	0	105,555	12,418,208
Disposals at cost	0	0	0	(3,734,155)
Disposal depreciation	95,269	0	0	3,313,312
Reclassification of assets at carrying amount	0	0	0	0
Depreciation for the year	(1,383,409)	(646,687)	(215,946)	(14,350,367)
Cost Reallocated	0	0	0	0
Depreciation: grant assets	0	0	0	(2,471,897)
Depreciation reallocated	(3,581)	0	0	0
Impairment	0	0	0	0
Closing carrying amount	5,948,036	272,926	179,089	40,672,541
At 31 March 2012				
Cost	10,371,654	4,325,356	1,499,090	104,241,560
Accumulated depreciation and impairment	(4,423,618)	(4,052,430)	(1,320,001)	(63,569,019)
Accumulated depreciation: normal	(4,423,209)	(4,052,430)	(1,320,001)	(59,638,475)
Accumulated depreciation: grant assets	(409)	0	0	(3,930,544)
Carrying amount	5,948,036	272,926	179,089	40,672,541
Useful lives	6 - 7 years	6 - 7 years	6 - 7 years	
Minor Assets (excluded above and below R2 000 per item)				
At 31 March 2012				
Depreciation for the year	0	(2)	0	(524,276)
Cost	1,200	781,844	29,649	6,143,219
Accumulated depreciation and impairment	(1,199)	(781,321)	(29,506)	(6,099,021)
Carrying amount	1	523	143	44,198
TOTAL CARRYING VALUE	5,948,037	273,449	179,232	40,716,739

Note: Leased assets are encumbered by a finance lease, refer to note 10. Seda complied with the accounting policy as stated in 1.4.



FOR THE YEAR ENDED 31 MARCH 2012

7 PLANT & EQUIPMENT - 2010/11

	Equipment R	Office Furniture R	Motor Vehicles R	Computer Equipment R	Leased Computer Equipment R
Major Assets (above R2 000 per item)					
At 1 April 2010					
Cost	7,638,913	11,068,735	14,028,028	32,468,554	5,015,930
Accumulated depreciation and impairment	(3,092,831)	(3,060,663)	(6,480,910)	(12,392,092)	(4,811,162)
Accumulated depreciation: normal	(3,092,831)	(3,060,663)	(6,480,910)	(12,392,092)	(4,811,162)
Accumulated depreciation: grant assets	0	0	0	0	0
Opening carrying amount	4,546,082	8,008,072	7,547,117	20,076,463	204,768
Year ended 31 March 2011					
Opening carrying amount	4,546,082	8,008,072	7,547,117	20,076,463	204,768
Additions at cost	1,864,301	1,080,953	4,653,279	4,032,387	0
Disposals at cost	(46,447)	0	(313,689)	(421,673)	0
Disposal depreciation	24,101	0	280,246	399,256	0
Reclassification of assets at carrying amount	0	0	0	0	0
Depreciation for the year	(1,049,896)	(1,562,135)	(2,756,133)	(6,143,933)	(168,074)
Cost re-allocated to minor assets	675,891	87,415	(20,679)	(742,627)	0
Depreciation: grant assets	(135,198)	(291,490)	(20,565)	(1,010,985)	0
Depreciation re-allocated to minor assets	(281,456)	(242,708)	4,442	373,814	0
Impairment	0	0	0	0	0
Closing carrying amount	5,597,378	7,080,107	9,374,019	16,562,701	36,694
At 31 March 2011					
Cost	10,132,658	12,237,103	18,346,939	35,336,641	5,015,930
Accumulated depreciation and impairment	(4,535,280)	(5,156,996)	(8,972,920)	(18,773,940)	(4,979,236)
Accumulated depreciation: normal	(4,400,082)	(4,865,506)	(8,952,355)	(17,762,955)	(4,979,236)
Accumulated depreciation: grant assets	(135,198)	(291,490)	(20,565)	(1,010,985)	0
Carrying amount	5,597,378	7,080,107	9,374,019	16,562,701	36,694
Useful lives	6 - 7 years	6 - 7 years	4 - 6 years	3 - 5 years	4 - 7 years
Minor Assets (excluded above and below R2 000 per item)					
At 31 March 2011					
Depreciation for the year	(124,542)	(139,938)	0	(51,212)	0
Cost	592,896	3,253,557	0	1,027,211	0
Accumulated depreciation and impairment	(582,423)	(3,244,707)	0	(1,024,611)	0
Carrying amount	10,473	8,850	0	2,600	0
TOTAL CARRYING VALUE	5,607,851	7,088,957	9,374,019	16,565,301	36,694

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



FOR THE YEAR ENDED 31 MARCH 2012

7 PLANT & EQUIPMENT - 2010/11 (CONTINUED)

	Leasehold Improve- ments R	Leased Office Furniture R	Leased Security Equipment R	Total R
Major Assets (above R2 000 per item)				
At 1 April 2010				
Cost	4,784,443	4,325,356	1,393,535	80,723,494
Accumulated depreciation and impairment	(2,259,523)	(2,758,229)	(895,168)	(35,750,578)
Accumulated depreciation: normal	(2,259,523)	(2,758,229)	(895,168)	(35,750,578)
Accumulated depreciation: grant assets	0	0	0	0
Opening carrying amount	2,524,920	1,567,127	498,367	44,972,916
Year ended 31 March 2011				
Opening carrying amount	2,524,920	1,567,127	498,367	44,972,916
Additions at cost	3,984,902	0	0	15,615,822
Disposals at cost	0	0	0	(781,809)
Disposal depreciation	0	0	0	703,603
Reclassification of assets at carrying amount	0	0	0	0
Depreciation for the year	(849,976)	(647,514)	(208,887)	(13,386,548)
Cost re-allocated to minor assets	0	0	0	0
Depreciation: grant assets	(409)	0	0	(1,458,647)
Depreciation re-allocated to minor assets	(21,989)	0	0	(167,897)
Impairment	0	0	0	0
Closing carrying amount	5,637,448	919,613	289,480	45,497,440
At 31 March 2011				
Cost	8,769,345	4,325,356	1,393,535	95,557,507
Accumulated depreciation and impairment	(3,131,897)	(3,405,743)	(1,104,055)	(50,060,067)
Accumulated depreciation: normal	(3,131,488)	(3,405,743)	(1,104,055)	(48,601,420)
Accumulated depreciation: grant assets	(409)	0	0	(1,458,647)
Carrying amount	5,637,448	919,613	289,480	45,497,440
Useful lives	6 - 7 years	6 - 7 years	6 - 7 years	
Minor Assets (excluded above and below R2 000 per item)				
At 31 March 2011				
Depreciation for the year	0	0	0	(315,692)
Cost	1,200	781,844	0	5,656,708
Accumulated depreciation and impairment	(1,199)	(781,319)	0	(5,634,259)
Carrying amount	1	525	0	22,449
TOTAL CARRYING VALUE	5,637,449	920,138	289,480	45,519,889

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



FOR THE YEAR ENDED 31 MARCH 2012

	2012 R	2011 R
8 ASSETS RECEIVED AS GRANTS		
Assets received from other institutions as grants were capitalised during the 2009/10 financial year, but related to previous periods, which resulted in the restatement of 2008/09 financial year figures in the Statement of Financial Position.		
Opening balance	9,082,360	7,641,424
(Disposed) / Additional assets	(92)	2,899,583
Less: Revaluation depreciation	(2,471,897)	(1,458,647)
Closing balance	6,610,371	9,082,360

	2012 R	2011 R
9 ACCOUNTS PAYABLE		
Trade payables	10,903,584	15,731,826
Sundry payables and accrued expenses	50,355,692	37,288,685
Leave pay accrual	11,079,245	9,345,256
Grants received in advance *	82,244,995	31,850,775
	154,583,516	94,216,542

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.

* Including R28,224,000 for dti ring-fenced projects.



FOR THE YEAR ENDED 31 MARCH 2012

	2012 R	2011 R
10 FINANCE LEASE OBLIGATION		
The finance lease consists of one lease contract. The finance lease is capitalised at a fixed rate of 16% per annum payable in average monthly installments of R191,478 (escalating at 8% pa) over 173 months (2012 - 103 months remaining; 2011 - 115 months remaining). The agreement is secured against the assets, described as leased assets in note 7.		
Total outstanding	12,208,485	12,172,540
Plus: Current portion	(123,506)	35,944
Long term liability	12,084,979	12,208,484

2012

	Minimum Lease Payments	Finance Cost	Present Value	Present Value
Due within one year	2,079,680	(1,956,174)	123,506	
Due between two and five years	10,120,973	(7,084,247)	3,036,726	
After five years	12,150,796	(3,102,543)	9,048,253	
	24,351,449	(12,142,964)	12,208,485	

2011

Due within one year	1,925,630	(1,961,574)		(35,944)
Due between two and five years	9,371,271	(7,469,891)		1,901,380
After five years	14,952,218	(4,645,114)		10,307,104
	26,249,119	(14,076,579)		12,172,540



FOR THE YEAR ENDED 31 MARCH 2012

	2012 R	2011 R
11 PROVISIONS		
Provision for bonuses	15,490,031	15,257,997
Provision for 13th cheques	727,691	518,913
	16,217,722	15,776,910

Movement for the Year

Provision for bonuses		
Opening balance at 1 April	15,257,997	12,628,371
Less: bonuses paid	(13,749,308)	(11,907,655)
	1,508,689	720,716
Net charge to the Statement of Financial Performance	13,981,342	14,537,281
CLOSING BALANCE AT 31 MARCH	15,490,031	15,257,997

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.

	2012 R	2011 R
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12 OPERATING LEASE COMMITMENTS

Seda leases building offices in terms of operating leases. Seda does not have the option to acquire the buildings at the termination of the leases.

Smoothing effect of the operating lease	18,435,307	16,722,786
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The future minimum lease payments under non-cancellable operating leases are as follows:

Up to one year	23,246,888	7,407,443
Between two and five years	52,259,561	36,049,070
Later than five years	46,519,477	57,403,441
	122,025,926	100,859,954



FOR THE YEAR ENDED 31 MARCH 2012

	2012 R	2011 R
13 CONTINGENT LIABILITIES		
There are contingent liabilities in respect of:		
Legal claims - CCMA	3,606,000	5,979,836
Legal claims - Suppliers	769,840	1,280,847
	4,375,840	7,260,683
Refer to note 1,18		
a COMMITMENTS		
Current Expenditure		
Approved and contracted	44,075,151	33,129,003
Approved but not yet contracted	608,952	-
	44,684,103	33,129,003
Capital Expenditure		
Approved and contracted	696,066	1,326,823
Approved but not yet contracted	367,154	-
	1,063,220	1,326,823
Total Commitments	45,747,323	34,455,826



FOR THE YEAR ENDED 31 MARCH 2012

14 REMUNERATION OF BOARD OF DIRECTORS

14,1 Board members: 1 April 2011 to 31 March 2012

No	Name	Director Fees	Subsistence Allowance	Travelling	Cell Phone Allowance	Re- im- bursements	Salary	Perfor- mance bonus	TOTAL
1	HN Lupuwana # ^	-	-	-	-	2,151	1,564,286	233,688	1,800,125
2	LJ Mngomezulu	230,763	880	13,395	-	-	-	-	245,038
3	N Dinie	89,360	1,200	4,212	-	-	-	-	94,772
4	PF Lugayeni	119,311	1,120	7,606	-	-	-	-	128,037
5	F Mayimele-Hashaste	173,082	1,360	15,252	-	-	-	-	189,694
6	TB Nkambule	153,543	1,440	3,905	-	-	-	-	158,888
7	DMN Thabaneng	115,525	240	18,341	-	-	-	-	134,106
8	T Mokgoro	87,859	240	6,880	-	-	-	-	94,979
9	I Zwane	75,887	720	14,673	-	-	-	-	91,280
10	F Habib	76,590	160	6,972	-	-	-	-	83,722
11	R Kenosi	75,113	160	6,296	-	-	-	-	81,569
12	V Skosana	75,613	160	7,081	-	-	-	-	82,854
13	S Mzolo	67,029	160	5,183	-	-	-	-	72,372
14	M Venter	66,717	720	7,336	-	-	-	-	74,773
15	M Mohoto *	-	-	-	-	-	-	-	-
		1,406,392	8,560	117,132	-	2,151	1,564,286	233,688	3,332,209

Board Sub-committees members: 1 April 2011 to 31 March 2012

No	Name	Attendance Fees	Subsistence Allowance	Travelling	Cell Phone Allowance	Re- im- bursements	Salary	Perfor- mance bonus	TOTAL
16	MJ Lesejane	74,550	80	3,920	-	-	-	-	78,550
17	K Roelofse *	-	-	-	-	-	-	-	-
18	J Potgieter *	-	-	-	-	-	-	-	-
		74,550	80	3,920	-	-	-	-	78,550
TOTAL		1,480,942	8,640	121,052	-	2,151	1,564,286	233,688	3,410,759

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

Including performance bonus in respect of 2010/11.

^ HN Lupuwana is the only Executive Board member.



FOR THE YEAR ENDED 31 MARCH 2012

14,2 Board members: 1 April 2010 to 31 March 2011

No	Name	Director Fees	Subsistence Allowance	Travelling	Cell Phone Allowance	Re- im- bursements	Salary	Other	TOTAL
1	HN Lupuwana # ^	-	-	-	-	1,979	1,707,747	-	1,709,726
2	LJ Mngomezulu	172,079	610	12,234	-	2,586	-	-	187,509
3	DMN Mokhobo	10,049	-	-	-	-	-	-	10,049
4	N Dinie	93,840	1,300	3,932	-	693	-	-	99,765
5	NHB Faull	43,306	500	997	-	666	-	-	45,469
6	MJ Feinstein	93,222	660	7,487	-	5,234	-	-	106,603
7	PF Lugayeni	124,335	1,155	8,140	-	475	-	-	134,105
8	TMS Matang	108,763	1,010	25,719	-	439	-	-	135,931
9	F Mayimele-Hashaste	97,357	1,025	12,636	-	2,769	-	-	113,787
10	QN Mogotsi	38,644	305	1,635	-	186	-	-	40,770
11	TB Nkambule	130,513	1,475	4,774	-	-	-	-	136,762
12	DMN Thabaneng	63,512	400	9,689	-	-	-	-	73,601
13	T Mokgoro	33,242	80	2,920	-	-	-	-	36,242
14	I Zwane	29,598	320	4,636	-	-	-	-	34,554
15	F Habib	39,979	80	3,358	-	-	-	-	43,417
16	R Kenosi	25,261	80	1,204	-	-	-	-	26,545
17	V Skosana	31,254	80	1,533	-	-	-	-	32,867
18	S Mzolo	-	-	-	-	-	-	-	-
19	M Venter	-	-	-	-	-	-	-	-
20	M Mohoto *	-	-	-	-	-	-	-	-
		1,134,954	9,080	100,894	-	15,027	1,707,747	-	2,967,702

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

Including performance bonus in respect of 2010/11.

^ HN Lupuwana is the only Executive Board member.

FOR THE YEAR ENDED 31 MARCH 2012

Board Sub-committees members: 1 April 2010 to 31 March 2011

No	Name	Attendance Fees	Subsistence Allowance	Travelling	Cell Phone Allowance	Re- im- bursements	Salary	Other	TOTAL
21	MJ Lesejane	70,711	80	3,507	-	-	-	-	74,298
22	T Nemahagala *	-	-	-	-	-	-	-	-
23	K Roelofse *	-	-	-	-	-	-	-	-
24	J Potgieter *	-	-	-	-	-	-	-	-
		70,711	80	3,507	-	-	-	-	74,298
TOTAL		1,205,665	9,160	104,401	-	15,027	1,707,747	-	3,042,000

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

	Name of Director	Date of exit	Date of appointment
3	DMN Mokhobo	30-Jun-10	-
5	NHB Faull	31-Aug-10	-
6	MJ Feinstein	31-Aug-10	-
8	TMS Matang	31-Aug-10	-
10	QN Mogotsi	31-Aug-10	-
13	T Mokgoro	-	01-Sep-10
14	I Zwane	-	01-Sep-10
15	F Habib	-	01-Sep-10
16	R Kenosi	-	01-Sep-10
17	V Skosana	-	01-Sep-10
18	S Mzolo	-	01-Mar-11
19	M Venter	-	01-Mar-11
20	M Mohoto *	-	01-Sep-10
22	T Nemahagala *	31-Aug-10	-

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



FOR THE YEAR ENDED 31 MARCH 2012

	2012 R	2011 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.	12,904,719	15,615,822
b) Reconciliation of Deficit for the Year to Net Cash Fows from Operating Activities		
Net Deficit for the Year	(39,293,693)	(13,532,962)
Non-cash movements:	14,329,202	16,207,458
Escalation effect of finance lease	1	(160,850)
Depreciation	14,874,643	13,702,240
Gain on sale of plant and equipment	(545,350)	(233,515)
Assets received as grants	(92)	2,899,583
Changes in Working Capital	34,669,961	6,459,398
Increase in provisions	440,812	2,633,184
Increase / (Decrease) in accounts payable	60,366,974	(435,781)
Decrease in inventories	102,358	58,002
(Increase) / Decrease in accounts receivable	(27,952,704)	2,306,643
Smoothing effect of operating lease	1,712,521	1,897,350
Net Cash Flows from Operating Activities	9,705,470	9,133,894
c) Receipts from External Earnings		
Gross external earnings	24,938,505	23,026,256
Accounts receivable - current period	(32,062,438)	(4,109,734)
Accounts receivable - prior period	4,109,734	6,416,377
	(3,014,199)	25,332,899



FOR THE YEAR ENDED 31 MARCH 2012

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 therefore it is 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 entity's 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 on the following page. There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.



22. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

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.

2012

	Effective Interest Rate as at 31 March 2012	Less than 6 months R	More than 6 months	Total R
Assets				
Current cash balances	4,75%	62,581,161		62,581,161
Short-term call deposits	6,00%	90,799,535		90,799,535
		<u>153,380,696</u>		<u>153,380,696</u>
Liabilities				
Finance lease	16,00%		<u>12,208,485</u>	<u>12,208,485</u>

2011

	Effective Interest Rate as at 31 March 2011	Less than 6 months R	More than 6 months	Total R
Assets				
Current cash balances	3,75%	(323,687)		(323,687)
Short-term call deposits	5,00%	155,977,354		155,977,354
		<u>155,653,667</u>		<u>155,653,667</u>
Liabilities				
Finance leases	16,00%		<u>12,172,540</u>	<u>12,172,540</u>



FOR THE YEAR ENDED 31 MARCH 2012

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. Management considers 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. Currently Seda's cash balances and call deposits are held at ABSA bank. 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.

	2012 R	2011 R
17 RELATED PARTIES		
Seda, as a Public Finance Management Act (PFMA) Schedule 3A Public Entity, receives its core funding from Parliament via Vote 36 - Department of Trade and Industry as disclosed in note 2.	-	-



FOR THE YEAR ENDED 31 MARCH 2012

18 REMUNERATION OF KEY MANAGEMENT

Payments made to Seda's Executive Managers
for the year ended 31 March 2012:

No	Name	Salary R	Travel Allowance R	Cell Phone Allowance R	Re- im- bursements R	Performance bonus R	Other R	TOTAL R
1	M Hogendoorn *	1,090,977	60,000	21,600	5,285	236,342	-	1,414,204
2	KD Motlhoioa *	987,606	102,000	21,600	9,828	122,031	-	1,243,065
3	K Slabbert *	919,799	90,000	21,600	35,942	95,273	19,387	1,182,001
4	R Alummoottil *	969,165	-	21,600	3,122	95,526	-	1,089,413
5	B Pitso	272,698	-	5,400	-	-	633,670	911,768
6	P Mahlawe	631,399	-	12,600	7,477	-	175,000	826,476
		4,871,644	252,000	104,400	61,654	549,172	828,057	6,666,927

* Including performance bonus in respect of 2010/11

5 B Pitso - last payment April 2011

6 P Mahlawe - appointed as from 1 September 2011



FOR THE YEAR ENDED 31 MARCH 2012

Payments made to Seda's Executive Managers
for the year ended 31 March 2011:

No	Name	Salary R	Travel Allowance R	Cell Phone Allowance R	Re- im- bursements R	Other R	TOTAL R
1	M Hogendoorn *	1,156,337	60,000	21,600	4,937	-	1,242,874
2	KD Motlhoioa *	1,011,461	102,000	21,600	9,371	-	1,144,432
3	B Pitso *	1,080,313	34,362	21,600	-	-	1,136,275
4	J Ravjee (Acting) ^	-	-	-	-	62,519	62,519
5	R Alummoottil #	161,528	-	3,600	-	55,827	220,955
6	C Wyeth *	509,697	35,000	9,000	-	137,348	691,045
		3,919,336	231,362	77,400	14,308	255,694	4,498,100

* Including performance bonus in respect of 2009/10

^ Acting allowance only

Salary 2 months and acting allowance

4 J Ravjee (Acting Exec STP) till end January 2011

5 R Alummoottil - Acting COO Jun 2010 - Jan 2011, Exec STP from Feb 2011

6 C Wyeth - Last payment Oct 2010



FOR THE YEAR ENDED 31 MARCH 2012

	2012 R	2011 R
19 RETIREMENT BENEFITS AND MEDICAL AID		
The total amounts paid toward retirement benefits for the period (551 employees for the current year) and medical aid for the period (390 employees for the current year) are as follows:		
Provident Fund	16,838,103	16,011,495
Medical Aid	9,734,312	8,898,951
	26,572,415	24,910,446

	2012 R	2011 R
20 FRUITLESS AND WASTEFUL EXPENDITURE		
Opening balance	-	-
Fruitless and wasteful expenditure – current year	352	23,010
Fruitless and wasteful expenditure condoned	(352)	(23,010)
Closing balance	-	-

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.



FOR THE YEAR ENDED 31 MARCH 2012

**22 RECONCILIATION OF BUDGETED DEFICIT WITH THE DEFICIT
IN THE STATEMENT OF FINANCIAL PERFORMANCE**

	Budget 2011/12	Actual 2011/12	% Variance
Net deficit per Statement of Financial Performance			
Revenue			
Transfers from other government entities *	523,290,000	508,290,000	(15,000,000)
External earnings **	9,147,485	24,938,505	15,791,020
Interest received	9,549,299	10,790,979	1,241,680
TOTAL REVENUE	541,986,784	544,019,484	0,38% 2,032,700
Expenses			
Personnel cost	(208,682,250)	(206,118,503)	2,563,747
Programme, projects and other administrative expenses	(358,369,382)	(362,320,031)	(3,950,649)
Depreciation ***	(11,424,085)	(14,874,643)	(3,450,558)
TOTAL EXPENSES	(578,475,717)	(583,313,177)	-0,84% (4,837,460)
NET DEFICIT	(36,488,933)	(39,293,693)	(2,804,760)
Plus: Accumulated surplus previous year		57,911,392	
Net: Accumulated surplus as per Statement of Financial Position		18,617,699	

Notes on variances:

- * Revenue: Transfers - R15 million ring-fenced for Black Business Development Programme (BBDP).
Income only to be recognised once expenditure is incurred.
- ** Revenue: External Earnings - Income recognised on ring-fenced projects as expenditure has been incurred.
- *** Depreciation: Adjustments due to change in estimates of useful lives.



ABBREVIATIONS AND ACRONYMS

BRICS	Brazil, Russia, India, China and South Africa
CBA	Competency Based Assessments
CEO	Chief Executive Officer
COMESA	Common Market for Eastern and Southern Africa
COTII	Council of Trade and Industry Institutions
CPPP	Community Public Private Partnership Programme
CSIR	Council for Scientific and Industrial Research
dti	Department of Trade and Industry
EAC	East African Community
EDD	Enterprise Development Division
EIC	Enterprise Information Centre
HR	Human Resources
HRD	Human Resources Development
ICT	Information and Communication Technology
IPAP	Industrial Policy Action Plan
ISO	International Organisation for Standards
M&E	Monitoring and Evaluation
MOA	Memorandum of Agreement
NAMAC	National Manufacturing Advisory Centre
NGP	New Growth Path
OHSAS	Occupational Health and Safety Standards
PESTEL	Political, Economic, Social, Technological, Environmental and Legal
PFMA	Public Financial Management Act
PMDS	Performance Management and Development System
SA	South Africa
SADC	South African Development Community
SAQI	South African Quality Institute
Seda	Small Enterprise Development Agency
SMME	Small, Medium, and Micro Enterprise
SMS	Short Message System
SWOT	Strengths, Weaknesses, Opportunities and Threats
STP	Seda Technology Programme
TWIB	Technology for Women in Business



SEDA PROVINCIAL OFFICES CONTACT DETAILS

- Provinces
- Seda Provincial Managers
- Seda Operations Managers

Province	Office Name/ Location	Name	Address	Phone/Fax/ Cell Numbers	E-Mail Address
Eastern Cape	Provincial Office East London	Mr Sipiwo Soga Manager	No 4 Scherwitz Rd Berea East London	043 7211264/1130 (T) 043 7211652 (F)	ssoga@seda.org.za
	Provincial Office	Ms Ntombozuko Somtunzi Operations Manager	No 4 Scherwitz Rd Berea East London	043 7211264/1130 (T) 043 7211652 (F)	nsomtunzi@seda. org.za
Free State	Provincial Office Bloemfontein	Ms. Jackie Ntshingila Provincial Manager	Telkom Building Block B 1 st Floor Nelson Mandela Road Bloemfontein 9300	051 411 3820 (T) 051 444 4235 (F)	jntshingila@seda. org.za
	Provincial Office Bloemfontein	Boijane Mshumpela Operations Manager	Telkom Building Block B 1 st Floor Nelson Mandela Road Bloemfontein 9300	051 411 3820 (T) 051 444 4235 (F)	bmshumpela@seda. org.za
Gauteng	Provincial Office Gauteng	Ms Nosipho Khonkwane Provincial Manager	2 nd Floor, Forum 5 Braampark 33 Hoof St Braamfontein Johannesburg	011 4086520(T)	nkhonkwane@seda. org.za
	Provincial Office Gauteng	Mr Colin Francis Operations Manager	2 nd Floor, Forum 5 Braampark 33 Hoof St Braamfontein Johannesburg	011 408 6520(T)	cfrancis@seda.org. za



SEDA PROVINCIAL OFFICES CONTACT DETAILS

Province	Office Name/ Location	Name	Address	Phone/Fax/ Cell Numbers	E-Mail Address
KwaZulu-Natal	Provincial Office Durban	Mr. Lindani Dhlomo Provincial Manager	381 Berea Road, Durban 4001	031 277 9500 (T) 031 277 9510 (F)	ldhlomo@seda.org.za
	Provincial Office Durban	Mr Bisson Girran Operations Manager	381 Berea Road Durban 4001	031 277 9500 (T) 031 277 9510 (F)	bgirran@seda.org.za
Limpopo	Provincial Office Polokwane	Mr Daniel Monyela Acting Provincial Manager	2 nd Floor Suite 6 Maneo Building 73 Biccard Street Polokwane Postnet Suite 32 Private Bag X9307 Polokwane 0700	015 297 1139 (T) 015 297 4022 (F)	dmonyela@seda.org.za
	Provincial Office Polokwane	Mr Martin Rafferty Operations Manager	2 nd Floor Suite 6 Maneo Building 73 Biccard Street Polokwane	015 297 1139 (T) 015 297 4022 (F)	mrafferty@seda.org.za
Mpumalanga	Provincial Office Nelspruit	Ms. Ntokozo Majola Provincial Manager	Suite 102 Bi-water Building 16 Brander Street Nelspruit, 1200	(013) 755 6046/7 (T) (013) 755 6043 (F)	nmajola@seda.org.za
	Provincial Office Nelspruit	Mr Mashiba Kgole Operations Manager	Suite 102 Bi-water Building 16 Brander Street Nelspruit, 1200	013 755 6046 (T) 013 755 6043 (F)	mkgole@seda.org.za



SEDA PROVINCIAL OFFICES CONTACT DETAILS

Province	Office Name/ Location	Name	Address	Phone/Fax/ Cell Numbers	E-Mail Address
Northern Cape	Provincial Office Kimberley	Ms. Kedisaletse Williams Provincial Manager	13 Bishops Avenue Sanlam Building Kimberly, 8301 P.O Box 3014 Kimberley, 8300	053 839 5700 (T) 053 839 5711 (F)	kwilliams@seda. org.za
	Provincial Office Kimberley	Mr Kgabele Mule Operations Manager	13 Bishops Avenue Sanlam Building Kimberly, 8301 P.O Box 3014 Kimberley, 8300	053 839 5700 (T) 053 839 5711 (F)	kmule@seda.org.za
Northwest	Provincial Office Rustenburg	Mr. Neville Maimane Provincial Manager	187 Joubert Rustenburg 0299	014 592 9461 (T) 014 592 9734 (F)	nmaimane@seda. org.za
	Provincial Office Rustenburg	Mr Timothy Mkhondo Operations Manager	187 Joubert Rustenburg 0299	014 592 9461 (T) 014 592 9734 (F)	tmkhondo@seda. org.za
Western Cape	Provincial Office Cape Town	Mrs Sihaam Miller Provincial Manager	2 nd floor 33 on Bree Bree Street Cape town 8000	021 415 1600 (T) 021 418 0391 (F)	smiller@seda.org.za
	Provincial Office Cape Town	Mr Gerald Barth Operations Manager	2 nd floor 33 on Bree Bree Street Cape town 8000	021 415 1600 (T) 021 418 0391 (F)	gbarth@seda.org.za





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0860 SMME PAY

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