



Annual Report

2012/2013





Annual Report

Small Enterprises Development Agency

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Part A

GENERAL INFORMATION





Name of entity
Physical address

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Pretoria

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Telephone
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LIST OF ABBREVIATIONS / ACRONYMS

CEO	Chief Executive Officer	PFMA	Public Financial Management Act
COTII	Council of Trade and Industry Institutions	SA	South Africa
CPE	Critical Planning Exercise	SABS	South African Bureau of Standards
CPPP	Community Public Private Partnership Programme	SAQI	South African Quality Institute
dti	Department of Trade and Industry	Seda	Small Enterprise Development Agency
EDD	Enterprise Development Division	SMME	Small, Medium, and Micro Enterprise
EIC	Enterprise Information Centre	STP	Seda Technology Programme
HR	Human Resources	TTF	Technology Transfer Funds
HRD	Human Resources Development	TWIB	Technology for Women in Business
ICT	Information and Communication Technology		
IPAP	Industrial Policy Action Plan		
ISO	International Organisation for Standards		
M&E	Monitoring and Evaluation		
NAMAC	National Manufacturing Advisory Centre		
NGP	New Growth Path		
OHSAS	Occupational Health and Safety Standards		

BACKGROUND

The National Small Business Amendment Act, No 29 of 2004, led to the establishment of the Small Enterprise Development Agency (Seda) under the Department of Trade and Industry, the dti. This was done by merging three entities: the Ntsika Enterprise Promotion Agency, National Manufacturing

Advisory Centre (NAMAC) and Community Public Private Partnership Programme (CPPP). In April 2006, the GODISA Trust and National Technology Transfer Centre merged with Seda to become the Seda Technology Programme (Stp). The small enterprise support function of the South African Quality

Institute (SAQI) and the technology related activities of Technology for Women in Business (TWIB) were incorporated into the Stp in 2008. The Stp was fully integrated into Seda structures in 2009.

VISION

- to be the centre of excellence for small enterprise development in South Africa

The vision requires high levels of competence, motivation, accountability and customer focus - as a Centre of Excellence we strive towards continuous improvement in these critical areas.

MISSION

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

Seda's mission provides the framework for its activities as reflected in our product range and the approach, attitude and working methods of our staff. The ultimate measure of our success is the effective and efficient growth and sustainability of the small enterprises we support.

CORE VALUES

- Nurture
- Innovation
- Customer service excellence
- Ethical behaviour
- Resilience

Seda's core values govern our operations and relationships with stakeholders such as clients, partners, employees, local communities and the shareholder. The core values remain robust and unaffected by changes in management or the operational environment.

We interpret our core values as follows:

Nurture	-	creating a nurturing and supportive partnership environment for our clients.
Innovation	-	fostering innovative ideas and solutions that deliver exceptional customer service.
Customer service excellence	-	placing customer service excellence at the centre of all we do.
Ethical behaviour	-	behaving with integrity and in the best interest of Seda.
Resilience	-	achieving excellent results through resilience.

Strategic impact, goal and objectives

Seda's activities are geared towards a positive and constructive impact on people and the environment, while our legislative mandate and mission guides our long-term goals and objectives. The dti measures Seda's impact every three to five years.

EXPECTED IMPACT

- Increased contribution of small enterprises to the SA economy, and promotion of economic growth, job creation and equity

The expected impact translates into our goal of supporting small enterprises to grow the economy and create jobs and equity. In working towards the achievement of this goal, Seda's activities are directed by the following strategic objectives:

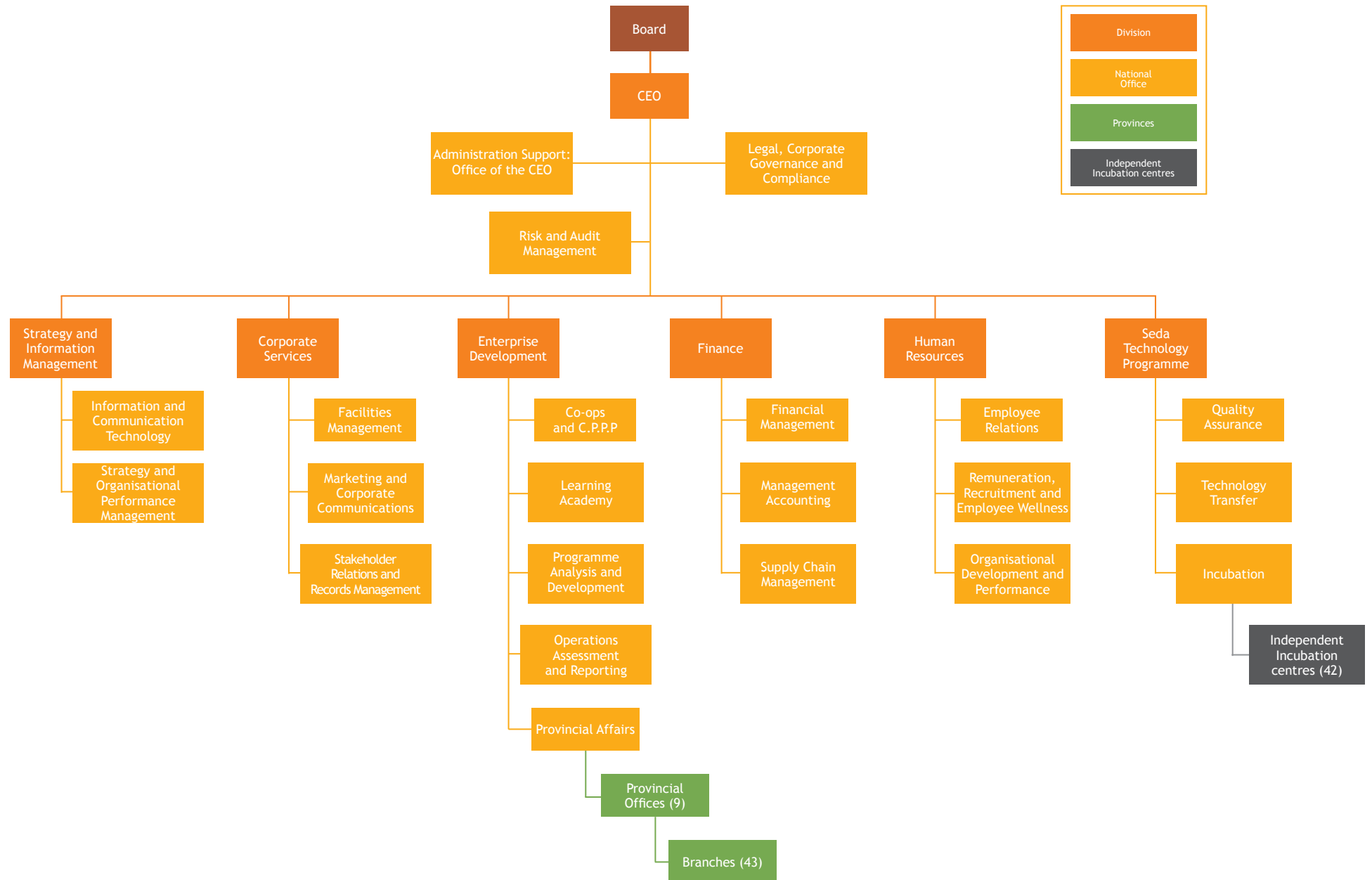
STRATEGIC OBJECTIVE 1	<ul style="list-style-type: none"> Enhance competitiveness and capabilities of small enterprises through coordinated services, programmes and products.
STRATEGIC OBJECTIVE 2	<ul style="list-style-type: none"> Ensure equitable access to business support services.
STRATEGIC OBJECTIVE 3	<ul style="list-style-type: none"> Strengthen the organisation to deliver on its mission.

Legislative and other mandates

Seda is a Schedule 3A entity in terms of the Public Finance Management Act, No 1 of 1999 and derives its mandate from the National Small Business Amendment Act, No 29 of 2004. As mandated, the organisation must:

- implement the policy of the national government for small enterprise development;
- design and implement a standard national delivery network that must be applied uniformly to small enterprise development throughout the Republic by integrating all government-funded small enterprise support agencies across all spheres of government;
- design and implement small enterprise development support programmes; and
- establish provincial structures to ensure the effective implementation of its functions.

ORGANISATIONAL STRUCTURE



FOREWORD BY THE MINISTER OF TRADE AND INDUSTRY

The 2012/2013 financial year has seen closer alignment between Seda's strategic focus and government's priorities. The focus of the current administration remains the creation of decent jobs, economic transformation and inclusive economic growth - themes that are integral to economic development policies and strategies in South Africa. The dti views entrepreneurship development as critical to broadening economic participation and job creation, as most economic successes are anchored around a vibrant and growing small enterprise sector.

Seda is therefore an important vehicle in economic transformation and its achievements in strategic focus areas highlight this. The incubation programme is a priority. Based on the success of the model nationally and internationally, it plays a key role in reducing the mortality rate of start-up enterprises. Approximately 71.4% of clients supported through the Seda Technology Programme (Stp) survive the crucial first two years of operation. The addition of 10 incubators during the 2012/2013 financial year increased the Stp-supported incubator network to 42. As a result, the programme supported 2,282 small enterprises during the year.

Going forward, the dti hopes to further increase the number of incubators in South Africa through the recently established Incubation Support Programme (ISP) in collaboration with the private sector. The dti will endeavour to continuously widen and deepen the scope of support for the incubator model and is currently encouraging universities and science councils to host incubators. The development of high-tech and high-growth sectors will be the main business of these incubators.

The SMME Payment Assistance Hotline continues to offer much-needed support to small enterprises. The Hotline-facilitated payments of R46, 86 million during the year under review brought the total payments facilitated since its inception in September 2009 to R347, 88 million.

Greater effort is needed to incorporate more small enterprises into the main stream economy. A symbiotic relationship between bigger companies and small enterprises, where larger companies assist in skills transfer, capacity development and access to market opportunities will help realise this. Certain changes to Broad-Based Black Economic Empowerment legislation and Codes of Good Practice, as well as the establishment of the Small Enterprise Finance Agency, are initiatives aimed at boosting the small enterprise sector.

I commend the efforts of Seda for the year under review.



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



OVERVIEW BY THE CHAIRPERSON OF THE BOARD



The 2012/2013 financial year was characterised largely by an increased recognition of the integral nature of small enterprises in South Africa's economic development. The country hosted the 37th International Small Business Congress (ISBC) in September 2012 for the first time in Africa. Small enterprise development institutions, policy makers, academics and practitioners could share good practices and enrich the discourse around small enterprise development and entrepreneurship.

The Small Enterprise Development Agency (Seda) also participated in numerous other platforms during the reporting period to share its experiences, successes and challenges in servicing this important sector.

The past financial year has seen significant progress by Seda in implementing its medium- to long- term strategy. The strategy is anchored by four focus areas, namely an increased incubation footprint; focused interventions for the upper end of the small enterprise sector; creation of large scale projects and collectively-owned enterprises; and small enterprise development in South Africa's priority sectors.

Despite a challenging, albeit improving, operational environment for Seda and its clients, the organisation recorded exceptional performance levels during the 2012/2013 financial year. This performance is a progression from previous financial years and affirms the stability and performance orientation in the organisation.

Most notable is the increase in access points for support services. Seda increased its incubator support from 32 to 42, with the additional 10 incubators complimenting those already supported. As a result, the Seda Technology Programme created 2 301 new jobs. In the year ahead, we expect to support more incubators through the dti's Incubation Support Programme.

Seda also increased its footprint in the Western Cape with an additional 12 satellite branches. The expanded network creates a good platform for Seda to provide needs-based outcomes that support aspiring and existing entrepreneurs in South Africa. We are grateful to the dti for their support in expanding the network.

A key growth factor for small enterprises is access to local and international markets, which was confirmed by Seda-commissioned independent research. We believe that the revised BBBEE codes offer small enterprises access to procurement opportunities from established businesses and state owned entities. Along with a number of strategic partnerships in this area, Seda is reviewing the focus of its export development and promotion programmes on markets with opportunities for South African products.

Despite a more bullish economic outlook for 2013, compared to 2012, recovery remains challenging for developed economies. To an extent, this was tempered in developing economies by increased economic activity after the sharper-than expected downturn in 2012. The South African economy is expected to show resilience in the year ahead and contribute materially to the economic growth forecast of the SADC region. Small enterprises are seen as a key contributor in this regard.

An important stakeholder group that may not always receive due recognition for their support is our clients. We appreciate the confidence and trust of thousands of potential and existing entrepreneurs who regard Seda as a partner in advancing their aspirations and realising their dreams. We will strive to continuously add value to the mutual goal of growing and sustaining your businesses.

The achievements of the past year would not have been possible without the commitment and hard work of Seda's management and staff. I express my gratitude for their spirited

work. The strategic leadership provided by the Board during this critical period of developing small enterprise in our country is also commended. A special word of thanks to the members whose left the Board during the 2012/2013 period and those whose term comes to an end during the next financial year.



Mr Linda Mngomezulu
Chairperson



Seda's mission of developing, supporting and promoting small enterprises to ensure their growth and sustainability in coordination and partnership with other role players remains robust. It is indeed gratifying to report that for the 2012/2013 period, we achieved our objectives, as aligned with our overall mission, while concurrently highlighting the relevance and profile of small enterprises in South Africa.

During the reporting period, the Seda network was at times overwhelmed by the sheer number of potential and existing small enterprises that require support. Due to resource constraints, we could not open new branches and efforts were made to increase the number of access points, with remarkable success. This included an increase in supported incubators from 32 to 42, which is aligned with the drive by the Minister of the dti to create a considerable incubator network in South Africa, and the extension of our Western Cape network with the inclusion of 12 former RED Door (Real Enterprise Development initiative) offices.

Incubation, which forms part of Seda's strategic focus areas for the next three to five years, also exceeded set targets. In addition to supporting 10 more incubators, business start-ups increased from 295 in 2011/2012 to 376 in 2012/2013. The incubation programme supported a total of 2,282 clients and created 2,301 direct jobs during the past year.

Our delivery partners continued to provide instrumental support to Seda. Their combined contributions of R9,595 million towards Seda's service delivery efforts and the space provided for Seda to service clients in 37 co-location points are greatly appreciated.

Seda's outcomes-focused delivery model, known as the Client Journey Model, is now well-entrenched

and starting to realise the desired rewards. Client satisfaction levels reached unprecedented levels during the period under review: 98% of clients who received Seda assistance rated the interventions as either good or excellent.

The performance ratings related to client business improvement are measured by increased turnover and number of employees. During the year under review, more than 60% of assisted clients recorded a growth in turnover, while 35% increased the numbers of people employed. Some of these successful clients are profiled in detail later in the report.

Efficient financial management is embedded as a foundation for Seda's performance culture. This is demonstrated by an unqualified audit opinion and an expenditure of 97.21% against an approved budget. Nearly 75% of these funds were utilised in the Seda provincial network and the rest on support services from the National Office. We remain focused on ensuring that our expenditure is biased towards service delivery for the sustainability of the organisation.

The Seda Annual Performance Plan 2013/2014 - 2015/2016 identifies three critical areas that the organisation will pay attention to going forward. These are:

- focused communication and advocacy on SMME sector issues
- taking a medium- to long-term view of SMME development and
- focusing on demand-side issues to enhance the performance of the SMME sector.

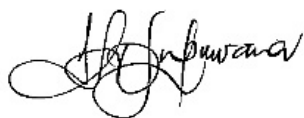
It is important to involve as many organisations as possible in advancing small enterprise development in South Africa. Although the organisation does not formulate SMME policy, it will use its knowledge and

practical experience to contribute to the much needed discourse around SMME development in South Africa.

Seda's Client Journey Model promotes a medium- to long-term approach to small enterprise development to create growing and sustainable small enterprises. There is general acceptance that the country has a critical mass of small enterprises that struggle to survive, mostly due to limited market access. Seda will prioritise initiatives such as engaging private sector institutions and state-owned entities on supplier development and preferential procurement for small enterprises. Attention will also be given to repositioning our support functions as strategic business enablers.

The dialogue about small enterprise development has increased in intensity during the past two years, especially the role of small enterprises in job creation and redressing socio-economic inequalities. This much needed debate needs to extend to all facets of the small enterprise realm, including institutional support frameworks that can build a vibrant small enterprise sector. Whilst a substantial number of organisations run programmes to develop small enterprises, the fragmented support framework restricts the power of a consolidated impact.

Seda management and staff are immensely proud and appreciative of the strategic leadership from the Board and the dti. The support from other stakeholders also validates Seda's stature and demonstrates the commitment of other organisations to advance small enterprise development. The support is much appreciated.



Ms Hlonela Lupuwana
Chief Executive Officer

THE SEDA BOARD



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



Ms Hlonela Lupuwana
Chief Executive Officer
(Ex officio)



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



Ms Rene Kenosi
Committees:
Chairperson - Finance
Member - Executive Board

THE SEDA BOARD



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



Ms Tholakele Nkambule
Committees:
Chairperson - Remuneration and
Human Resources
Member - Executive Board



Mr Joe Lesejane
Committees:
Chairperson - Audit and Risk



Mr Vusumuzi Skosana
Committees:
Member - Strategy and Organisational
Performance
Member - Audit and Risk



Mr Mojalefa Mohoto
Committees:
Member - Strategy and Organisational
Performance



Dr Marius Venter
Committees:
Member - Strategy and Organisational
Performance
Member - Finance

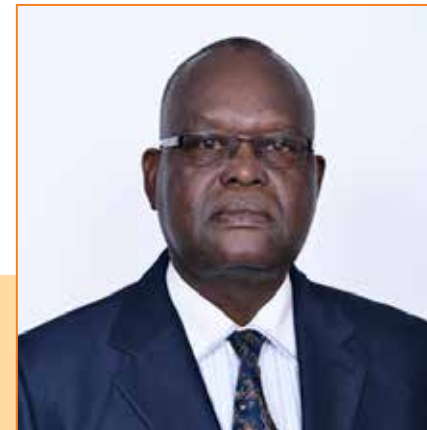
THE SEDA BOARD



Ms Fatima Habib
Committees:
Member - Strategy and Organisational
Performance



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



Mr Dennis Thabaneng
Committees:
Member - Finance
Member - Remuneration and Human
Resources



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

SEDA EXECUTIVE MANAGEMENT TEAM



Ms Marilize Hogendoorn
Chief Financial Officer

B Com (Acc), B Compt Hons, CTA



Mr Siphiso Soga
Acting Executive Manager: Seda Technology
Programme

Bachelor of Journalism & Media Studies,
Advanced Executive Program, MBA



Ms Pam Mahlawe
Executive Manager: Human Resources

B Admin Hons



Ms Yolisa Mkhize
Acting Executive Manager:
Corporate Services

BAdmin, Certificate in Business Management



Mr Sibusiso A Kunene
Acting Chief Operations Officer

MB (Bachelor of Medicine), National Higher
Diploma: Management



Mr Lusapho Njenge
Chief Strategy and Information Officer

B Com, Postgrad Diploma in Monitoring and
Evaluation Methods, M Phil (Futures Studies)

Part B

PERFORMANCE INFORMATION



STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION

Statement of Responsibility for Performance Information for the year ended 31 March 2013

The Chief Executive Officer is responsible for the preparation of the public entity's performance information and for the judgements made in this information.

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

The performance information fairly reflects the actual achievements against planned objectives, indicators and targets as per the strategic and annual performance plan of the public entity for the financial year ended 31 March 2013.

The performance information of the entity as attached hereto was approved by the Board at its meeting held on the 30th May 2013.



Mr Linda Mngomezulu
Chairperson

PERFORMANCE OVERVIEW

Service delivery environment

The role and importance of small enterprises in changing a country's socio-economic landscape is accepted the world over. In South Africa, too, the acknowledgement that small enterprises are integral to the country's economic trajectory is fast gaining traction. Government's related policy documents outline the interventions needed to unlock this value, while a substantial number of private and public sector institutions are implementing programmes to address small enterprise challenges.

Their collective effort is, however, hampered by fragmentation. While the individual programmes are commendable and remarkably successful, they are not driving change materially within the small enterprise sector. Seda believes that small enterprise development can be enhanced greatly through:

- developing an all-inclusive entrepreneurship and small enterprise development framework
- providing the different role players with clear mandates
- formulating a long-term strategic plan and
- developing and implementing a holistic reporting, monitoring and evaluation process for entrepreneurship and small enterprise development.

During the reporting period, Seda partnered with institutions involved in small enterprise development to support our client services, especially in areas without a Seda branch office. This enabled us to also service small enterprises where Seda's mandate precludes the organisation.

Organisational environment

As a service provider, Seda relies on employees to implement strategic and business plans effectively. The organisation strives, therefore, to manage vacancies at a rate below

10%. This was achieved during the reporting period, as the recorded vacancy rate of 11.2% reflected the contract terminations at the end of the financial year.

During the past year, the Information and Communications Technology (ICT) unit was merged with the Strategy and Organisational Unit as a new division headed by the Chief Strategy and Information Officer, to reposition ICT as a business enabler. Despite the successive appointment of three acting Executive Managers before financial year end, the organisation's performance was not affected adversely. The successive appointments were due to the resignation, redeployment and retirement of the incumbents.

Seda has initiated a structural review exercise as a result of strategic decisions and initiatives during the past two financial years. This will ensure that the organisation's human resource capacity and competence can implement the new strategic direction. The anticipated increase in supported incubators, for example, is expected to affect Seda's human resources.

Key policy developments and legislative changes

No major policy developments occurred during the 2012/2013 financial year. In the year ahead, the enactment of the

Cooperatives Amendment Bill and the Business Registrations Bill are expected to have an impact on Seda operations.

Strategic outcome-orientated goals

Seda's overall goal is to ensure that the small enterprise sector grows and increases its contribution to sustainable and equitable social and economic development, employment and wealth creation. Two of its strategic objectives are linked to this goal, whilst the third aims to enable service delivery. Our strategic outcomes and output targets are aligned with the strategic objectives. Achieving strategic outcomes and output targets, therefore, that strategic objectives have been met or exceeded.

Performance against strategic objectives

Seda's performance information for the 2012/2013 financial year is aligned with the performance indicators and targets in the Seda Annual Performance Plan 2012/2013 - 2014/2015. Seda achieved and exceeded 11 of its 12 strategic indicators, while the Seda Technology Programme achieved and exceeded performance in 7 of its 8 strategic indicators.

Our performance against strategic indicators is tabulated below.

Cooperative Amendment Bill embraces internationally-accepted principles of successful cooperatives. Cooperatives that apply these principles are sustainable and more resilient against financial and economic crises. Invariably they contribute to uplifting the local communities where they are located and operate from.

Business Registrations Bill will formalise parts of the economy that are currently in the informal sector to provide security of tenure.

SEDA 2012/2013 ANNUAL PERFORMANCE

Strategic Objective 1: Enhance the competitiveness and capabilities of small enterprises through coordinated services, programmes and products

Key: **Blue** = target achieved/exceeded
Amber = target not achieved by less than 5%
Red = target not achieved by more than 5%

Outcome	Performance measure/ indicator	Annual target	Year-to-date achievement	Reasons for variance	Measures to rectify	Verification sources	Responsible Manager
Client satisfaction ensured	% of surveyed clients satisfied with quality of Seda services	80%	98%	Performance is consistent with previous financial year and points to improved services quality due to capacitated service providers and projects completed on brief, on budget and on time	None	Branch MOV files	Acting COO
Client business performance improved	% of surveyed SMME clients whose turnover has increased (growth)	35%	63%	Access to new markets after Seda assistance improved client turnover. Key success interventions: marketing, signage, website development, exhibitions. marketing plans	None	Branch MOV files	Acting COO
	% of surveyed SMME clients whose employee number increased (growth)	25%	35%	Improved client performance in services sector and the many start-ups operational due to Seda interventions resulted in exceeded target.	None	Branch MOV files	Acting COO

SEDA 2012/2013 ANNUAL PERFORMANCE

Strategic Objective 2: Ensure equitable access to business support services

Key: **Blue** = target achieved/exceeded
Amber = target not achieved by less than 5%
Red = target not achieved by more than 5%

Outcome	Performance measure/ indicator	Annual target	Year-to-date achievement	Reasons for variance	Measures to rectify	Verification sources	Responsible Manager
Client reach improved	Number of new clients	65,000	68,850	Seda awareness and increased interest in starting a business resulted in sustained performance in securing new clients	None	Branch MOV files	Acting COO
	Number of current clients	10,400	10,208	Performance 1.86% below target due to lower than anticipated performance in the third quarter	None	Branch MOV files	Acting COO
Rural enterprise development enhanced	Number of adopted enterprises under CPPP programme	22	28	Target exceeded to concerted effort in secondary cooperative mobilisation during the first two quarters	None	Project files	Senior Manager: Cooperatives and CPPP
Cost sharing with delivery partners maintained	Value of service delivery costs covered by delivery partners	R7.6 million	R9,595 million	Funds from partners committed and used during the first quarter exceeded expectations	None	Financial reports	Management Accountant
	Number of partnerships operational	30	44	Target exceeded due to renewal of local municipal partnerships and new enterprise and supplier development partnerships	None	Partnership records	Senior Manager: Stakeholder Relations

SEDA 2012/2013 ANNUAL PERFORMANCE

Strategic Objective 3: Strengthen the organisation to deliver against its mission

Key: **Blue** = target achieved/exceeded
Amber = target not achieved by less than 5%
Red = target not achieved by more than 5%

Outcome	Performance measure/ indicator	Annual target	Year-to-date achievement	Reasons for variance	Measures to rectify	Verification sources	Responsible Manager
Seda image improved	Positive to negative publicity ratio	5:1	116:1	Exceeded target due to publicity about performance, SMME payment assistance hotline reaching R300 million mark, incubation roll-out and events such as International Small Business Congress	None	Media statistics from external service provider	Senior Manager: Corporate Communication and Marketing
Cost-efficiency improved	% of direct service delivery costs versus total delivery costs	58%	72.72%	Mid-year budget review in October 2013 resulted in more funds allocated to the provincial network, particularly for the strategic focus areas	Performance in line with Seda strategy of channelling more funds to the delivery network	Financial reports	Management Accountant
	% of deviations of actual expenditure from approved budget	5%	2.43% under-expenditure	Performance within the targeted 5% range	None	Financial reports	Management Accountant
Organisational staffing improved	% reduction in staff vacancies	50%	67.5%	Exceeded target due to improved turnaround time to fill vacancies	None	HR reports	Senior Manager: Recruitment, Employment Equity and Remuneration

SEDA TECHNOLOGY PROGRAMME 2011/2012 PERFORMANCE

Strategic Objective 1: Enhance competitiveness and capabilities of small enterprises through coordinated services, programmes and products

Key: **Blue** = target achieved/exceeded
Amber = target not achieved by less than 5%
Red = target not achieved by more than 5%

Outcome/ output	Performance measure/ indicator	Annual target	Annual achievement	Reasons for variance	Measures to rectify	Verification sources	Responsible Manager
Client satisfaction ensured	% of surveyed clients satisfied with quality of Seda services	80%	60.1%	The target is not based on baseline information, but on the Seda branch network target and does not take into account differences between the two delivery models. Key areas of dissatisfaction among surveyed clients were Seda assistance to access funds, relevant research material and new technologies	Client dissatisfaction will be addressed in the 2013/2014 financial year and the target reviewed once trends have been established	Survey report	Senior Manager: Incubation
Client business performance improved	Number of potential entrepreneurs turned into trading businesses	220	376	Target exceeded due to expanded incubator portfolio (by 10) and incubator operations support	None	Incubator reports	Senior Manager: Incubation
	Number of jobs created	945	2,301	Target exceeded due to increased client opportunities in the Seda Construction Incubator, improved performance of agricultural sector incubators and unforeseen increase in supported incubators also affected job creation	None	Incubator reports	Senior Manager: Incubation
Client support services provided	Number of clients supported	842	2,282	Target exceeded due to increase in new SMMEs created and unexpected additional support to additional 10 incubators	None	Incubator reports	Senior Manager: Incubation
Clients assisted with technology transfer incentives	Number of clients supported	30	99	Target exceeded due to improved approval process efficiency and additional funds made available during the financial year	None	Programme reports	Senior Manager: Technology Transfer Programme

Outcome/ output	Performance measure/ indicator	Annual target	Annual achievement	Reasons for variance	Measures to rectify	Verification sources	Responsible Manager
Clients assisted with conformity assessment and product testing	Number of clients supported	115	159	Target exceeded due to improved approval process of client requests and interest from Seda branch clients	None	Programme reports	Senior Manager: Quality
Training in national and international standards conducted	Number of clients supported	385	571	Target achieved by the end of the 3 rd quarter due to early demand in the first quarter	None	Programme reports	Senior Manager: Quality
Systems implementation support provided	Number of clients supported	30	35	Target exceeded to due to additional applications received and assessed during the 4 th quarter	None	Programme reports	Senior Manager: Quality

PERFORMANCE HIGHLIGHTS

Strategic Objective 1: Enhance competitiveness and capabilities of small enterprises through coordinated services, programmes and products

A sample of 3,166 clients was surveyed to determine satisfaction levels after a Seda intervention. The service quality was rated as good or excellent by 2,662 clients, which represents a 98% response. This satisfaction level can be attributed to properly assessing client needs, adding value to resolving identified challenges and, more importantly, delivering interventions on time and according to client expectations.

Seda assists small enterprises that are at various stages of the business life cycle, from establishment to growth and stability. The expected outcomes are business formalisation, graduation and growth. Growth, as a strategic outcome, is measured through increased turnover and number of employees. The business growth of 1,727 clients was evaluated within six months after a Seda intervention. In total, 65% (against a target of 35%) of these clients reported increased turnover and 35% (against a target of 25%) indicated an increase in the number of employees.

Strategic Objective 2: Ensure equitable access to business support services

Seda continues to provide potential and existing small enterprises with much-needed information and advice. Figure 1 reflects the 68,850 potential and operational small enterprises that accessed the various Seda network points about business development matters per province.

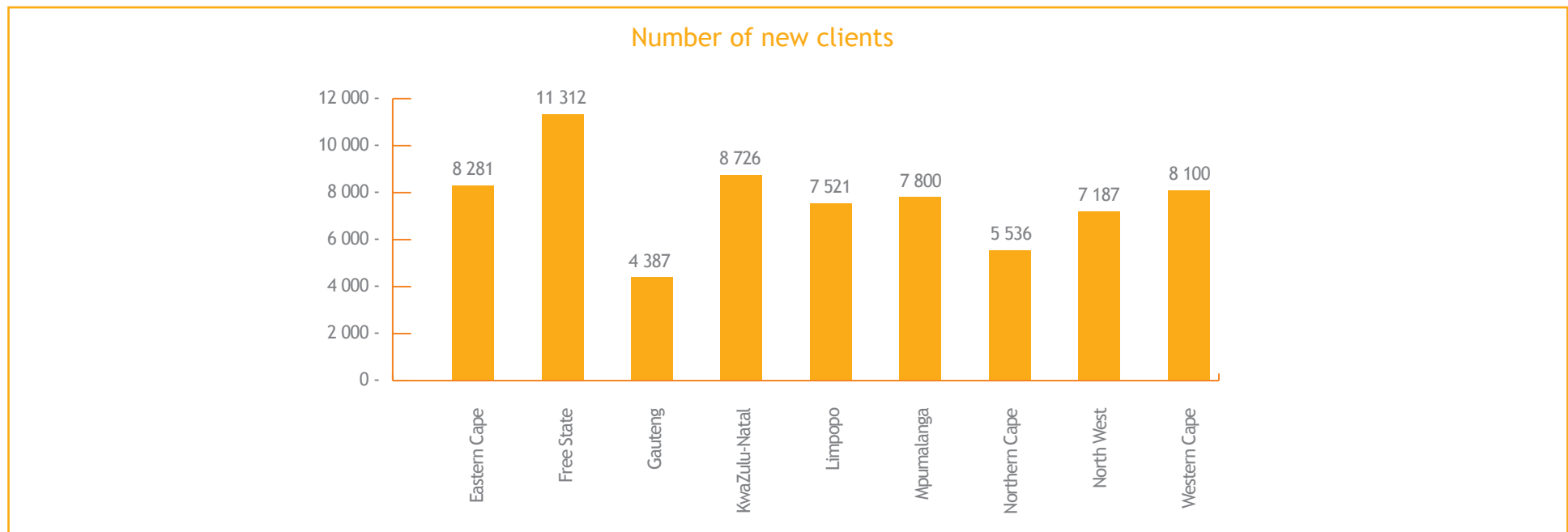


Figure 1: New and potential clients who accessed Seda information per province.

In total, 10,208 new and existing clients received a Seda intervention during the 2012/2013 financial year. The breakdown per province is reflected in Figure 2.

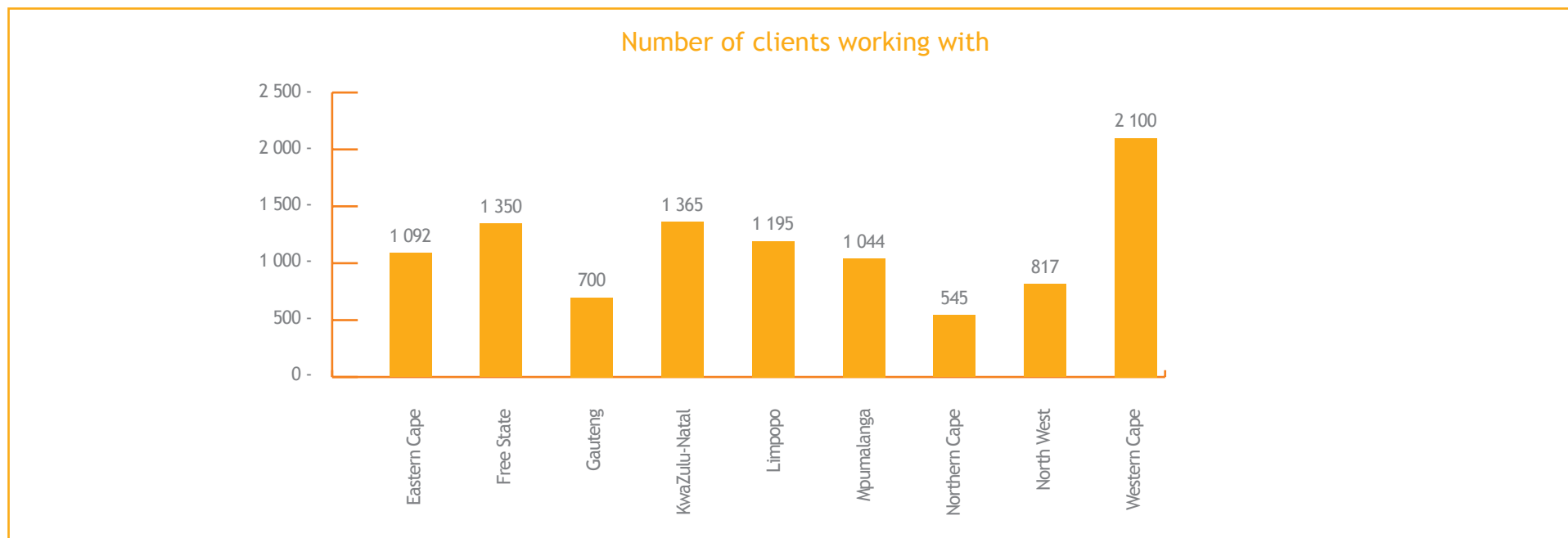


Figure 2: Breakdown per province of Seda's existing clients.

PERFORMANCE HIGHLIGHTS

Seda supports small enterprises across all sectors and demographics and is mindful of the need to redress demographic imbalances. Seda uses partnerships and focused events to continuously increase the number of client businesses that are black-owned, youth-owned, women-owned and owned by people with disabilities. Approximately 1.6% of the clients Seda worked during the reporting period are owned by people with disabilities, while 44.5% of the client businesses supported is youth-owned.

Figures 3 and 4 profile the demographics (race and gender) of Seda's existing clients.

Clients working with (by race)

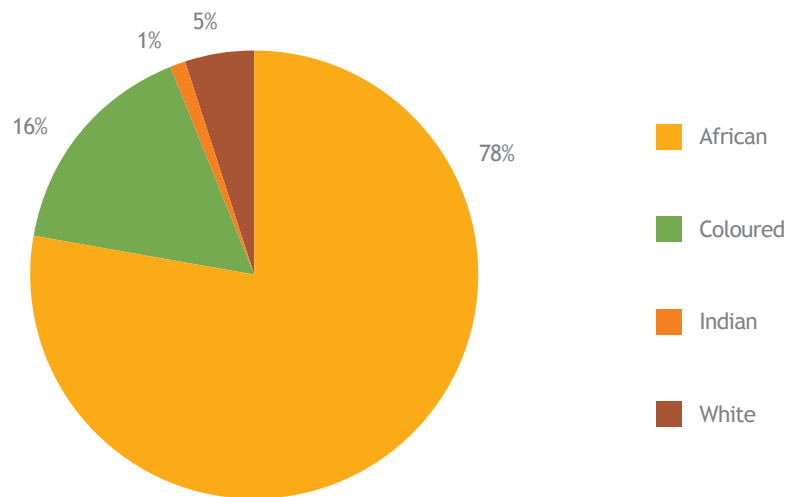


Figure 3 Race profile of Seda's existing clients.

Clients working with (by gender)

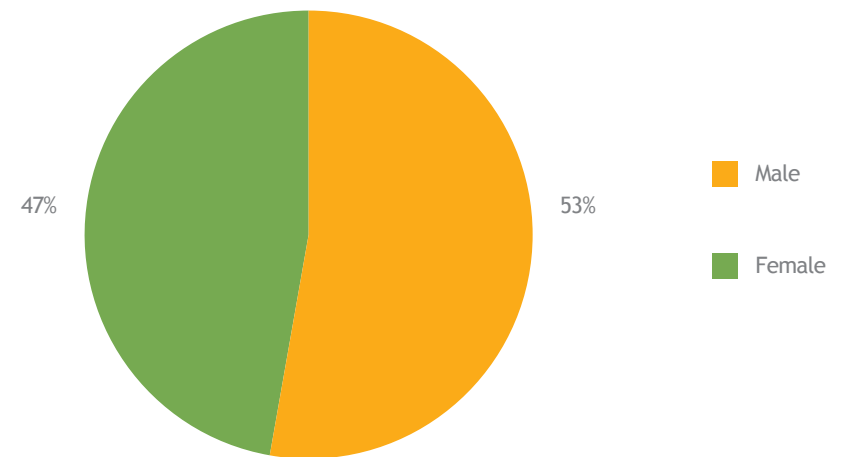


Figure 4 Gender profile of Seda's existing clients.

The sectoral classification of Seda's existing clients in Figure 5 shows that clients are predominately from the priority sectors identified in South Africa's economic policy documents. The construction sector, which is not a priority sector, received a boost from recent infrastructure projects.

Seda's existing clients include a disproportionately high number of pre-operational, survivalist and micro enterprises. The past financial year has, however, seen an increase in the percentage of small and medium-sized clients, with an increase from 1.3% to 2.39% during the reporting period. More effort will be put in increasing the percentage of these clients in the year ahead.

Clients working with (Sectoral breakdown)

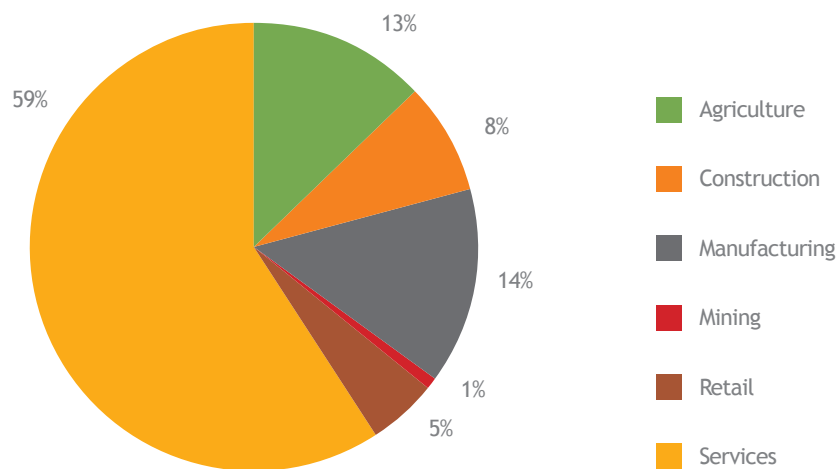


Figure 5 Sectoral breakdown of Seda's existing clients.

Clients working with (Number of people employed)

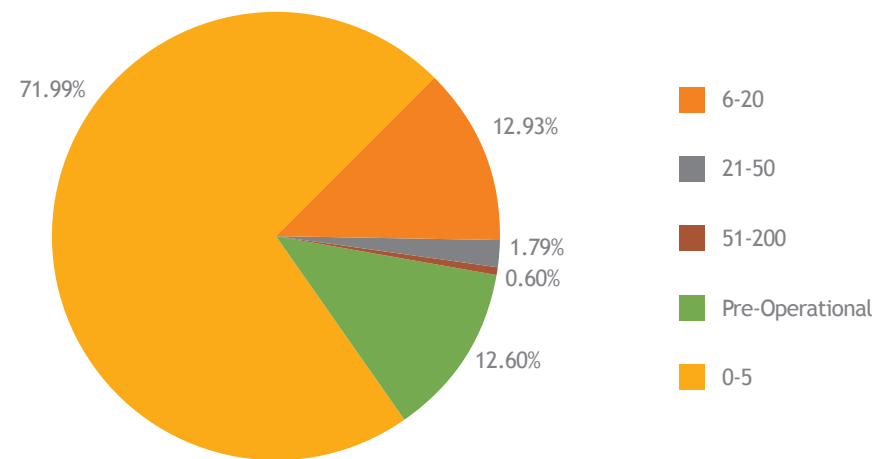


Figure 6 The number of people employed at existing client businesses.

PERFORMANCE HIGHLIGHTS

Rural enterprise development remains a priority for Seda, specifically the creation of viable, large-scale and collectively owned enterprises. During the 2012/2013 financial year, we supported 28 operational secondary cooperatives and supported and stabilised the establishment of numerous primary cooperatives.

Seda continues to receive financial and in-kind support from provincial and local partners. During the past year the contributions towards Seda's small enterprise development programmes amounted to R9,595 million. Operational partnerships, mostly to support co-location, amounted to 44.

Strategic Objective 3: Strengthen the organisation to deliver on its mission

The focus of Seda's proactive stakeholder communication includes small enterprise development initiatives, leadership and contributing through knowledge sharing at seminars and conferences. The organisation received 116 positive and one negative mention in the media. The positive publicity referred mainly to organisational performance, the SMME Payment Assistance Hotline, which exceeded R300 million in facilitated payments, the roll-out of 10 additional incubators and Seda's participation at the locally-hosted International Small Business Congress in September 2012.

Budgets are allocated to support service delivery. At year end 2012/2013, Seda had used 73.39% (against a target of 58%) of its budget for service delivery focus areas. Seda has also demonstrated sound financial management, with 97.21% of funds spent according to approved budgets.

Priority is given to filling existing vacancies at the beginning of each year to maintain a vacancy rate of below 10%, while vacancies during the year are filled as they occur. During the reporting period, we filled 67.5% of the vacancies that existed at the beginning of the year.

Seda Technology Programme

The Seda Technology Programme (Stp) conducts an annual client satisfaction survey in the 4th quarter of each year to improve incubation services and meet client expectations. In the 2012/2013 survey, respondents indicated a satisfaction of 60.1% against a target of 80%. Much of the dissatisfaction fell outside the Stp mandate, such as access to finance and relevant research material. In the year ahead, the Stp will work with partner organisations to address these challenges.

During the past financial year the Stp increased the number of supported incubators from 32 to 42 and exceeded its incubation performance targets. This included 379 (target

of 220) new enterprises through the incubation network and 2,301 (target of 945) jobs. The major contributors to new jobs were incubators in the construction and agricultural sectors. Overall, 2,282 clients received support from the programme during the year.

The programme provides clients with incentives to use technology to improve production. Seda used additional funds made available for technology transfer incentives during the year to assist 99 (target of 30) clients in this regard.

The prevalence of clients in the manufacturing sector, particularly in Seda branches, increased the demand for conformity assessments and product testing during the review period. Improved turnaround times to deal with requests enabled Seda to assist 159 clients during the year.

The high demand for national and international standards training did not abate during the 2012/2013 financial year and 571 clients received training. We also supported 35 (target of 30) clients with the implementation of systems due to the processing of additional applications during the 4th quarter.

SUCCESS STORIES



SUCCESS STORIES

ANDREW PEERS MEGA WATT CC

Location: Richmond / De Aar
Seda branch: De Aar, Northern Cape
Business type: Electrical contractor

“Seda does not merely promise, they deliver, whatever it takes. Their clients, of whom I am one, receive the best service and assistance. I am deeply impressed and pleased with the way in which they have supported me.”

- Isak Andrew, entrepreneur and business owner

Business profile

Electrical services, from minor and major reticulation (electrification, street and area lighting, substations, solar power systems and solar geysers) to bulk supply of electrical equipment, tools and materials, as well as electrical maintenance (transmission lines) and consultancy services.



About the business

Isak Andrew opened his electrical services contracting and consultancy business, Andrew Peers Mega Watt cc, in November 2011. A dynamic, qualified and proactive entrepreneur, he is passionate about electricity. “I started this business when Eskom gave me an opportunity to become an Eskom Contractor after I passed their evaluations.”

The challenges

The close corporation required registration and a marketing drive to sell its products and services.

Seda interventions and support

Seda used its Assessment of Company Operations (ACO) qualitative diagnostic tool to evaluate the business functions. The company needed a comprehensive marketing drive and funding to purchase equipment. As a successful SMME, the company could also help alleviate socio-economic challenges.

Funding from the Seda Technology Programme (R600k) enable the company to acquire new equipment, Seda also assisted with marketing material, including sign boards and a website to increase visibility and awareness raising (the website has since been upgraded to include social media).

The outcomes

Due to Seda interventions, the company:

- experienced significant growth
- increased turnover and profits by 63% within six months

- became a well-known brand among businesses and communities in the area
- increased its visibility and client base
- secured contracts with major organisations such as Eskom and some municipalities
- created employment for six additional people.



SUCCESS STORIES

ASHLEE PANEL SHOP (PTY) LTD

Location: Bloemfontein, Free State
Seda branch: Bloemfontein
Business type: Panel beating

“Seda’s excellent services helped the Ashlee Panel Shop to create brand visibility and improve its turnover. We have been featured in a leading industry magazine, which is a high accolade for a business in this industry.”

- Ashvin Nankoo, business owner

Business profile

Repair of damaged motor vehicles insured under motor plans. Services include panel beating, spray painting, chassis straightening and ‘paintless’ dent removal.



About the business

Business owner, Ashvin Nankoo, started the business with two assistants 15 years ago, when he recognised a business opportunity in a niche Free State market in which no formal BEE (black economic empowerment) company was operating at the time. In the intervening years, the business grew to a staff complement of 20 permanent and five temporary employees.

The challenges

Ashlee Panel Shop approached Seda for assistance with a turnaround strategy and expansion plan, as well as acquiring new equipment and securing motor industry approval to repair damaged vehicles insured under motor plans.

Seda interventions and support

Seda's assessment confirmed the need for a business strategy, improved business skills and marketing, new equipment and industry accreditation. The company would also benefit from mentorship in implementing its growth plan and with staff training.

The outcomes

Seda interventions and business support assisted Ashlee Panel Shop to:

- secure new premises fitted with the latest technology equipment
- increase turnover by 70% with more production capacity and improved procurement levels
- secure R5.6 million funding from Mutual & Federal Insurance Company, Seda Technology Transfer Fund and BBSDP for business development, employee training

and equipment

- secure factory approvals from Hyundai (fleet vehicles) and Kia, with approvals pending from Peugeot, Mercedes Benz and Honda
- increase visibility which generated media interest (the business was featured in a leading industry magazine, which is a singular achievement in the industry).



SUCCESS STORIES

BAYEDE! MARKETING (PTY) LTD

Location: Paarl, Western Cape
Seda branch: Stellenbosch
Business type: Luxury goods

Bayede! is passionate about creating jobs and helping our local communities sell their products. With Seda's marketing and business development mentorship we entered international markets and helped to sustain incomes in communities successfully in these difficult times."

- Antoinette Vermooten, CEO

Business profile

Bayede! means 'Hail the King!' in Zulu. The Bayede! "Royal and By Appointment" Signature Selection trademarked ranges of luxury goods include various wine cultivars, a line of clothing, jewellery, arts and crafts and Rooibos tea. The products are known for their high quality and originality.



About the business

The unique Bayede! trademarked range of luxury goods evolved from a meeting of minds in 2008 when His Majesty, King Goodwill Zwelethini, visited the Saager's Eikendal wine farm in Paarl. The King's wish to create jobs in South Africa and the entrepreneurial spirit of the Saager and Vermooten business quintet emerged as Bayede! Marketing (Pty) Ltd soon thereafter.

His Majesty received the first bottle of Bayede! wine on his 60th birthday in 2009. Other product ranges followed and today include products and artefacts from a variety of African countries. The company uses local labour from established community projects to create jobs and provide an outlet for community products.

The challenges

Bayede! Marketing approached Seda for assistance with market access and product distribution.

Seda interventions and support

Seda's business assessment confirmed the need for improved marketing, product distribution and local and international market access. Interventions included assistance with marketing materials, such as new wine bottle labels, banners, brochures and a website. Seda funding enabled delivery of the company's first Walmart wine order (35 000 bottles), listing Bayede! Marketing as the "first African export wine company" at Walmart China. Seda mentoring also assisted with securing a wine distribution deal with Massmart USA.

The outcomes

Bayede! Marketing benefitted from Seda's business support through:

- significant business growth over a two-year period
- greater visibility of its premises through improved signage
- improved production and labelling of wines
- improved local and international market access with new contracts secured to export wines
- the creation of 1 024 arts and crafts jobs
- improved market recognition (wines used exclusively at President Jacob Zuma's 70th birthday and new wine range launched at the world renowned One and Only Hotel at the Cape Town Waterfront).



SUCCESS STORIES

INDUNA LOGISTICS & TERMINALS (PTY) LTD

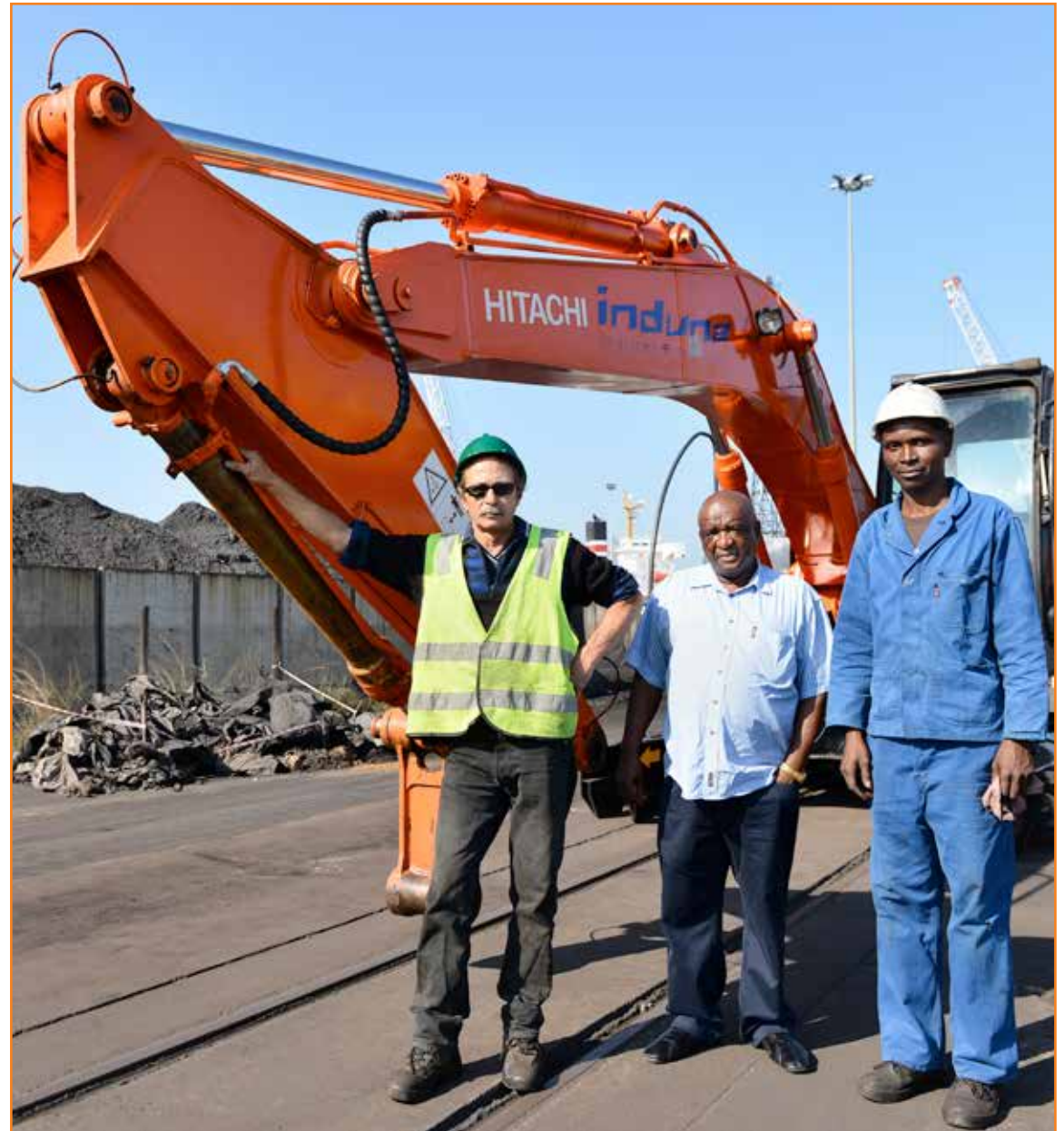
Location: Richards Bay, KwaZulu-Natal
Seda branch: Richards Bay
Business type: Plant hire

Seda helped us with getting the best consultants and guided us throughout our accreditation process. With their intervention and support, we achieved accreditation and have grown our business successfully.”

- Godfrey Mfeka, Director

Business profile

The company operates in the equipment hire industry and rents out industrial and construction equipment, including plant machinery such as tractor-loader-backhoes (TLBs), forklifts and pay loaders, and most types of construction vehicles.



About the business

Godfrey Mfeka's passion for machinery led to a decision in 1999 to start his own equipment hire business. In 2000, he purchased a single machine for hire and in little more than 10 years, Induna Logistics and Terminals, situated in Alton, the industrial hub of Richards Bay, had grown to a fleet of over a 100 machines.

The challenges

Induna Logistics & Terminals approached Seda for assistance with the development of management systems to improve business management and growth.

Seda interventions and support

Seda assessed the company using its Assessment of its Company Operations (ACO) tool. This confirmed a need to implement an ISO 9001:2008 aligned Quality Management System (QMS) and qualify for SABS certification. Seda introduced the company to consultants for assistance with the accreditation process, while Seda staff visited the company regularly to ensure that the QMS implementation ran smoothly.

The outcomes

Seda's support enabled Induna Logistics & Terminals to:

- improve its business image and significantly improve business growth over a two-year period
- broaden its client base and increase the number of clients
- increase turnover from R21 million to approximately R100 million
- increase its employees from 21 to 30
- record profits of approximately R6 million.



SUCCESS STORIES

DIESEL REBAR & MESH (PTY) LTD

Location: Rosslyn, Pretoria North
Seda branch: Tshwane
Business type: Manufacturing

“When I started the business, I had no house or car to sell to raise capital. Today, with the training and incentives Seda organised for me, I can see the light, I know how to manage and direct my business.”

- Maemu Rodney Mphyatshirema, business owner and manager

Business profile

The company is the only wholly Black-owned and managed reinforcing steel supplier in South Africa that supplies, cuts, bends, fixes and delivers concrete reinforcing, steel and mesh to customers nation-wide.



About the business

Diesel Rebar & Mesh started in 2009 as a reinforcing steel fixing company, handling assembly and installations for other reinforcing steel suppliers. In November 2011, market research by business owner and manager, Rodney Mphyatshirema, a qualified civil engineer, identified the lack of a Black-owned reinforcing steel supplier to the South African construction industry. Not intimidated by significant start-up costs, he opened the doors to Diesel Rebar & Mesh with one small, second-hand rebar bending machine, a grinder for cutting steel and hired trucks for customer deliveries.

The challenges

Despite reasonable business growth, several challenges threatened to destabilise operations. Product quality and delivery, sound business decisions and a low to moderate turnover had to be addressed.

Seda interventions and support

Seda's SBAT assessment confirmed the need for a quality management system, access to a vendor database, transport for client deliveries, management training and a marketing strategy and tools to attract sales. Seda assisted the business with the installation of a quality management system (SABS certified ISO9001) and business management training. The company also received R600k incentive funding for additional bender and cutter equipment as well as a crane to speed up production and the loading and offloading of steel.

The outcomes

Seda's support has put Diesel Rebar & Mesh on a sustainable growth path that has helped the company to:

- improve turnover from R1.5 million to R6,5 million
- improve general business practices and operations
- create 14 additional jobs to manage the increase in production
- relocate to larger premises in Rosslyn, Pretoria North
- acquire company vehicles and new machinery to manage the increase in demand for their services.



SUCCESS STORIES

POLYANNE PAPERS CC

Location: Mafikeng, North West Province
Seda branch: Ngaka Modiri Molema
Business type: Manufacturing

“The assistance from our Seda advisor has been of significant value to our business. We have improved business efficiency and product standards and secured new business contracts.”

- Thabo Ramokgadi, founding partner

Business profile

Manufacturing of fast-moving consumer goods (FMCG), specifically toilet paper and related paper products under SABS 648:1980 ‘Toilet paper’ accreditation.



About the business

In 2003, Thabo Ramokgadi and his founding business partners, combined their talents to launch Polyanne Papers cc as a sustainable manufacturing business in the predominantly rural area of the North West province. The close corporation was registered in 2002 and started manufacturing toilet paper with only two employees a year later.

The challenges

Realising the need to grow their business and obtain SABS accreditation to be taken seriously by larger clients, the Polyanne Paper cc directors approached Seda for business assistance. Their needs included marketing, sales and branding, improved bookkeeping and accounting systems to comply with client requirements, as well as SABS accreditation for their products.

Seda interventions and support

A Seda business advisor conducted an operations assessment of the business and recommended assistance with product development and testing to comply with the SABS 648:1980 'toilet paper' standard, as well as product marketing and branding guidance. Seda also assisted Polyanne Papers with part-funding of R150k for the development of a marketing and sales plan, as well as the installation of an electricity generator and accounting software to improve the company's bookkeeping and align its invoicing, statements and remittance advice with the needs of large clients such as Pick 'n Pay.

The outcomes

Polyanne Papers cc has benefitted from Seda support and interventions through increased product quality and turnover by complying with the SABS 648:1980 standard

and growing its turnover from R218 505 in 2004 to R4.8 million in 2011 or 2 080%. The company's staff complement has increased from two employees in 2004 to 29 in 2012 and it successfully secured long-term supply contracts with Pick 'n Pay stores in Randfontein, Rustenburg, Mafikeng, the Northern Cape and recently the Free State. These achievements have bolstered the Polyanne Papers brand identity and enabled the company to negotiate a supply contract with Choppies Supermarkets in Botswana.



SUCCESS STORIES

TIMBALI FLOWER GROWERS

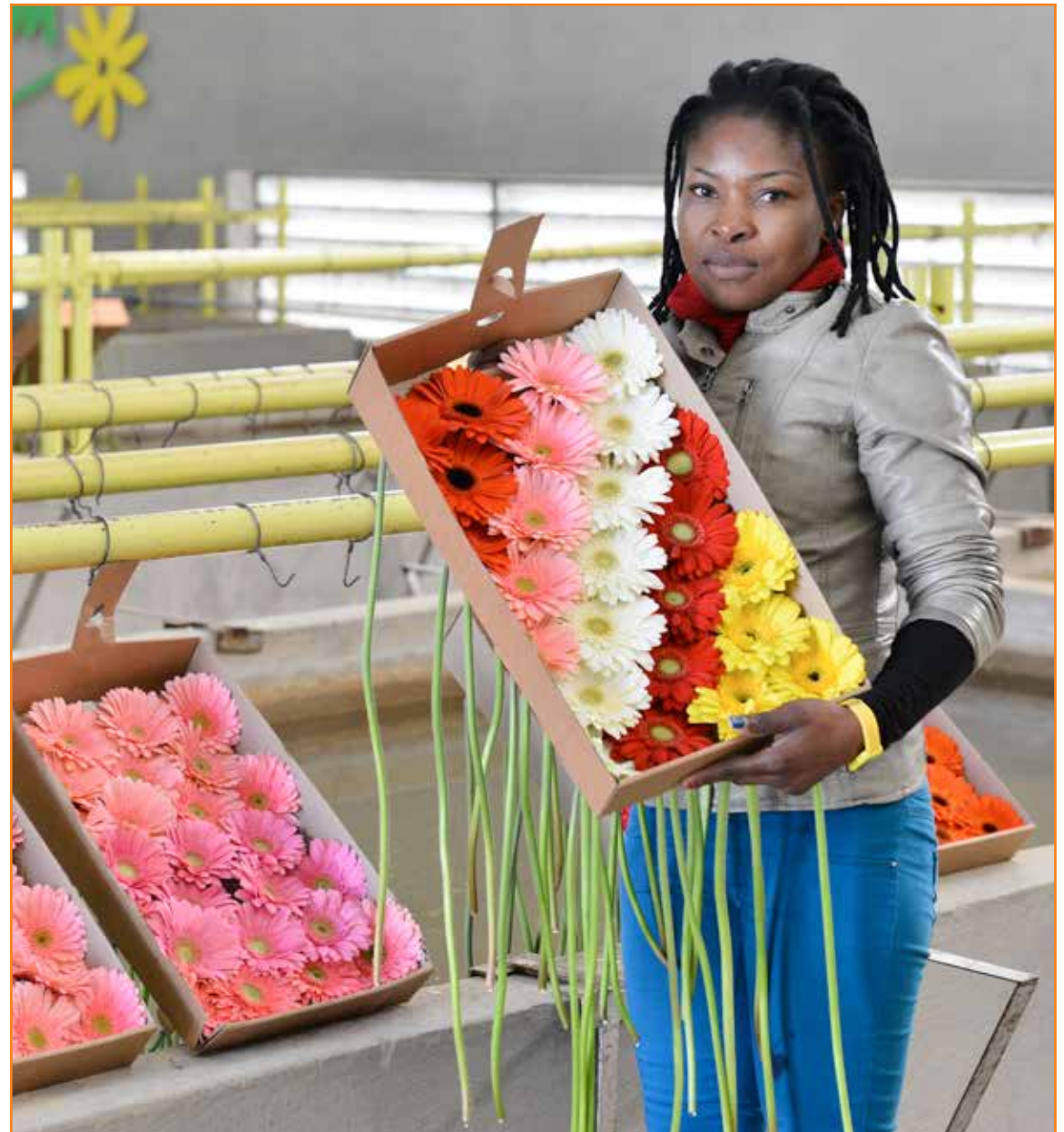
Location: Nelspruit, Mpumalanga
Seda branch: A Timbali Technology Incubator Cluster
Business type: Herb farming

“Seda has indirectly assisted my business by funding Timbali who helped me incubate and establish my business. By establishing incubators Seda creates an enabling environment for SMMEs to be nurtured and grow.”

- Nonhlanhla Ngomane, business owner

Business profile

Herb farming business incubated in the amaSpice production cluster of the Seda-supported Timbali Technology Incubator. Provides clients with fresh herbs and baby vegetables.



About the business

The Timbali Technology Incubator identified a gap in the market to supply baby vegetables and herbs to Woolworths through Fresh-to-Go (FTG), who was importing herbs from Kenya. The incubator did a viability and sustainability cost-and-benefits analysis, acquired resources (infrastructure, capital, marketing, labour) and gave Nonhlanhla Ngomane and other trainee farmers the opportunity to start herb farming businesses. Nonhlanhla entered pre-incubation in the incubator's new amaSpice Cluster in August 2011 and, since her first basil herb production in September 2011, has been harvesting basil three times a week to deliver to Woolworths.

The challenges

Challenges to grow the herb farming businesses in the incubator included access to funding, systems to address production and supply chain-related challenges (harvest-to-market processes), SABS accreditation to attract clients, equipment to improve efficiency and mentorship in crop management.

Seda interventions and support

Timbali used Eskom funding to install a cold storage facility and start a Global Gap pack house for the herbs grown in the amaSpice cluster. This ensured that all produce are packed on-site to complete the supply chain to Woolworths.

Through Seda's STP, which is one of Timbali's funders, the incubator assisted the trainee farmers with management systems, technical know-how, business management skills and access to loan finance and commodities.

The outcomes

The incubation provided an enabling environment for the trainee farmers to:

- replace about 70% of basil imports from Kenya into South Africa
- reduce rejections and increase the consistency of supplying Woolworths (via FTG) with herbs and baby vegetables
- access a Global Gap-accredited pack house - a requirement to enter niche markets
- learn and develop whilst producing.



SUCCESS STORIES

CHEMEV COATINGS

Location: Eastern Cape Province
Seda branch: Chemin Incubator (Port Elizabeth)
Business type: Paint manufacturer

Chemev Coatings has become very successful and has seen major improvements in sales and customer satisfaction through the backing of the Chemin Incubator and Seda's business support services."

- Wayne Poggenpoel, business owner

Business profile

A paint manufacturer with a paint laboratory that produces high quality, water-based architectural and decorative paints.



About the business

Founder and business owner, Wayne Poggenpoel, identified a gap in the market for a local paint manufacturer in Port Elizabeth. He negotiated a well-priced manufacturing space for Chemev Coatings in the Comsec Enterprise Development Centre in Port Elizabeth and joined the Seda-supported Chemin Incubator programme in 2010.

The challenges

As a start-up business, the challenges included increasing and replacing minimal and outdated equipment, a lack of business management systems and funding to procure raw materials, as well as a need for SABS accreditation and marketing material to attract clients and promote the business.

Seda interventions and support

The Chemin Incubator assisted Chemev Coatings with management skills training and SABS accreditation. The company received support to implement a quality management system (QMS) and secure TTF funding to purchase of business equipment, including factory and laboratory equipment and raw materials.

The outcomes

Participation in the Chemin Incubator and support from Seda helped the business to:

- develop a brand with visible marketing such as signage, professional and fully SABS compliant product packaging and business cards
- attract clients with SABS-approved and tested products
- improve business efficiency and product consistency with the new equipment

- create 10 jobs
- increase monthly turnover from R30k to R100k.



SUCCESS STORIES

MPUMAMANZI LABORATORY SERVICES

Location: Emalaheni, Mpumalanga
Seda branch: Emalaheni
Business type: Laboratory services

“Our growth can be linked directly to Seda’s interventions, which improved business quality and efficiency and impressed our clients. With Seda’s support we will be the first wholly black-owned and managed laboratory, which shows that the African dream is a reality - through persistent and diligent work.”

- Thusi Motsepe

Business profile

Black-owned and managed laboratory that provides testing services for clients in the water resources industry, specifically with potable water and aquatic systems.



About the business

Mpumamanzi Laboratory Service is a completely black-owned and managed emerging business in Emalahleni, Mpumalanga. The laboratory's team of professionals is closely associated with the full cycle of water resources management with a focus on improving the quality of South Africa's potable water and aquatic systems. Team members are also involved in empowering young professionals with skills in water-related management issues. Clients, mainly in Mpumalanga and Limpopo, include Eskom, mining houses and municipalities.

The challenges

The challenges and needs that the business experienced were access to funding, obtain SABS accreditation and upgrade inadequate laboratory equipment.

Seda interventions and support

Seda assisted the laboratory with securing a Technology Transfer Fund incentive for new equipment - a machine to test samples that vary in turbidity - to increase the laboratory's daily sample testing capacity and efficiency and comply with the National Laboratory Association's annual proficiency performance test. Seda's Quality and Standards Unit assisted with SABS ISO 900:2008 and ISO 17205 certification, as well as full SANSA accreditation (the latter in 2013).

The outcomes

Seda's support has helped the company:

- grow from seven employees in 2010 to 15 at the end of 2012 with the addition mainly of professionals (environmental scientist, chemical engineer, analytical chemist, microbiologist)

- improve its analysis output from 40 to an average of 80 microbiological samples per day and increase its sample testing capacity to at least 200 per day
- achieve a 100% compliance score from the National Laboratory Association for its proficiency performance test
- achieve accreditation to secure tenders in the mining and municipal sectors and increase its clients base.



SUCCESS STORIES

ESA TIMBERS

Location: Amsterdam, Mpumalanga
Seda branch: Ehlanzeni
Business type: Timber saw mill

I am grateful to Seda for the assistance provided in accessing finance and am very happy with the content of the business plan.

Thank you very much.”

- Azizul Angamia, business owner

Business profile

Pine timber saw mill to supply the bedding, furniture and pallet manufacturing industries and hardware stores.



About the business

After working at his father's saw mill, Azizul Angamia established ESA Timbers on a 33 ha plot of land just outside Amsterdam in southern Mpumalanga in 1997. The business employed 41 workers to supply Gauteng-based manufacturing and hardware store clients with cut timber. Wood is sourced from Safcol's Komatiland Forests.

The challenges

The business experienced challenges with expensive sub-contracted transport for delivering its timber and the need for additional machinery (Bell loggers) to handle raw material between yard-receipt and milling.

Seda interventions and support

Seda conducted a CPE assessment to evaluate business viability, which demonstrated a positive cash flow over a twelve-month period. Seda assisted the company to development of a comprehensive, bankable business plan to secure the funding required for business growth.

The outcomes

As a result of Seda's intervention and support, the business:

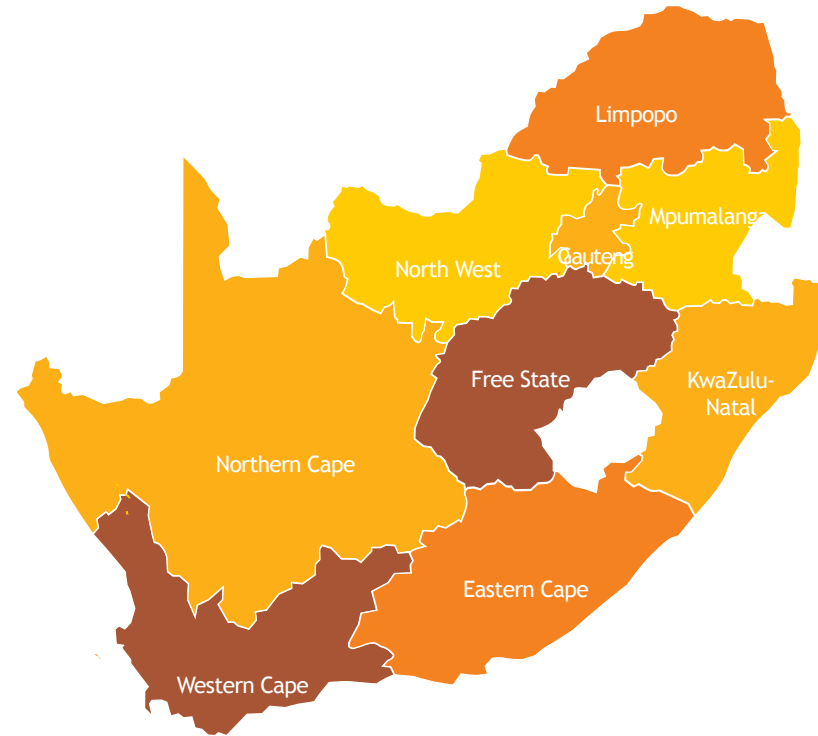
- secured financing of R1.2m for a truck and Bell logger, which increased productivity and business efficiency
- increased annual turnover by R700k (from R6.3 million to R7 million)
- increased net profit by R120k
- sustained 41 jobs and appointed four additional workers.



PROVINCIAL MANAGEMENT



SEDA BRANCHES



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

Name of Province	Seda Branches	Seda Supported Incubators	Co-location Points	Mobile Units	Info Kiosks
Eastern Cape	6	7	13	3	6
Free State	6	1	0	4	3
Gauteng	2	12	5	0	6
KwaZulu-Natal	6	10	4	2	1
Limpopo	5	2	3	3	1
Mpumalanga	5	5	7	0	14
Northern Cape	5	1	0	2	3
North West	5	1	5	4	6
Western Cape*	3	3	0	0	10
Totals	43	42	37	18	50

* Also has an additional 12 Satellite Offices Development Centres

PROVINCIAL MANAGEMENT TEAM



Ms Kedisaletse Williams

Northern Cape



Ms Sihaam Miller

Western Cape



Mr Lindani Dhlomo

Kwa Zulu-Natal



Mr Neville Maimane

North West



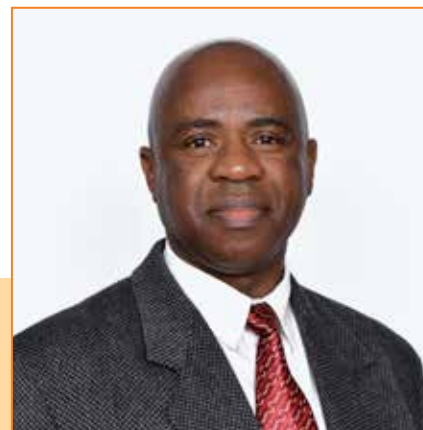
Ms Ntokozo Majola

Mpumalanga

PROVINCIAL MANAGEMENT TEAM



Ms Nosipho Khonkwane
Gauteng



Mr Koenie Slabbert
Limpopo



Ms Ntombozuko Somthunzi
Eastern Cape (Acting)



Ms Jackie Ntshingila
Free State

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).

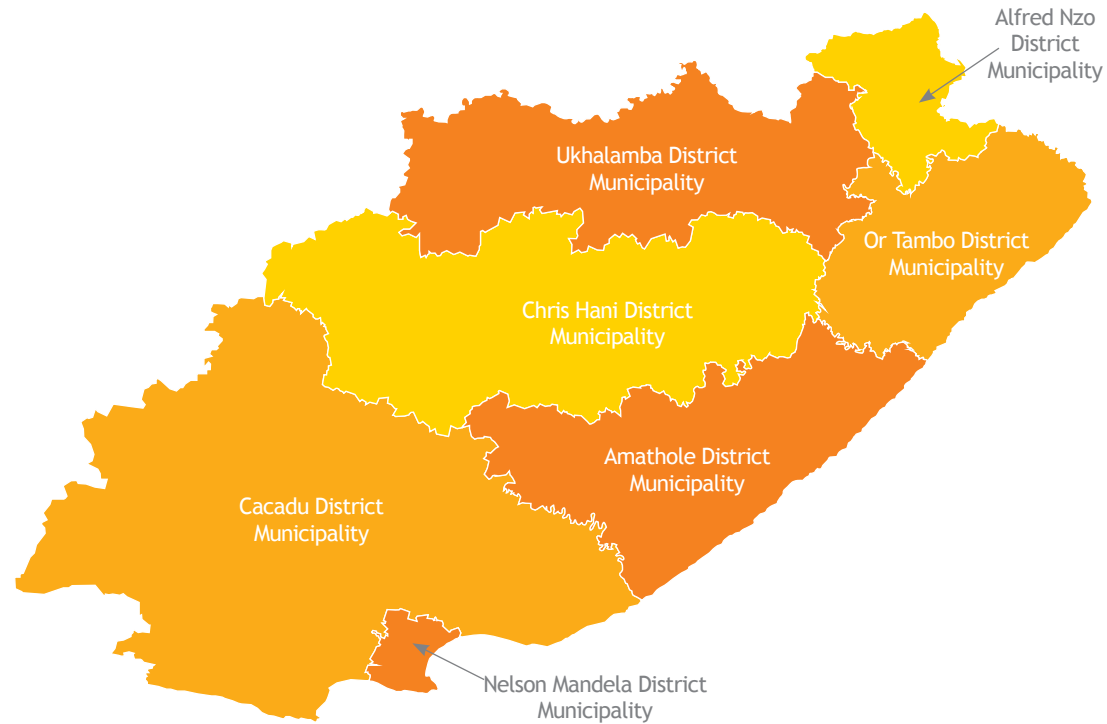
This segment of the SMME sector has a larger job creation potential in comparative terms. Over time, the organisation will spend more time with existing businesses to provide clients with more interventions and ultimately increase its impact on assisted

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.

SEDA PROVINCIAL OFFICES

EASTERN CAPE

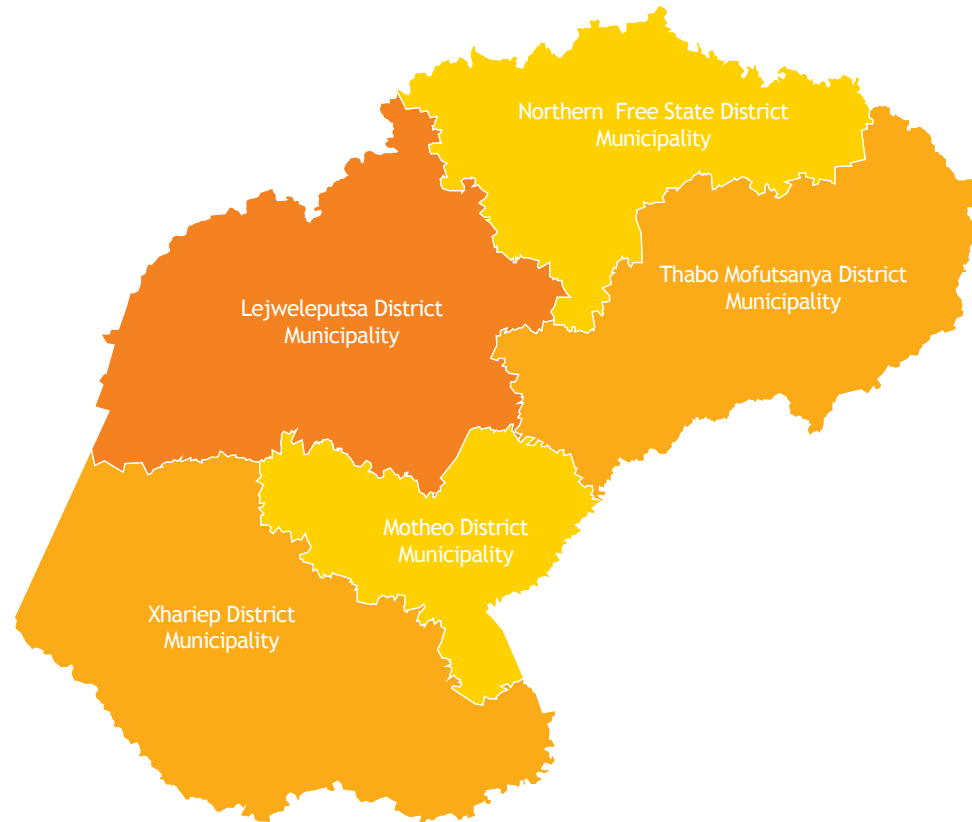


Branch Name	Location
Seda Amathole	East London
Seda Chris Hani	Queenstown
Seda Nelson Mandela Metro	Port Elizabeth
Seda Nelson Mandela Metro (Satellite)	Uitenhage
Seda OR Tambo	Mthatha
Seda Alfred Nzo	Mt Ayliff

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
Seda Alfred Nzo Agro Manufacturing Incubator (SANAMI)	Mount Ayliff

SEDA PROVINCIAL OFFICES

FREE STATE

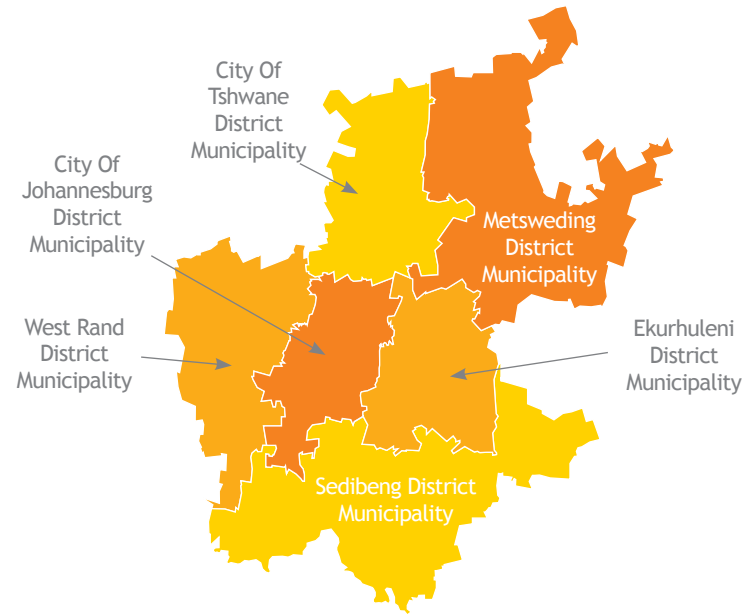


Branch Name	Location
Seda Lejweleputswa	Welkom
Seda Mangaung	Bloemfontein
Seda Fezile Dabi	Kroonstad
Seda Metsimaholo (Satellite)	Sasolburg
Seda Thabo Mofutsanyana	Phuthaditjhaba
Seda Xhariep	Trompsburg

Incubator Name	Location
Seda Agricultural and Mining Tooling Incubator (SAMTI)	Bloemfontein

SEDA PROVINCIAL OFFICES

GAUTENG

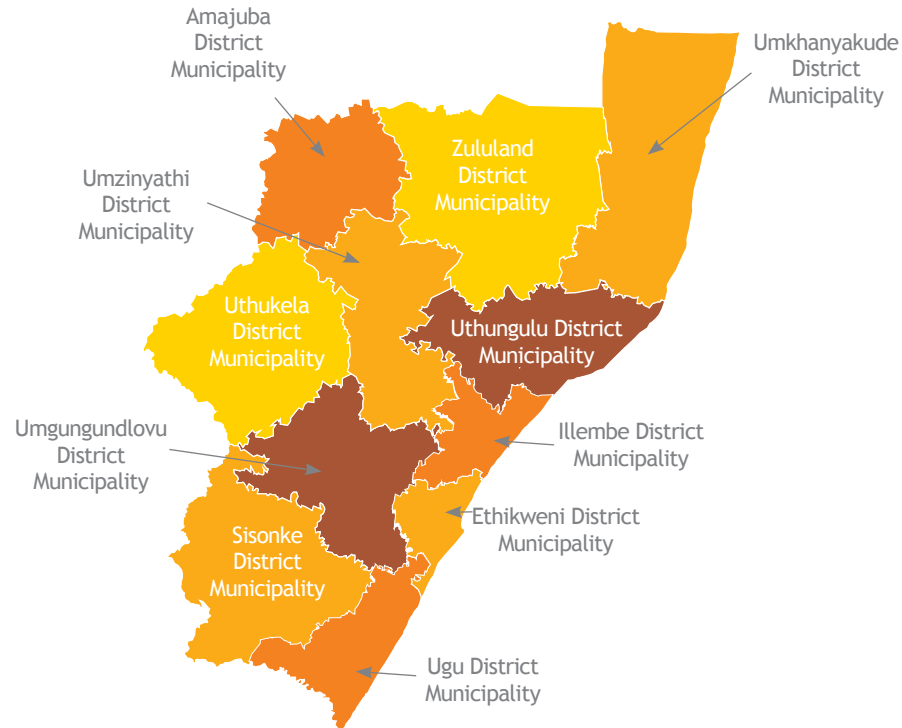


Branch Name	Location
Seda Tshwane	Pretoria
Seda Johannesburg	Johannesburg

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
Seda Construction Incubator (SCI)	Ekurhuleni
Seda Container Park (Secopa)	Diepkloof
Global Jewellery Academy	Lenasia
Ekurhuleni Jewellery Incubator	Ekurhuleni

SEDA PROVINCIAL OFFICES

KWAZULU-NATAL

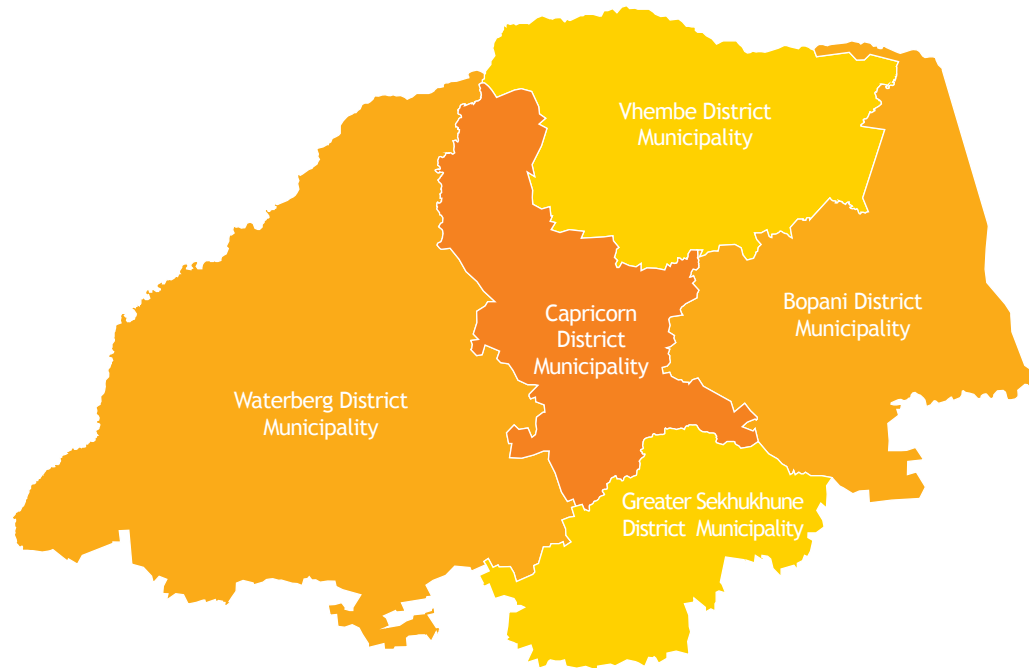


Branch Name	Location
Seda Amajuba	Newcastle
Seda uGu	Port Shepstone
Seda uMgungundlovu	Pietermaritzburg
Seda Sisonke	Ixopo
Seda uThukela	Ladysmith
Seda uThungulu	Richards Bay

Incubator Name	Location
Downstream Aluminium Centre for Technology (DACT)	Richards Bay
Furtech Durban	Durban
Seda Construction Incubator (SCI) Durban	Durban
Innovation Technology Business Incubator (Invo Tech)	Durban
Furtech Umzimkhulu	Umzimkhulu
Seda Construction Incubator (SCI) Dundee	Dundee
Smart X Change	Durban
Chemin	Durban
Seda Construction Incubator (SCI)	Kwa-Mashu
Seda Essential Oils Business Incubator (SEOBI)	Nkandla

SEDA PROVINCIAL OFFICES

LIMPOPO

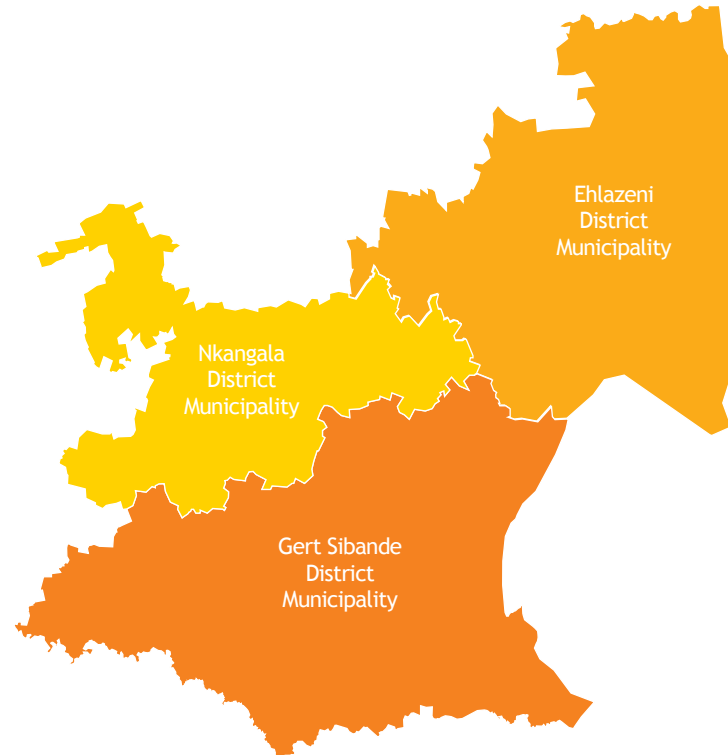


Branch Name	Location
Seda Capricorn	Polokwane
Seda Modimolle	Mokopane
Seda Sekhukhune	Jane Furse
Seda Mopani	Tzaneen
Seda Vhembe	Thohoyandou

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

SEDA PROVINCIAL OFFICES

MPUMALANGA

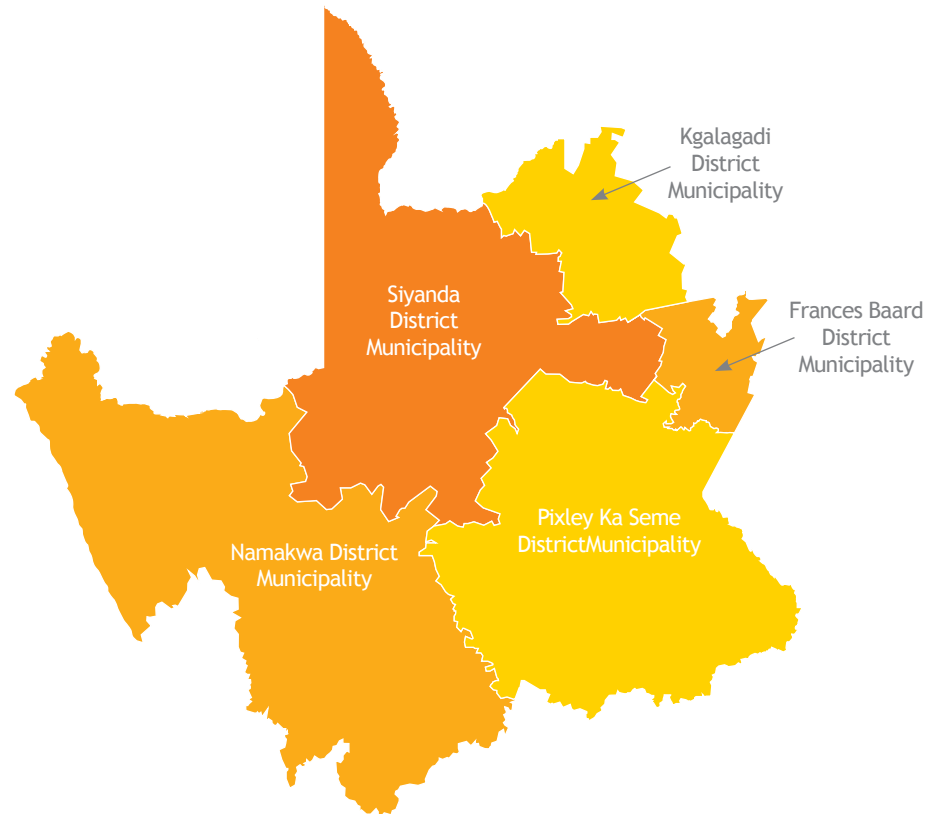


Branch Name	Location
Seda Bushbuckridge	Bushbuckridge
Seda Ehlazeni	Nelspruit
Seda Gert Sibande	Secunda
Seda Nkangala	Witbank
Seda Nkomazi	Malelane

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

SEDA PROVINCIAL OFFICES

NORTHERN CAPE

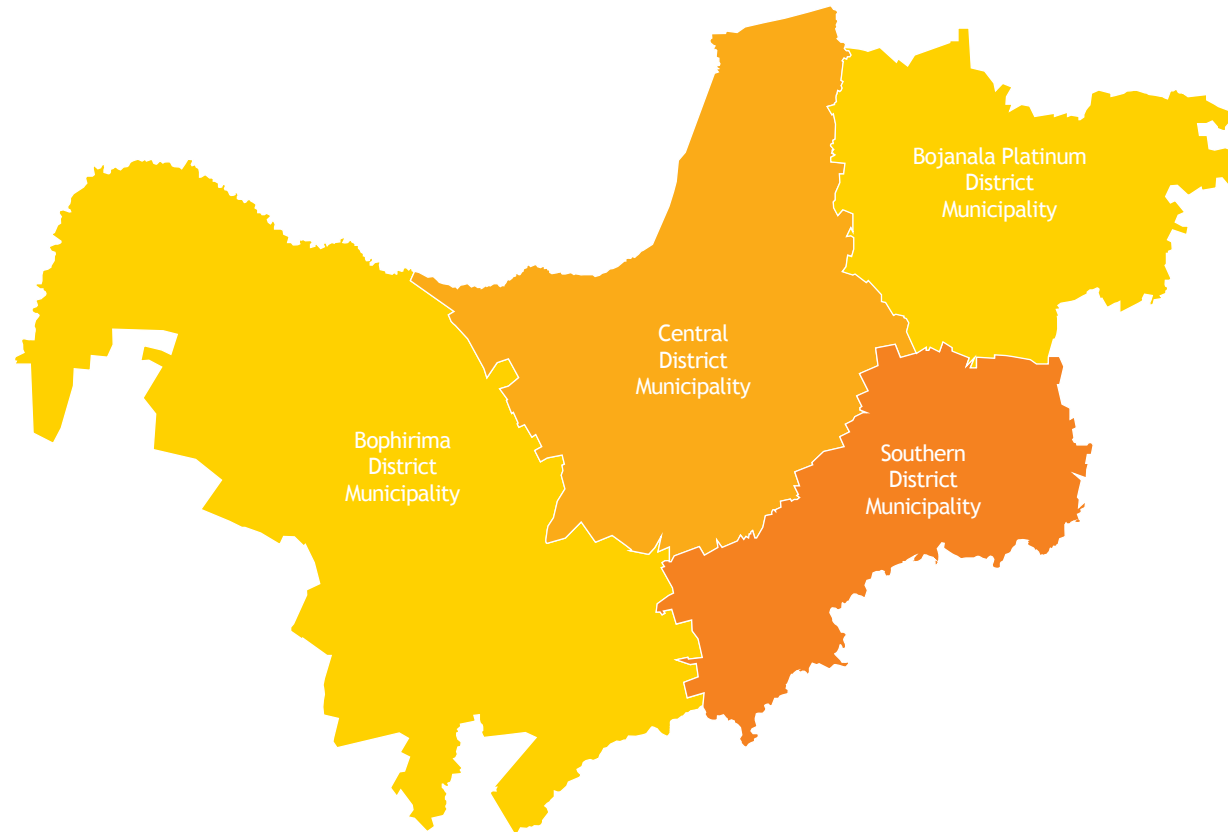


Branch Name	Location
Seda Frances Baard	Kimberley
Seda Kgalagadi	Kuruman
Seda Namakwa	Springbok
Seda Pixley ka Seme	De Aar
Seda Siyanda	Upington

Incubator Name	Location
Seda Northern Cape Diamond and Jewellery Incubator	Kimberley

SEDA PROVINCIAL OFFICES

NORTH WEST

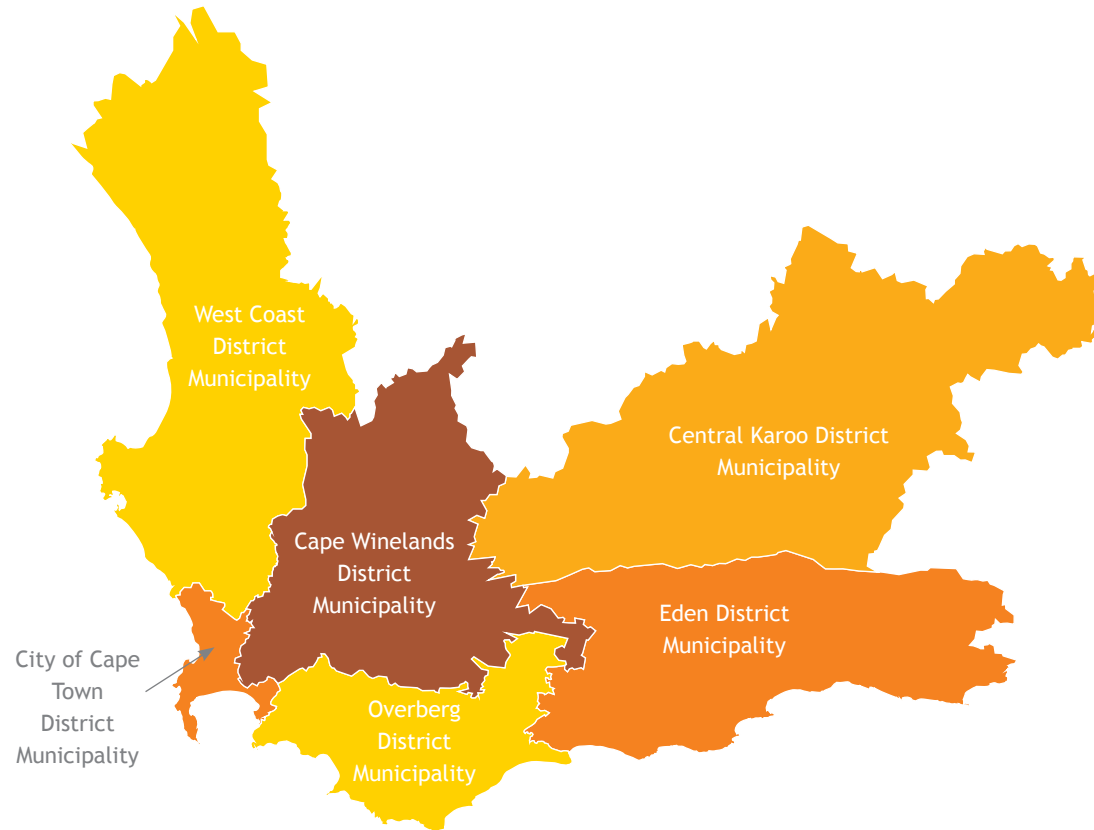


Branch Name	Location
Seda Bojanala West	Rustenburg
Seda Bophirima	Vryburg
Seda Dr Modiri Molema	Mafikeng
Seda Bojana East	Brits
Seda Dr Kenneth Kaunda	Klerksdorp

Incubator Name	Location
Seda Platinum Incubator (SPI)	Rustenburg

SEDA PROVINCIAL OFFICES

WESTERN CAPE



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

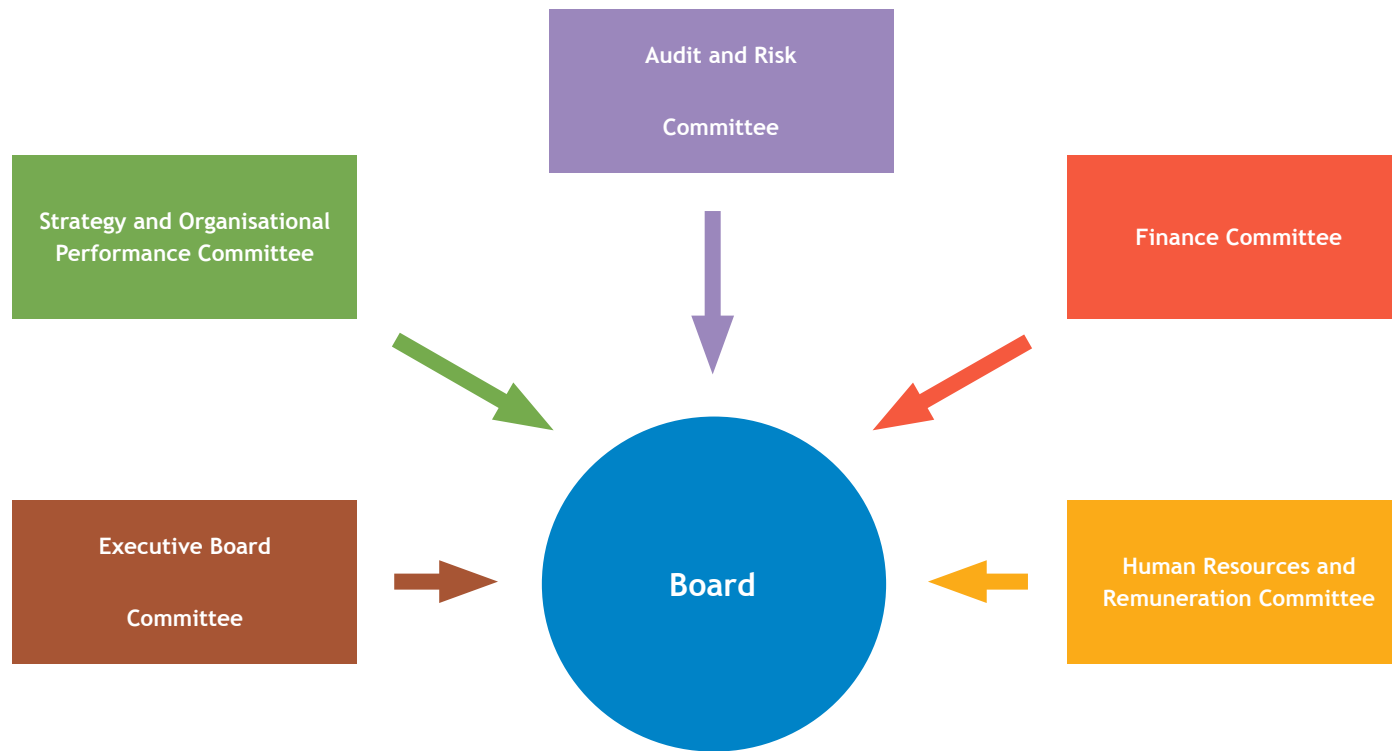
Incubator Name	Location
Furntech Cape Town (Head Office)	Cape Town
Furntech George	George
Seda Atlantis Renewable Business Incubator (SREBI)	Atlantis

Part C

SEDA CORPORATE GOVERNANCE AND RISK MANAGEMENT



SEDA CORPORATE GOVERNANCE AND RISK MANAGEMENT



COMPOSITION OF SEDA BOARD

Seda was established in terms of Section 9 (1) of the National Small Enterprise Act, No 102 of 1996, as amended, (referred to as “the Act”). The organisation is guided by a Board as its highest decision-making body. Board Members are appointed by the Minister of Trade and Industry for a three-year term and consist of a non-executive Chairperson, Deputy Chairperson and Members. The Seda Chief Executive Officer (ex-officio) is the only Executive Member.

The Board meets at least six times per year. The Board charges the Executive Management with the day-to-day management and administration of the organisation, while the Board focuses on the strategic direction and proper control of Seda.

In keeping with the recommendations of the King III Report on Corporate Governance, the Board adopted a Charter that sets out its role. The Board is responsible primarily

for determining the organisation’s objectives, providing strategic direction, taking effective and appropriate steps to ensure that key business risk areas and key performance indicators are identified and monitoring performance against agreed objectives. The Board also:

- approves key policies
- approves the Seda strategy, business plans and annual budgets

COMPOSITION OF SEDA BOARD

- approves the annual financial statements
- ensures that an adequate and effective process of corporate governance is established and maintained
- ensures that the management process is effective.

Board Secretariat

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

Each Board Member has unrestricted access to the advice and services of the Board Secretariat team and organisational information.

Board Committees

The established Board Committees assist it in discharging its duties. Each committee operates within its defined terms of reference and is chaired by a non-executive Board Member.

Audit and Risk Committee

The Audit and Risk Committee consists of non-executive Board Members appointed by the Board. The Committee meets at least six times per year and is chaired by an independent non-executive Director who is neither the Chairperson nor Member of the Board. The Audit and Risk Committee Chairperson attends Board meetings by invitation only.

The external and internal auditors have unrestricted access to the Committee. Appropriate Executive and senior managers

attend these meetings by invitation. The Committee has Board-approved and agreed terms of reference and its report is included in the annual financial statements. The Committee also reviews the effectiveness of the organisation's internal control systems and regularly identifies and reviews the organisation's top ten risks and responses.

Human Resources and Remuneration Committee

This Committee is chaired by a non-executive Board Member and consists of Board-appointed, non-executive Board Members. The Committee meets at least six times per year and is responsible for formulating the Human Resources Strategy and policies in general.

Executive Board Committee

The Board established an Executive Board Committee to enhance good governance and deal with matters that occur between Board meetings. The Committee consists of non-executive Board Members, namely the Board Chairperson, Deputy Board Chairperson, the Chairpersons of two other Board Committees and the Chief Executive Officer. The Committee is chaired by the Board Chairperson. The Committee meets as frequently as possible to discharge its duties.

Finance Committee

The Committee is chaired by a non-executive Board Member and consists of Board-appointed, non-executive Board Members. The Committee meets at least six times per 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 reports on the organisation's financial position.

Strategy and Organisational Performance Committee

The Committee monitors and evaluates Seda's compliance with strategic objectives and set targets. It also monitors project reports against the achievement of targets set out in the strategy. The Committee is chaired by an independent non-executive Board Member and consists of Board-appointed, non-executive Board Members.

Code of Ethics

Seda's Board Members, management and employees are aware of the need to observe the highest standards of behaviour and business ethics when engaging in business activities. All directors and employees are expected to comply with Seda's Code of Ethics, be law-abiding and act with propriety. Seda is committed to high standards of compliance and good corporate governance.

Internal controls

The Board has overall responsibility for establishing, maintaining and reviewing the effectiveness of Seda's internal controls. A constructive and professional working relationship between the external and internal auditors ensures adequate and efficient audit reviews of internal controls to manage systems effectively and efficiently.

COMPOSITION OF SEDA BOARD

Codes of reference for the attendance register

TABLE 1 : Board Meetings and Member attendance for the year ended March 2013

SEDA BOARD

	29 March 2012	30 May 2012	19 June 2012	30 July 2012	27 Sept 2012	03 Dec 2012	18 Feb 2013	28 March 2013
Mngomezulu L	P	P	P	P	P	P	P	P
Nkambule T	P	P	P	P	P	AP	P	AP
Hashatse F	P	P	P	P	P	P	P	P
Mokgoro T	AP	P	AP	P	P	P	P	P
Lugayeni P	P	P	P	P	P	P	P	P
Zwane I	P	P	P	P	P	P	P	P
Dinie N	P	P	P	P	P	P	R	R
Thabaneng D	P	P	P	P	P	P	P	P
Habib F	AP	AP	AP	P	P	P	P	P
Kenosi R	P	P	P	P	P	P	AP	P
Skosana V	P	P	P	P	P	P	P	P
Lesejane J *	AP	AP	AP	P	P	AP	P	AP
Venter M	P	P	P	P	AP	P	P	P
Mzolo S	P	P	P	P	P	P	A	A
Mohoto M	P	P	P	P	P	P	AP	P
Lupuwana H	P	P	P	P	P	P	P	AP

Key; P = Present, AP = Apology, A = Absent, R = Resignation

* Independent non-executive Director - attends Board meetings by invitation only.

Table 2, EXBO meetings and Member attendance for the year ended March 2013

EXECUTIVE BOARD COMMITTEE (EXBO)

	14 March 2012	11 April 2012	25 April 2012	20 Sept 2012	26 Oct 2012	27 Nov 2012	05 Feb 13
Mngomezulu L	P	P	P	P	P	P	P
Kenosi R	P	P	P	P	P	P	P
Hashatse F	P	P	P	P	P	P	P
Lupuwana H	P	P	P	P	P	P	P
Nkambule T	P	P	P	AP	P	P	P

Key; P = Present, AP = Apology, A = Absent

STRATEGIC ORGANISATIONAL AND PLANNING COMMITTEE (SOPC)

Table 3, SOPC meetings and Member attendance for the year ended March 2013

STRATEGY AND ORGANISATIONAL PERFORMANCE COMMITTEE

	03 May 2012	12 July 2012	06 August 2012	25 October 2012	27 November 2012	29 January 2013
Lugayeni P	P	P	P	P	P	P
Mngomezulu L	P	P	P	P	P	P
Venter M	AP	P	AP	AP	P	P
Mohoto M	P	P	AP	P	AP	P
Mokgoro T	P	P	P	P	AP	P
Zwane I	P	P	P	P	P	P
Skosana V	P	P	P	P	P	P
Habib F	AP	AP	AP	P	P	P
Lupuwana H	P	P	P	P	P	P
Baloyi E	AP	P	P	P	AP	P

Key; P = Present, AP = Apology, A = Absent

Table 4, ARC meetings and Member attendance for the year ended March 2013

AUDIT AND RISK COMMITTEE

	11 April 2012	24 May 2012	23 July 2012	10 Sept 2012	07 Nov 2012	01 March 2013
Lesejane J	P	P	AP	P	P	P
Zwane I	P	AP	AP	AP	P	P
Hashatse F	P	P	P	AP	P	P
Skosana V	P	p	P	P	P	AP
Lupuwana H	P	P	P	P	P	P
Roelofse K	AP	P	P	P	P	P

Key; P = Present, AP = Apology, A = Absent

FINANCE COMMITTEE (FC)

Table 5, FC meetings and Member attendance for the year ended March 2013

FINANCE COMMITTEE

	24 May 2012	24 July 2012	31 Oct 2012	01 Feb 2013
Kenosi R	P	P	P	P
Dinie N	P	P	P	R
Lugayeni P	P	P	P	P
Thabaneng D	P	P	P	P
Lupuwana H	P	P	AP	P

Key; P = Present, AP = Apology, A = Absent, R = Resignation

Table 6, REMCO meetings and Member attendance for the year ended March 2013

HUMAN RESOURCES AND REMUNERATION COMMITTEE

	25 April 2012	10 May 2012	23 May 2012	12 June 2012	05 Sept 2012	31 Oct 2012	01 Nov 2012	09 Nov 2012	18 Feb 2013
Nkambule T	P	P	P	P	P	P	P	P	P
Mokgoro T	AP	P	P	P	P	AP	P	P	P
Thabaneng D	P	P	P	P	P	P	P	P	P
Habib F	AP	AP	AP	AP	R	R	R	R	R
Mzolo S	P	P	P	P	P	P	P	P	TSF
Lupuwana H	P	P	AP	P	P	P	P	P	P

Key; P = Present, AP = Apology, A = Absent, R = Resignation, TSF = Terms of Service Finished

Part D



HUMAN RESOURCE MANAGEMENT

HUMAN RESOURCE MANAGEMENT

Introduction

Overview of HR Matters

The Human Resources Strategic Plan seeks to align the organisation's workforce with the vision of the organisation which is 'to be the centre of excellence for small enterprise development in South Africa'. Achieving a reputation for excellence requires best practice human resource management in developing a highly competent, skilled, accountable and motivated staff.

The Human Resource Strategic Plan focuses on the following key areas:

- Talent acquisition and retention - to attract highly skilled and competent staff, especially business advisors, and minimise the turnover rate.
- Employee motivation - to recognise and reward true performance and motivate staff to excel and become high performers.
- Employee engagement - to create a culture of open communication, where employees participate in organisational matters.
- Workforce planning - to ensure sufficient human capacity for the organisation to achieve its key strategic objectives.

While aligning the human resources to the new strategic direction, the organisation will also endeavour to maintain staff turnover within 10%, especially in critical roles such as Business Advisors and Project Officers.

Highlight achievements

In July 2011 the Human Resources and Remuneration Committee approved the HR Improvement Plan to prioritize HR deliverables over a two year period, i.e. 2011/12 and 2012/13. The plan was brought about to improve the

functioning of HR and to specifically address identified inefficiencies which generally rendered HR as non-supportive to the Seda business.

The following HR strategic interventions have been achieved to date:

- Revision of Recruitment Policy and Procedures;
- Integration of Seda values into other HR processes such as Rewards and Recognition (including CEO's Awards);
- Improvement of Performance Management Development System (PMDS);
- Improvement of Data Integrity on the VIP HR System and Reporting
- Implementation of Job Evaluation and Seda Pay Scale to address salary disparities;
- Introduction of Leadership Development (Executive Coaching);
- Improvement of Service Delivery and turnaround times;
- Improvement of working relationship between National office HR and Provincial Management; and,
- Improvement of relationship with organised labour and finalised Recognition Agreement.

Challenges faced by the public entity

it has to be acknowledged that the HR Division is not without its own challenges. The challenges in this regard have been acknowledged as follows:

- **Strategic Misalignment: HR Services not supporting Seda business priorities**
The HR Division in its current arrangement is not effective in supporting the strategy of Seda. There is a lack of capacity (performance and capability) in HR Division. The lack of capacity has disabled the team in delivering requisite services and live up to the expectations of Line Management, resulting in poor responsiveness to customer needs;

- **Organisation Design not enabling HR to be a Seda Business Partner**

The HR strategy and structure is not aligned to the strategic business objectives of Seda which does not enable HR to be an effective business partner;

- **Inadequate capacity and capability to perform on critical deliverables expected**

Certain HR deliverables at a strategic level are not integrated to the HR value chain due to lack of specialist competencies such as talent management, learning and development etc;

- **Perception of HR policies being restrictive and not aligned to business needs**

HR processes and procedures are not automated and therefore do not take advantage of current technology which has implications related to efficiency levels. HR policies and processes are applied inconsistently and thus perceived as restrictive; and,

- **Ineffective HR Service Delivery Protocols.**

Human resources services are not being provided effectively, consistently, and uniformly across all functional divisions. There is lack of synergies between National Office and Provincial HR Consultants. Provincial HR Consultants currently directly reporting to Provincial Managers who are not directly accountable for HR deliverables.

Future HR plans/goals

HR Division is in a process of finalising the 2013/14-2015/16 HR Strategy for approval by the Board. HR deliverables and interventions will be aligned to the approved strategy.

HUMAN RESOURCE MANAGEMENT

Human resource statistics

Key information about Seda's human resources during the past financial year is reflected in the following Tables.

Table 7 Personnel cost by programme

Programme	Total expenditure for the entity (R'000)	Personnel expenditure (R'000)	Personnel expenditure (% of total expenditure)	Number of employees	Average personnel cost per employee (R'000)
Provinces	290 473 343.00	121 850 988.00	41.95	424	287 384.00
National office	342 532 918.00	60 618 502.00	17.70	151	401 447.00
TOTAL	633 006 261	182 469 490	28.83	575	317 338.24

Table 8 Personnel cost by salary band

Level	Personnel expenditure (R'000)	Personnel expenditure (% of total expenditure)	Number of employees	Average personnel cost per employee (R'000)
Top management	5 233 049.00	2.9	4	1 308 262.00
Senior management	20 573 279.00	11.27	26	791 280.00
Professional qualified	115 931 476.00	63.53	298	389 032.00
Skilled	35 398 776.00	19.40	192	184 369.00
Semi-skilled	5 332 910.00	2.92	55	96 962.00
Unskilled	-	-	0	-
TOTAL	182 469 490.00	100	575	2 769 905.00

Table 9 Performance rewards

Programme	Performance rewards	Personnel expenditure (R'000)	% of performance rewards to total personnel cost
Top management	1 042 506.00	5 233 049.00	19.9
Senior management	1 680 515.00	20 573 279.00	8.0
Professional qualified	8 842 485.00	115 931 475.00	7.6
Skilled	3 599 885.00	35 398 776.00	10.1
Semi-skilled	351 373.00	5 332 910.00	6.6
Unskilled	-	-	0.0
TOTAL	15 516 764.00	182 469 489.00	52.3

HUMAN RESOURCE MANAGEMENT

Table 10 Training costs

Division/ Unit	Personnel expenditure (R'000)	Training expenditure (R'000)	Training expenditure (% of personnel cost)	Number of employees trained	Average training cost per employee
National office	76 553 058.00	R632 746.00	0,83	53	11 939.00
Provincial	144 819 407.00	R1 611 698.00	1.11	265	6 082.00
TOTAL	221 372 465.00	R2 244 444.00	1.01	318	7 058.00

Table 11 Employment and vacancies

Programme	2011/12 Number of employees	2012/13 Number of approved posts	2012/13 Number of employees	2012/13 Vacancies	% Vacancies
National office	156	178	156	22	12.4
Provinces	455	481	430	51	10.6
TOTAL	611	659	586*	73	11.1

Programme	2011/12 Number of employees	2012/13 Number of approved posts	2012/13 Number of employees	2012/13 Vacancies	% Vacancies
Top management	6	7	4	3	42.9
Senior management	24	30	26	4	13.3
Professional qualified	311	325	298	27	8.3
Skilled	219	224	196	28	12.5
Semi-skilled	51	73	62	11	15.1
TOTAL	611	659	586*	73	11.1

Currently, a number of senior management positions that require highly specialised skills and experience are vacant. In many instances, such scarce and critical skills have to be recruited from outside the organisation, which has delayed appointments. A recruitment strategy is in place to fast-track the process of attracting and retaining the right staff for all vacant positions.

Table 12: Staff movement per salary band

Salary band	Employment at beginning of period	Appointments	Terminations	Employment at end of period
Top management	6	1	3	4
Senior management	24	6	4	26
Professional qualified	311	18	31	298
Skilled	219	16	39	196
Semi-skilled	51	17	6	62
Unskilled	0	0	0	0
TOTAL	611	58	83	586*

* Includes 11 contract employees recorded against approved positions.

HUMAN RESOURCE MANAGEMENT

Table 13 Reasons for staff leaving

Reason	Number of staff leaving	% total of staff leaving
Death	6	7
Resignation	25	30
Dismissal	1	1
Retirement	2	2
Ill-health	0	0
Expiry of contract	49	60
Other	0	0
TOTAL	83	100

During the reporting period, Seda implemented a remuneration system. The remuneration was benchmarked against market averages to ensure our salaries are competitive and market-related. This will ensure that Seda can attract and retain top level talent in the job market.

Table 14 Labour relations: Misconduct and disciplinary action

Nature of disciplinary action	Number
Verbal warning	0
Written warning	5
Final written warning	4
Dismissal	1

Table 15 Equity target and employment equity status

Levels	MALE											
	African			Coloured			Indian			White		
	Current	Target	Target %	Current	Target	Target %	Current	Target	Target %	Current	Target	Target%
Top management	1	1	1	0	-	0	0	-	0	0	-	0
Senior management	8	8	4	2	3	11	1	1	17	1	2	7
Professional qualified	146	148	73	13	20	72	3	4	50	13	25	93
Skilled	34	35	17	3	5	17	2	3	33	0	-	0
Semi-skilled	10	10	5	0	-	0	0	-	0	0	-	0
Unskilled	0	0	0	0	-	0	?	-	0	0	-	0
TOTAL	199	202	100	18	27	100	6	8	100	14	27	100

HUMAN RESOURCE MANAGEMENT

Levels	FEMALE											
	African			Coloured			Indian			White		
	Current	Target	Target %	Current	Target	Target%	Current	Target	Target %	Current	Target	Target%
Top management	2	2	1	0	0	0	0	0	0	1	1	3
Senior management	11	12	4	2	3	7	0	-	0	1	1	3
Professional qualified	96	103	34	9	12	31	3	7	60	15	18	45
Skilled	125	135	44	15	20	52	2	5	40	15	18	45
Semi-skilled	48	52	17	3	4	10	0	-	0	1	1	3
Unskilled	0	-	0	0	-	0	0	-	0	0	-	0
TOTAL	282	304	100	29	39	100	5	12	100	33	39	100

Table 16 Staff with disability

Levels	Staff with disability					
	Male			Female		
	Current	Target	Target %	Current	Target	Target %
Top management	1	1	17	0	0	0
Senior management	2	2	33	0	0	0
Professional qualified	3	3	50	1	2	29
Skilled	0	-	0	0	3	42
Semi-skilled	0	-	0	0	2	29
Unskilled	0	-	0	0	0	0

During the year under review, Seda has focused on recruiting more female disabled staff to address a significant variance between current female disabled staff and the disability target for this category. Specific positions have been identified to facilitate focused recruitment so that the organisation can close this gap.

Part E

ANNUAL FINANCIAL STATEMENTS for the Year ended 31 March 2013

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REPORT OF THE AUDIT AND RISK COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2013.

Audit and Risk Committee Responsibility

The Audit and Risk Committee reports that it has complied with its responsibilities arising from Sections 76 (4)(d) and 77 of the Public Finance Management Act 1 of 1999 and Treasury Regulation 3.1.13. These responsibilities include the combined assurance on all assurance providers.

The Audit and Risk Committee also reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, including the review of accounting policies and practices that have been consistently applied.

The Effectiveness of Internal Control

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted by the organisation revealed certain weaknesses, which were then raised with the Committee and reported to the Board.

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

- IT General Controls Review (ITGC)
- Supply Chain Management Controls Review
- Performance Information Review (CRM system)
- Financial Discipline Review
- Value for Money Audit (STP - Seda Technology Programme)

- Contract Management
- Compliance with Legislation
- Anti-Fraud and Corruption Process
- STP Incubators Governance Review
- Risk Management Process
- Follow up Audits

The Audit and Risk Committee is pleased to report that the internal audit plan for 2012/2013 has been successfully completed. The Committee is also pleased with the role played by internal audit in assisting the organisation to manage the control environment by focusing on key controls.

The following were areas of concern:

- The control environment relating to IT General Controls is of concern especially on the CRM system. This has impacted the rating of the Performance Information. Management has however applied alternative controls to the CRM to mitigate these risks to an acceptable level.
- Contract Management and Compliance to Legislation rating were impacted by the delay in the appointment of the Compliance Officer, as well as the utilisation of the compliance monitoring tool. The Committee is satisfied that these concerns do not negatively impact the achievement of the Seda objectives as management has applied alternative controls in this environment

Risk Management

The Committee monitors the risk governance at Seda and ensures that risk management is driven at senior management

as well as board level. This includes the review of the whole risk management process and the related strategy setting and performance. The Committee reviews and reports to the board on the effectiveness of the risk management and risk reporting, including the top risks. Finally, the Committee is satisfied that the key risks in the organisation are effectively mitigated.

In-Year Management and Monthly/Quarterly Report

Seda has submitted monthly and quarterly reports to the Executive Authority. This includes the quarterly report by the Audit and Risk Committee. The Committee also reviewed the Key Controls review report and that the overall control environment is adequate and effective.

The Committee reports at least quarterly to the Seda Board covering as a minimum, issues of internal audit, controls, risk management, financial reporting and matters that impacts the strategy and performance of the organisation.

Evaluation of Financial Statements

We have reviewed the annual financial statements prepared by Seda, as well as the related performance information.

Auditor's Report

We have reviewed the Seda implementation plan on audit issues raised in the prior year and we are satisfied that the matters have been adequately resolved except for the following:

REPORT OF THE AUDIT AND RISK COMMITTEE

- Long outstanding audit findings reported to the Audit and Risk Committee.

The Audit and Risk Committee notes the conclusions of the external auditor on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the auditor. The Committee will ensure that there is continuous improvement on the financial reporting controls.



Motshwanedi J. Lesejane
Chairperson of the Audit and Risk Committee
Small Enterprise Development Agency
31 May 2013

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE SMALL ENTERPRISE DEVELOPMENT AGENCY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Small Enterprise Development Agency set out on pages 83 to 117, which comprise the statement of financial position as at 31 March 2013, the statement of financial performance, the statement of changes in net assets and the cash flow statement for the year then ended, and 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 the Small Enterprise Development Agency as at 31 March 2013, 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.

Emphasis of matter

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

Restatement of corresponding figures

7. As disclosed in note 8 to the financial statements, the corresponding figures for 31 March 2012 have been restated as a result of an error discovered during 2013 in the financial statements of the SEDA at, and for the year ended, 31 March 2013.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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 21 to 25 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's 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

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE SMALL ENTERPRISE DEVELOPMENT AGENCY

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 (i.e. whether it is valid, accurate and complete).

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

Compliance with laws and regulations

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. My findings on 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 are as follows:

Annual financial statements

11. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 55(1)(b) of the PFMA. The auditors identified material misstatements in the submitted financial statements in respect of assets, liabilities, depreciation and accumulated surplus, which management subsequently corrected resulting in the financial statements receiving an unqualified audit opinion.

Internal control

12. I did not identify any deficiencies in internal control which we considered sufficiently significant for inclusion in this report.

Auditor-General
Pretoria
31 July 2013



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNUAL FINANCIAL STATEMENTS STATEMENT OF FINANCIAL PERFORMANCE for the year ended 31 March 2013

	Notes	2013 R	Restated 2012 R
Exchange Revenue			
Interest received		10,904,229	10,790,979
Gain on sale of plant and equipment	15	260,719	545,350
Non-exchange Revenue			
Transfers from other government entities		566,922,630	508,290,000
External earnings		54,667,610	24,938,505
Assets received as grants		196,018	-
TOTAL REVENUE	2	632,951,206	544,564,834
Expenses			
Personnel cost	3	(221,372,465)	(206,118,503)
Programme, projects and other administrative expenses	3	(396,302,081)	(360,790,969)
Depreciation	7	(15,942,769)	(17,346,540)
Finance costs	3	(1,724,692)	(2,074,412)
TOTAL EXPENSES		(635,342,007)	(586,330,424)
DEFICIT FOR THE YEAR	3	(2,390,801)	(41,765,590)

ANNUAL FINANCIAL STATEMENTS STATEMENT OF FINANCIAL POSITION as at 31 March 2013

	Notes	2013 R	Restated 2012 R
ASSETS			
Current Assets		214,511,526	185,956,361
Cash and cash equivalents	4	210,344,688	153,655,466
Accounts receivable	5	3,916,242	32,062,438
Inventories	6	250,596	238,457
Non Current Assets			
Plant and equipment	7	38,371,061	40,716,739
TOTAL ASSETS		252,882,587	226,673,100
LIABILITIES			
Current Liabilities		199,054,891	170,924,744
Accounts payable	9	181,102,020	154,583,516
Current portion of finance lease obligations	10	323,807	123,506
Provisions	11	17,629,064	16,217,722
Non Current Liabilities		30,990,427	30,520,286
Long-term portion of finance lease obligation	10	11,761,172	12,084,979
Operating lease liability	12	19,229,255	18,435,307
TOTAL LIABILITIES		230,045,318	201,445,030
NET ASSETS		22,837,269	25,228,070
ACCUMULATED SURPLUS		22,837,269	25,228,070
TOTAL NET ASSETS		22,837,269	25,228,070

ANNUAL FINANCIAL STATEMENTS STATEMENT OF CHANGES IN NET ASSETS as at 31 March 2013

	Restated Accumulated Surplus R
Balance at 31 March 2010	71,444,354
Assets received as grants	9,082,268
Deficit for the year - 2010/11	(13,532,962)
Balance at 31 March 2011	66,993,660
Deficit for the year - 2011/12	(41,765,590)
Balance at 31 March 2012	25,228,070
Deficit for the year - 2012/13	(2,390,801)
BALANCE AS AT 31 MARCH 2013	22,837,269

ANNUAL FINANCIAL STATEMENTS CASH FLOW STATEMENT for the year ended 31 March 2013

	Notes	2013 R	Restated 2012 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
External earnings	15c	82,813,806	(3,014,199)
Transfers from government entities	2	566,922,630	508,290,000
Interest received	2	10,904,229	10,790,979
Payments			
Personnel cost		(221,372,465)	(206,118,503)
Suppliers		(367,394,408)	(298,168,395)
Finance cost	3	(1,724,692)	(2,074,412)
NET CASH FLOWS FROM OPERATING ACTIVITIES	15b	70,149,100	9,705,470
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of equipment	15a	(13,966,993)	(12,904,719)
Proceeds on disposal of equipment		630,621	906,678
NET CASH USED IN INVESTING ACTIVITIES		(13,336,372)	(11,998,041)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments (on) / from finance leases		(123,506)	35,945
NET CASH (USED IN) / FROM FINANCING ACTIVITIES		(123,506)	35,945
Net increase / (decrease) in cash and cash equivalents		56,689,222	(2,256,626)
Cash and cash equivalents at the beginning of the year		153,655,466	155,912,092
CASH AND CASH EQUIVALENTS AT END OF YEAR	4	210,344,688	153,655,466

1 ACCOUNTING POLICIES

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

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 below.

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

GRAP 9 - Revenue from Exchange Transactions (revision effective 1 April 2011)

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 probably 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 (revision effective 1 April 2011)

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

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

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

GRAP 14 - Events after the Reporting Date (revision effective 1 April 2011)

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 (revision effective 1 April 2011)

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 of GRAP 17 disclosure requirements.

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

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

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

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

GRAP 19 - Provisions, Contingent Liabilities and Contingent Assets (revision effective 1 April 2011)

GRAP 19 exclude 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 in 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 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

Planned / 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	1 April 2013
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
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 or service potential will flow to the public entity and these benefits can be measured reliably. The grant is recognised to the extent that there are no further obligations arising from the receipt of the grant.

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

1.3 Plant and Equipment

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

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

Residual values and estimated useful lives are assessed on an annual basis.

Assets with a cost of R2,000 or less are written off in the year of purchase to the value of one rand (R1).

The carrying amount of plant and equipment is derecognised on disposal or when no future economic benefits or service potential 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 is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in surplus or deficit, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

1.5 Leases

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

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

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 initial cost or current replacement cost.

The entity recognises inventories as an expense in the statement of financial performance when distributed.

1.7 Revenue Recognition

Revenue from exchange transactions

Investment income represents interest received on cash balances with financial institutions. Interest is recognised, in surplus or deficit, using the effective interest rate method.

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 or service potential associated with the transaction will flow to Seda; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential 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.

Transfers from government entities represents the parliamentary grant from the Department of Trade and Industry and provincial governments; external earnings comprise revenue from contracts.

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

Revenue from the recovery of unauthorized, 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 performance bonus and/or thirteen cheque represent the amount which Seda has a present obligation to pay as a result of employees' service provided to the reporting date. The provisions have been calculated at undiscounted amounts based on current wage and salary rates.

Provident Fund

Seda contributes to defined contribution plans. The contributions to the defined 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 initially recognised at fair value on Seda's statement of financial position when Seda has become a party to contractual provisions of the instrument.

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

Financial assets

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

Accounts receivable

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

Bank and cash balances

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

Financial liabilities

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

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

Trade payables

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

1.11 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.

1.12 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 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.

1.13 Irregular Expenditure

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

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

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

1.14 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.

1.15 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 realize the asset simultaneously, or to settle on a net basis all related financial effects are offset.

1.16 Related Parties

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

1.17 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.

1.18 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.

1.19 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	2013 R	2012 R
2 REVENUE			
Parliamentary grants		566,922,630	508,290,000
External earnings		54,667,610	24,938,505
Interest received		10,904,229	10,790,979
Gain on sale of plant and equipment		260,719	545,350
Assets received as grants		196,018	-
		632,951,206	544,564,834

Included in external earnings is inter alia an amount of R32,60 million from various ring fenced projects; R6,53 million from provincial governments; R3,06 million from local- and district governments; R5,97 million SWEEP funding (Donor Funding from EU); and R4,94 million for STP specific projects.

	Notes	2013 R	2012 R
3 DEFICIT FOR THE YEAR			
Deficit for the year is arrived at after taking into account the following:			
Personnel Cost		221,372,465	206,118,503
- Salaries		202,936,916	186,644,404
- Temporary workers		2,972,045	3,758,767
- Provision for performance bonus		16,931,416	13,981,342
- Provision for leave		(1,467,912)	1,733,990
Programme, projects and other administrative expenses		358,579,167	328,420,052
- Staff training and development		2,244,444	2,246,804
- Admin related (excluding boards members' emoluments, operating lease expense, finance cost and provision for bad debt)		50,310,350	51,015,250
- Communication costs		26,595,029	29,699,303
- Computer services		11,205,588	8,210,438
- Professional services (excluding auditors' remuneration)		7,499,237	6,140,948
- Programmes and projects		257,164,202	226,765,663
- Other		3,560,317	4,341,646
Board members' emoluments			
- For services as members (excl CEO remuneration)		1,665,623	1,610,634
Operating lease expense			
- Buildings		32,978,383	28,274,927
Depreciation		15,942,769	17,346,540
- Equipment		1,430,278	1,747,540
- Office furniture		2,411,415	2,651,162
- Motor vehicles		3,186,188	3,067,321
- Computer equipment		7,013,600	7,636,656
- Leased computer equipment		37,709	(2,183)
- Leased improvements		1,517,291	1,383,409
- Leased office furniture		272,269	646,689
- Leased security equipment		74,019	215,946

ANNUAL FINANCIAL STATEMENTS NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2013

	Notes	2013 R	2012 R
Auditors' remuneration		3,078,908	2,271,688
- External auditors		1,832,302	1,251,269
* Regularity audit		1,832,302	719,955
* Interim audit		-	531,314
- Internal auditors		1,246,606	1,020,419
Finance cost		1,724,692	2,074,412
- Interest on finance lease obligation (liability at amortized cost)		1,723,257	2,074,060
- Other		1,435	352
Provision for bad debts	5	-	213,668
4 CASH AND CASH EQUIVALENTS			
Call Account		194,921,418	90,799,535
Current Accounts		15,092,398	62,581,161
Petty Cash		330,872	274,770
		210,344,688	153,655,466

Refer to note 16.4 for detail on interest rates.

Of the cash balance R79,446,840 (2012: R82,244,995) relates to grants received in advance which are to be utilized for specific projects as reflected in note 9.

	Notes	2013 R	2012 R
5 ACCOUNTS RECEIVABLE			
Payment in advance		932,361	1,542,160
Staff receivables		100,959	81,313
Deposits		1,191,543	817,450
Sundry receivables		1,236,115	29,185,432
Provision for bad debt - sundry receivables		(153,386)	(328,724)
Relocation cost receivables		797,153	949,629
Provision for bad debt - relocation cost receivables		(188,503)	(184,822)
		<u>3,916,242</u>	<u>32,062,438</u>
Provision for bad debts:			
Movement for the year:			
Opening Balance at 1 April		513,546	299,878
Less: Bad debt reclassified		(171,657)	-
		<u>341,889</u>	<u>299,878</u>
Net charge to the Statement of Financial Performance	3	-	213,668
CLOSING BALANCE AT 31 MARCH		<u>341,889</u>	<u>513,546</u>
6 INVENTORIES			
Consumable stores		<u>250,596</u>	<u>238,457</u>

7 PLANT & EQUIPMENT - 2012/13

	Equipment	Office Furniture	Motor Vehicles	Computer Equipment	Leased Computer Equipment	Leasehold Improvements	Leased Office Furniture	Leased Security Equipment	Total
	R	R	R	R	R	R	R	R	R
Major Assets (above R2 000 per item)									
At 1 April 2012									
Cost	11,177,706	13,504,254	21,162,315	37,185,255	5,015,930	10,371,654	4,325,356	1,499,090	104,241,560
Accumulated depreciation and impairment	(6,005,401)	(7,380,872)	(10,388,943)	(25,020,701)	(4,977,053)	(4,423,618)	(4,052,430)	(1,320,001)	(63,569,019)
Opening carrying amount	5,172,305	6,123,382	10,773,372	12,164,554	38,877	5,948,036	272,926	179,089	40,672,541
Year ended 31 March 2013									
Opening carrying amount	5,172,305	6,123,382	10,773,372	12,164,554	38,877	5,948,036	272,926	179,089	40,672,541
Additions at cost	493,264	1,238,663	1,610,337	5,775,193	0	369,981	0	0	9,487,438
Disposals at cost	(289,358)	(233,710)	(1,562,717)	(639,469)	0	0	(2,478)	0	(2,727,732)
Disposal depreciation	176,137	159,989	1,372,075	569,762	0	0	2,477	0	2,280,440
Work in progress	0	4,038,898	0	0	0	0	0	0	4,038,898
Depreciation for the year	(1,351,186)	(2,114,052)	(3,186,188)	(6,900,718)	(37,709)	(1,515,468)	(272,269)	(74,019)	(15,451,609)
Cost re-allocated	(1,196,555)	(434,415)	(13,748)	1,675,143	0	(30,425)	0	0	0
Depreciation re-allocated	1,035,257	276,331	(7,023)	(1,307,186)	0	2,619	0	0	(2)
Closing carrying amount	4,039,864	9,055,086	8,986,108	11,337,279	1,168	4,774,743	656	105,070	38,299,974

7 PLANT & EQUIPMENT - 2012/13

	Equipment	Office Furniture	Motor Vehicles	Computer Equipment	Leased Computer Equipment	Leasehold Improvements	Leased Office Furniture	Leased Security Equipment	Total
	R	R	R	R	R	R	R	R	R
At 31 March 2013									
Cost	10,185,057	18,113,690	21,196,187	43,996,122	5,015,930	10,711,210	4,322,878	1,499,090	115,040,164
Accumulated depreciation and impairment	(6,145,193)	(9,058,604)	(12,210,079)	(32,658,843)	(5,014,762)	(5,936,467)	(4,322,222)	(1,394,020)	(76,740,190)
Carrying amount	4,039,864	9,055,086	8,986,108	11,337,279	1,168	4,774,743	656	105,070	38,299,974
Useful lives	6 - 7 years	6 - 7 years	4 - 6 years	3 - 5 years	4 - 7 years	6 - 7 years	6 - 7 years	6 - 7 years	
Minor Assets (excluded above and below R2 000 per item)									
At 31 March 2013									
Depreciation for the year	(79,092)	(297,363)	0	(112,882)	0	(1,823)	0	0	(491,160)
Cost	652,071	3,882,048	0	1,260,159	0	9,080	780,518	0	6,583,876
Accumulated depreciation and impairment	(624,484)	(3,859,752)	0	(1,243,014)	0	(5,543)	(779,996)	0	(6,512,789)
Carrying amount	27,587	22,296	0	17,145	0	3,537	522	0	71,087
TOTAL CARRYING VALUE	4,067,451	9,077,382	8,986,108	11,354,424	1,168	4,778,280	1,178	105,070	38,371,061

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

7 PLANT & EQUIPMENT - 2011/12

(Restated - refer note 8)

	Equipment	Office Furniture	Motor Vehicles	Computer Equipment	Leased Computer Equipment	Leasehold Improvements	Leased Office Furniture	Leased Security Equipment	Total
	R	R	R	R	R	R	R	R	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	8,769,345	4,325,356	1,393,535	95,557,507
Accumulated depreciation and impairment	(4,535,280)	(5,156,996)	(8,972,920)	(18,773,940)	(4,979,236)	(3,131,897)	(3,405,743)	(1,104,055)	(50,060,067)
Opening carrying amount	5,597,378	7,080,107	9,374,019	16,562,701	36,694	5,637,448	919,613	289,480	45,497,440
Year ended 31 March 2012									
Opening carrying amount	5,597,378	7,080,107	9,374,019	16,562,701	36,694	5,637,448	919,613	289,480	45,497,440
Additions at cost	1,275,108	1,282,150	4,658,477	3,494,609	0	1,602,309	0	105,555	12,418,208
Disposals at cost	(230,060)	(14,999)	(1,843,101)	(1,645,995)	0	0	0	0	(3,734,155)
Disposal depreciation	186,327	64,647	1,651,298	1,315,771	0	95,269	0	0	3,313,312
Depreciation for the year	(1,674,522)	(2,298,975)	(3,067,321)	(7,537,587)	2,183	(1,383,409)	(646,687)	(215,946)	(16,822,264)
Depreciation re-allocated	18,074	10,452	0	(24,945)	0	(3,581)	0	0	0
Impairment	0	0	0	0	0	0	0	0	0
Closing carrying amount	5,172,305	6,123,382	10,773,372	12,164,554	38,877	5,948,036	272,926	179,089	40,672,541

ANNUAL FINANCIAL STATEMENTS NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2013

7 PLANT & EQUIPMENT - 2011/12

(Restated - refer note 8)

	Equipment	Office Furniture	Motor Vehicles	Computer Equipment	Leased Computer Equipment	Leasehold Improvements	Leased Office Furniture	Leased Security Equipment	Total
	R	R	R	R	R	R	R	R	R
At 31 March 2012									
Cost	11,177,706	13,504,254	21,162,315	37,185,255	5,015,930	10,371,654	4,325,356	1,499,090	104,241,560
Accumulated depreciation and impairment	(6,005,401)	(7,380,872)	(10,388,943)	(25,020,701)	(4,977,053)	(4,423,618)	(4,052,430)	(1,320,001)	(63,569,019)
Carrying amount	5,172,305	6,123,382	10,773,372	12,164,554	38,877	5,948,036	272,926	179,089	40,672,541
Useful lives	6 - 7 years	6 - 7 years	4 - 6 years	3 - 5 years	4 - 7 years	6 - 7 years	6 - 7 years	6 - 7 years	
Minor Assets (excluded above and below R2 000 per item)									
At 31 March 2012									
Depreciation for the year	(73,018)	(352,187)	0	(99,069)	0	0	(2)	0	(524,276)
Cost	598,189	3,603,272	0	1,129,065	0	1,200	781,844	29,649	6,143,219
Accumulated depreciation and impairment	(586,233)	(3,596,736)	0	(1,104,026)	0	(1,199)	(781,321)	(29,506)	(6,099,021)
Carrying amount	11,956	6,536	0	25,039	0	1	523	143	44,198
TOTAL CARRYING VALUE	5,184,261	6,129,918	10,773,372	12,189,593	38,877	5,948,037	273,449	179,232	40,716,739

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

	Notes	2013 R	2012 R
8	RETROSPECTIVE RESTATEMENT OF PRIOR PERIOD ERROR		
<p>Assets received from other institutions as unconditional grants were capitalized during previous years. These unconditional grants have now been recognised as revenue which resulted in the restatement of prior year figures in the Statement of Financial Performance, Statement of Financial Position and Statement of Changes in Net Assets.</p>			
Statement of Financial Performance			
Depreciation			
		-	14,874,643
		-	2,471,897
		-	17,346,540
Statement of Financial Position			
Non-current Liabilities - Grants received			
		-	6,610,371
		-	(6,610,371)
		-	-
9	ACCOUNTS PAYABLE		
		5,740,606	10,903,584
		86,303,241	50,355,692
		9,611,333	11,079,245
		79,446,840	82,244,995
		181,102,020	154,583,516

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 R67,087,937 for dti ring fenced projects.

	Notes	2013 R	2012 R
10 FINANCE LEASE OBLIGATION			
<p>The finance lease consists of one lease contract. The finance lease is capitalized at a fix rate of 16% per annum payable in average monthly instalments of R191,478 (escalating at 8% pa) over 173 months (2013 - 91 months remaining; 2012 - 103 months remaining). The agreement is secured against the assets, described as leased assets in note 7.</p>			
Total outstanding		12,084,979	12,208,485
Less: Current portion		(323,807)	(123,506)
Long term liability		11,761,172	12,084,979
2013			
	Minimum Lease Payments	Finance Cost	Present Value
Due within one year	2,246,055	(1,922,248)	323,807
Due between two and five years	10,930,649	(6,497,571)	4,433,078
After five years	9,095,065	(1,766,971)	7,328,094
	22,271,769	(10,186,790)	12,084,979
2012			
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

	2013 R	2012 R
11 PROVISIONS		
Provision for bonuses	16,955,933	15,490,031
Provision for 13th cheques	673,131	727,691
	<u>17,629,064</u>	<u>16,217,722</u>
Movement for the Year		
Provision for bonuses		
Opening Balance at 1 April	15,490,031	15,257,997
less: bonuses paid	<u>(15,465,514)</u>	<u>(13,749,308)</u>
	24,517	1,508,689
Net charge to the Statement of Financial Performance	<u>16,931,416</u>	<u>13,981,342</u>
CLOSING BALANCE AT 31 MARCH	<u>16,955,933</u>	<u>15,490,031</u>
<p>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. Performance bonuses are paid one year in arrear as the assessment of eligible employees had not taken place at the reporting date.</p>		
12 OPERATING LEASE COMMITMENTS		
<p>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.</p>		
Straight-lining effect of the operating lease	<u>19,229,255</u>	<u>18,435,307</u>
<p>The future minimum lease payments under non-cancellable operating leases are as follows:</p>		
Up to one year	23,940,873	23,246,888
Between two and five years	66,296,548	52,259,561
Later than five years	34,764,796	46,519,477
	<u>125,002,217</u>	<u>122,025,926</u>

	2013 R	2012 R
13 CONTINGENT LIABILITIES		
There are contingent liabilities in respect of:		
Legal claims - CCMA	4,600,000	3,606,000
Legal claims - Suppliers	329,989	769,840
	<u>4,929,989</u>	<u>4,375,840</u>
Refer to note 1.17. Futhermore judgement was given against Seda on 29 November 2012 to pay a supplier's legal cost which is currently being drafted and taxed by the High Court. The amount of this obligation cannot be determined with sufficient reliability.		
a COMMITMENTS		
Current Expenditure		
Approved and contracted	25,286,181	44,075,151
Approved but not yet contracted	-	608,952
	<u>25,286,181</u>	<u>44,684,103</u>
Capital Expenditure		
Approved and contracted	2,742,697	696,066
Approved but not yet contracted	-	367,154
	<u>2,742,697</u>	<u>1,063,220</u>
Total Commitments	<u>28,028,878</u>	<u>45,747,323</u>

14 REMUNERATION OF BOARD OF DIRECTORS

14.1 Board members: 1 April 2012 to 31 March 2013

No	Name	Director Fees	Subsistence Allowance	Travelling	Cell Phone Allowance	Re-imbursments	Salary	Performance bonus	TOTAL
1	Dinie, N **	97,728	1,280	3,796	-	689	-	-	103,493
2	Habib, F	30,052	-	2,847	-	-	-	-	32,899
3	Kenosi, R	108,689	400	4,752	-	-	-	-	113,841
4	Lugayeni, PF	137,513	1,920	6,899	-	2,271	-	-	148,603
5	Lupuwana, HN # ^	-	-	-	-	1,873	1,681,639	343,813	2,027,325
6	Mayimele-Hashaste, F	204,626	1,760	16,753	-	1,442	-	-	224,581
7	Mngomezulu, LJ	251,181	640	14,564	-	-	-	-	266,385
8	Mohoto, M *	-	-	-	-	-	-	-	-
9	Mokgoro, T	72,512	320	5,482	-	-	-	-	78,314
10	Mzolo, S	73,024	320	6,315	-	-	-	-	79,659
11	Nkambule, TB	145,299	1,360	4,161	-	-	-	-	150,820
12	Skosana, V	87,324	240	6,650	-	-	-	-	94,214
13	Thabaneng, DMN	102,407	160	16,575	-	82	-	-	119,224
14	Venter, M	65,912	720	4,380	-	150	-	-	71,162
15	Zwane, I	91,014	640	14,658	-	-	-	-	106,312
		1,467,281	9,760	107,832	-	6,507	1,681,639	343,813	3,616,832

Board Sub-committees Members: 1 April 2012 to 31 March 2013

No	Name	Attendance Fees	Subsistence Allowance	Travelling	Cell Phone Allowance	Re-imbursments	Salary	Performance bonus	TOTAL
16	Baloyi, E *	-	-	-	-	-	-	-	-
17	Lesejane, MJ	71,941	80	4,095	-	-	-	-	76,116
18	Roelofse, K *	-	-	-	-	-	-	-	-
		71,941	80	4,095	-	-	-	-	76,116

TOTAL	1,539,222	9,840	111,927	-	6,507	1,681,639	343,813	3,692,948
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* These members did not receive remuneration due to being employed elsewhere in the Public Service.

Including performance bonus in respect of 2011/12.

** N Dinie resigned on 3 December 2012.

^ HN Lupuwana is the only Executive Board member.

14.2 Board members: 1 April 2011 to 31 March 2012

No	Name	Director Fees	Subsistence Allowance	Travelling	Cell Phone Allowance	Re-imbursments	Salary	Performance bonus	TOTAL
1	Dinie, N	89,360	1,200	4,212	-	-	-	-	94,772
2	Habib, F	76,590	160	6,972	-	-	-	-	83,722
3	Kenosi, R	75,113	160	6,296	-	-	-	-	81,569
4	Lugayeni, PF	119,311	1,120	7,606	-	-	-	-	128,037
5	Lupuwana, HN # ^	-	-	-	-	2,151	1,564,286	233,688	1,800,125
6	Mayimele-Hashaste, F	173,082	1,360	15,252	-	-	-	-	189,694
7	Mngomezulu, LJ	230,763	880	13,395	-	-	-	-	245,038
8	Mohoto, M *	-	-	-	-	-	-	-	-
9	Mokgoro, T	87,859	240	6,880	-	-	-	-	94,979
10	Mzolo, S	67,029	160	5,183	-	-	-	-	72,372
11	Nkambule, TB	153,543	1,440	3,905	-	-	-	-	158,888
12	Skosana, V	75,613	160	7,081	-	-	-	-	82,854
13	Thabaneng, DMN	115,525	240	18,341	-	-	-	-	134,106
14	Venter, M	66,717	720	7,336	-	-	-	-	74,773
15	Zwane, I	75,887	720	14,673	-	-	-	-	91,280
		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-imbursments	Salary	Performance bonus	TOTAL
16	Lesejane, MJ	74,550	80	3,920	-	-	-	-	78,550
17	Potgieter, J *	-	-	-	-	-	-	-	-
18	Roelofse, K *	-	-	-	-	-	-	-	-
		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
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- * 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.

	Notes	2013 R	2012 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.		<u>13,966,993</u>	<u>12,904,719</u>
b) Reconciliation of Deficit for the Year to Net Cash Flows from Operating Activities			
Net Deficit for the Year		(2,390,801)	(41,765,590)
Non-cash Movements:		15,682,050	16,801,191
Escalation effect of finance lease		-	1
Depreciation		15,942,769	17,346,540
Gain on sale of plant and equipment		(260,719)	(545,350)
Assets received as grants		-	-
Changes in Working Capital		56,857,851	34,669,961
Increase in provisions		1,411,342	440,812
Increase in accounts payable		26,518,504	60,366,974
(Increase) / Decrease in inventories		(12,139)	102,358
Decrease / (Increase) in accounts receivable		28,146,196	(27,952,704)
Smoothing effect of operating lease		793,948	1,712,521
Net Cash Flows from Operating Activities		<u>70,149,100</u>	<u>9,705,562</u>
c) Receipts from External Earnings	2		
Gross external earnings		54,667,610	24,938,505
Accounts receivable - current period		(3,916,242)	(32,062,438)
Accounts receivable - prior period		32,062,438	4,109,734
		<u>82,813,806</u>	<u>(3,014,199)</u>

16 FINANCIAL INSTRUMENTS

16.1 Capital Risk Management

As Seda is not exposed to long term 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 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 analyze 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 is reviewed by the internal auditors on a continuous basis. The entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

16.3 Market Risk

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

16.4 Interest Rate Risk Management

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

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

2013

Assets	Effective Interest Rate as at 31 March 2013	Less than 6 months R	More than 6 months	Total R
Current cash balances	3.50%	15,092,398		15,092,398
Short-term call deposits	4.50%	194,921,418		194,921,418
		<u>210,013,816</u>		<u>210,013,816</u>
Liabilities				
Finance lease	16.00%		<u>12,084,979</u>	<u>12,084,979</u>

2012

Assets

	Effective Interest Rate as at 31 March 2012	Less than 6 months R	More than 6 months	Total R
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 leases	16.00%		<u>12,208,485</u>	<u>12,208,485</u>
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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 consider the price risk to be insignificant.

16.6 Credit Risk Management

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

Financial assets which potentially subject Seda to concentrations of credit risk consist principally of cash and short-term deposits placed with high credit quality financial institutions. 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.

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.

	2013 R	2012 R
	-	-

18 REMUNERATION OF KEY MANAGEMENT

Payments made to Seda's Executive Managers
for the year ended 31 March 2013:

No	Name	Salary R	Travel Allowance R	Cell Phone Allowance R	Re- imbursements R	Performance bonus R	Other R	TOTAL R
1	M Hogendoorn *	1,154,342	60,000	21,600	2,995	298,865	-	1,537,802
2	KD Motlhoioa *	785,661	76,500	16,200	10,016	87,049	203,922	1,179,348
3	Y Mkhize ^	-	-	-	-	-	26,438	26,438
4	K Slabbert *	965,090	30,000	19,800	5,353	120,996	20,841	1,162,080
5	R Alummoottil *	955,049	-	19,800	-	116,120	133,501	1,224,470
6	S Soga ^	-	-	-	-	-	27,970	27,970
7	P Mahlawe *	1,141,991	-	21,600	2,952	75,663	-	1,242,206
8	L Njenge *	926,851	80,200	12,000	2,785	111,142	-	1,132,978
		5,928,984	246,700	111,000	24,101	809,835	412,672	7,533,292

* Including performance bonus in respect of 2011/12

^ Acting allowance only

2 KD Motlhoioa - retired on 31 December 2012

3 Y Mkhize - Acting Exec: Corporate Services as from 1 January 2013

4 K Slabbert - Chief Operating Officer till end February 2013

5 R Alummoottill - resigned 7 February 2013

6 S Soga - Acting Executive: Seda Technology Programme (STP) as from 11 February 2013

8 L Njenge - appointed as Chief Strategy and Information Officer as from 1 June 2012

18 REMUNERATION OF KEY MANAGEMENT (continued)

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- imbursements 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 Motlhoia *	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 services terminated on 15 April 2011

6 P Mahlawe - appointed as from 1 September 2011

2013
R

2012
R

19 RETIREMENT BENEFITS AND MEDICAL AID

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

Provident Fund	17,436,663	16,838,103
Medical Aid	11,418,874	9,734,312
	<u>28,855,537</u>	<u>26,572,415</u>

ANNUAL FINANCIAL STATEMENTS NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2013

	2013 R	2012 R
20 FRUITLESS AND WASTEFUL EXPENDITURE		
Opening balance	-	-
Fruitless and wasteful expenditure - current year	1,435	352
Fruitless and wasteful expenditure condoned	<u>(1,435)</u>	<u>(352)</u>
Closing balance	<u><u>-</u></u>	<u><u>-</u></u>

Fruitless expenditure only relates to interest paid to creditors.

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.

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

	Budget 2012/13	Actual 2012/13	%	Variance
Net deficit per Statement of Financial Performance				
Revenue				
Transfers from other government entities *	580,655,000	566,922,630		(13,732,370)
External earnings	59,737,592	54,667,610		(5,069,982)
Interest received	9,513,046	10,904,229		1,391,183
Gain on sale of plant and equipment	0	260,719		260,719
Assets received as grants	0	196,018		196,018
TOTAL REVENUE	649,905,638	632,951,206	-2.61%	(16,954,432)
Expenses				
Personnel cost	(224,662,567)	(221,372,465)		3,290,102
Programme, projects and other administrative expenses **	(411,739,365)	(398,026,773)		13,712,592
Depreciation	(14,763,715)	(15,942,769)		(1,179,054)
TOTAL EXPENSES	(651,165,647)	(635,342,007)	-2.43%	15,823,640
NET DEFICIT	(1,260,009)	(2,390,801)		(1,130,792)
Plus: Accumulated surplus previous year		25,228,070		
Net: Accumulated surplus as per Statement of Financial Position		22,837,269		

Notes on variances:

* Transfers from other government entities: Project specific income ring fenced on Balance Sheet

** Programme, projects and other administrative expenses: Project specific expenditure timing difference

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 Ntombozuko Somtunzi Acting Provincial Manager	No 4 Scherwitz Rd Berea East London	043 721 1264/1130 (T) 043 721 1652 (F)	nsomtunzi@seda.org.za
	Provincial Office	Ms Ntombozuko Somtunzi Operations Manager	No 4 Scherwitz Rd Berea East London	043 721 1264/1130 (T) 043 721 1652 (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	Bojjane Mshumpela Operations Manager	Telkom Building Block B 1 st Floor Nelson Mandela Road Bloemfontein 9300	051 411 3820 (T) 051 444 4235 (F)	bmsumpela@seda.org.za
Gauteng	Provincial Office Gauteng	Ms Nosipho Khonkwane Provincial Manager	2 nd Floor, Forum 5 Braampark 33 Hoof St Braamfontein Johannesburg	011 408 6520 (T) 083 468 0951 (C)	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
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 Cedric Mnguni Operations Manager	381 Berea Road Durban 4001	031 277 9500 (T) 031 277 9510 (F)	smnguni@seda.org.za

Province	Office Name/ Location	Name	Address	Phone/Fax/ Cell Numbers	E-Mail Address
Limpopo	Provincial Office Polokwane	Mr Koenie Slabbert 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)	kslabbert@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
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

Province	Office Name/ Location	Name	Address	Phone/Fax/ Cell Numbers	E-Mail Address
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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