

an agency of the dsbd











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# **GENERAL INFORMATION**





# LIST OF ABBREVIATIONS AND ACRONYMS

| ACO     | Assessment of Company Operations                         |  |
|---------|--|--|
| AGSA    | Auditor–General of South Africa                          |  |
| ARC     | Audit and Risk Committee                                 |  |
| ASF     | Annual Stakeholder Forum                                 |  |
| BBBEE   | Broad-Based Black Economic Empowerment                   |  |
| BESD    | Basic Entrepreneurial Skills Development                 |  |
| BRICS   | BRICS Brazil, Russia, India, China and South Africa      |  |
| CCMA    | CCMA Council for Conciliation, Mediation and Arbitration |  |
| CEO     | CEO Chief Executive Officer                              |  |
| CF0     | CFO Chief Financial Officer                              |  |
| CPE     | Critical Planning Exercise                               |  |
| COTII   | Council of Trade and Industry Institutions               |  |
| CPPP    | Community Public Private Partnership Programme           |  |
| DSBD    | Department of Small Business Development                 |  |
| the dti | Department of Trade and Industry                         |  |
| EDD     | Enterprise Development Division                          |  |
| EIC     | Enterprise Information Centre                            |  |
| EXCO    | Executive Committee                                      |  |
| GRAP    | Generally Recognised Accounting Practice                 |  |
| HR      | Human Resources  |  |
| ICT     | Information and Communication Technology                 |  |
| IT      | Information Technology                                   |  |
| IPAP    | Industrial Policy Action Plan                            |  |
|         |  |  |





| ISO                                       | International Organization for Standardization |  |
|---|--|--|
| M&E                                       | Monitoring and Evaluation                      |  |
| MOA                                       | Memorandum of Agreement                        |  |
| MOV                                       | Means of Verification                          |  |
| NAMAC                                     | National Manufacturing Advisory Centre         |  |
| NDP                                       | National Development Plan                      |  |
| NGP                                       | New Growth Path                                |  |
| <b>PFMA</b> Public Finance Management Act |  |  |
| PMDS                                      | Performance Management and Development System  |  |
| SA  | South Africa                                   |  |
| Sanral                                    | South African National Roads Agency Limited    |  |
| SAQI                                      | South African Quality Institute                |  |
| SAREBI                                    | Seda Atlantis Renewable Business Incubator     |  |
| SATEC                                     | Seda Automotive Technology Centre              |  |
| SBAT                                      | Small Business Assessment Tool                 |  |
| SBTI                                      | SoftstartBTI                                   |  |
| SCI                                       | Seda Construction Incubator                    |  |
| Secopa                                    | Seed Container Park                            |  |
| Seda                                      | Small Enterprise Development Agency            |  |
| Sefa                                      | Small Enterprise Finance Agency                |  |
| SMME                                      | Small, Medium and Micro Enterprise             |  |
| STP                                       | Seda Technology Programme                      |  |
| TWIB                                      | Technology for Women in Business               |  |
|   |  |  |







The DSBD and Seda hosted the inaugural Southern African Business Incubation Conference (SABIC) in March 2016. The feedback after the conference has been very positive and we expect this to result in the creation of new business incubators and improved collaboration within the business incubation ecosystem. I am heartened by the advancements made in implementing Seda's two new programmes during the 2015/16 financial year, namely the National Gazelle programme and Finfind.

The first 40 National Gazelles demonstrate the entrepreneurial flair of South Africans, a flair that is sometimes hidden in statistics on our small enterprise and co-operative sectors. We look forward to seeing Seda unearth more National Gazelles and contribute to a positive narrative on the entrepreneurial culture of South Africans. Finfind is an appropriate response to the challenges small enterprises encounter in relation to information on access to finance.

These encouraging developments happen within an economically-contained environment; an environment that puts pressure on the Department of Small Business Development and its agencies, Seda and Sefa, to demonstrate that investing in small enterprises and co-operative development will lead to better economic prosperity for South Africa. This reflects creativity on the side of Seda, what entrepreneurship is all about. The NDP has emphasised the need for a meaningful conversation between us and South Africans on the importance of small enterprises and co-operatives in our country's socio-economic development path.



One of the results of this conversation should be the closer cooperation between the private and public sectors, and the resultant establishment of a jointly controlled SME Fund to augment and at the same time streamline the already existing and much-needed funding to small enterprises. This fund, together with other initiatives such as prioritising procurement from small enterprises and cooperative, should significantly change the environment for small enterprises in South Africa.

We are operating in an economically-contained environment, one that calls on all sectors of society to contribute toward changing the environment for the better. It was heartening to see that 1800 small enterprises submitted tax returns for the first time during the last season. Increased business development support to small enterprises results in improved small business formalisation and compliance, which ultimately leads to increased tax revenue generated from small enterprises.

This report presents testimonies from small enterprises and cooperatives that have benefited from Seda's support interventions and are now making a meaningful contribution to the country's economy. I hope that the performance figures and case studies will spark a conversation about how much more can be done through increased collaboration by stakeholders in small enterprises and co-operatives development. Unlocking the potential of small enterprises, co-operatives, townships and rural enterprises is one of the key pillars of the country's nine-point plan. Seda has identified the need to be more accessible, especially in underserviced areas and as such will prioritise provinces such as Northern Cape, Free State, North West and Limpopo when establishing new business incubators.

Finally, Seda can once again stand proud of its exceptional performance in the past financial year, and creating visible impact with the resources the DSBD has allocated to it. To the Seda Board, management and staff, especially the business advisors who are at the forefront of Seda's support programmes; may we use the performance of the 2015/16 financial year as a base to continue in our quest of being the centre of excellence for small enterprise development in this country.

Ms Lindiwe Zulu, MP

Minister of Small Business Development









Seda's revised strategic outcome-oriented goals are improving the sustainability of small enterprises and co-operatives, increasing Seda's delivery network to reach underserviced areas and maximising support offered to Seda clients through stakeholder contribution.



This Annual Report 2015/16 details how Seda continues to live up to expectations and make significant contributions towards creating decent employment through enterprise development also leading to vibrant, equitable, sustainable, rural communities that contribute towards food security for all.

The year under review can be best described as challenging for small enterprises and co-operatives. Over and above the structural challenges such as access to markets, access to finance and inadequate support mechanisms for small enterprises; our small enterprises were not spared from factors such as declining global growth rates, the slow down of the South African economy, unstable and low commodity prices and threats of a credit rating downgrade for South Africa. Under these conditions small enterprises therefore place their trust in Seda to assist them in navigating through challenging times, an obligation we do

not take for granted.

The Small business support programme review exercise conducted by the DSBD, Sefa and Seda has clarified the roles and responsibilities between the Department and its agencies and further mapped out a way of how the three can leverage from each other. Seda has consequently revised its strategic outcome-oriented goals to better align with those of the DSBD.

The revised strategic outcome-oriented goals are improving the sustainability of small enterprises and cooperatives, increasing Seda's delivery network to reach underserviced areas and maximising support offered to Seda clients through stakeholder contribution. Seda implements its mandate fully aware of the expectations from its various stakeholders.



The organisation conducts an independent reputation study among its key stakeholder groups, namely small enterprises, employees, opinion leaders in small enterprise development, the Board and the shareholder, as well as delivery partners every three years. Seda scored a Reptrak Pulse score of 76.2, which is in the robust tier for the 2015/16 study. This is a marked improvement from the 2012/13 study where Seda recorded a Reptrak Pulse score of 69.8, positioning it in the moderate tier.

The Board has mandated management to work on a holistic approach to improve the capacity of the organisation's Business Advisors. A Business Advisor Seminar was held during the year under review with the main objective being sharing of best practices with regard to business advisory services within the small enterprise environment.

It also created a platform for Seda Business Advisors, subject matter experts and professional bodies to identify areas of mutual collaboration.

A number of areas pertinent to the performance of Seda's Business Advisors are receiving prioritised attention as a result of the seminar. These include improving the branch delivery model, development and implementation of a robust business advisor capacitation and career progression strategy, as well as professional career development in partnership with professional bodies. We believe these measures will result in, amongst others, improved service delivery performance, commitment and retention of Seda's Business Advisors.





Seda's governance structures were enhanced by the addition of two new Board members during the financial year. The addition of Ms Anjue Hirachund and Ms Zanele Monnakgotla have been of immense benefit, particularly their practical experience in working with small enterprises.

While the report reflects good performance from a delivery against set objectives, this indicates room for stretch targets going forward towards contribution to the country's economic goals. The DSBD, together with the Board and management of Seda, will continuously work towards finding new and innovative ways to ensure that the organisation's impact is enhanced. This is captured in Seda's vision of striving to be a centre of excellence for small enterprise development in South Africa.

On behalf of the Board, I would like to thank the Minister and the DSBD for her visionary leadership and ongoing support and endorsement. To the Board members, executive management and the rest of the staff, I thank you for the service to the organisation and the country and look forward to your continued support as we work together towards transforming growth of our economy through small enterprises and co-operatives.

Dr Ivor Zwane

Chairperson





Whilst Seda's strategy has not significantly changed due to these shifts, a few areas have since received focus, in particular increasing access to Seda services including underserviced areas (townships and rural areas), maximising stakeholder involvement and also increasing support to clients in the upper-end of the SMME market through the National Gazelles programme.

Seda's strategic focus areas of increasing incubation footprint, directing specific interventions towards the small and medium segments of the small enterprise sector, working with large scale projects and co-operatives, and prioritising key growth sectors such as agriculture, manufacturing and services remained the key tenets of Seda's strategy. It is worth noting that the number of supported incubators have increased to 57 and the number of Seda supported secondary co-operatives have increased to 40 from 35 in the previous financial year, with 166 primary co-operatives established.

Despite resource constraints, Seda has continued to work with relevant stakeholders to ensure implementation of its mandate and providing quality service delivery to its clients. In ensuring effectiveness in performance towards achievement of Seda's business plan, Seda strives to economically and adequately spend its resources within its allocated budget while maintaining an acceptable financial management discipline.

In ensuring sustainability of its clients, the organisation has continued to focus on programmes that are likely to improve the clients' business performance and position, through enhancing access to markets, with the supplier development programme, mentorship and coaching as well as export development.

There has also been an improvement of the incubation and the technology transfer programmes to ensure growth and sustainability of the SMME clients. The budget cuts and cost-containment measures have meant that the organisation had to develop creative and innovative ways to diversify funding streams. As a result, stakeholder involvement and management has been elevated to be a strategic objective to ensure SMME value add partnerships are established and maintained

As at the end of March 2016, the organisation had increased its co-location points with partners to 38 to ensure provision of business development and support services reach our prospective clients.

## HIGHLIGHTS ON ORGANISATIONAL PERFORMANCE FOR THE YEAR ENDING 31 MARCH 2016

During the 2015/16 financial year, Seda implemented interventions that will rapidly improve its client's competitiveness and capabilities enabling Seda to achieve its mandate efficiently. Some of these key programmes were;

- The Gazelles programme, through which the top forty high growth small enterprises have been identified after a rigorous review and filtering process,
- Fin-Find tool which is a portal that provides holistic information required to make small enterprises ready to access finance

Seda also implemented key strategic initiatives, which improve networking, business development information sharing, and technical expert knowledge sharing, whilst providing a platform for stakeholder engagement;



The following were initiated in the year under review;

- Business Advisors Conference
- SA Incubation Conference

These flagship programmes and initiatives contribute to the attainment of Seda's vision of being the centre of excellence for SMME development.

To contribute to the improvement of the culture of entrepreneurship in South Africa, Seda has increased its support In the Women Enterprise coaching programme which runs in five provinces (Eastern Cape, Northern Cape, Mpumalanga, Free State and North West) and it will be extended to reach other provinces in future. Through this programme, participants have reported increase in turnover and also in the number of people employed. The Promotion of Entrepreneurship in schools has been piloted, with training of educators and Department of Education officials. Learners have also participated through the Business generation idea competition.

Seda clients continue to be satisfied with the quality of Seda's services. Whilst this shows confidence in Seda's products and service provision, the organisation continues to evaluate its programmes for improvement to ensure quality service delivery. Amongst other key achievements, Seda assisted clients showed improvements in business performance and position, with 74% of clients surveyed six months after receiving a Seda intervention indicating that they had seen an increase in turnover, while 51% saw an increase in the number of people employed. This is a significant improvement on last year's performance, especially in an economy where performance by businesses has been subdued.

The increase in the number of Seda supported incubators has resulted in 2 331 jobs created, mainly from the construction sector. The Seda Technology programme has supported 2 492 clients and a total of 497 entrepreneurs started trading as a result of Seda Technology programme's interventions.





#### ENTERPRISE RISK MANAGEMENT AND INTERNAL AUDIT

Organisational risk management has improved as a result of a rigorous risk management evaluation process that gets conducted on a monthly basis. The evaluation is done on the management of risks as per the Auditor-General findings for the 2015/2016 financial year, as well as organisational risks identified by management during the organisational strategic planning processes.

#### **LOOKING AHEAD**

Seda's strategy will remain anchored on the principle that four strategic areas, namely increasing Seda's incubation footprint, directing specific interventions to the small and medium enterprise segment, identifying and working with large scale projects and co-operatives, and prioritisation of growth sectors will go a long way towards addressing the country's socio economic challenges. As part of continuous improvement, Seda will focus on its set initiatives from previous strategic planning process and review its high impact programmes to ensure their relevance, effectives and adequacy in the changing of the socio-economic environment.

Considerable efforts are continuously made by the organisation to ensure that it works closely with stakeholders in the SMME development sector to ensure a consolidated and integrated approach in the implementation and provision of business development support services to SMMEs, including those in underserviced areas. Together with other stakeholders in the co-operatives development space, the organisation will join its efforts to highlight the role and importance of co-operatives in socio-economic development through improved support programmes.

The organisation will continue to improve its processes and capabilities to match up to the enterprise support expectations and the dynamic nature of entrepreneurship and small enterprise development. Seda is increasingly being recognised as the lead agency for small enterprise development and this can be seen in the number of organisations it has partnerships with.



Mr Lusapho Njenge

Acting CEO



# **BOARD OF DIRECTORS**



DR IVOR ZWANE Chairperson: Board Member: Strategy and Organisational Performance Committee

#### DR MARIUS VENTER

Deputy Chairperson: Board Member: Human Resources and Remuneration Committee



MR DENNIS THABANENG Chairperson: Strategy and

Organisational Performance Committee Member: Human Resources and Remuneration Committee Member: Audit and Risk Committee



MS PRECIOUS LUGAYENI Remuneration Committee

Chairperson: Human Resources and **Member:** Strategy and Organisational Performance Committee



MR MOTSHWANEDI JOE LESEJANE

Chairperson: Audit and Risk Committee Standing Invitee





#### AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of our knowledge and belief, we confirm the following:

All information and amounts disclosed in the annual report are consistent with the annual financial statements audited by the Auditor-General of South Africa. The annual report is complete, accurate and free from any omissions. It has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The annual financial statements (Part E) have been prepared in accordance with South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act of South Africa (PFMA).

The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information. The accounting authority is also responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability

of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements. In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2016.

Yours faithfully

Dr Ivor Zwane

Chairperson 31 July 2016

Mr Lusapho Njenge

Acting CEO 31 July 2016

### STRATEGIC OVERVIEW

Seda was established in December 2004 through the National Small Business Amendment Act, 29 of 2004 as an agency under the Department of Trade and Industry (**the dti**). The establishment was done by merging three entities: Ntsika Enterprise Promotion Agency, National Manufacturing Advisory Centre (NAMAC) and the Community Public Private Partnership (CPPP) programme.

The GODISA Trust and the National Technology Transfer Centre were merged with Seda in April 2006, becoming the Seda Technology Programme (STP). The small enterprise support function of the South African Quality Institute (SAQI) and the technology-related activities of the Technology for Women in Business (TWIB) were incorporated with STP in 2008. STP was fully integrated into Seda structures in 2009. In 2014, Seda's mandate and functions were transferred from **the dti** to the DSBD

#### VISION

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

The vision is translated into high-level competency, motivation, accountability, as well as customer drive for Seda. To become the centre of excellence, we must strive to improve in all 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 gives a clear-cut framework for everything Seda does. This is shown in the product range of Seda as well as in the approach, attitude and working methods of Seda staff. The success of Seda is ultimately measured against the mission of how well Seda is ensuring the growth and sustainability of the small enterprises with which it has interacted.

#### **CORE VALUES**

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

The core values govern Seda's operations and relationships with stakeholders such as clients, partners, employees, local community and the shareholder. The core values remain constant and are not affected by changes in the operational environment and management. The meaning of the organisation's core values is explained as follows:



#### Nurture

We create a nurturing environment by partnering with our clients and employees in a way in which we care and support them.

#### Innovation

We foster innovative ideas and solutions to deliver exceptional customer service.

#### Customer service excellence

We place customer service excellence at the centre of everything we do.

#### Ethical behaviour

We behave with integrity in all our actions, always acting in the best interest of Seda

#### Resilience

We are resilient in our efforts to achieve excellent results.

#### STRATEGIC GOAL AND OBJECTIVES

The impact is the long-term outcome or consequence of Seda's activities and the effect this impact has on people and the environment. Seda's legislative mandate and mission give direction regarding what is expected from Seda in the long term. The impact of Seda is measured through periodic shareholder-conducted evaluations within a range of every three to five years.

#### **EXPECTED IMPACT**

Increased contribution of small enterprises to the South African economy and the promotion of economic growth, job creation and equity.

Seda's goal is derived from the above-expected impact. While working towards the above goal, Seda sought to achieve the following strategic objectives:

#### STRATEGIC OBJECTIVE 1

Enhance competitiveness and capabilities of small enterprises through coordinated services, programmes and products.

#### STRATEGIC OBJECTIVE 2

Ensure equitable access to business support services.

#### STRATEGIC OBJECTIVE 3

Strengthen the organisation to deliver on its mission.

### PRODUCTS AND SERVICES

Seda provides business-related information, advice, consultancy, training and mentoring services in all areas of enterprise development. These services aim at providing solutions related to various business functions, including production, human resources, finance, marketing and export development. Rural enterprise development and co-operatives are supported through the co-operatives and the Community Public Private Partnership Programme (CPPP) unit. Through the Seda Technology Programme (STP), Seda provides technology transfer, business and technology incubation services, as well as incentives for management systems implementation (Such as ISO 9001 and OHSAS 18001, product testing and certification, as well as machinery and equipment incentives).

Seda continues to use a 'client-journey approach', which aims at establishing a long-term relationship with clients. Prior to embarking on any intervention, a Seda business advisor assesses the needs of the client first and based on the assessment, the client, together with the business advisor, drafts a development plan with specific development interventions. These services are delivered to the client either by Seda's own staff or through specialised service providers.

Seda's target market covers SMMEs, including cooperatives, as well as potential entrepreneurs with business ideas. The definition of a small enterprise is provided for in the National Small Business Act of 1996 and it is based on the number of employees, turnover and fixed assets. Seda defines its clients according to the number of employees. Historically, Seda has focused primarily on the micro and very small segments of the SMME sector, due to the sheer volumes and the number of people who want to start a business. The outputs in terms of clients assisted have been huge but this has come at a cost on impact measures such as employment, profitability and sustainability of assisted clients.

The current economic realities necessitate that Seda continues to focus on the entire small enterprise sector, with the aim of reducing the mortality rate of nascent enterprises and creating an entrepreneurial culture at micro and survivalist level, thus creating globally competitive small and medium enterprises.

To maximise impact (i.e. job creation), the organisation has implemented a number of initiatives. Firstly, Seda has embedded a model that aims to work with small enterprises over a longer period, as opposed to onceoff interventions. This model, which is called the client-journey model, is based on research that shows a strong correlation between long-term support and impact, i.e. increase in turnover and number of people employed. Secondly, the organisation will enhance its focus on the upper-end of the small enterprise sector, i.e. businesses employing between 21 and 200 people, as the market segment with job-creation potential.

Needs analysis has been conducted on these clients and relevant programmes have been identified. These programmes include supplier development, mentorship and coaching, access to markets, incubation, technology transfer, conformity assessment and standards.



#### Figure 1: Seda's strategic focus

#### RESEARCH

A small minority of high-growth businesses hold the key to job creation and wider prosperity<sup>1</sup>

SMEs contribute 32% of the GDP, 59% of employment and 19% of exports<sup>2</sup>

#### STRATEGIC SHFT

"...the organisation will enhance its focus on small and medium-sized enterprises (those employing between 21 and 200 employees). These latter segments of the SMME sector have a larger job creation potential in comparative terms. Over time, the organisation aims to spend more time with existing businesses, thereby providing more interventions per client and ultimately registering greater impact on assisted small enterprises" 3

#### **KEY CONSIDERATIONS**

- Product, service and needs of high-growth business category that differ from other Seda client categories
- Best way to access these customers
- Operational changes required
- Investment in people and systems necessary
- Strategic partnerships
- Impact measurement
- Risks and trade-offs
- Implications on financial sustainability
- Funding model

#### Sources:

<sup>1</sup>Extract from NESTA UK publication "The Vital 6%" (Oct 2009),

<sup>2</sup>Malaysia SME Masterplan 2012-2020,

<sup>3</sup>Extract from Seda annual performance plan 2012/13

This focus on the upper-end of the small enterprise segment is affirmed by a number of studies and plans. The diagram quotes two of these and maps out the strategic shift and consequences for Seda.

The service delivery network of Seda consists of delivery points located throughout the country. These points

currently take the form of Seda branches, Seda enterprise development centres, Seda supported incubation centres and enterprise information centres (EICs). Seda also uses information kiosks and mobile units to access remote areas. In addition, Seda co-locates with local municipalities and various other partners in areas where it does not have a branch.

# LEGISLATIVE AND OTHER MANDATES

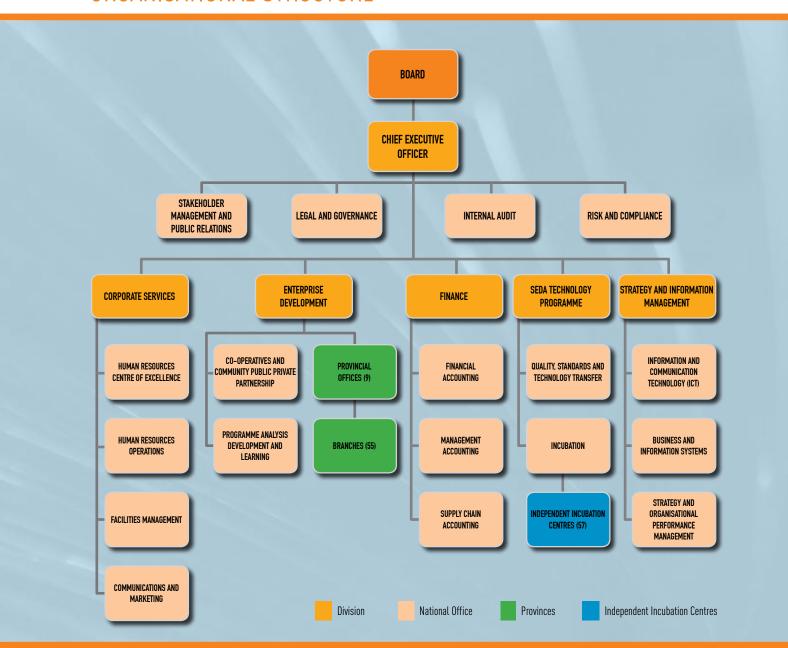
Seda's work is governed by a broad legislative framework, as outlined below:

| NAME OF ACT   | PURPOSE  |
|---|--|
| The Constitution of<br>South Africa, Act No.<br>108 of 1996   | <ul> <li>To recognise the injustices of our past, honour those who have suffered for justice and freedom, respect those who have worked to build and develop our country and believe that South Africa belongs to all who live in it, united in our diversity;</li> <li>To heal the divisions of the past and establish a society based on democratic values, social justice and fundamental human rights;</li> <li>To lay the foundations for a democratic and open society in which government is based on the will of the people and every citizen is equally protected by law;</li> <li>To improve the quality of life of all citizens and free the potential of each person; and</li> <li>To build a united and democratic South Africa able to take its rightful place as a sovereign state in the family of nations.</li> </ul> |
| 2. National Small Enterprise Act, Act No. 102 of 1996, amended by the National Small Business Amendment Act No. 29 of 2004) | <ul> <li>To provide for the establishment of the Advisory Body and the Enterprise Promotion Agency; and</li> <li>To provide guidelines for organs of state to promote small business in the Republic; and to provide for matters incidental thereto.</li> </ul>  |
| 3. Co-operatives Act,<br>Act No. 14 of 2005, as<br>amended by Act No. 6<br>of 2013  | To provide for the formation and registration of co-operatives; the establishment of a co-operatives' advisory board; the winding-up of co-operatives; the repeal of Act 91 of 1981; and connected matters.  |
| 4. Public Finance Management Act, Act No. 1 of 1999, and Regulations, as amended  | <ul> <li>To regulate financial management in the national and provincial governments;</li> <li>To ensure that all revenue, expenditure, assets and liabilities of those governments are managed efficiently and effectively; and</li> <li>To provide for the responsibilities of persons entrusted with financial management in those governments and to provide for matters connected therewith.</li> </ul>   |



| NAME OF ACT  | PURPOSE  |
|--|--|
| 5. Protected Disclosures Act, Act No. 26 of 2000                       | <ul> <li>To make provision for procedures in terms of which employees in both the private and the public sector may disclose information regarding unlawful or irregular conduct by their employers or other employees in the employ of their employers;</li> <li>To provide for the protection of employees who make a disclosure, which is protected in terms of this Act and to provide for matters connected therewith.</li> </ul> |
| 6. The Promotion of<br>Access to Information<br>Act, Act No. 2 of 2000 | The purpose of this Act is to give effect to the constitutional right of access to any information held by the state, as well as information held by another person that is required for the exercise or protection of any right.  |
| 7. Preferential Procurement Policy Framework Act, Act No. 5 of 2000    | To give effect to section 217(3) of the Constitution by providing a framework for the implementation of the procurement policy contemplated in section 217(2) of the Constitution, and to provide for matters connected therewith.   |
| 8. Integrated Strategy for Entrepreneurship                            | <ul> <li>As an integrator of policies, institutions and programmes, this Strategy seeks to ensure that adequate support and delivery mechanisms exist across the entire entrepreneurship continuum, from pre-start-up to start-up, business survival, growth and expansion, and turnaround of ailing businesses.</li> </ul>  |

# ORGANISATIONAL STRUCTURE





# SEDA EXECUTIVE MANAGEMENT TEAM









#### MS NOSIPHO KHONKWANE

**Executive Manager: Seda Technology** Programme
[Also acting as Executive Manager: Enterprise Development at end March 2016]

ND - Industrial Engineering, BTech - Industrial Engineering, MBL

#### MR NORMAN MZIZI

**Chief Financial Officer** B Compt Hons, M Com, CA(SA)

#### MS PRUDENCE GWALA-MAHAYE

**Executive Manager: Corporate Services** BA, BPhil: Policy Studies & Knowledge Management, PDG: Health Management

#### MS THENJIWE DLAMINI

#### **Acting Chief Strategy and Information** Officer

ND Marketing and Business Administration ND Cost and Management Accounting Master's in Business Administration (MBA)





# AUDITORS REPORT PREDETERMINED OBJECTIVES

The AGSA currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the report on other legal and regulatory requirements section of the AGSA's report.

Refer to page 112 to 115 of the Annual Report for the AGSA's report, published in Part E: Financial Information.







### SITUATIONAL ANALYSIS

#### PERFORMANCE DELIVERY ENVIRONMENT

Small businesses continue to be seen as the apex on which South Africa's socio-economic challenges will be addressed. The NDP set a goal for the small business sector to create 90% of South Africa's 11 million jobs needed by 2030. To achieve this, the following key essentials have been identified:

- Raising levels of employment and through productivity growth, the earnings of working people;
- Faster and more inclusive growth;
- · Effective partnerships across society; and
- Creating a capable and developmental state.

The small enterprise sector is expected to become more prominent in its contribution to changing the apartheid legacy patterns of business ownership. Key instruments to stimulating the small business sector include public and private procurement, improved access to debt and equity finance and a simplified regulatory environment.

There have been several recent policy changes in the environment in which Seda operates, most notably the establishment of the DSBD. The Co-operatives Amendment Act, Act No. 6 of 2013 calls for the establishment of focused programmes and agencies for co-operatives development and makes provision for the establishment of a co-operatives development agency, a co-operatives tribunal and a co-operatives academy. These are likely to have implications for Seda's co-operative programme and its CPPP.

#### ORGANISATIONAL DELIVERY ENVIRONMENT

Seda has demonstrated the ability to improve the competitiveness and capabilities of the small enterprises it has assisted. This has been achieved without neglecting the need for greater economic inclusivity of previously disadvantaged South Africans. The organisation has been tracking performance outcomes such as employment creation and an increase in turnover since 2009. Of the approximately 73 000 clients assisted from 2009/10 to 2013/14, nearly 40% indicated an increase in the number of people employed subsequent to Seda's interventions. The STP, which is able to track the actual number of jobs created, has created 12 723 direct and permanent jobs since incorporation into Seda in 2007.

The employment creation statistics must be looked at against the performance of the South African economy where job creation has been declining or stagnant, particularly after the 2008 economic crisis. The performance, while good, has not made a material impact on the small enterprise sector due to the sheer size of the sector. The FinScope South Africa Small Business Survey 2010 estimated that South Africa has approximately six million small businesses.

Seda's resources and capabilities need to be significantly enhanced to enable the organisation to service a sizeable proportion of the small business sector. With its limited resources and capabilities, the organisation prioritised four strategic focus areas to maximise impact and contribution to NDP goals. These are increasing Seda's incubation footprint; directing specific interventions to the small and medium enterprise segment, identifying and working with



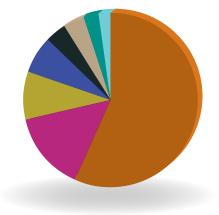
large-scale projects and co-operatives and prioritisation of growth sectors.

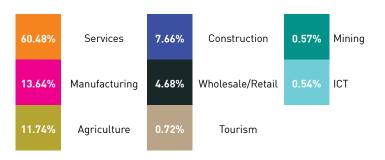
Seda has made remarkable progress in the implementation of these four strategic focus areas since the last planning cycle. The number of supported incubators has increased from 48 to 57 and provision has been made to support additional incubators in the 2016/17 financial year. Recommendations on improving incubator governance, which emanate from an independent due diligence study on the programme, are currently being implemented.

The organisation has also streamlined its processes and promotional activities to encourage entrepreneurs in the sectors prioritised by the NDP and the Industrial Development Action Plan, namely: agriculture (including agro-processing), manufacturing and services with a focus on information technology (IT) and tourism. The diagram below illustrates the sectoral profile of Seda's clients.

The organisation is committed to increasing its proportion of small enterprises that employ between 21 and 200 people. An equitable spread of clients across the entire small enterprise sector will ensure that the organisation addresses economic inclusivity by assisting micro- and very small enterprises, and also addresses employment creation and competitiveness by assisting small- and medium-sized enterprises. A profile of clients by the number of people employed shows a positive migration of assisted clients from the micro- (fewer than five employees) to the very small (between six and 20 employees) category. Initiatives have been developed to ensure that these very small enterprises migrate further up the SMME chain to clients in the small to medium categories.

Seda supported 40 secondary co-operatives during the 2015/16 financial year. A significantly larger number of primary co-operatives were also supported. The aim is to develop the primary co-operatives into viable businesses and encourage those with similarities to cooperate at a secondary level.





#### **ALIGNMENT TO GOVERNMENT PRIORITIES**

The DSBD's mandate is to lead an integrated approach to the promotion and development of small businesses and co-operatives through a focus on the economic and legislative drivers that stimulate entrepreneurship to contribute to radical economic transformation. The realisation of this important mandate will lead to increased employment, poverty reduction and reduced inequality.

The strategic objectives of the department are to:

- Facilitate the development and growth of small businesses and co-operatives to contribute to inclusive and shared economic growth and job creation through public and private sector procurement;
- Facilitate radical economic transformation through increased participation of small businesses and cooperatives in the mainstream economy;
- Advocate a conducive regulatory environment for small businesses and co-operatives to enable access to finance, investment, trade and market access in an equitable and sustainable manner; and
- Facilitate partnerships with all spheres of government as well as the private sector to ensure mutual cooperation that will benefit small businesses and cooperatives.

The DSBD takes its cue from the need of creating decent employment through inclusive economic growth. To ensure the achievement of this outcome and to contribute to economic growth and job creation by the small business sector, the department focuses on the following interventions:

- The introduction of measures to reduce red tape around authorisation for investment in metros (supported by the dti).
- The development of township economies through financial institutions (supported by the EDD).
- Enhanced support of township economies through improved transport and commuter costs (supported by the departments of Co-operative Governance and Traditional Affairs, Transport and Human Settlements, and the Presidential Infrastructure Coordinating Commission).
- Coaching and incubation programmes in support of SMMEs and co-operatives (supported by the departments of Economic Development, Agriculture, Forestry and Fisheries and Trade and Industry).
- Programmes to ensure increased access to employment and entrepreneurship for black women and youth aimed at advancing support for emerging and smaller enterprises.
- Development of appropriate sanctions for noncompliance with the 30-day payment period (supported by the Department of Performance Monitoring and Evaluation).

Seda's strategic framework is aligned to that of the DSBD. At a strategic objective level, Seda expects to play a leading role in contributing to the first two strategic objectives as its interventions are focused on the outcomes which are of job creation and an increase in turnover. The table on the opposite page illustrates the alignment between Seda programmes and the DSBD's strategic objectives.



| DSBD STRATEGIC OBJECTIVE  | SEDA PROGRAMME  |
|---|---|
| Facilitate the development and growth of small businesses and co-operatives to contribute to inclusive and shared economic growth and job creation through public and private sector procurement. | <ul> <li>Business advisory services</li> <li>Incubation</li> <li>Supplier development</li> <li>Quality and standards training and implementation</li> <li>Export readiness and facilitation</li> <li>Technology transfer</li> </ul> |
| Facilitate radical economic transformation through increased participation of small businesses and co-operatives in the mainstream economy.   | CPPP Basic Entrepreneurial Skills Development (BESD) Partnerships on cost-sharing Co-location One-stop shops Advocacy   |

The organisation implements its programmes fully aware of the need to redress the demographic profile of South Africa's economy. Youth and women-owned businesses, and those owned by people with disabilities receive support through Seda's product offerings and specialised programmes.

The organisation has also identified advocacy and lobbying as a high impact programme. Although policy formulation and creation of a conducive regulatory environment are mandates of the department, Seda uses its knowledge of the sector and constant engagement with small enterprises and co-operatives to contribute to the discourse on small enterprise development.

The last strategic objective of encouraging partnerships to ensure mutual cooperation that will benefit small businesses and co-operatives affirms Seda's view that the organisation cannot successfully implement its mandate on its own. It will work on key partnerships on supplier and enterprise development, resource and programme complementarity, and sharing of good practices.

Although Seda is aligned to the DSBD's mandate and priorities, the current budget allocation of the organisation limits the ability to make a material contribution to mandate implementation.

## PERFORMANCE HIGHLIGHTS

Seda is well-positioned by virtue of its extensive network and more than a decade of delivering interventions and solutions to small enterprises and co-operatives, to take on additional responsibilities, particularly in areas where there is an agreement in terms of priority such as incubation, technology transfer, and mentorship and coaching. The performance information reported here for the year under review supports the strategic indicators in the Seda 2015/16 Business Plan. Overall, Seda achieved most of its set targets and received an unqualified audit on finance and performance information. Key performance highlights are:

- Service quality rated as good or excellent by 99% of assisted clients;
- Business improvement of 74% of surveyed clients whose turnover has increased and a 51% increase in number of jobs created;

- 10 679 clients served across the Seda network;
- Established and supported 40 secondary cooperatives;
- 11 partnerships entered into with provincial and local government, with a total amount of R7.39 million, which was contributed by Seda's partners towards service delivery initiatives;
- 57 incubators were supported by the Seda Technology Programme;
- The supported incubators created a total of 2 331 jobs;
- 67 clients were assisted with technology to improve their productivity;
- 609 clients were trained on national and international standards; and
- 42 clients were supported with systems implementation.



## PERFORMANCE INFORMATION BY STRATEGIC OBJECTIVES

Seda's performance information 2015/16 is aligned with the performance indicators and targets in its Annual Performance Plan 2015/16. Seda achieved and exceeded performance targets on 16 out of 22 strategic indicators. The Seda Technology Programme achieved and exceeded its performance on all eight strategic indicators.

The performances against strategic indicators are tabulated below.

The following keys apply:

#### **TARGET IS ACHIEVED OR EXCEEDED**

**TARGET IS NOT ACHIEVED BY LESS THAN 5%** 

**TARGET IS NOT ACHIEVED BY MORE THAN 5%** 

STRATEGIC OBJECTIVE 1: Enhance the competitiveness and capabilities of small enterprises through coordinated services, programmes and products.

#### **PROGRAMME 1: ENTERPRISE DEVELOPMENT**

| OUTCOME                                 | PERFORMANCE MEASURE OR INDICATOR  | ANNUAL<br>TARGET | ACTUAL<br>ACHIEVEMENT | REASONS FOR VARIANCE   |
|---|---|------------------|-----------------------|--|
| Client satisfaction ensured             | % of surveyed clients satisfied with quality of Seda services                     | 94%              | 99%                   | High performance is attributed to improved relationship between serviced clients, Business Advisors and business development services providers. |
| Client business<br>performance improved | % of surveyed SMME clients whose turnover has increased (Growth)                  | 54%              | 74%                   | Clients supported benefited from improved market assess through interventions implemented by Seda.   |
|   | % of surveyed SMME clients<br>whose number of employees has<br>increased (Growth) | 35%              | 51%                   | Agriculture and service sectors made a meaningful contribution to employment creation.   |

| OUTCOME   | PERFORMANCE MEASURE OR INDICATOR                                  | ANNUAL<br>TARGET | ACTUAL<br>ACHIEVEMENT | REASONS FOR VARIANCE   |
|---|---|------------------|-----------------------|--|
| Number of supplier development programme partnerships                   | Number of supplier development programme partnerships established | 5                | 7                     | Improved partnerships established by provincial network contributed in this achievement. |
| Number of clients supported under supplier development programme        | Number of clients supported under supplier development programme  | 75               | 83                    | Clients who showed potential<br>benefitted from the established<br>partnership           |
| Number of clients supported with trade facilitation                     | Number of clients supported with trade facilitation               | 75               | 147                   | More Seda clients were exposed to trade facilitation support.                            |
| Number of clients<br>supported with<br>mentorship and<br>coaching       | Number of clients supported with mentorship and coaching          | 75               | 94                    | Concentrated efforts were made to increase the number of clients supported by mentors    |
| Number of clients<br>trained on national and<br>international standards | Number of clients trained on national and international standards | 536              | 609                   | Increased demand for training on national and international standards.                   |





## STRATEGIC OBJECTIVE 2: Ensure equitable access to business support services

### PROGRAMME 2: EQUITABLE ACCESS TO SUPPORT SERVICES

| OUTCOME   | PERFORMANCE MEASURE OR INDICATOR   | ANNUAL<br>TARGET | ACTUAL<br>ACHIEVEMENT | REASONS FOR VARIANCE   |
|---|--|------------------|-----------------------|--|
| Client reach improved   | Number of clients working with   | 11 400           | 10 679                | Underperformance is mainly due to Business Advisors capacity constraints. Clients' business assessments take longer.   |
| Number of clients in the upper-end of the SMME sector assisted with interventions | Number of clients in the upperend of the SMME sector assisted with interventions                                 | 372              | 234                   | Seda's client profile consists predominantly of clients employing less than 20 employees. Most branches, particularly those in rural provinces, did not have clients in this category. |
| Proportion of clients in<br>the upper-end of the<br>SMME sector increased         | Number of new partnerships on<br>high impact programmes (HIPs)<br>to service the upper-end of the<br>SMME sector | 10               | 11                    | Cooperation between Seda and stakeholders contributed to this achievement.   |
| % of clients in the<br>priority growth<br>sectors assisted with<br>interventions  | % of clients in the priority growth sectors assisted with interventions  | 40%              | 89%                   | This achievement confirms alignment with Seda strategy to focus on clients in the priority sectors.  |

| OUTCOME  | PERFORMANCE MEASURE OR INDICATOR   | ANNUAL<br>TARGET | ACTUAL<br>ACHIEVEMENT | REASONS FOR VARIANCE   |
|--|--|------------------|-----------------------|--|
| Number of primary co-<br>operatives established  | Number of primary co-operatives established  | 90               | 166                   | Efforts were invested to ensure improved support for primary co-operatives.  |
| Number of secondary<br>marketing co-operatives<br>supported  | Number of secondary marketing co-operatives supported  | 36               | 40                    | Established primary incubators were encouraged to form secondary co-operatives.  |
| Number of clients<br>supported through<br>Basic Entrepreneurial<br>Skills Development<br>programme | Number of clients supported<br>through Basic Entrepreneurial<br>Skills Development programme | 1 000            | 521                   | 1 537 learners were recruited<br>by the end of March 2016,<br>these learners will be recieving<br>training in the 2016/17 financial<br>year. |
| Cost sharing with delivery partners maintained   | Value of service delivery costs covered by delivery partners                                 | R10.3 million    | R7.39 million         | R17.5 million was committed<br>by Seda partners in monetary<br>value and in kind, but only<br>7.39 million was utilised.                     |



## STRATEGIC OBJECTIVE 3: Strengthen the organisation to deliver on its mission

### **PROGRAMME 3: ADMINISTRATION**

| OUTCOME                          | PERFORMANCE MEASURE OR INDICATOR  | ANNUAL<br>TARGET                | ACTUAL<br>ACHIEVEMENT | REASONS FOR VARIANCE   |
|----------------------------------|---|---------------------------------|-----------------------|--|
|                                  | % of direct service delivery costs versus total expenditure costs                               | 73%                             | 85.24%                | Most of the organisations budget was allocated to supporting clients with interventions. |
| Cost-efficiency<br>improved      | % of deviations of actual expenditure from approved budget                                      | 5%                              | 3.82%<br>underspent   | This is due to the delays in initiating some project and the fluctuating vacancy rate.   |
|                                  | % of programme- related funding<br>allocated to clients in the upper-<br>end of the SMME sector | 15%                             | 11%                   | Majority of the clients supported by Seda are employing below 21 employees.              |
| Organisational staffing improved | Vacancy rate  | 12%                             | 7.8%                  | Concentrated efforts were made to reduce the vacancy rate below the set target.          |
| Seda image improved              | Annual stakeholder forum held   | ASF held<br>by end<br>September | 1                     | Annual stakeholder forum was<br>held in September 2015                                   |
|                                  | Number of updates on the SMME sector produced   | 2                               | 2                     | None.  |

### **STP 2015/16 ANNUAL PERFORMANCE REPORT**

STRATEGIC OBJECTIVE 1: Enhance the competitiveness and capabilities of small enterprises through coordinated services, programmes and products.

**PROGRAMME 4: SEDA TECHNOLOGY PROGRAMME** 

| оитсоме   | PERFORMANCE MEASURE OR INDICATOR                               | ANNUAL<br>TARGET | ACTUAL<br>ACHIEVEMENT | REASONS FOR VARIANCE  |
|---|--|------------------|-----------------------|---|
| Incubation support enhanced                                 | Number of incubators supported                                 | 55               | 57                    | More incubators were approved in order to improve sustainability of micro enterprises |
| Client satisfaction ensured                                 | % of surveyed clients satisfied with quality of Seda services  | 72%              | 90%                   | This performance is due to improved relationship between STP clients and Seda staff.  |
| Client business performance improved                        | Number of jobs created   | 1650             | 2331                  | Incubatees in the construction sector employed more people.                           |
| Client support services provided                            | Number of clients supported                                    | 1,881            | 2,492                 | Incubation centres increased the number of supported clients.                         |
|   | Number of new SMMEs created                                    | 331              | 497                   | Seasonal differences in supported sectors contributed to this achievement.            |
| Technology transfer programme implemented                   | Number of clients assisted with technology transfer incentives | 66               | 67                    | Additional funding was secured to support approved applications.                      |
| Conformity assessment and product testing and certification | Number of clients supported                                    | 144              | 153                   | High demand from clients for conformity assessment and product testing                |
| Number of clients supported with systems implementation     | Number of clients supported with systems implementation        | 34               | 42                    | High demand from clients requiring system implementation.                             |



## PROVINCIAL MANAGEMENT TEAM



MR ALEX QUNTA
Provincial Manager: Western Cape



MR CEDRIC MNGUNI Provincial Manager: KwaZulu-Natal



MR COLIN LESHOU
Provincial Manager: Gauteng



MS JACKIE NTSHINGILA Provincial Manager: Free State



MS KEDISALETSE WILLIAMS Provincial Manager: Northern Cape



MR KOENIE SLABBERT Provincial Manager: Limpopo



MS NTOKOZO MAJOLA Provincial Manager: Mpumalanga



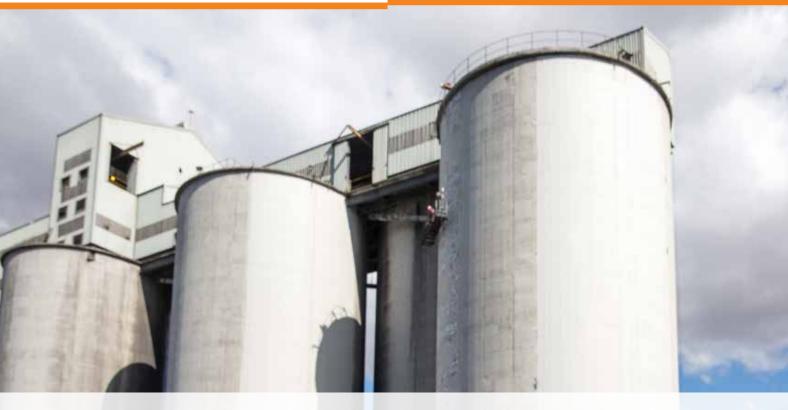
MR NEVILLE MAIMANE Provincial Manager: North West



MR SIPHIWO SOGA Provincial Manager: Eastern Cape



# MONALEBO ENGINEERING SERVICES PTY (LTD)



**Location: Pretoria, Gauteng** 

**Seda branch: Tshwane** 



Seda National Office is currently helping us with SHEQ.



Monalebo Engineering Services (Pty) Ltd is an emerging company that was registered in 2012 and started its operation in September 2014. The owner is Mr Gabriel Sebothoma. He has experience in managing a company that was contracted by Eskom to do Non-Destructive testing (NDT) inspection at its power stations around the country.

The enterprise is offering NDT inspections, robe access, scaffolding, railway construction and maintenance to its customers. Non-Destructive Testing inspection is a service that includes magnetic particle inspection, welding specialist, corrosion mapping (C-scan) amongst others. Robe access, on the other hand, includes silo maintenance/ cleaning, window cleaning and painting, maintenance of towers and access to confined space.

Railway construction and maintenance are services offered to PRASA and use locomotive machines that take readings as well as measure the strength of the rail. Our main customers include Exxaro mines, Eskom and PRASA. Since the company's inception, we encountered numerous challenges which delayed the start of operations.

#### **CHALLENGES**

Mr Gabriel Sebothoma heard about Seda and approached its Tshwane branch for assistance after operating for six months in 2012 without formal business documents. He expressed his frustration of not having quality management systems as well as ISO accreditation as these documents

would make him eligible to become a preferred supplier at Eskom instead of a sub-contractor. The issue of certification in health and safety was also a challenge and it restricted the business to get bigger contracts from the mines.

#### SEDA'S INTERVENTION

Since this was an established business and has been operating for some time, the advisor requested company documents such as management statements to perform a Critical Planning Exercise (CPE). The CPE assessment tool revealed the current situation of the business and also provided an estimation of the business performance in the future.

Following the completion of the assessment, a site visit was conducted on the client's premises. The site visit also served as a verification process and it was discovered that the implementation of a quality management system will help in streamlining the business and was exceedingly recommended. An action plan was developed in conjunction with the client and timelines were set for the identified intervention.

#### THE OUTCOME

The following are the outcomes of the project implementation:

- The turnover at intervention state was R828 000 and it increased by 517.6% to R4.28 million.
- After intervention, the number of employees increased from 29 to 68 and a total of 39 new jobs were created.

# DELTRON CONSULTING



**Location: Johannesburg, Gauteng** 

Seda branch: Joburg



We are pleased with the support received from Seda, keep up the good work.



Deltron Consulting was established in 2012 by a group of engineers who saw an opportunity to utilise their collective expertise and professional experience. Their target markets include civil engineering, the building environment and infrastructural space. It also offers project management services covering research, conceptualising, design, procurement and implementation.

The head office is located in Johannesburg, Morningside with a regional office in Durban. The company is 100% black-owned and headed by Mr Chris Ndlovu. The business has a Level 2 BBBEE-rating as well as a professional team that is registered with relevant professional bodies including ECSA, SACAP and SACPCMP. Among its staff are qualified civil engineers, structural engineers as well as project managers who execute and manage various projects.

#### **CHALLENGES**

Due to the business' multi-disciplinary offerings, the company soon found itself needing a more robust and efficient management system to assist in tracking all the operational activities at all the different sites. Whilst the enterprise management was still in the process of determining what course of action to take, management also realised that they need investment to balance their cash flow needs due to the large inflow of contracts that needed to be funded from working capital. In addressing the cash flow challenge, the business joined forces with a strategic partner and this assisted with the short-term project financial needs.

#### SEDA'S INTERVENTION

With regards to the efficient management system, the owner and CEO decided to approach Seda's Johannesburg Branch for assistance. The business was assessed and the findings of the assessment confirmed the need for an integrated Human Resource, Finance and Project Management electronic-based management system. An action plan was developed and timelines agreed with the client.

An intervention which entailed the procurement, installation and training of Deltron staff on a customised information technology system was initiated. The system included critical business components such as human resource, finance and project management.

#### THE OUTCOME

Following the operational efficiencies that were brought by the Seda Management System, the company started realising tremendous growth:

- Gross turnover increased from R6.67 million in 2014 to R34.7 million in 2015, This is an increase of 521% compared to the previous year.
- The number of employees increased from 20 to 83 representing an additional 63 new jobs created.





**Location: Thohoyandou, Limpopo** 

Seda branch: Vhembe



Through Seda assistance, we expanded our market and increased sales. We would like them to continue giving us this kind of support.

In 2003, Mr Azwindini Roald Mathaulula established Mathacs Civils. It started operating informally as a construction business. The owner registered it as a Close Corporation in 2006. The business also added the manufacturing of concrete products in its offerings. Its main activity is manufacturing building bricks in different sizes. The company also manufactures lintels and pillars.

#### **CHALLENGES**

When the owner visited Seda, Mathacs Civils was faced with the following challenges:

- The demand for bricks was higher than the business capacity to supply. The business required additional machinery. The owner, however, lacked the capital to purchase additional machinery.
- It was difficult to measure the financial performance of the business because Mathacs Civils didn't have a proper financial management system to record transactions.

#### SEDA'S INTERVENTION

Seda conducted an assesmnet and implemented the following recommendations:

 To address the challenge of lack of capital to purchase machinery, Seda appointed a service provider to develop a detailed business plan. The business plan

- was submitted to the STP to access grant funding through the Technology Transfer Programme.
- The second intervention was to assist the business with proper marketing materials. These included signage, business cards, banners, car magnetic stickers and flyers. These were then used to inform new customers about the existence of the business and the products offered.
- The other intervention was to develop and implement an accounting system, which was used to record and maintain proper financial records of the business.

- Mathacs Civils received a grant of R600 000 from the Seda Technology Programme (STP). This amount was utilised to purchase new brickmaking machinery.
- The business has a proper financial system in place and its cash flow is now better managed.
- The market for Mathacs Civils has grown significantly and the business is one of the companies involved in the construction of Thavhani Mall, which is currently under construction in Thohoyandou.
- Its revenue increased by over 8.37%, from R2.68 million to R2.91 million per year.
- The number of employees increased from 16 to 31.



# MUROMBENI SHADE NET CLOTH AGRICULTURAL COOPERATIVE



**Location: Thohoyandou, Limpopo** 

Seda branch: Vhembe



With Seda, the sky is the limit. We are grateful to have received such a helping hand. We shall use this tractor to add more revenue by ploughing for our neighbours.



In 1990, Mukula Tribal Council allocated a 10 hectare farm to Mr Albert Rafele. The initial purpose of acquiring this land was for subsistence farming. In 2011, Mr Rafele and other members established the Murombeni Shade Net Cloth Agricultural Primary Co-operative. The purpose was to move from subsistence farming to commercial farming. The farm produces a variety of cash crops on a rotational basis. These include crops such as butternuts, tomatoes, cabbages, pepper dew, okra, green beans, chillies and macadamia nuts.

#### **CHALLENGES**

When members visited Seda, Murombeni Shade Net Cloth Agricultural Primary Co-operative Limited was faced with the following challenges:

- The farm lacked resources such as a tractor, implements, seedling and fertilisers.
- Only three hectares of available land were used for production.
- Some members lacked proper skills in cash crop production. This resulted in low and poor crop output.

#### SEDA'S INTERVENTION

Seda conducted an assesment and implemented the following recommendations:

To address the challenge of lack of farming

- implements, Seda developed a detailed business plan which was completed and forwarded to **the dti** to access grant funding through the Co-operative Incentive Scheme (CIS).
- The business was assisted with a mentorship programme in cash crop farming. The purpose was to improve the skills and knowledge of its members as well as increasing the overall crop output and quality.

- the dti provided a grant of R342 193 to Murombeni Shade Net Cloth Agricultural Co-operative. This was used to purchase a new tractor with tits implements, seedlings and fertiliser.
- The farm has managed to increase its production area from 3 ha to 6.5 ha and the overall quality of output has improved.
- The farm is also supplying different crops like butternuts and cabbages to Pick n Pay, Malamulele.
- The co-operative has entered into an agreement with KLM to supply vegetables for the purpose of a school nutrition programme.
- Its revenue increased from R40 000 per year to R111 401 currently, an improvement of 179%.
- The number of employees increased from 5 to 11 including the directors.

# KLEINZEE CAFÉ



**Location: Springbok, Northern Cape** 

Seda branch: Namakwa



Seda assisted me with access to finance and that allowed me to expand my business operations. I have managed to include bakery services and that attracted even more clients. I would like Seda to help other businesses in the same way that I have been helped.



Kleinzee Café is 100% owned by Mrs Anette Burgees. The business was established in August 2011. The main service of the café is centered on the provision of household goods and groceries to its clients. Being the only retail store in this area, Mrs Burgees is adamant that the business will continue to blossom and remain profitable. The client previously owned the local Spar and that is where she attained her business management experience. Kleinzee Cafe's target market is contractors in the mining areas, as well as local residents

#### **CHALLENGES**

Many businesses struggle with the funding needed for expansion. Keinzee Café was not immune from this challenge either. Mrs Burgees realised that a lack of funding will impact negatively on the business growth. In addition, the owner was not knowledgeable on SARS and compliance issues. These challenges urged the client to approach Seda for assistance.

#### SEDA'S INTERVENTION

The client approached Seda in 2010 for the first intervention. Branding and financial management systems intervention were implemented successfully. Following this initial process, Mrs Burgees deemed it fit to approach Seda for further assistance in July 2015. During the consultation process with the client, a diagnostic assessment was conducted. Thereafter a bankable business plan was

developed for Kleinzee Café in order to address the funding challenge.

#### THE OUTCOME

This intervention assisted Mrs Burgees as she managed to secure an amount of R150 000 from the Mme Re Ka Thusa Trust Fund. The funding enabled the owner to expand her business by including bakery services at the café. Since this intervention, the business turnover increased from R757 035 to R882 455 over the past six months. There is also positive growth in profits, i.e. from R38 952 to R52 693 over the same period. Kleinzee Café employed an additional member and the staff complement currently comprise of 5 employees.



# PENEUL NATHI TRADING



Location: Witbank, Mpumalanga

Seda branch: Nkangala



It has been a great privilege to work with Seda and we are looking forward to further assistance in future.



Peneul Nathi Trading (Pty) Ltd (hereafter referred to as PNT) is an existing business that started operating in February 2011. PNT offices are situated in Witbank. The business is the brain child of Mr Masiwa Sithole and Mr Alex Nxumalo. The company specialises in the construction of underground ventilation structures, namely brick walls, explosion proof walls, explosion prevention barriers, air crossing tunnel structures, etc.

PNT also constructs coal mines' brick walls, temporary walls, explosion proof walls, explosion prevention barriers, underground water seepage dams, installation of air crossing tunnels, overhead corrugated iron roofing of underground buildings and tunnel ways structures. The company uses corrugated iron sheets to provide construction services to its clients. PNT gives advice to the mine's health and safety committees on underground structures' safety issues.

#### **CHALLENGES**

Seda was approached by the owner with the aim of assisting the business to acquire its own corrugated iron manufacturing machine. A diagnostic assessment identified that Peneul Nathi Trading (Pty) Ltd uses a large number of corrugated iron sheets, which are very expensive and sometimes the supplier runs out of stock. This challenge affected the company's cash flow, especially when there was insufficient supply of the raw materials. The company lacked finance to purchase a corrugated iron manufacturing machine.

#### SEDA'S INTERVENTION

A business plan was recommended to assist the company in acquiring its own corrugated iron manufacturing machine. A business plan was developed and submitted to Sasol Siyakha Enterprise and Suppliers Development Trust to assist with a business loan

#### THE OUTCOME

In December 2015 a loan amount of R4.97million was granted. Peneul Nathi Trading (Pty) Ltd used this money for the expansion of the business through the purchase of a corrugated iron manufacturing machine. The acquisition of the machine has resulted in an increased number of employment from a total number of 40 to 65. Turnover has increased from R5.2 million to R7.69 million, which is a 48% increase.



# ILITHA LOMZAMO t/a BEE BRITE



**Location: East London, Eastern Cape** 

Seda branch: Amathole



Seda has been our guiding hand through the years, we look forward to more support.





Ilitha Lomzamo t/a Bee Brite Cleaning Products and Services was established in 2008 after the owner Portia Mncono resigned as an administrative clerk from Buffalo City Metro Municipality to start her own business manufacturing cleaning detergents. She used her pension money to finance the business. The business owner joined SAWEN (South African Women Entrepreneurs' Network) through which she received training in chemical manufacturing from Chemin.

The owner used the knowledge from the training and started manufacturing at home. The business provides dishwashing liquid, pine gel, bleach and all-purpose cleaners. The business owner approached Seda to further develop and grow the business. An assessment of the business revealed a number of challenges.

**CHALLENGES** 

- The business lacked capital and manufacturing equipment.
- The business owner had no business management skills.
- The products were of poor quality

#### SEDA'S INTERVENTION

The client was included in the Women in Business Coaching Programme to improve management skills and was also referred to the Department of Economic Development and Environment Affairs and Tourism (DEDEAT) for funding. Seda included the client in the Chemical Manufacturers' Clinic Training which was facilitated by the South African Bureau of Standards (SABS), which assisted the client to improve their products and packaging. Asipiko Marketing and Events was appointed to assist the client in branding and packaging of the clients' products.

- The client was approved for funding by DEDEAT for R2 million.
- The business turnover has grown from R50 000 to R1.3 million, which is 2 500% increase.
- Employees have increased from 3 to 27, most of which are sales representatives in different towns.



# MIJONA INTERNATIONAL (PTY) LTD



**Location: Bloemfontein. Free State** 

**Seda branch: Mangaung** 



Seda assisted us at a critical point of the business to take the company to the next level. Without Seda's help with ISO 9001, we wouldn't have grown to the level where we are now.





Mijona International was registered in 1986. The core business of Mijona is the manufacturing of cosmetics, namely perfumes and associated nail and beauty products for both men and women. Mijona also manufactures plastic moulded products for household use. The business is located in Botshabelo and the company has always focused on continuous improvement on product quality while maintaining affordability.

#### **CHALLENGES**

About four years ago, Mijona International re-branded their image to "Beauty is Affordable" and created a stricter quality system thereby attracting many new customers. Some of the customers provided contract manufacturing opportunities. Unfortunately, international brands in South Africa, like Revlon and Avon do not consider contract manufacturers who do not meet the basic ISO 9001 quality management requirement.

An assessment was conducted by Seda and the following challenges were identified:

- The cashflow and the margin of safety was less than zero.
- Return on assets was below industry standard.
- Mijona could not access more attractive and lucrative markets because the company did not comply with quality standards.

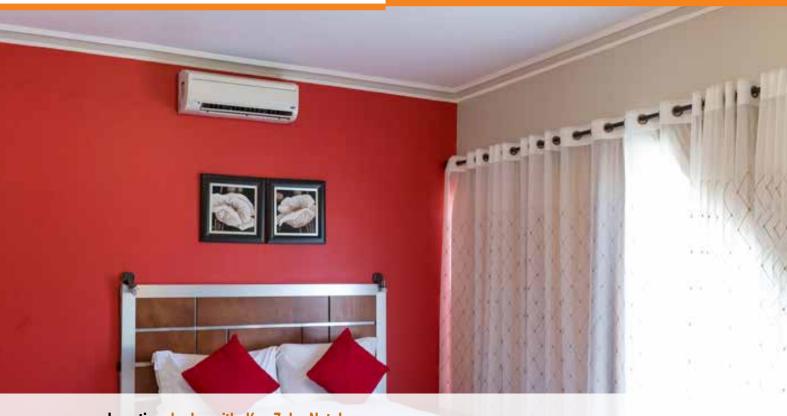
#### SEDA'S INTERVENTION

Seda's help included the inclusion of Mijona in a trade exhibition. Seda also helped with the implementation of ISO 9001: 2008 and ISO 9001: 2008 certification.

- The business turnover improved by 17% from R5.9 million to R6.9 million.
- Mijona has been approved by Shoprite National Technical Manager to be listed on the Shoprite system for all provinces in South Africa.
- Mijona received their first order in November 2015 for seven stores in the Western Cape and there are prospects in the future to supply to a total of 80 shops.
- With ISO 9001: 2008 certification there is more structure within the business and with quality personnel checking products.
- Service delivery to customers has improved using a new transport company.
- The staff complement has increased by 60% from 30 to 48
- Staff has been trained on ISO 9001: 2008.



# OYENGWENI GUEST HOUSE



**Location: Ladysmith, KwaZulu-Natal** 

Seda branch: Uthukela



I'm looking forward to utilise the services of Seda on other interventions that have been prioritised from the recent assessment.



Oyengweni Guest House is a four-star business situated in Ladysmith in the province of KwaZulu-Natal. The guest house was established and registered by Mrs Sabeliwe "Sabo" Mkhize in 2010 after converting one of the four-bedroom family houses into a business unit. Her neighbour then offered his house for sale which she bought to increase the capacity of her guest house from 4 to 15 rooms.

The property was bought and incorporated into one property under the Gcwabe Family Trust. Mrs Mkhize was a senior manager of technical services and her duties involved project management and project administration. She left her job because there was a conflict of interest between her work and her business and she wanted to be full time in her business.

Oyengweni Guest House offers breakfast, lunch, dinner and laundry services on request. A well-equipped conference room with a capacity of 25 people are readily available for meetings and different occasions. In 2015 the business was the winners of Umyezane award in the category of accommodation and tourism services.

#### **CHALLENGES**

A diagnostic of Oyengweni Guest House conducted by the Seda uThukela revealed the following challenges facing the business:

- Lack of business exposure, i.e. e-marketing and website development.
- Lack of promotional materials for exhibition in shows and expos as an advertising tool.

#### SEDA'S INTERVENTION

Seda facilitated exposure of the business through the development of a website for electronic marketing and Customer Relations Management (CRM) for online bookings.

#### THE OUTCOME

The business owner has recognised the following improvements:

- The client base has increased by 10%.
- The business occupancy has increased from 57.14% to 71.42%.
- The turnover has increased from R2.33 million to R2.56 million, which is an increase of 10%.





# MARTINS FUNERALS ZEERUST



**Location: Mafikeng, North West** Seda branch: Ngaka Modiri Molema



Mr Mmatli has been a great help. He is like a father to me and the turnaround time from Seda was great.



Mr Donald Seripe started working as a videographer at Martins Funerals in Lichtenburg in 1999. As the company was understaffed, he soon started assisting the manager with managerial tasks. Due to his experience, he got promoted to a managing position at another franchise that was in Zeerust. In May 2013 he bought the franchise from his employer.

#### **CHALLENGES**

Within two months from Mr Seripe buying the franchise, the business got liquidated and all the assets were confiscated for resale as part of the insolvent estate... Mr Seripe was therefore left with nothing.

- The Martin's brand had a negative reputation.
- The public was under the impression that the business was no longer operational.

#### SEDA'S INTERVENTION

Mr Seripe approached Seda for assistance with marketing and promotional materials.

- Within six months from starting to use the new promotional materials, the business started getting clients who paid cash for the funeral services.
- The number of new members who joined their funeral policy increased from 15 to 55, per month.
- The number of permanent employees increased from 6 in 2014 to 14 in 2015.
- The turnover increased from R2.8 million to R3.2 million respectively.
- In March 2015, the company won a Martins' Franchise Award for doubling its turnover.
- Martins Funerals Zeerust has since been able to give back to the community in which it operates. The company sponsors the local radio station Kopanong FM's events, provides monthly financial support to a local orphanage called Ratanang and sponsors trips for the St. John Church as and when needed.





# MOTSWEDI TOMATO HYDROPONIC



**Location: Mafikeng, North West** Seda branch: Ngaka Modiri Molema



The continuous support we are getting from Seda has been amazing, Mr Konzane has been a great mentor to us.





The business was established by four women at Motswedi in 2011 with the intention to produce fresh vegetables. In 2012 the women conducted a presentation to the tribal office with the hope of getting donations from the community to support their initiative. This resulted in them obtaining funds from Old Mutual Masisizane Fund to the value R1.32 million for the erection of two vegetable tunnels. They were later again funded by the same funder to the value of R600 000 for the erection of four additional tunnels.

In 2014 the Old Mutual Foundation Fund injected R900 000 for the development of package houses, an office and an ablution block. The company has five directors and one manager who underwent formal training at the Agricultural Sector Education and Training Authority.

#### **CHALLENGES**

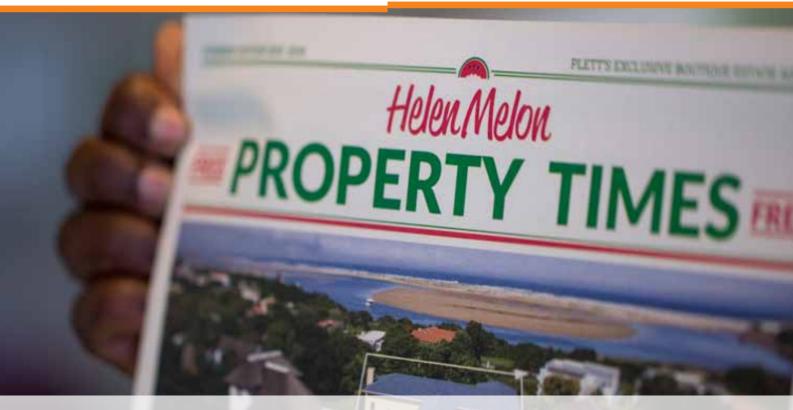
- The business did not have the skills on board to develop and implement a business strategy or instil sound financial management principles. As a result, they operated at a loss in the five years of existence.
- In the second year there was a demand for their produce but they could not meet it satisfactorily as the cultivar was not productive.
- They did not have access to more advanced methods or tools such as greenhouses to improve their production.

#### SEDA'S INTERVENTION

- Seda advised the members to convert into a cooperative, to obtain maximum support and increase exposure. A co-operative was formed named Motswedi Tomato Hydroponic.
- As soon as this process was completed, they could apply for aid and as a result, IDC granted them 4 greenhouses.
- A bankable business plan was developed that was funded by Old Mutual Masisizane Fund.
- A mentor was appointed through Seda to oversee the business operations.

- The greenhouses improved the company's production significantly as it protects the produce from the harsh elements of nature and allows for it to be cultivated in a controlled environment.
- A marketing strategy that was developed resulted in the business being able to supply fresh tomatoes to Pick n Pay Baden in Zeerust and Pick n Pay, The Crossing.
- The co-operative is now in a position to give back to the community. As part of their social responsibility, they donate some of their produce to two early learning centres in Motswedi Village.

# HELEN MELON PROPERTIES



**Location: Knysna, Western Cape** 

Seda branch: Knysna



Lianda Landman is a great credit to Seda. She was a pleasure to deal with, is extremely efficient, professional and her advice and wisdom contributed enormously to the exponential growth of Helen Melon Properties.



Helen Melon Properties is an estate agency that was started in 2013 and is located in Plettenberg Bay along the Garden Route. The business offers a professional service to both buyers and sellers for residential properties below R2 million. This segment accounts for approximately 75% of annual sales in Plettenberg Bay. Over the past year, Helen Melon has built up a very good reputation in the local community, and as a result, has attracted many high-end properties in the R5 million+ bracket.

#### **CHALLENGES**

Although the owner and principal of Helen Melon properties has extensive experience in all aspects of property, she realised that building a business is a slow and challenging process that requires a great deal of focused marketing effort and investment. This is especially true in a competitive market such as the property industry. With this realisation, Helen approached Seda in 2014 to assist her business in raising awareness and establishing her brand.

#### SEDA'S INTERVENTION

Seda assisted the client to bring their innovative, cheeky and fresh brand to life through various marketing avenues through the printing of the Helen Melon Properties Times that was given to prospective clients. This was especially effective during the holiday season when individuals elsewhere in the country are visiting the Garden Route and considering purchasing property.

- The business had an increase in sales of over 4 000% year-on-year which in turn led to the business being able to move from a net loss to a net profit position.
- The business was also able to increase their employment from 2 to 6 staff members.





# BIG SKY TRADING 333 (PTY) LTD t/a EXCELLENCE MOTOR TRIMMERS



**Location: Pretoria, Gauteng** 

Seda branch: Tshwane



Words cannot express our gratitude, keep on shining.



#### BACKGROUND

Big Sky Trading 333 (Pty) Ltd is a business situated in Hatfield, Pretoria. The business started its operation in 2008. Excellence Motor Trimmers is a leather fitment company that deals with replacing cloth on car seats with leather. The business also specialises in replacing vehicle carpets, roof lining and covering steering wheels with leather as well as doing repairs on cloth, leather and vinyl.

#### **CHALLENGES**

- Excellence Motor Trimmers previously used manual machines to perform everyday work for stitching leather for interior fitment.
- Other challenges were that the machines used 100% electricity, which was expensive and the machines were a bit slow and sometimes it was difficult to penetrate through hard objects.
- Lastly, due to the costly slow production, clients were inconvenienced. Daily targets were not met due to the above obstacles.

#### SEDA'S INTERVENTION

- The business entered the (TTF) Technology Innovation sponsor programme. They got sponsored on all listed equipment they needed to grow the company and reach the goal of creating more job opportunities.
- the dti provided the business with tool kits, compressors and sewing machines that use 70% power from an air compressor and 30% from electricity. This gives the machines power to penetrate easily into hard objects such as leather and are more efficient.

#### THE OUTCOME

- The revenue increased by 75% in the year ending 2014.
- The support given to Excellence Motor Trimmers by Seda has allowed the company to grow from 13 employees before the Technology Transfer Fund and to a total of 35 employees which is an increase of 22 people.



# GULP DESIGN (PTY) LTD



**Location: Gauteng** 

**Business Sector: Manufacturing and design in the wood product sector** 



Being a part of the incubation programme has given me the opportunity to grow my business organically. Not having to rush into business and not having the burden of big financial debt has allowed me to build a brand that is recognisable to our client market.





#### **BACKGROUND**

Gulp Design is a collaborative entity comprising of two uniquely talented and diverse individuals, a furniture craftsman (Phillip Hollander of Houtlander, Johannesburg) and wonderfully talented and aspiring designer (Linda Thusi of LTJ Projects, Durban).

LTJ Africa Projects is owned by Linda Thusi who worked as a medical doctor for seven years before she finally gave in to her artistic abilities and decided to give furniture manufacturing a try. She, therefore, registered for a furniture manufacturing training programme at Furntech and upon completion, entered the Furntech Incubation Programme in April 2015.

Houtlander was started by Phillip Hollander, while still a student in a small carpentry workshop in a garage creating furniture for family and friends. With the help of some good old fashioned word of mouth marketing, the limited capacity that the garage offered was soon exceeded and after doing a few bigger projects it soon became clear that there was a demand for his custom-made furniture. In May 2013, Houtlander entered the Furntech Incubation Programme.

#### **CHALLENGES**

Synonymous with other start-ups in the wood and wood products sector, some of the key challenges that the businesses faced at inception included:

- Access to affordable business premises;
- Access to infrastructures such as specialised machinery and equipment;
- Access to capital and markets;
- Access to technical skills;
- Access to affordable training opportunities; and
- Access to network and linkages.

#### SEDA'S INTERVENTION

- Furntech's Incubation Programme provided the business with an opportunity to start in a protected environment by providing a lockable unit, access to a workshop, administrative services, business and technical support.
- Support and services provided by Furntech included the provision of technical training, development of a detailed business plan, access to a fully equipped workshop with specialised machines, business and technical mentoring, legal and legislative compliance, network and linkage facilitation, access to a showroom, access to design programmes and international exposure.



#### THE OUTCOME

- Since joining the Furntech Incubation Programme, LTJ Projects has achieved a turnover of R270 000 and facilitated the creation of 2 permanent jobs.
- Since joining Furntech Incubation Programme, Houtlanders has achieved a turnover to date of R1.6 million and has facilitated the creation of 2 permanent jobs and 8 casual jobs.
- In 2015, Phillip and Linda jointly pitched for a project administered by Seda Technology Programme for the design, supply and installation of furniture and fittings for the rollout of Rapid Incubation Centres at TVET Colleges around the country. The combination of the design and manufacturing expertise saw the pair being awarded the project for 9 TVET Centres at a contract value of R4.9 million in January 2016 and thus the birth of Gulp Design.









# ACCOUNTING AUTHORITY

#### INTRODUCTION

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity's enabling legislation, corporate governance with regards to public entities is applied through the precepts of the PFMA and run in tandem with principles contained in the King Report on Governance for South Africa and the King Code of Governance Principles (King III). Parliament, the Executive and the Boards of Seda are responsible for corporate governance.

#### **EXECUTIVE AUTHORITY**

The Minister of Small Business Development (DSBD) is the executive authority of Seda and performs an oversight role which rests largely on the prescripts of the PFMA. As Seda's executive authority, the DSBD has the power to appoint and dismiss Board Members and the CEO. It also ensures that the appropriate mix of executives and non-executive directors are appointed and that directors have the necessary skills to guide Seda.

Seda submits the following reports to the executive authority on an annual basis: strategic, business and annual performance plans for approval together with budgets to complement Seda's strategic plans. During the 2015/16 financial year, Seda submitted three quarterly performance reports and an annual performance report for 2015/16 as required by the executive authority.





# REPORT OF THE ACCOUNTING AUTHORITY

We have pleasure in presenting the audited annual financial statements, which form part of the annual report of Seda for the period ended 31 March 2016.

#### **NATURE OF BUSINESS**

Seda was established in December 2004 by the South African government as the national small business development agency under the dti. In 2014, Seda's mandate and functions were transferred from the dti to the DSBD. Functions of Seda have been set forth in the revised National Small Business Amendment Act, amended by Act 29 of 2004, as follows:

- Implement the national government policy for small enterprise development;
- Design and implement a standard national delivery network that applies uniformly throughout the Republic for small enterprise development 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 function.

Seda is listed as a Schedule 3A National Public Entity in terms of the Public Finance Management Act (PFMA), Act No. 1 of 1999, as amended.





#### SEDA'S BUSINESS MODEL

The following are Seda's core offerings:

- Business registrations;
- Business planning;
- Business advice, counselling and training;
- Facilitation of access to finance;
- Facilitation of access to markets;
- Co-operative support;
- Targeted small enterprise training, and
- Access to technology (done through the Seda Technology Programme).

Seda also assists small enterprises through a number of sector-specific and national programmes.

#### TARGET MARKET

Seda's target market covers small, medium and micro enterprises (SMME), including co-operatives, as well as potential entrepreneurs with a business idea. Seda defines its clients according to the number of employees employed by an enterprise.

| MEDIUM     | 51 - 200 |
|------------|----------|
| SMALL      | 21 - 50  |
| VERY SMALL | 6 -20    |
| MICRO      | 0 - 5    |



Historically, Seda has primarily focused on the micro and very small segments of the SMME sector, due to the sheer volumes and the number of people who want to start a business. The outputs in terms of clients assisted have been huge, but this has come at a cost on impact measures such as employment, profitability and sustainability of assisted clients.

To maximise impact, the organisation has implemented a number of initiatives. Firstly, Seda has embedded a model that aims to work with small enterprises over a longer period, as opposed to once-off interventions. This model, which is called the client-journey model, is based on research that shows a strong correlation between long-term support and impact i.e. increase in turnover and number of people employed. Secondly, the organisation has prioritised the upper-end of the small enterprise sector, i.e. the businesses employing between 21 and 200 people as the market segment with job creation potential.

Needs analysis has been conducted on these clients and relevant programmes have been identified. These programmes include supplier development, mentorship and coaching, access to markets, incubation, technology transfer, conformity assessment and standards. This change in focus to the upper-end of the small enterprise segment is affirmed by a number of studies and plans.





#### **LOCAL DELIVERY**

To ensure effective delivery, Seda has created a network of 9 provincial offices, 58 branches, including satellite offices, 19 mobile units and 59 co-location points at local municipalities and Seda partners, where prospective and existing clients have access to a physical office, staffed by competent staff with the necessary tools and systems. Provincial offices play a co-coordinating role while actual delivery happens at the branches. Mobile units enhance outreach in some underrepresented areas and are primarily used for information, counselling and referrals to Seda branches or approved service providers.

Our Seda Technology Programme incubates and offers technological and business support to SMMEs through a network of 57 sector specific incubators.

#### **FUNDING MODEL**

The majority of Seda's funding was from the DSBD (87.7%) by means of a parliamentary grant and funding of specific programmes and projects of about 9%. Total funding from the DSBD is 97%.

Provincial and local governments contributed 1.1% of Seda's 2015/16 revenue; and 2.1 % of the revenue was generated through interest earned.



#### SUPPORTING LOCAL ECONOMIES

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

#### **AUDITED FINANCIAL RESULTS**

|                                  | 2016<br>R'000 | 2015<br>R'000 |
|----------------------------------|---------------|---------------|
| Total revenue                    | 695,723       | 713,353       |
| Total expenditure                | (742,663)     | (645,243)     |
| Surplus / (Deficit) for the year | (46,940)      | 68,110        |
| Total Assets                     | 242,576       | 324,043       |
| Total Liabilities                | (178,103)     | (212,630)     |

#### FINANCIAL PERFORMANCE

Seda's total revenue decreased from R 713.352 million to R 695.723 million due to a decreased budget allocation from DSBD and as a result of budget cuts generally experienced in the public sector. Whilst Seda reported surpluses in the previous financial years, during this reporting period, the organisation incurred a deficit, due to an increase in total expenditure, utilising surplus funding from 2013/14 and 2014/15 as approved by National Treasury.





#### FINANCIAL POSITION

Total assets decreased by R79.44 million, due to the decrease in cash and cash equivalents. The total liabilities also decreased by R34.53 million as a result mainly of a decrease in accounts payable. The total assets: total liabilities ratio, at 1.37:1, has been maintained above the norm of 1:1.

#### **CAPITAL EXPENDITURE**

Expenditure on capital items of R35.55 million was for maintenance of existing operations, including refreshing and upgrading the ICT infrastructure.

#### **CASH FLOW**

The net cash flows used in operations were R50.79 million, an increase from 2015 where there were net cash flows from operating activities amounting to R17.79 million. Net cash used in investing activities amounted to R33.78 million due to purchase of assets. Cash and cash equivalents for the 2015/16 financial year amounted to R177.99 million, a decrease of R95.76 million as compared to 2014/15.

#### EVENTS SUBSEQUENT TO REPORTING DATE

None.



#### **EXECUTIVE MANAGEMENT**

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

- Managing implementation of Seda's strategy and performance in line with the business plan;
- Setting objectives for Seda's operational management and administration;
- Developing, implementing and maintaining policies; procedures and internal controls;
- Providing management direction;
- Preparing and reviewing business plans and budgets;
- Making key expenditure decisions; and
- Making decisions with respect to staffing and related issues.

#### NUMBER OF EMPLOYEES

The number of staff employed as at 31 March 2016 was 618 and an additional 39 contract staff.





#### FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure in the amount of R680.573 was incurred during the year under review as a result of an overcharge by a service provider of R152.861, misconduct conducted by staff members of R452.335 and interest paid to various service providers as statements were received late of R69 179 and alleged theft of R6 198.

#### MANAGEMENT RESPONSE

Management has continued improving the organisation's control environment with the aim of eliminating contraventions of policies and procedures.

#### MATERIALITY FRAMEWORK

For the 1 April 2015 to 31 March 2016 period, Seda's materiality was  $\pm$  1% of the total budgeted expenditure. Material facts of a quantitative nature that need to be disclosed would refer to any item discovered that exceeds this percentage.



#### MANAGEMENT CHANGES

Ms. Prudence Gwala-Mahaye was appointed as the Executive Manager: Corporate Services from May 2015. Mr. Sibusiso Kunene, Executive: Enterprise Development Division, retired at the end of December 2015. Mr. Lusapho Njenge, the Chief Strategy and Information Officer acted as the Chief Executive Officer (CEO) from August 2015 and Ms. T Dlamini, Senior Manager: Strategy and Organisational Performance Management, acted as Chief Strategy and Information Officer from August 2015. Ms Nosipho Khonkwane, Executive Manager: Seda Technology Programme acted as Executive Manager: Enterprise Development Division from January 2016. Mr. Tervern Jafta, Senior Manager Incubation, acted as Executive Manager: Seda Technology Programme.

#### **CONTROL ENVIRONMENT**

The Audit and Risk Committee has been fully functional during the 2015/16 financial year and several internal audits were conducted throughout the year. The audit findings were discussed and action plans implemented.

#### STATEMENT OF RESPONSIBILITY

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





- The Public Finance Management Act (PFMA), Act 1 of 1999, as amended; and
- Standards of Generally Recognised Accounting Practice (GRAP).

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

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

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





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

#### **COMPOSITION OF SEDA BOARD**

Seda was established in terms of Section 9 (1) of the National Small Enterprise Act (Act 102 of 1996), as amended in 2004. The organisation is driven by the Board, which is the highest decision-making body within the organisation. The Board members are appointed by the Minister of Small Business Development for a three-year term and the Board comprises of a non-executive chairperson, deputy chairperson and members, with the Chief Executive Officer (ex officio) the only executive member. The offices of the Board Chairperson and the Chief Executive Officer are separated.

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

In keeping with the recommendations of the King III Report, the Board adopted a Board charter, which sets out the role of the Board. The Board's primary responsibilities include determining Seda's objectives and giving strategic direction to the organisation, taking effective and appropriate steps to ensure that key risk areas and key performance indicators of Seda's business are identified, monitoring the performance of Seda against agreed objectives and, among others:

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



| NAME                    | DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE) | PERIOD      | QUALIFICATION   | AREA OF EXPERTISE   | BOARD DIRECTORSHIPS   | OTHER COMMITTEES<br>OR TASK TEAMS   |
|-------------------------|---|-------------|---|---|---|---|
| Dr Ivor<br>Zwane        | Board<br>Chairperson<br>(M.inst.D)                          | 2013 – 2016 | PhD Chemistry Wits University M S Chemistry University of Notre Dame (USA) BSc. Hons. Chemistry BSc. Computer Science and Chemistry University of Fort Hare   | Business strategy and organisational management Stakeholder relations management Social entrepreneurship Mentoring and coaching | Board Director<br>Free State Investment<br>Promotion Agency | Strategy and<br>Organisational<br>Performance Comm.   |
| Dr Marius<br>Venter     | Board Deputy<br>Chairperson<br>(M.inst.D)                   | 2013 -2016  | D Com Economics M Med Economics B Com Hons Economics B Com (Law) Rand Afrikaans University  | Economic development Strategic planning Entrepreneurship Project management Organisational development Change management        |   | Human Resources<br>and Remuneration<br>Comm.<br>Audit and Risk<br>Comm.   |
| Mr Dennis<br>Thabaneng  | Member<br>(M.inst.D)  | 2014 – 2016 | MSC Management Arthur D Little, Boston, USA Honours B Com Business Economics University of Zululand B Com Business Economics, Economics, Industrial Psychology ND Medical Technology Pathology Laboratory Services/ King Edward Viii Hospital, Durban | Infrastructure development and funding Entrepreneurial development Business management Business strategy Corporate governance   |   |   |
| Ms Precious<br>Lugayeni | Member<br>(M.inst.D)  | 2014 – 2016 | M Ed Economics Education B Ed (Cum Laude) B A (First Class) University of Zululand Higher Diploma Education (Post Graduate) University of Natal   | Education and training<br>Economic development<br>Trade and investment<br>Organisational strategy                               |   | Chairperson - Human<br>Resources and<br>Remuneration Comm.<br>Strategy and<br>Organisational<br>Performance Comm. |

| NAME                     | DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE) | PERIOD   | QUALIFICATION  | AREA OF EXPERTISE  | BOARD DIRECTORSHIPS  | OTHER COMMITTEES<br>OR TASK TEAMS  |
|--------------------------|---|--|--|--|--|--|
| Mr Johannes<br>Lesejane  | Invitee<br>(M.inst.D)                                       | 2016 – 2019  | CA (SA) Fellow Chartered Management Accountant (UK) Hons. BCompt B Com Certificate in Control Self-Assessment (CCSA)   | Internal and external auditing Enterprise risk management Financial accounting Management accounting Taxation Mergers and acquisition Business continuity                    | Insurance Corporation<br>Ltd (ECIC)<br>National treasury Audit<br>Committee  | Audit and Risk<br>Committee  |
| Mr Thakhani<br>Makhuvha  | Member<br>(M.inst.D)  | 2013 – till<br>end of<br>employment<br>as Sefa CEO | MA Financial Management University of Johannesburg B Comp. Hons. UNISA B Com Accounting University of Venda Leadership Development Programme GIBS International training exposures includes: - Special Global Institute of Leadership Development (GILD) programme in Palm Desert, California USA - Advanced Risk and Portfolio Management - Risk Capital and Operational Risk Management training | Corporate finance Risk management Credit management Corporate governance Strategic planning Business continuity Small business development Private equity Investment banking | Ex-Officio: Sefa   | Strategy and Organisational Performance Comm. Audit and Risk Comm.   |
| Ms Zanele<br>Monnakgotla | Member<br>(M.inst.D)  | 2015 - 2018  | Masters in Finance<br>B. Comm Degree and LLM<br>WITS University  | Financial management   | Board Member: Foskor<br>Chairperson: SAINE<br>Member:NACI<br>Head Innovation, Member<br>IDC's Change Management<br>Committee | Human Resources<br>and Remuneration<br>Comm.<br>Strategy and<br>Organisational<br>Performance Comm.<br>Audit and Risk<br>Comm. |



| NAME                  | DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE) | PERIOD      | QUALIFICATION  | AREA OF EXPERTISE   | BOARD DIRECTORSHIPS   | OTHER COMMITTEES<br>OR TASK TEAMS  |
|-----------------------|---|-------------|--|---|---|--|
| Mr Mojalefa<br>Mohoto | Member<br>(DSBD)<br>(M.inst.D)                              | 2008 - date | MA in Public and Development Management Postgrad Diploma in Development Management WITS University BA Degree VISTA University  | Enterprise Development Policy co-ordination   | Non-executive Director: Sefa Non-Executive Director: SAMAF Non-Executive Director: FASA Committee Member: South African Chamber of Commerce and Industry Small Business Committee Board member: Co- operatives Incentive Scheme Panel member: Technology for Women in Business [TWIB] | Strategy and<br>Organisational<br>Performance Comm.  |
| Ms Anjue<br>Hirachund | Member<br>(M.inst.D)  | 2015 - 2018 | MBA WITS University MDP UNISA Dip Quality Management Diploma Production Management Damelin N.Dip Chemical Engineering Technikon Natal  | Strategic Leadership Financial Management and Accounting Principles and Systems Operations Management | Board Member: National<br>Regulator for Compulsory<br>Specification - (NRCS)  | Human Resources<br>and Remuneration<br>Comm.<br>Strategy and<br>Organisational<br>Performance Comm.<br>Audit and Risk<br>Comm. |
| Mr Lusapho<br>Njenge  | Seda ACEO<br>(M.inst.D)                                     | 2015 - 2016 | B Com Financial Management Vista University PGD: Monitoring and Evaluation Methods MPhil -Future Studies Stellenbosch University M Com - Information Systems Wits University | Strategic Planning<br>Monitoring and Evaluation<br>Infromation Systems                                |   | Ex-Officio   |

#### **BOARD SECRETARIAT**

The Board secretariat provides Board members with guidance and advice on good governance, ethics, as well as on the nature and extent of their duties and responsibilities and how such duties should be properly discharged. Each of the Board members has unrestricted access to the advice and services of the Board secretariat team and to organisational information.

#### **BOARD SUB-COMMITTEES**

The Board has several committees to assist in the discharge of its duties. Each committee operates within 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 every quarter in a year and is chaired by an independent non-executive Board member who is not the chairperson of the Board.

The external and internal auditors have unrestricted access to the committee. Appropriate executive and senior managers attend these meetings by invitation. The committee has agreed terms of reference approved by the Board. The report of the Audit and Risk Committee is included in the annual financial statements. The committee reviews the effectiveness of the organisation's internal control systems. The organisation's top 10 risks are identified and its responses thereto reviewed regularly by the Committee.



#### REMUNERATION AND HUMAN RESOURCES COMMITTEE

This committee is chaired by a non-executive Board member and comprises non-executive Board members appointed by the Board. This committee, which sits every quarter, is responsible for formulating the human resources strategy and policies.

#### STRATEGY AND ORGANISATIONAL PERFORMANCE COMMITTEE

The committee plays an important role in monitoring and evaluating compliance with strategic objectives and evaluates achievement of targets set out in the strategy by monitoring project reports. The committee is chaired by an independent non-executive Board member and comprises non-executive Board members appointed by the Board.

#### **CODE OF ETHICS**

Seda's Board members, management and employees recognise the need for the highest standards of behaviour and business ethics. All directors and employees are expected to abide by the law and the highest standards of propriety and to comply with Seda's code of ethics. Seda is committed to compliance and good corporate governance.

#### INTERNAL CONTROLS

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







### Codes of Reference for the Attendance Register

✓ Attendance
 R Resignation
 NYA Not yet appointed
 A Apology
 CMC Committee membership changed
 TSF Term of service finished

**★** Absent **N/A** Recused

# **SEDA BOARD**

|  | 29 MAY<br>2015 | 31 JULY<br>2015 | 27 AUGUST<br>2015 | 29 OCTOBER<br>2015 | 03 DECEMBER<br>2015 | 23 MARCH<br>2016 |
|--|----------------|-----------------|-------------------|--------------------|---------------------|------------------|
| Dr Ivor Zwane (Chairperson)              | ✓              | <b>√</b>        | ✓                 | <b>√</b>           | <b>√</b>            | ✓                |
| Dr Marius Venter (Deputy<br>Chairperson) | ✓              | <b>√</b>        | A                 | <b>✓</b>           | <b>√</b>            | ✓                |
| Precious Lugayeni                        | ✓              | ✓               | ✓                 | <b>√</b>           | <b>√</b>            | ✓                |
| Dennis Thabaneng                         | ✓              | ✓               | ✓                 | <b>√</b>           | <b>√</b>            | ✓                |
| Thakhani Makhuvha                        | ✓              | ✓               | ✓                 | ✓                  | <b>√</b>            | ✓                |
| Joe Lesejane                             | ✓              | ✓               | ✓                 | <b>√</b>           | A                   | A                |
| Mojalefa Mohoto                          | A              | ✓               | ✓                 | A                  | A                   | ✓                |
| Sipho Zikode                             | ✓              | ✓               | R                 | R                  | R                   | R                |
| Anjue Hirachund                          | NYA            | NYA             | NYA               | <b>✓</b>           | <b>√</b>            | ✓                |
| Zanele Monnakgotla                       | NYA            | NYA             | NYA               | ✓                  | <b>√</b>            | ✓                |
| Lusapho Njenge                           | NYA            | NYA             | ✓                 | ✓                  | <b>√</b>            | ✓                |

# **AUDIT AND RISK COMMITTEE**

|                               | 29 MAY<br>2015 | 31 JULY<br>2015 | 27 AUGUST<br>2015 | 29 OCTOBER<br>2015 | 03 DECEMBER<br>2015 | 23 MARCH<br>2016 | 22 MARCH<br>2016 |
|-------------------------------|----------------|-----------------|-------------------|--------------------|---------------------|------------------|------------------|
| Joe Lesejane<br>(Chairperson) | <b>~</b>       | A               | ✓                 | A                  | <b>✓</b>            | A                |                  |
| Dennis Thabaneng              | <b>√</b>       | <b>√</b>        | ✓                 | ✓                  | <b>√</b>            | ✓                | ✓                |
| Dr Marius Venter              | ✓              | <b>√</b>        | ✓                 | ✓                  | <b>√</b>            | ✓                | <b>√</b>         |
| Thakhani Makhuvha             | A              | <b>√</b>        | R                 | R                  | <b>✓</b>            | ✓                | A                |
| Koos Roelofse                 | ✓              | <b>√</b>        | ✓                 | A                  | <b>✓</b>            | ✓                | A                |
| Sipho Zikode                  | ✓              | <b>✓</b>        | R                 | R                  | R                   | R                | R                |
| Lusapho Njenge                | NYA            | NYA             | <b>√</b>          | A                  | <b>✓</b>            | A                | <b>√</b>         |
| Anjue Hirachund               | NYA            | NYA             | NYA               | ✓                  | <b>✓</b>            | ✓                | <b>√</b>         |
| Zanele Monnakgotla            | NYA            | NYA             | NYA               | <b>✓</b>           | <b>✓</b>            | <b>✓</b>         | <b>✓</b>         |

# JOINT AUDIT AND RISK COMMITTEE MEETING WITH SOPC MEMBERS IN ATTENDANCE

|                           | 24 MAY 2015 | 30 JULY 2015 |
|---------------------------|-------------|--------------|
| Precious Lugayeni         | A           | ✓            |
| Mojalefa Mohoto           | ✓           | A            |
| Patrick Mtsweni (dti rep) | R           | R            |
| Ivor Zwane                |             | ✓            |



# STRATEGY AND ORGANISATIONAL PERFORMANCE COMMITTEE

|                                   | 28 JANUARY<br>2015 | 25 MAY 2015 | 30 JULY 2015 | 29 OCTOBER<br>2015 | 18 NOVEMBER<br>2015 | 28 JANUARY<br>2016 |
|-----------------------------------|--------------------|-------------|--------------|--------------------|---------------------|--------------------|
| Dennis Thabaneng<br>(Chairperson) | ✓                  | ✓           | ✓            | ✓                  | ✓                   | ✓                  |
| Dr Ivor Zwane                     | <b>✓</b>           | ✓           | <b>✓</b>     | A                  | <b>✓</b>            | ✓                  |
| Precious Lugayeni                 | <b>✓</b>           | ✓           | ✓            | ✓                  | <b>✓</b>            | ✓                  |
| Thakhani Makhuvha                 | <b>✓</b>           | A           | <b>✓</b>     | <b>√</b>           | <b>✓</b>            | ✓                  |
| Mojalefa Mohoto                   | A                  | A           | ✓            | A                  | <b>✓</b>            | ✓                  |
| Sipho Zikode                      | <b>✓</b>           | ✓           | ✓            | R                  | R                   | R                  |
| Lusapho Njenge                    | NYA                | NYA         | NYA          | ✓                  | A                   | ✓                  |
| Anjue Hirachund                   | NYA                | NYA         | NYA          | ✓                  | ✓                   | ✓                  |
| Zanele Monnakgotla                | NYA                | NYA         | NYA          | ✓                  | <b>✓</b>            | ✓                  |

# **HUMAN RESOURCE COMMITTEE**

|                    | 13 MAY<br>2015 | 18 JUNE<br>2015 | 19 AUGUST<br>2015 | 14 OCTOBER<br>2015 | 23 OCTOBER<br>2015 | 19 NOVEMBER<br>2015 | 09 MARCH<br>2016 |
|--------------------|----------------|-----------------|-------------------|--------------------|--------------------|---------------------|------------------|
| Precious Lugayeni  | ✓              | <b>✓</b>        | ✓                 | ✓                  | ✓                  | ✓                   | ✓                |
| Dennis Thabaneng   | <b>√</b>       | <b>✓</b>        | <b>√</b>          | ✓                  | ✓                  | ✓                   | <b>✓</b>         |
| Dr Marius Venter   | ✓              | <b>✓</b>        | <b>√</b>          | A                  | <b>√</b>           | ✓                   | ~                |
| Sipho Zikode       | ✓              | ✓               | R                 | R                  | R                  | R                   | R                |
| Lusapho Njenge     | NYA            | NYA             | <b>√</b>          | ✓                  | <b>✓</b>           | ✓                   | <b>✓</b>         |
| Anjue Hirachund    | NYA            | NYA             | NYA               | ✓                  | <b>√</b>           | ✓                   | ~                |
| Zanele Monnakgotla | NYA            | NYA             | NYA               | ✓                  | <b>✓</b>           | ✓                   | <b>✓</b>         |



# AUDIT AND RISK COMMITTEE REPORT

The audit committee is regulated by its approved terms of reference and has discharged its responsibilities set out therein.

The audit committee has, amongst others, reviewed the following:

- The effectiveness of the internal control systems;
- The effectiveness of the internal audit function;
- The risk areas of the entity's operations covered in the scope of internal and external audits;
- The adequacy, reliability and accuracy of financial information provided by management for users of such information:
- Accounting and auditing concerns identified as a result of internal and external audits:
- The entity's compliance with legal and regulatory provisions;
- The activities of the internal audit function, including its annual work programme, co-ordination with the external auditors, the reports of significant investigations and the response of management to specific recommendations; and
- The independence and objectivity of both internal and external auditors.

The audit committee is of the opinion, based on the information and explanations given by management, the internal auditor, and discussions with the independent external auditor (Audit General SA) on the result of its audit, that the internal accounting controls may be relied on for preparing the annual financial statements and that accountability for assets and liabilities is maintained.

Nothing significant has come to the attention of the audit committee to indicate that any material breakdown in the functioning of these controls, procedures and systems occurred during the year under review. The audit committee has evaluated the annual financial statements of the Seda for the year ended 31 March 2016 and, based on the information provided to it, considers that they comply, in all material respects, with the requirements of the PFMA, and the basis of preparation as set out in the accounting policies in note 1 of the annual financial statements. The audit committee concurs that the adoption of the going concern assertion in the preparation of the annual financial statements is appropriate. The audit committee has also noted the report of the Auditor General SA and will advise the Seda Board on the appropriate ways to deal with the internal control issues.

The audit committee recommended, at its meeting held on 26July 2016, the adoption of the annual financial statements to the Seda board, and these financial statements were approved by the board and the AG management report noted as well.



Mr Motshwanedi Lesejane

Chairperson of the Audit Committee

Seda

Date: 26 July 2016







We believe that when the right talent, meets the right opportunity, in a company with the right philosophies, amazing transformation can happen.

- Ried Hoffman & B Casnocha



#### INTRODUCTION

People are most productive when the working environment reflects a caring and supportive management culture. The Human resources function is an important catalyst in ensuring that our employees remain motivated, focused and committed. In addition to Seda's efforts to encourage, support and facilitate the acquisition of qualifications and the development of competencies by our staff; the focus was also on enhancing wellness intervention in the workplace, to ensure a holistic approach to people management for optimal organisational performance.

#### RECRUITMENT

Seda continues to focus on effective ways of attracting, recruiting and retaining suitable candidates with the right skills, knowledge and attributes for the positions into which they are appointed. Our on boarding process further ensures that the new recruits settle in their positions quickly and commence their contribution to the organisations performance in the shortest possible time. The drive to recruit candidates for the re-alignment project was completed successfully, all employees who were affected by the realignment process were placed in line with the migration and placement framework.

This ensured that the vision and strategic objectives of Seda are properly aligned with the organisational structure for maximum delivery of government strategic intent and support SMMEs and co-operatives in South Africa. This financial year the organisation worked tirelessly to ensure that the vacancy rate is reduced to acceptable levels. Seda's objective is to ensure that all approved positions are filled thereby improving the organisations performance. At the end of the financial year the vacancy rate stood at 7.8% which was 5 % below the set target.

#### **EMPLOYEE RELATIONS AND WELLNESS**

Seda recognises that the pace and pressures of today's corporate environment are such that employees and their families do need wellness support on occasion to cope. Seda has the wellness of employees at heart, and in support of this caring organisational culture and in terms of the employee wellness policy, Seda has contracted a renowned service provider to assist employees with a wide range of personal and work-related problems.

#### PERFORMANCE MANAGEMENT

The consistency of the performance of Seda's staff is key in achieving its strategic goals. We believe that good performance should be recognised and rewarded. Seda staff members were appraised and rewarded in terms of a performance management system. Seda views its employees as one of its most valuable assets and will continue to invest in growing both the breadth and depth of skills in the organisation.

#### PLANS FOR THE FUTURE PLANS

Seda recognises and believes that its people are an essential driver of performance and hold the key to its ability to operate efficiently. To this end, the focus of HR Function will be positioning itself as a strategic business partner to the rest of the organisation.

The following strategic key deliverables will include:

- Develop a Talent Management Framework (career pathing & succession planning);
- Review the Change Management Framework;
- Conduct Skills Development Audit;
- Finalise the Job Profiling Project;
- Develop an internship framework programme;
- Register with SETA and develop a Workplace Skills Plan for 2017/2018; and
- Initiate an Executive Coaching programme.

#### **BEST COMPANY TO WORK FOR (BCTWF)**

In the 2015/16 financial year the organisation participated in the Deloitte's Best Company to Work for (BCTWF) survey. The objective was to use the results as a strategic tool that will assist to position Seda as an employer of choice. Through participating in this survey, the organisation gained valuable insights into the reported employment priorities and experiences of employees. This information will serve to optimise the overall employment experience, thereby enhancing the organisation's performance. The results of the survey reflect that Seda obtained a bronze status. The ultimate goal of the organisation is to ensure that areas of concern are addressed which will result in Seda being a recognised employer of choice.



# HUMAN RESOURCE REPORT 2015/16

# STAFF COMPOSITION AND EMPLOYMENT EQUITY

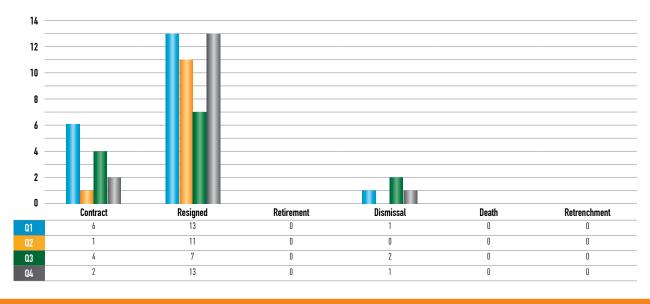
Table 1: Staff composition by business unit at 31 March 2016

| NAME OF DIVISION/<br>PROVINCE       | TOTAL STAFF<br>LIST AT<br>31 MARCH<br>2016 | CONTRACT<br>STAFF | NUMBER AF<br>VACANCIES<br>AT 31 MARCH<br>2016 | TOTAL<br>APPROVED<br>POSTS | % VACANCY<br>RATE AS % OF<br>TOTAL POSTS<br>31 MARCH 2016 |
|-------------------------------------|--|-------------------|---|----------------------------|---|
| Chief Executive Officer             | 24   | 0                 | 2   | 26                         | 7.69%   |
| Corporate Services                  | 42   | 0                 | 5   | 47                         | 10.6%   |
| Enterprise Development<br>Division  | 35   | 3                 | 1   | 36                         | 2.78%   |
| Finance                             | 27   | 0                 | 1   | 28                         | 3.57%   |
| Seda Technology Programme           | 28   | 1                 | 1   | 29                         | 3.45%   |
| Strategy and Information Management | 23   | 0                 | 2   | 25                         | 8.0%  |
| Total National Office               | 179  | 4                 | 12  | 191                        | 6.28%   |
| Eastern Cape                        | 52   | 5                 | 4   | 56                         | 7.14%   |
| Free State                          | 55   | 0                 | 4   | 59                         | 6.78%   |
| Gauteng                             | 25   | 21                | 1   | 26                         | 3.85%   |
| KwaZulu-Natal                       | 56   | 0                 | 6   | 62                         | 9.68%   |
| Limpopo                             | 45   | 0                 | 5   | 50                         | 10.0%   |
| Mpumalanga                          | 51   | 0                 | 3   | 54                         | 5.56%   |
| Northern Cape                       | 45   | 9                 | 4   | 49                         | 8.16%   |
| North West                          | 49   | 0                 | 3   | 52                         | 5.77%   |
| Western Cape                        | 61   | 0                 | 15  | 66                         | 22.73%  |
| Total Provincial                    | 439  | 35                | 45  | 474                        | 9.49%   |
| Grand Total                         | 618  | 39                | 47  | 665                        | 9.32%   |

Table 2: Staff employment by occupational category and levels as at 31 March 2016

| OCCUPATIONAL CATEGORY       | MALES |      |      |      | FEMALES |       |      |      |      | FOREIGN NATIONALS |       | TOTAL   |       |
|-----------------------------|-------|------|------|------|---------|-------|------|------|------|-------------------|-------|---------|-------|
| UCCUPATIONAL CATEGORY       | A     | C    | 1    | W    | TOTAL   | A     | C    | - 1  | W    | TOTAL             | MALES | FEMALES | TOTAL |
| Top Management              | 2     | 0    | 0    | 0    | 2       | 2     | 0    | 0    | 0    | 2                 | 0     | 0       | 4     |
| Senior Management           | 9     | 4    | 0    | 2    | 15      | 8     | 1    | 0    | 2    | 11                | 0     | 0       | 26    |
| Middle Management           | 36    | 3    | 1    | 3    | 43      | 25    | 2    | 0    | 5    | 32                | 0     | 0       | 75    |
| Skilled Workers             | 149   | 9    | 3    | 11   | 172     | 136   | 9    | 7    | 15   | 167               | 0     | 2       | 339   |
| Semi-Skilled Workers        | 13    | 1    | 0    | 0    | 14      | 138   | 14   | 0    | 8    | 160               | 0     | 0       | 174   |
| Grand Total                 | 209   | 17   | 4    | 16   | 246     | 309   | 26   | 7    | 30   | 372               | 0     | 2       | 618   |
| Employees with disabilities | 1     | 2    | 1    | 0    | 4       | 0     | 0    | 0    | 0    | 0                 | 0     | 0       | 4     |
| Percentage Total            | 33.82 | 2.75 | 0.65 | 2.59 | 39.81   | 50.00 | 4.21 | 1.13 | 4.85 | 60.19             | 0     | 0.32    | 100   |

Table 2 statistics indicate that female employees are still in the majority at 60.19%. Vacancies are being filled through the normal recruitment process. The recruitment plan to reach the organisation's target of 50% will need to be informed by the Employment Equity Plan to ensure that set objectives are achieved.





The graph on the previous page illustrates the number (61) of staff that has left the organisation during the 2015/16 financial year. Quarterly statistics are reported on this graph. The annual turnover rate is a percentage of terminations in relation to total number of staff of the organisation which is slightly above the 12% target.



The graph above illustrate the total staff movement per quarter.



### HIV/AIDS HEALTH PROMOTION PROGRAMMES AND LABOUR RELATIONS

Table 3: HIV/AIDS Health Promotion Programmes

| QUESTION   | YES      | NO | DETAILS, IF YES   |
|--|----------|----|---|
| Does the entity have a dedicated unit or has it designated specific staff members to promote health and wellbeing of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose. | <b>~</b> |    | Organisation has a dedicated EWP Unit, and has<br>employed a Wellness Consultant who provides<br>support to National and Provincial Office staff.<br>Annual Budget 2015/16: R430 829.00   |
| Has the entity introduced an Employee Assistance<br>or Health Promotion Programme for your<br>employees? If so, indicate the key elements/<br>services of this programme   | <b>✓</b> |    | An external service provider has been appointed to provide a 24 hour psycho-social counselling to staff (telephonic and face to face). Other services that they are responsible for is Managerial Consultancy Training, Health, Critical Incident Management, HIV & AIDS Management, Absence and Incapacity Management  |
| Has the entity reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.                                       | <b>✓</b> |    | Policies were reviewed to ensure non-discrimination against employees on the basis of their HIV status, i.e. recruitment policy, leave policy, long service award policy, performance management policy, bursary policy and HR Development policy. The HIV/AIDS policy, developed to protect staff who are infected with HIV is under review and will be submitted for approval during the 2016/17 financial year |
| Has the entity introduced measures to protect HIV positive employees or those perceived to be HIV positive from discrimination? If so, list the key elements of these measures.  | <b>✓</b> |    | The entity through its Wellness Programme put emphasis on confidentiality and protection of staff who disclose their HIV status. The external service provider appointed also provides HIV & AIDS Management services. Ongoing support and awareness campaigns on stigma prevention are conducted periodically as aligned to the National Health Calendar.  |
| Does the entity encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.  | <b>√</b> |    | The HIV policy encourages staff to undergo Voluntary Counselling and Testing. Wellness Days and Campaigns are organised to create an environment that is conducive and supportive to all staff willing to undergo Voluntary Counselling and Testing.  |



## **LABOUR RELATIONS**

Table 4: Employee Relations Case Summary as at 31 March 2016

| OACEC.                       | NUMBER OF CASES |           |           |           |       |  |  |
|------------------------------|-----------------|-----------|-----------|-----------|-------|--|--|
| CASES                        | QUARTER 1       | QUARTER 2 | QUARTER 3 | QUARTER 4 | TOTAL |  |  |
| Grievances                   | 0               | 0         | 0         | 0         | 0     |  |  |
| Disciplinary Hearings        | 0               | 0         | 0         | 0         | 0     |  |  |
| Dismissals                   | 1               | 0         | 1         | 1         | 3     |  |  |
| Final Written Warning (FWW)  | 2               | 0         | 1         | 0         | 3     |  |  |
| Written Warning (WW)         | 3               | 0         | 3         | 0         | 6     |  |  |
| Counselling / Verbal Warning | 0               | 0         | 0         | 0         | 0     |  |  |
| Withdrawn                    | 0               | 2         | 0         | 0         | 2     |  |  |
| Resigned                     | 1               | 0         | 0         | 0         | 1     |  |  |
| Total disciplinary cases     | 7               | 2         | 5         | 1         | 15    |  |  |



Table 5: CCMA and Labour Court Matters as at 31 March 2016

|                           | QUARTER 1 | QUARTER 2 | QUARTER 3 | QUARTER 4 | TOTAL |
|---------------------------|-----------|-----------|-----------|-----------|-------|
| Conciliation              | 0         | 0         | 0         | 1         | 1     |
| Arbitration               | 2         | 0         | 2         | 2         | 6     |
| Settlement agreements     | 0         | 0         | 0         | 1         | 1     |
| Pre-Dismissal Arbitration | 0         | 0         | 0         | 0         | 0     |
| Cases dismissed/withdrawn | 2         | 0         | 2         | 2         | 6     |
| TOTAL CCMA MATTERS        | 4         | 0         | 4         | 6         | 14    |
| LABOUR COURT MATTERS      | 0         | 0         | 0         | 0         | 0     |

### **INJURY ON DUTY CASES**

IOD cases pending = one

IOD Cases settled = six







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# REPORT OF THE AUDITOR-GENERAL

#### REPORT OF THE AUDITOR-GENERAL TO THE PARLIAMENT ON SMALL ENTERPRISE DEVELOPMENT AGENCY (SEDA)

REPORT ON THE FINANCIAL STATEMENTS

#### INTRODUCTION

1. I have audited the financial statements of the Small Enterprise Development Agency set out on pages 116 to 155, which comprise the statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

### ACCOUNTING AUTHORITY'S RESPONSIBILITY FOR THE FINANCIAL **STATEMENTS**

The Accounting Authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and 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 officer 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 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.
- 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 2016 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the PFMA.

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

7. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected strategic objectives presented in the annual performance report, non-compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.



#### PREDETERMINED OBJECTIVES

- 8. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following programmes presented in the annual performance report of the Small Enterprise Development Agency for the year ended 31 March 2016:
- Programme 1: Enterprise Development on pages 38 to 39.
- Programme 2: Equitable access to support services on pages **40** to **41**.
- Programme 4: Seda Technology Programme on page
   43.
- 9. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
- 10. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the

- planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPI).
- 11. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
- 12. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following programmes:
- Programme 1: Enterprise Development on pages 38 to 39.
- Programme 2: Equitable access to support services on pages 40 to 41.
- Programme 4: Seda Technology Programme on page
   43.

#### **ADDITIONAL MATTERS**

13. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected programmes, I draw attention to the following matters:

#### **ACHIEVEMENT OF PLANNED TARGETS**

14. Refer to the annual performance report on page(s) **38** to **43** for information on the achievement of planned targets for the year.

#### ADJUSTMENT OF MATERIAL MISSTATEMENTS

15. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of programme 1: Enterprise Development and programme 4: Seda Technology Programme. As management subsequently corrected the misstatements, I did not identify any material findings on the usefulness and reliability of the reported performance information.

#### COMPLIANCE WITH LEGISLATION

16. I performed procedures to obtain evidence that the public entity had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

#### INTERNAL CONTROL

17. I considered internal control relevant to my audit of the financial statements, performance information and compliance with legislation. I did not identify any significant deficiencies in internal control.

Auditor - General.

31July 2016



Auditing to build public confidence



# **Statement of Financial Performance**

## for the year ended 31 March 2016

|   | NOTES | 2016<br>R     | 2015<br>R     |
|---|-------|---------------|---------------|
|   | NOIES | K             | K             |
| REVENUE: EXCHANGE                         |       |               |               |
| Gain on sale of assets                    | 2     | 359 988       | 528 875       |
| Interest received                         | 2     | 14 539 249    | 16 337 497    |
| Sundry income                             | 2     | 1 148 869     | 2 762 115     |
| Earnings from programmes and projects     | 2     | 69 311 209    | 69 073 914    |
| REVENUE: NON-EXCHANGE                     |       |               |               |
| Government grants                         | 2     | 610 364 000   | 624 650 000   |
| - Seda                                    |       | 478 183 000   | 498 282 000   |
| - Seda Technology Programme (STP)         |       | 132 181 000   | 126 368 000   |
|   |       |               |               |
| TOTAL REVENUE                             | 2     | 695 723 315   | 713 352 401   |
| EXPENSES                                  |       |               |               |
| Administrative and other costs            | 3     | (132 351 231) | (132 507 990) |
| Depreciation, impairment and amortisation | 3     | (15 093 398)  | (13 480 276)  |
| Finance costs                             | 3     | (368 010)     | (1 874 307)   |
| Personnel cost                            | 3     | (263 393 732) | (230 924 370) |
| Programme and project costs               | 3     | (331 457 285) | (266 455 757) |
| TOTAL EXPENSES                            |       | (742 663 656) | (645 242 700) |
|   |       |               |               |
| (DEFICIT) / SURPLUS FOR THE YEAR          |       | (46 940 341)  | 68 109 701    |

# **Statement of Financial Position**

### as at 31 March 2016

| _     |             |   |
|-------|-------------|---|
|       | 2016        | 2015  |
| NOTES | R           | R   |
|       |             |   |
|       |             |   |
|       | 186 288 564 | 286 801 129   |
| 4     | 177 993 178 | 273 754 743   |
| 5     | 7 775 408   | 12 634 293  |
| 6     | 519 978     | 412 093   |
|       | 54 287 397  | 37 242 392  |
| 7     |             | 37 242 392  |
|       |             | -   |
| Ŭ     | 000 020     |   |
|       | 242 575 961 | 324 043 521   |
|       |             |   |
|       |             |   |
|       |             | 184 287 528   |
|       | 149 919 755 | 162 979 973   |
|       | -           | 880 978   |
| . =   |             | 1 712 546   |
| 11    | 24 875 045  | 18 714 031  |
|       | 2 577 113   | 28 342 877  |
| 10    | -           | 10 307 105  |
|       | 2 577 113   | 18 035 772  |
| 12    | 2 377 110   | 10 000 172  |
|       | 178 103 186 | 212 630 405   |
|       | 64 472 775  | 111 413 116   |
|       | 64 472 775  | 111 413 116   |
|       | 64 472 775  | 111 413 116   |
|       | 4 5         | NOTES       R         186 288 564         4       177 993 178         5       7 775 408         6       519 978         56 287 397         7       55 752 369         8       535 028         242 575 961         10       -         12       731 273         11       24 875 045         2577 113         10       -         12       2 577 113         178 103 186       64 472 775         64 472 775       64 472 775 |



# **Statement of Changes in Net Assets**

for the year ended 31 March 2016

|                          | ACCUMULATED<br>SURPLUS / (DEFICIT)<br>R |
|--------------------------|---|
| Balance at 1 April 2014  | 43 303 415                              |
| Surplus for the year     | 68 109 701                              |
| Balance at 31 March 2015 | 111 413 116                             |
| Deficit for the year     | [46 940 341]                            |
| BALANCE AT 31 MARCH 2016 | 64 472 775                              |

# **Cash Flow Statement**

## for the year ended 31 March 2016

|  | NOTES | 2016<br>R     | <b>2015</b><br>R |
|--|-------|---------------|------------------|
|  |       |               |                  |
| Receipts   |       |               |                  |
| Earnings from programmes and projects                  | 16c   | 74 170 094    | 66 076 579       |
| Interest received                                      | 2     | 14 539 249    | 16 337 497       |
| Government grants                                      | 2     | 610 364 000   | 624 650 000      |
| Sundry Income  | 2     | 1 148 869     | 2 762 115        |
|  |       | 700 222 212   | 709 826 191      |
|  |       |               |                  |
| Payments   |       |               |                  |
| Finance costs  | 3     | (368 010)     | (1 874 307)      |
| Personnel cost   | 3     | (263 393 732) | (230 924 370)    |
| Suppliers  |       | (487 255 537) | (494 819 514)    |
|  |       | (751 017 279) | (727 618 191)    |
| NET CASH FLOWS (USED IN) /FROM OPERATING ACTIVITIES    | 16b   | (50 795 067)  | (17 792 000)     |
|  |       |               |                  |
| CASH FLOWS FROM INVESTING ACTIVITIES                   |       |               |                  |
| Proceeds on disposal of assets                         |       | 1 775 447     | 1 141 344        |
| Purchase of assets                                     | 16a   | (35 553 862)  | (17 066 524)     |
| NET CASH USED IN INVESTING ACTIVITIES                  |       | (33 778 415)  | (15 925 180)     |
|  |       |               |                  |
| CASH FLOWS FROM FINANCING ACTIVITIES                   |       |               |                  |
| Repayments of finance leases                           |       | (11 188 083)  | (573 090)        |
| NET CASH USED IN FINANCING ACTIVITIES                  |       | (11 188 083)  | (573 090)        |
|  |       |               |                  |
| Net (decrease) / increase in cash and cash equivalents |       | (95 761 565)  | (34 290 270)     |
| Cash and cash equivalents at the beginning of the year |       | 273 754 743   | 308 045 013      |
| CASH AND CASH EQUIVALENTS AT END OF YEAR               | 4     | 177 993 178   | 273 754 743      |



# **Statement of Comparison of Budget and Actual Information**

### for the year ended 31 March 2016

#### Revenue

Earnings from programmes and projects 1 Gain on sale of assets

Government grants

- Seda
- Seda Technology Programme

Interest received 2 Sundry Income 3

**TOTAL REVENUE** 

| ORIGINAL BUDGET<br>2015/16<br>R | ADJUSTMENTS<br>R | FINAL BUDGET<br>2015/16<br>R | ACTUAL<br>2015/16<br>R | %      | VARIANCE<br>R |
|---------------------------------|------------------|------------------------------|------------------------|--------|---------------|
|                                 |                  |                              |                        |        |               |
|                                 |                  |                              |                        |        |               |
| 43 385 071                      | 34 842 619       | 78 227 690                   | 69 311 209             |        | (8 916 481)   |
| 0                               | 0                | 0                            | 359 988                |        | 359 988       |
| 610 364 000                     | 0                | 610 364 000                  | 610 364 000            |        | 0             |
| 478 183 000                     | 0                | 478 183 000                  | 478 183 000            |        | 0             |
| 132 181 000                     | 0                | 132 181 000                  | 132 181 000            |        | 0             |
| 10 000 000                      | 1 015 548        | 11 015 548                   | 14 539 249             |        | 3 523 701     |
| 23 039 921                      | (21 856 692)     | 1 183 229                    | 1 148 869              |        | (34 360)      |
| 686 788 992                     | 14 001 475       | 700 790 467                  | 695 723 315            | -0,72% | (5 067 152)   |

|  | ORIGINAL BUDGET<br>2015/16<br>R | ADJUSTMENTS<br>R | FINAL BUDGET<br>2015/16<br>R | ACTUAL<br>2015/16<br>R | %     | VARIANCE<br>R |
|--|---------------------------------|------------------|------------------------------|------------------------|-------|---------------|
| Expenses   |                                 |                  |                              |                        |       |               |
| Administrative and other costs 4                         | (154 330 271)                   | 28 846 239       | (125 484 032)                | (132 351 231)          |       | (6 867 199)   |
| Depreciation, impairment & amortisation 5                | (12 589 358)                    | (793 622)        | (13 382 980)                 | (15 093 398)           |       | (1 710 418)   |
| Finance costs  | 0                               | 0                | 0                            | (368 010)              |       | (368 010)     |
| Personnel cost 6   | (252 318 565)                   | (19 921 004)     | (272 239 569)                | (263 393 732)          |       | 8 845 837     |
| Programme and project costs 7                            | (267 105 353)                   | (90 523 812)     | (357 629 165)                | (331 457 285)          |       | 26 171 880    |
| TOTAL EXPENSES   | (686 343 547)                   | (82 392 199)     | (768 735 746)                | (742 663 656)          | 3,39% | 26 072 090    |
| SURPLUS / (DEFICIT)                                      | 445 445                         |                  | (67 945 279)                 | (46 940 341)           | _     | 21 004 938    |
| CAPEX 8  | (9 506 495)                     | (26 455 761)     | (35 962 256)                 | (35 553 862)           | _     | 408 394       |
| TOTAL EXPENSES (incl Capex, excl depreciation) 9         | (683 260 684)                   | (108 054 338)    | (791 315 022)                | (763 124 120)          | 3,56% | 28 190 902    |
|  |                                 |                  |                              |                        |       |               |
| SURPLUS / (DEFICIT) (excl depreciation, including CAPEX) | 3 528 308                       | (94 052 863)     | (90 524 555)                 | (67 400 805)           |       |               |

### SURPLUS / (DEFICIT) PER STATEMENT OF FINANCIAL PERFORMANCE

#### **Explanation of budget adjustments**

- Earnings from programmes and projects Adjustment due to funding received for additional projects during the course of the year.
- 2. Interest received - Due to higher yield returns negotiated with the bank.
- Sundry income Adjustment due to less actual funding received. 3.
- 4. Administration cost - Adjustment due to savings, under spending relating to the first 6 months of the year and the de-recognition of lease obligations of Block 6, at the dti campus.
- 5. Depreciation, impairment & amortisation - Adjustments due to increase in assets.
- 6. Personnel cost - Adjustment due to filling of vacancies as approved in the re-alignment process.
- 7. Programme and project costs - Adjustment due to additional funding received for additional programmes and projects
- 8. CAPEX - Adjustment due to additional computers, equipment and vehicles needed for operational purposes.
- Seda budgeted in the final budget for a deficit in order to utilise the surplus funding of 2013/14 and 2014/15 as approved by National Treasury.

#### Notes on comparison variances

- Earnings from programmes and projects Income is recognised once expenditure is incurred from project advances.
- 2. Interest received - Due to higher yield returns negotiated with the bank.
- Administration cost Increase in advertising and marketing cost. Adverts of vacant staff positions to address the then high vacancy rate after the re-alignment process. Increased marketing of Seda and it's services and activities were conducted during the year.
- Depreciation, impairment & amortisation Increase due to increase in assets.
- 6. Personnel cost - Under spending due to filling of vacancies later in the year and staff performed more work with less staff. Some vacant positions are in the process of being filled, hence the under spending in personnel
- Programmes and project costs Under spending due to staff vacancies and delay of some programmes and projects. 7.

Refer to note 1.17



## **Notes to the Annual Financial Statements**

#### for the year ended 31 March 2016

#### 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 No. 1 of 1999) as amended. The financial statements have been prepared on a going concern basis. The accounting policies have been applied consistently throughout the year and agree with 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 Generally Recognised Accounting Practice (GRAP).

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).

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.

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

#### 1.1.1 Adoption of new and revised standards

There was no new standard applicable to Seda in 2015/16.

#### 1.1.2 Standards and interpretations issued, but not yet effective

Standards issued that are applicable to Seda but not yet effective up to date of issuance of Seda's financial statements are listed below. These standards will be adopted when they become effective.

| STANDARD OR INTERPRETATION |  | PLANNED /<br>EFFECTIVE DATE |
|----------------------------|--|-----------------------------|
| GRAP 18                    | Segment reporting  | No effective date yet       |
| GRAP 105                   | Transfers of functions between entities under common control     | No effective date yet       |
| GRAP 106                   | Transfers of functions between entities not under common control | No effective date yet       |
| GRAP 107                   | Mergers  | No effective date yet       |
| GRAP 108                   | Statutory receivables  | No effective date yet       |

The following issued standards which are relevant to Seda will be adopted when they become effective.

#### GRAP 18 - Segment Reporting

The objective of this Standard is to establish principles for reporting financial information by segments. The disclosure of this information will:

- a) enable users of the financial statements to better understand the entity's past performance, to evaluate the nature and financial effects of the activities in which it engages and the economic environments in which it operates;
- b) identify the resources allocated to support the major activities of the entity and assist in making decisions about the allocation of resources; and
- c) enhance the transparency of financial reporting and enable the entity to better discharge its accountability obligations.

A segment is a distinguishable activity or group of activities of an entity for which is appropriate to report financial information separately, for evaluating the entity's past performance in achieving its objectives and for making decisions about the future allocation of resources.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific or achieves particular operating objectives that are in line with the entity's overall mission. Geographical segments relate to specific outputs generated or particular objectives achieved, by an entity within a particular region. Seda will consider various factors to determine whether it should report based on service or geographical segments.



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

#### GRAP 105 and 106 - Transfers functions between entities under common control (GRAP105) and not under common control (GRAP 106)

The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.

GRAP 105 Transfer of Functions Between Entities Under Common Control establishes accounting principles for an acquirer and transferor in a transfer of functions between entities under common control whereas GRAP 106 Transfer of Functions Between Entities Not Under Common Control provides guidance to an acquirer where a transfer of functions is undertaken between entities not under common control.

In determining whether GRAP 105 or GRAP 106 should be applied in accounting for the transaction or event, Seda would consider whether the transaction or event was undertaken between entities in the same sphere of government; and/or between entities that are part of the same economic entity and determine the impact.

#### GRAP 107 - Mergers

The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger with Seda.

A merger is the establishment of a new combined entity in which none of the former entities obtains control over any other and no acquirer can be identified.

#### **GRAP 108 - Statutory Receivables**

The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables to Seda.

Statutory receivables are receivables that:

- (a) arise from legislation, supporting regulations, or similar means; and
- (b) require settlement by another entity in cash or another financial asset.

Seda does not have statutory receivables.

#### 1.2 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are initially recorded at cost. Costs include costs incurred initially to acquire an item of property, plant and equipment and costs incurred subsequently to add to or replace part of it. Costs are capitalised to the extent that the cost can be measured reliable and is probable that the cost will result in the inflow of future economic benefits to Seda.

Property, 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 of assets to its residual value over their estimated useful lives, using the straight-line method.

The residual value and the useful life of an asset is reviewed at least at each financial year end and if expectations differ from previous estimates, the change is accounted for as change in an accounting estimate. An 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 of its useful life.

The carrying amount of property, plant and equipment is derecognised on disposal or when no future economic benefits or service potential is expected from its use or disposal.

The gain or loss arising on the disposal or retirement of an item of property, 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.

#### 1.3 INTANGIBLE ASSETS

An intangible asset is an identifiable non-monetary asset without physical substance.

An intangible asset is recognised if, and only if:

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



An intangible asset is measured initially at cost.

The useful life of an intangible asset that arises from contractual or other legal rights shall not exceed the period of the contractual or other legal rights, but may be shorter depending on the period over which the entity expects to use the asset.

The useful life of the intangible asset shall include the renewal period only if there is evidence to support renewal by the entity without significant cost. The depreciable amount of the intangible asset with a finite useful life shall be allocated on a systematic basis over its useful life.

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

#### 1.4 IMPAIRMENT OF ASSETS

An "impairment" is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation /amortisation. Impairment, therefore, reflects a decline in the utility of an asset to the entity that controls it.

Cash-generating assets are assets that are held with the primary objective of generating a commercial return. Assets will generate a commercial return when the entity intends to generate positive cash flows from the asset similar to a profit-orientated entity.

Non-cash-generating assets are primarily held for service delivery purposes.

Given the overall objectives of Seda, its assets are non-cash-generating

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 and non-cash-generating unit to which the asset belongs.

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

assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset 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 the Statement of Financial Performance.

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 the Statement of Financial Performance.

#### 1.5 LEASES

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

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. This asset or liability is not discounted. Any contingent rents are expensed in the period they are incurred.

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 Statement of Financial Position 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 as an expense in the Statement of Financial Performance, unless they are directly attributable to qualifying assets.

#### 1.6 INVENTORIES

Consumable stores are initially recognised at cost. 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 expensed, 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 Statement of Financial Position 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 Statement of Financial Position 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, 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 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 Small Business Development (DSBD). Transfers from government entities are recognised as income on accrual basis as and when invoiced or received from the DSBD and Department of Trade and Industry (the dti).

Government grants are recognised when it is probable that future economic benefits or service potential will flow to the 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.

#### 1.8 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 Management's best estimate of the expenditure required to settle the obligation at the Statement of Financial Position 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 thirteenth 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 and recognises this expense as an expense in the Statement of Financial Performance. This fund is governed by the Pension Funds Act, 1956.

#### Medical Aid

Medical Aid contributions are restricted to the period of employment.

#### 1.10 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are initially recognised at fair value plus transaction cost on Seda's Statement of Financial Position when Seda has become a party to contractual provisions of the instrument. Subsequent to initial recognition these instruments are measured as set out below:

#### Financial assets

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

#### Accounts receivable

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are expensed 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 of cash 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. Cash is subsequently held at amortised cost.

#### Financial liabilities

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

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

#### Trade payables

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

#### De-recognition

The de-recognition of financial instruments occur when the obligation is extinguished. A financial liability (or part of it) is extinguished when the debtor either:

- Discharges the liability (or part thereof) by paying the creditor, normally with cash, other financial liabilities, goods or services;
- Is legally released from primary responsibility for the liability (or part of it) either by process of law (expires) or by the creditor (cancelled). If the debtor has given a guarantee, this condition may still be met; or
- Waives the debt or it is assumed by another entity by way of a non-exchange transaction. These transactions
  are accounted for by considering the requirements in GRAP 104 and GRAP 23 on Revenue from Non-exchange
  Transactions (Taxes and Transfers).



#### 1.11 WHEN A SUBSTANTIAL MODIFICATION OF THE TERMS OF AN EXISTING FINANCIAL LIABILITY

#### Critical judgments in applying the entity's accounting policies

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

#### Property, plant and equipment

Depreciation is calculated on the historical cost using the methods and the rates stated below in note 7. The residual values of all assets are estimated, until they are not usable anymore.

#### 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. This is in line with GRAP 25.

#### 1.12 RELATED PARTIES

Seda, as a schedule 3A Public Entity, under Public Finance Management Act (PFMA), operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties. Key management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Only transactions with related parties not at arm's length or not in the ordinary course of business, are disclosed. Refer to note 2,15,18 and 19.

#### 1.13 IRREGULAR EXPENDITURE

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

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

Contingent liabilities may develop in a way not initially expected. Therefore, they are assessed continually to determine whether an outflow of resources embodying economic benefits or service potential has become probable. If it becomes probable that an outflow of future economic benefits or service potential will be required for an item previously dealt with as a contingent liability, a provision is recognised in the financial statements of the period in which the change in probability occurs.



A contingent asset usually arises from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefit to the entity. The inflow of economic benefit must be probable, 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.

Contingent assets are not recognised in financial statements since this may result in the recognition of revenue that may never be realised. However, when the realisation of revenue is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

#### 1.16 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.

#### 1.17 PRESENTATION OF BUDGET INFORMATION

Comparison of budget and actual amounts are presented in the Statement of Budget and Actual Amounts for the financial year 2015/16. Seda only presents the final budget amounts. Differences (variances) between the actual amounts and budget amounts are presented and explained.

As per GRAP 24, Seda prepares its budget on a comparable basis, meaning that the budget and financial instruments:

- are prepared using the accrual basis of accounting for both;
- including the same activities and entities;
- using the same classification system; and
- are prepared for the same period.

| 2. REVENUE   | 2016<br>R   | 2015<br>R   |
|--|-------------|-------------|
| Revenue: Exchange  |             |             |
| Gain on sale of assets                                       | 359 988     | 528 875     |
| Interest received  | 14 539 249  | 16 337 497  |
| Sundry income  | 1 148 869   | 2 762 115   |
| Earnings from programmes and projects (external earnings)    | 69 311 209  | 69 073 914  |
| - Department of Small Business Development specific projects | 54 093 891  | -           |
| - Department of Trade and Industry specific projects         | -           | 45 625 806  |
| - Local government   | 5 617 126   | 4 349 618   |
| - Other specific projects                                    | 7 575 497   | 16 661 979  |
| - Provincial government                                      | 2 024 695   | 2 436 511   |
| Revenue: Non-exchange  |             |             |
| Government grants  | 610 364 000 | 624 650 000 |
| - Seda   | 478 183 000 | 498 282 000 |
| - Seda Technology Programme (STP)                            | 132 181 000 | 126 368 000 |
|  | 695 723 315 | 713 352 401 |

## 3. SURPLUS / (DEFICIT) FOR THE YEAR

Surplus / (deficit) for the year is arrived at after taking into account the following:

### Personnel cost

| Personnel cost                    | 263 393 732 | 230 924 370 |
|-----------------------------------|-------------|-------------|
| - Provision for leave             | (236 454)   | 699 110     |
| - Provision for performance bonus | 22 505 686  | 17 977 036  |
| - Salaries                        | 237 730 170 | 209 107 028 |
| - Temporary workers               | 2 252 171   | 2 526 937   |
| - Workmen's compensation          | 1 142 159   | 614 259     |



| 3. SURPLUS / (DEFICIT) FOR THE YEAR (continued)                              |    | 2016<br>R   | 2015<br>R   |
|--|----|-------------|-------------|
|  |    |             |             |
| Administrative and other costs   |    | 132 351 231 | 132 507 990 |
| Administrative costs   |    | 109 768 550 | 89 818 380  |
| - Admin related (excluding board members' emoluments, operating lease        |    |             |             |
| expense, finance costs and provision for bad debt)                           |    | 54 913 153  | 45 578 805  |
| * Maintenance and repairs  |    | 9 352 003   | 8 468 857   |
| * Municipal services   |    | 6 336 050   | 4 596 302   |
| * Other (includes catering, general expenditure, insurance, stationery etc.) |    | 11 611 125  | 8 901 039   |
| * Travel and accommodation   |    | 27 613 975  | 23 612 607  |
|  |    |             |             |
| - Communication costs  |    | 33 783 570  | 24 382 814  |
| * Advertising and marketing  |    | 19 168 050  | 10 326 146  |
| * Printing and publication   |    | 3 149 287   | 3 434 693   |
| * Other (includes courier costs, library maintenance, etc.)                  |    | 1 821 700   | 1 530 802   |
| * Telephone and cell phone   |    | 9 644 533   | 9 091 173   |
|  |    |             |             |
| - Computer services  |    | 10 244 543  | 9 267 877   |
| * Internet charges   | ШГ | 5 529 150   | 4 621 890   |
| * Specialised computer services  |    | 14 182      | 120 512     |
| * Software licences  |    | 4 701 211   | 4 525 475   |
|  |    |             |             |
| - Recruitment and re-location costs  |    | 4 859 556   | 3 294 431   |
|  |    |             |             |
| - Professional services (excluding auditors' remuneration)                   |    | 4 181 901   | 5 996 960   |
| * Consultants  |    | 3 335 878   | 5 227 661   |
| * Legal services   |    | 697 721     | 692 240     |
| * Other (includes membership fees to professional bodies etc.)               |    | 148 302     | 77 059      |
|  |    |             |             |
| - Staff training & development and bursaries                                 |    | 1 785 827   | 1 297 493   |

| 3. SURPLUS / (DEFICIT) FOR THE YEAR (continued)                      | 2016<br>R  | <b>2015</b><br>R |
|--|------------|------------------|
| Auditors' remuneration   | 3 670 063  | 3 868 998        |
| - External auditors  | 2 047 124  | 1 952 556        |
| * Regularity audit   | 2 047 124  | 1 952 556        |
| - Internal auditors  | 1 622 939  | 1 916 442        |
| Board members' emoluments  | 1 556 150  | 929 071          |
| - For services as members (excl CEO remuneration)                    | 1 424 457  | 829 378          |
| - Board sub-committees   | 131 693    | 99 693           |
| Operating lease expenses   |            |                  |
| - Buildings and equipment  | 17 293 833 | 37 472 310       |
| Provision for bad debts  | 62 635     | 419 231          |
| Depreciation, impairment and amortisation                            | 15 093 398 | 13 480 276       |
| - Computer equipment   | 5 214 304  | 4 100 169        |
| - Computer software  | 25 061     | -                |
| - Equipment  | 1 845 585  | 1 309 421        |
| - Motor vehicles   | 3 480 236  | 2 793 457        |
| - Office furniture   | 2 300 595  | 2 528 997        |
| - Leased security equipment  | 3 857      | 23 144           |
| - Leased office furniture  | -          | 8                |
| - Leasehold improvements   | 2 223 760  | 2 725 080        |
|  |            |                  |
| Finance costs  | 368 010    | 1 874 307        |
| - Interest on finance lease obligation (liability at amortised cost) | 298 831    | 1 844 974        |
| - Interest paid  | 69 179     | 29 333           |



| 3. SURPLUS / (DEFICIT) FOR THE YEAR (continued)                             | 2016<br>R   | 2015<br>R   |
|---|-------------|-------------|
| Programme and project costs   | 331 457 285 | 266 455 757 |
| - Enterprise Development Fund (EDF)   | 56 187 225  | 42 260 746  |
| - Other programmes and projects (includes DSBD specific projects, programme |             |             |
| development, ICT projects, specific target market projects, etc.)           | 127 140 536 | 112 737 658 |
| - Seminars and workshops for clients  | 6 665 503   | 6 425 140   |
| - STP - Incubators  | 108 889 296 | 91 317 401  |
| - STP - Quality and Standards projects                                      | 5 817 336   | 4 996 858   |
| - STP - Technology Transfer Fund (TTF)                                      | 26 757 389  | 8 717 954   |
| 4. CASH AND CASH EQUIVALENTS  |             |             |
| Call account  | 140 585 942 | 236 015 560 |
| Current accounts  | 37 051 417  | 37 396 758  |
| Petty cash  | 355 819     | 342 425     |
|   | 177 993 178 | 273 754 743 |

Refer to note 17.4 for detail on interest rates.

Of the cash balance R92 020 369 (R96 582 805) relates to grants received in advance which are to be utilised for specific projects as reflected in note 9.

### **5. ACCOUNTS RECEIVABLE**

| Exchange transactions                       |           |            |
|---|-----------|------------|
| Deposits                                    | 3 233 345 | 1 392 060  |
| Payment in advance                          | 4 325 596 | 6 865 333  |
| Sundry receivables                          | 295 571   | 4 796 131  |
|   | 7 854 512 | 13 053 524 |
| Provision for bad debt - sundry receivables | (79 104)  | (419 231)  |
|   | 7 775 408 | 12 634 293 |

| 5. ACCOUNTS RECEIVABLE (continued)  | 2016<br>R                      | 2015<br>R                      |
|---|--------------------------------|--------------------------------|
| Provision for bad debts   |                                |                                |
| Movement for the year   |                                |                                |
| Opening Balance at 1 April  | 419 231                        | 345 570                        |
| Less: Bad debt written-off  | (402 762)                      | (345 570)                      |
|   | 16 469                         | -                              |
| Net charge to the Statement of Financial Performance  | 62 635                         | 419 231                        |
| CLOSING BALANCE AT 31 MARCH   | 79 104                         | 419 231                        |
| The ageing analysis of the past due sundry receivables is as follows: < 3 months 3 - 6 months 6 months - 1 year | 168 647<br>45 616<br>2 204     | 2 601 799<br>36 453<br>369 526 |
| 1+ years  Total sundry receivables past due date  | 79 104<br><b>295 571</b>       | 1 788 353<br><b>4 796 131</b>  |
| 6. INVENTORIES  Consumable stores at cost Write-downs Current replacement cost                                  | 519 978<br>-<br><b>519 978</b> | 412 093<br>-<br>412 093        |



## 7. PLANT & EQUIPMENT

|   | COMPUTER<br>Equipment | EQUIPMENT<br>FURNITURE | MOTOR VEHICLES | OFFICE FURNITURE                      | LEASED<br>Computer<br>Equipment | LEASED SECURITY EQUIPMENT | LEASED OFFICE<br>Furniture | LEASEHOLD<br>IMPROVEMENTS  | TOTAL        |
|---|-----------------------|------------------------|----------------|---------------------------------------|---------------------------------|---------------------------|----------------------------|----------------------------|--------------|
| 2015/16                                 | R R                   | roknitoke<br>R         | R R            | R                                     | R                               | R R                       | PURNITURE<br>R             | IMPROVEMENTS<br>R          | R            |
| 2010/10                                 | K                     | "                      | T.             | · · · · · · · · · · · · · · · · · · · | "                               | - K                       | · · ·                      | · · ·                      | п.           |
| Major Assets (above R2 000 per item)    |                       |                        |                |                                       |                                 |                           |                            |                            |              |
| At 1 April 2015                         |                       |                        |                |                                       |                                 |                           |                            |                            |              |
| Cost                                    | 44 999 327            | 13 401 551             | 22 373 755     | 19 795 426                            | 4 294 654                       | 1 499 090                 | 4 001 700                  | 14 831 065                 | 125 196 568  |
| Accumulated depreciation and impairment | (32 157 060)          | (9 726 757)            | (13 269 305)   | (13 255 609)                          | [4 294 649]                     | (1 440 308)               | (4 001 302)                | (9 886 093)                | (88 031 083) |
| Opening carrying amount                 | 12 842 267            | 3 674 794              | 9 104 450      | 6 539 817                             | 5                               | 58 782                    | 398                        | 4 944 972                  | 37 165 485   |
|   |                       |                        |                |                                       |                                 |                           |                            |                            |              |
| Year ended 31 March 2016                |                       |                        |                |                                       |                                 |                           |                            |                            |              |
| Opening carrying amount                 | 12 842 267            | 3 674 794              | 9 104 450      | 6 539 817                             | 5                               | 58 782                    | 398                        | 4 944 972                  | 37 165 485   |
| Additions at cost                       | 15 919 380            | 2 329 148              | 15 858 199     | 1 725 303                             | 0                               | 0                         | 0                          | 1 147 960                  | 36 979 990   |
| Disposals at cost                       | (3 938 739)           | (929 681)              | (1 651 616)    | (698 111)                             | (4 294 654)                     | (1 499 090)               | (3 933 193)                | (5 332 705)                | (22 277 789) |
| Disposal depreciation                   | 3 569 409             | 888 153                | 1 527 689      | 642 287                               | 4 294 649                       | 1 444 165                 | 3 932 838                  | 4 212 284                  | 20 511 474   |
| Work in progress                        | (2 806 817)           | 0                      | 0              | 0                                     | 0                               | 0                         | 0                          | 0                          | (2 806 817)  |
| Depreciation for the year               | (5 060 991)           | (1 276 390)            | (3 480 232)    | (1 921 268)                           | 0                               | (3 857)                   | 0                          | (2 220 156)                | (13 962 894) |
| Cost re-allocated                       | (136 895)             | (212 616)              | 0              | 181 569                               | 0                               | 0                         | (68 507)                   | 55 363                     | (181 086)    |
| Impairment                              | (34 542)              | (40 126)               | [4]            | (63 382)                              | 0                               | 0                         | 0                          | 0                          | (138 054)    |
| Depreciation re-allocated               | 315 572               | 146 124                | 1              | (102 091)                             | 0                               | 0                         | 68 464                     | 24 270                     | 452 340      |
| Closing carrying amount                 | 20 668 644            | 4 579 406              | 21 358 487     | 6 304 124                             | 0                               | 0                         | 0                          | 2 831 988                  | 55 742 649   |
|   |                       |                        |                |                                       |                                 |                           |                            |                            |              |
| At 31 March 2016                        |                       |                        |                |                                       |                                 |                           |                            |                            |              |
| Cost                                    | 54 036 256            | 14 588 402             | 36 580 338     | 21 004 187                            | 0                               | 0                         | 0                          | 10 701 683                 | 136 910 866  |
| Accumulated depreciation and impairment | (33 367 612)          | (10 008 996)           | (15 221 851)   | (14 700 063)                          | 0                               | 0                         | 0                          | (7 869 695)                | (81 168 217) |
| Carrying amount                         | 20 668 644            | 4 579 406              | 21 358 487     | 6 304 124                             | 0                               | 0                         | 0                          | 2 831 988                  | 55 742 649   |
| Useful lives                            | 4 years               | 6 years                | 5 years        | 6 years                               | 4 years                         | 6 years                   | 6 years                    | 6 years or lease<br>period |              |

## 7. PLANT & EQUIPMENT (continued)

|   | COMPUTER<br>Equipment | EQUIPMENT<br>Furniture | MOTOR VEHICLES | OFFICE FURNITURE | LEASED<br>Computer<br>Equipment | LEASED SECURITY EQUIPMENT | LEASED OFFICE<br>Furniture | LEASEHOLD<br>IMPROVEMENTS | TOTAL       |
|---|-----------------------|------------------------|----------------|------------------|---------------------------------|---------------------------|----------------------------|---------------------------|-------------|
| 2015/16   | R                     | R                      | R R            | R                | R                               | R                         | R                          | R                         | R           |
| 2010/10   | N N                   | "                      | N.             | K .              | - K                             | N N                       | N .                        | K                         | , n         |
| Minor Assets (below R2 000 per item and excluding major assets) |                       |                        |                |                  |                                 |                           |                            |                           |             |
| At 1 April 2015   |                       |                        |                |                  |                                 |                           |                            |                           |             |
| Cost  | 999 063               | 810 091                | 0              | 4 677 822        | 0                               | 0                         | 716 426                    | 31 384                    | 7 234 786   |
| Accumulated depreciation and impairment                         | (982 020)             | (787 529)              | 0              | [4 642 436]      | 0                               | 0                         | (715 946)                  | (29 948)                  | (7 157 879) |
| Opening carrying amount   | 17 043                | 22 562                 | 0              | 35 386           | 0                               | 0                         | 480                        | 1 436                     | 76 907      |
| Year ended 31 March 2016  |                       |                        |                |                  |                                 |                           |                            |                           |             |
| Opening carrying amount   | 17 043                | 22 562                 | 0              | 35 386           | 0                               | 0                         | 480                        | 1 436                     | 76 907      |
| Additions at cost   | 96 965                | 509 245                | 0              | 253 712          | 0                               | 0                         | 0                          | 0                         | 859 922     |
| Disposals at cost   | (129 495)             | (69 952)               | 0              | (170 106)        | 0                               | 0                         | (632 961)                  | (1)                       | (1 002 515) |
| Disposal depreciation   | 129 055               | 69 697                 | 0              | 169 629          | 0                               | 0                         | 632 524                    | 0                         | 1 000 905   |
| Work in progress  | 0                     | 0                      | 0              | 0                | 0                               | 0                         | 0                          | 0                         | 0           |
| Depreciation for the year                                       | (118 726)             | (528 973)              | 0              | (315 773)        | 0                               | 0                         | 0                          | (3 604)                   | (967 076)   |
| Cost re-allocated   | 46 945                | (3 704)                | 0              | (191 718)        | 0                               | 0                         | (83 465)                   | 14 008                    | (217 934)   |
| Impairment  | (45)                  | (96)                   | 0              | (172)            | 0                               | 0                         | 0                          | 0                         | (313)       |
| Depreciation re-allocated                                       | (40 392)              | 3 103                  | 0              | 225 489          | 0                               | 0                         | 83 422                     | (11 798)                  | 259 824     |
| Closing carrying amount   | 1 350                 | 1 882                  | 0              | 6 447            | 0                               | 0                         | 0                          | 41                        | 9 720       |
| At 31 March 2016  |                       |                        |                |                  |                                 |                           |                            |                           |             |
| Cost  | 1 013 478             | 1 245 680              | 0              | 4 569 710        | 0                               | 0                         | 0                          | 45 391                    | 6 874 259   |
| Accumulated depreciation and impairment                         | (1 012 128)           | (1 243 798)            | 0              | (4 563 263)      | 0                               | 0                         | 0                          | (45 350)                  | (6 864 539) |
| Carrying amount   | 1 350                 | 1 882                  | 0              | 6 447            | 0                               | 0                         | 0                          | 41                        | 9 720       |
| TOTAL CARRYING VALUE  | 20 669 994            | 4 581 288              | 21 358 487     | 6 310 571        | 0                               | 0                         | 0                          | 2 832 029                 | 55 752 369  |



## 7. PLANT & EQUIPMENT (continued)

|   | COMPUTER<br>Equipment | EQUIPMENT<br>Furniture | MOTOR VEHICLES | OFFICE FURNITURE | LEASED<br>Computer<br>Equipment | LEASED SECURITY EQUIPMENT | LEASED OFFICE<br>Furniture | LEASEHOLD<br>Improvements  | TOTAL        |
|---|-----------------------|------------------------|----------------|------------------|---------------------------------|---------------------------|----------------------------|----------------------------|--------------|
| 2014/15   | R                     | R                      | R              | R                | R                               | R                         | R                          | R                          | R            |
| Major Assets (above R2 000 per item)                            |                       |                        |                |                  |                                 |                           |                            |                            |              |
| At 1 April 2014   |                       |                        |                |                  |                                 |                           |                            |                            |              |
| Cost  | 40 784 652            | 13 038 403             | 20 315 492     | 18 681 719       | 4 294 654                       | 1 499 090                 | 4 001 700                  | 12 575 755                 | 115 191 465  |
| Accumulated depreciation and impairment                         | (30 717 629)          | (9 346 878)            | (12 682 853)   | [11 266 424]     | [4 294 649]                     | (1 417 163)               | (4 001 295)                | (8 056 034)                | (81 782 925) |
| Opening carrying amount   | 10 067 023            | 3 691 525              | 7 632 639      | 7 415 295        | 5                               | 81 927                    | 405                        | 4 519 721                  | 33 408 540   |
| Year ended 31 March 2015  |                       |                        |                |                  |                                 |                           |                            |                            |              |
| Opening carrying amount   | 10 067 023            | 3 691 525              | 7 632 639      | 7 415 295        | 5                               | 81 927                    | 405                        | 4 519 721                  | 33 408 540   |
| Additions at cost   | 4 594 294             | 1 118 302              | 3 977 517      | 1 318 594        | 0                               | 0.727                     | 0                          | 3 440 753                  | 14 449 460   |
| Disposals at cost   | (2 753 958)           | (761 080)              | (2 428 953)    | (221 841)        | 0                               | 0                         | 0                          | (872 148)                  | (7 037 980)  |
| Disposal depreciation   | 2 588 584             | 705 081                | 2 188 468      | 190 193          | 0                               | 0                         | 0                          | 817 812                    | 6 490 138    |
| Work in progress  | 2 806 817             | 0                      | 0              | 0                | 0                               | 0                         | 0                          | 0                          | 2 806 817    |
| Depreciation for the year                                       | (4 040 328)           | (1 183 420)            | (2 793 457)    | (2 078 211)      | 0                               | (23 144)                  | (8)                        | (2 721 616)                | (12 840 184) |
| Cost re-allocated   | (432 478)             | 5 926                  | 509 699        | 16 954           | 0                               | 0                         | 0                          | (313 295)                  | (213 194)    |
| Impairment  | 12 313                | 98 460                 | 18 537         | (101 167)        | 0                               | (1)                       | 1                          | 73 745                     | 101 888      |
| Depreciation re-allocated                                       | 0                     | 0                      | 0              | 0                | 0                               | 0                         | 0                          | 0                          | 0            |
| Closing carrying amount   | 12 842 267            | 3 674 794              | 9 104 450      | 6 539 817        | 5                               | 58 782                    | 398                        | 4 944 972                  | 37 165 485   |
| At 31 March 2015  |                       |                        |                |                  |                                 |                           |                            |                            |              |
| Cost  | 44 999 327            | 13 401 551             | 22 373 755     | 19 795 426       | 4 294 654                       | 1 499 090                 | 4 001 700                  | 14 831 065                 | 125 196 568  |
| Accumulated depreciation and impairment                         | (32 157 060)          | (9 726 757)            | (13 269 305)   | (13 255 609)     | [4 294 649]                     | (1 440 308)               | (4 001 302)                | (9 886 093)                | (88 031 083) |
| Carrying amount   | 12 842 267            | 3 674 794              | 9 104 450      | 6 539 817        | 5                               | 58 782                    | 398                        | 4 944 972                  | 37 165 485   |
| Useful lives  | 4 years               | 6 years                | 5 years        | 6 years          | 4 years                         | 6 years                   | 6 years                    | 6 years or lease<br>period |              |
| Minor Assets (below R2 000 per item and excluding major assets) |                       |                        |                |                  |                                 |                           |                            |                            |              |
| At 31 March 2015  |                       |                        |                |                  |                                 |                           |                            |                            |              |
| Depreciation for the year                                       | (59 841)              | (126 001)              | 0              | (450 786)        | 0                               | 0                         | 0                          | (3 464)                    | (640 092)    |
| Cost  | 999 063               | 810 091                | 0              | 4 677 822        | 0                               | 0                         | 716 426                    | 31 384                     | 7 234 786    |
| Accumulated depreciation and impairment                         | (982 020)             | (787 529)              | 0              | [4 642 436]      | 0                               | 0                         | (715 946)                  | (29 948)                   | (7 157 879)  |
| Carrying amount   | 17 043                | 22 562                 | 0              | 35 386           | 0                               | 0                         | 480                        | 1 436                      | 76 907       |
| TOTAL CARRYING VALUE  | 12 859 310            | 3 697 356              | 9 104 450      | 6 575 203        | 5                               | 58 782                    | 878                        | 4 946 408                  | 37 242 392   |

Note: Leased assets are encumbered by a finance lease, refer to note 9.

|   | COMPUTER      | SOFTWARE  |
|---|---------------|-----------|
| 8. INTANGIBLE ASSETS – 2015/16                                  | 2016<br>R     | 2015<br>R |
| Major Assets (above R2 000 per item)                            |               |           |
| At 1 April 2015   |               |           |
| Cost  | -             | -         |
| Accumulated depreciation and impairment                         | -             | -         |
| Opening carrying amount   | -             | -         |
| Year ended 31 March 2016  |               |           |
| Opening carrying amount   | -             | -         |
| Additions at cost   | 520 767       | -         |
| Disposals at cost   | (160 629)     | -         |
| Disposal depreciation   | 120 511       | -         |
| Work in progress  Depreciation and amortisation for the year    | -<br>(25 061) | -         |
| Cost re-allocated   | 441 222       | _         |
| Impairment  | 441 222       | _         |
| Depreciation re-allocated                                       | (361 789)     | -         |
| Closing carrying amount   | 535 021       | -         |
| At 31 March 2016  |               |           |
| Cost  | 801 360       | -         |
| Accumulated depreciation and impairment                         | [266 339]     | -         |
| Carrying amount   | 535 021       | -         |
| Useful lives  | 4 years       | 4 years   |
| Minor Assets (below R2 000 per item and excluding major assets) |               |           |
| At 31 March 2016  |               |           |
| Depreciation for the year                                       | -             | _         |
| Impairment  | -             | -         |
| Cost  | 1 103         | -         |
| Accumulated depreciation and impairment                         | (1 096)       | -         |
| Carrying amount   | 7             | -         |
| TOTAL CARRYING VALUE  | 535 028       | -         |



| 9. ACCOUNTS PAYABLE   | 2016<br>R   | 2015<br>R   |
|---|-------------|-------------|
| Exchange transactions                                       |             |             |
| Earnings from programmes and projects received in advance * | 92 020 369  | 96 908 464  |
| Leave pay accrual   | 8 026 127   | 8 262 582   |
| Sundry payables and accrued expenses                        | 36 638 892  | 51 828 352  |
| Trade payables  | 13 234 367  | 5 980 575   |
|   | 149 919 755 | 162 979 973 |

- No non-exchange transactions for accounts payable
   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 R56 220 879 (R61 334 333) for DSBD ring-fenced projects. The balance relates to other stakeholder-funded projects. These conditional balance will be recognised as revenue in future accounting periods upon completion of the specified task or incurring the costs on the projects.

#### **10. FINANCE LEASE OBLIGATION**

The lease contract of Block G, the dti campus was ceded to the Department of Trade and Industry in May 2015 and the lease obligations were de-recognised.

| Total outstanding     | - | 11 188 083 |
|-----------------------|---|------------|
| Less: Current portion | - | (880 978)  |
| Long term liability   | - | 10 307 105 |

|                                | MINIMUM LEASE |              |               |
|--------------------------------|---------------|--------------|---------------|
| 2015                           | PAYMENTS      | FINANCE COST | PRESENT VALUE |
| Due within one year            | 2 619 798     | (1 738 820)  | 880 978       |
| Due between two and five years | 12 749 510    | (4 530 239)  | 8 219 271     |
| After five years               | 2 202 708     | (114 874)    | 2 087 834     |
|                                | 17 572 016    | (6 383 933)  | 11 188 083    |

| 11. PROVISIONS                                       | 2016<br>R    | 2015<br>R    |
|--|--------------|--------------|
| Provision for bonuses                                | 24 152 141   | 18 124 152   |
| Provision for 13 <sup>th</sup> cheques               | 722 904      | 589 879      |
|  | 24 875 045   | 18 714 031   |
| Movement for the Year for bonuses                    |              |              |
| Provision for bonuses                                |              |              |
| Opening balance at 1 April                           | 18 124 152   | 17 974 161   |
| less: bonuses paid                                   | (16 477 697) | (17 827 045) |
|  | 1 646 455    | 147 116      |
| Net charge to the Statement of Financial Performance | 22 505 686   | 17 977 036   |
| CLOSING BALANCE AT 31 MARCH                          | 24 152 141   | 18 124 152   |
| Movement for the Year for 13 <sup>th</sup> cheques   |              |              |
| Provision for 13th cheque                            |              |              |
| Opening balance at 1 April                           | 589 879      | 663 319      |
| less: 13th cheque paid                               | (3 010 612)  | (2 558 203)  |
|  | (2 420 733)  | (1 894 884)  |
| Net charge to the Statement of Financial Performance | 3 143 637    | 2 484 763    |
| CLOSING BALANCE AT 31 MARCH                          | 722 904      | 589 879      |

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.



#### 12. OPERATING LEASE OBLIGATION

| 2016 | 2015 |
|------|------|
| R    | R    |

Seda leases office buildings and photocopiers for its National office, nationwide Provincial offices and branches in terms of operating leases. Seda does not have the option to acquire the buildings or photocopiers at the termination of the leases.

Current portion

Non-current portion

Straight-lining effect of the operating lease

| 3 308 386 | 19 748 318 |
|-----------|------------|
| 2 577 113 | 18 035 772 |
| 731 273   | 1 712 546  |

#### **OPERATING LEASE COMMITMENTS**

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

Up to one year Between two and five years Later than five years

| 108 404 323 |
|-------------|
| 8 359 080   |
| 67 272 883  |
| 32 772 360  |
|             |

#### 13. CONTINGENT LIABILITIES

There are contingent liabilities in respect of: Legal claims - CCMA Legal claims - Suppliers

| 1 179 989 | 529 989 |
|-----------|---------|
| 329 989   | 329 989 |
| 850 000   | 200 000 |
|           |         |

- Legal claims CCMA the claims relates to three former staff members whose services were terminated after disciplinary proceedings or at the end of the contract period. They have referred the matters to the CCMA for unfair dismissals.
- Legal claims Suppliers relates to summons received in 2011/12 from two suppliers in respect of goods and services provided, whereby the said services are being disputed.

Refer to note 1.15. Due to the uncertain and adversarial nature of litigation it is extremely difficult to determine the exact cost involved in litigating a matter, thus the cost order on a specific tariff and interest amounts are not determined.

| 1/ COMMITMENTS                  | 2016       | 2015       |
|---------------------------------|------------|------------|
| 14. COMMITMENTS                 | R          | R          |
| Capital Expenditure             |            |            |
| Computer equipment              | 1 893 761  | 284 190    |
| Equipment                       | 333 239    | 52 018     |
| Office furniture                | -          | 169 744    |
| Leasehold improvements          | -          | -          |
| Vehicles                        | -          | -          |
|                                 | 2 227 000  | 505 952    |
| Operational Expenditure         |            |            |
| Approved and contracted         | 66 571 823 | 51 939 894 |
| Approved but not yet contracted | 12 065 565 | 3 849 437  |
|                                 | 78 637 388 | 55 789 331 |
| Total Commitments               | 80 864 388 | 56 295 283 |





#### 15. REMUNERATION OF BOARD OF DIRECTORS

#### 15.1 Board members: 1 April 2015 to 31 March 2016

| NO | NAME           | DIRECTOR FEES | SUBSISTENCE<br>Allowance | TRAVELLING | SALARY    | ALLOWANCES | PERFORMANCE<br>Bonus | RE- IMBURSEMENTS | TOTAL     |
|----|----------------|---------------|--------------------------|------------|-----------|------------|----------------------|------------------|-----------|
|    |                |               |                          |            |           |            |                      |                  |           |
| 1  | Hirachund, A   | 104 977       | 426                      | 15 045     | -         | -          | -                    | -                | 120 448   |
| 2  | Lugayeni, PF   | 215 564       | 15 420                   | 15 082     | -         | -          | -                    | 160              | 246 226   |
| 3  | Makhuvha, TR   | 91 636        | 1 705                    | 6 233      | -         | -          | -                    | -                | 99 574    |
| 4  | Mohoto, M *    | -             | -                        | -          | -         | -          | -                    | -                | -         |
| 5  | Monnagotla, Z  | 84 260        | 206                      | 10 172     | -         | -          | -                    | 9 184            | 103 822   |
| 6  | Njenge, L      | -             | 1 236                    | 96 240     | 1 370 748 | 347 848    | 194 631              |                  | 2 010 703 |
| 7  | Thabaneng, DMN | 229 079       | 12 018                   | 28 538     | -         | -          | -                    | -                | 269 635   |
| 8  | Venter, M      | 185 938       | 5 370                    | 5 811      | -         | -          | -                    | -                | 197 119   |
| 9  | Zikode, S      | -             | -                        | -          | 461 593   | 196 215    | 129 203              | 11 493           | 798 504   |
| 10 | Zwane, I       | 324 699       | 28 297                   | 33 839     | -         | -          | -                    | 798              | 387 633   |
|    |                | 1 236 153     | 64 678                   | 210 960    | 1 832 341 | 544 063    | 323 834              | 21 635           | 4 233 664 |

#### Board Sub-committees Members: 1 April 2015 to 31 March 2016

| NO | NAME          | CONSULTANT<br>FEES | SUBSISTENCE<br>Allowance | TRAVELLING | SALARY    | ALLOWANCES | PERFORMANCE<br>Bonus | RE- IMBURSEMENTS | TOTAL     |
|----|---------------|--------------------|--------------------------|------------|-----------|------------|----------------------|------------------|-----------|
| 11 | Lesejane, MJ  | 122 470            | 3 288                    | 5 935      | -         | -          | -                    | -                | 131 693   |
| 12 | Roelofse, K * | -                  | -                        | -          | -         | -          | -                    | -                | -         |
|    |               | 122 470            | 3 288                    | 5 935      | -         | -          | -                    | -                | 131 693   |
|    |               |                    |                          |            |           |            |                      |                  |           |
|    | TOTAL         | 1 358 623          | 67 966                   | 216 895    | 1 832 341 | 544 063    | 323 834              | 21 635           | 4 365 357 |

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

A Hirachund, appointed from September 2015.

<sup>5</sup> Z Monnagotla, appointed from September 2015.

L Njenge, appointed as Acting CEO from August 2015. Performance bonus in respect of 2014/15 financial year.

S Zikode, appointed as Acting CEO until 31 July 2015. Performance bonus in respect of 2014/15 financial year.

#### 15. REMUNERATION OF BOARD OF DIRECTORS (continued)

#### 15.2 Board members: 1 April 2014 to 31 March 2015

| NO | NAME           | DIRECTOR FEES | SUBSISTENCE<br>Allowance | TRAVELLING | SALARY    | ALLOWANCES | PERFORMANCE<br>Bonus | RE-<br>Imbursements | TOTAL     |
|----|----------------|---------------|--------------------------|------------|-----------|------------|----------------------|---------------------|-----------|
| 1  | Lugayeni, PF   | 189 350       | 1 246                    | 12 994     | -         | -          | -                    | 3 640               | 207 230   |
| 2  | Makhuvha, TR   | 90 991        | 80                       | 5 840      | -         | -          | -                    | -                   | 96 911    |
| 3  | Mohoto, M *    | -             | -                        | -          | -         | -          | -                    | -                   | -         |
| 4  | Thabaneng, DMN | 147 367       | 240                      | 23 251     | -         | -          | -                    | 1 004               | 171 862   |
| 5  | Venter, M      | 142 885       | 560                      | 10 762     | -         | -          | -                    | 2 700               | 156 907   |
| 6  | Zikode, S      | -             | 1 133                    | -          | 1 266 692 | 687 944    | -                    | 63 871              | 2 019 640 |
| 7  | Zwane, I       | 173 756       | 2 140                    | 20 572     | -         | -          | -                    | -                   | 196 468   |
|    |                | 744 349       | 5 399                    | 73 419     | 1 266 692 | 687 944    | -                    | 71 215              | 2 849 018 |

#### Board Sub-committees Members: 1 April 2014 to 31 March 2015

| NO | NAME          | CONSULTANT<br>Fees | SUBSISTENCE<br>Allowance | TRAVELLING | SALARY    | ALLOWANCES | PERFORMANCE<br>Bonus | RE-<br>Imbursements | TOTAL     |
|----|---------------|--------------------|--------------------------|------------|-----------|------------|----------------------|---------------------|-----------|
| 8  | Baloyi, E *   | -                  | -                        | -          | -         | -          | -                    | -                   | -         |
| 9  | Lesejane, MJ  | 94 247             | 80                       | 5 366      | -         | -          | -                    | -                   | 99 693    |
| 10 | Roelofse, K * | -                  | -                        | -          | -         | -          | -                    | -                   | -         |
|    |               | 94 247             | 80                       | 5 366      | -         | -          | -                    | -                   | 99 693    |
|    |               |                    |                          |            |           |            |                      |                     |           |
|    | TOTAL         | 838 596            | 5 479                    | 78 785     | 1 266 692 | 687 944    | -                    | 71 215              | 2 948 711 |

<sup>\*</sup> These members did not receive remuneration due to being employed elsewhere in the Public Sector.
6 "S Zikode, appointed as Acting CEO from 1 January 2014. Included in above cost is R322 515 relating to the 2013/14 financial year, paid in 2014/15.



| 16. NOTES TO THE CASH FLOW STATEMENT NOTES  | 2016<br>R   | 2015<br>R   |
|---|---|---|
| (a) Plant, Equipment & Intangible assets  |   |   |
| Seda acquired assets, as per asset note 7 & 8.  | 35 553 862  | 17 066 524  |
| (b) Reconciliation of (Deficit) / Surplus for the Year to Net Cash Flows from Operating Activities  Net (Deficit) / Surplus for the Year                                    | (46 940 341)  | 68 109 701  |
| Non-cash Movements:   | 14 733 410  | 12 951 401  |
| Depreciation, impairment and amortisation   | 15 093 398  | 13 480 276  |
| (Gain) / Loss on sale of assets   | (359 988)   | (528 875)   |
| Changes in Working Capital  Decrease in accounts payable Increase / (Decrease) in accounts receivable Increase in inventories Increase in provisions                        | (18 588 136)<br>(13 060 218)<br>4 858 885<br>(107 885)<br>6 161 014 | (98 853 102)<br>(96 170 765)<br>(2 997 335)<br>(28 506)<br>76 551 |
| Smoothing effect of operating lease   | (16 439 932)  | 266 953   |
| Net Cash Flows from Operating Activities  | (50 795 067)  | (17 792 000)  |
| (c) Receipts of Earnings from programme and projects  Accounts receivable - current period  Accounts receivable - prior period  Gross Earnings from programmes and projects | (7 775 408)<br>12 634 293<br>69 311 209<br><b>74 170 094</b>        | [12 634 293]<br>9 636 958<br>69 073 914<br><b>66 076 579</b>      |

#### 17. FINANCIAL INSTRUMENTS

#### 17.1 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 Small Business Development (DSBD) and therefore is dependent on their support.

#### 17.2 Financial Risk Management Objectives

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

Compliance with policies and exposure limits is reviewed by the Internal Auditors on a continuous basis. Seda does not enter into or trade in financial instruments, including derivative financial instruments, for speculative purposes

#### 17.3 Market Risk

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

#### 17.4 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.

| 2016                     | EFFECTIVE INTEREST RATE AS AT 31 MARCH 2016 % | LESS THAN<br>6 Months<br>R | MORE THAN<br>6 Months<br>R | TOTAL<br>R  |
|--------------------------|---|----------------------------|----------------------------|-------------|
| Assets                   |   |                            |                            |             |
| Current cash balances    | 5,50%   | 37 051 417                 |                            | 37 051 417  |
| Short-term call deposits | 6,50%   | 140 585 942                |                            | 140 585 942 |
|                          |   | 177 637 359                | -                          | 177 637 359 |
| Liabilities              |   |                            |                            |             |
| Finance lease            |   |                            | -                          | -           |

#### 17. FINANCIAL INSTRUMENTS (CONTINUED)

| 2015                     | EFFECTIVE INTEREST RATE AS AT 31 MARCH 2016 % | LESS THAN<br>6 Months<br>R | MORE THAN<br>6 Months<br>R | TOTAL<br>R  |
|--------------------------|---|----------------------------|----------------------------|-------------|
| Assets                   |   |                            |                            |             |
| Current cash balances    | 4,25%   | 37 396 758                 |                            | 37 396 758  |
| Short-term call deposits | 5,25%   | 236 015 560                |                            | 236 015 560 |
|                          |   | 273 412 318                | -                          | 273 412 318 |
| Liabilities              |   |                            |                            |             |
| Finance lease            | 16,00%  |                            | 11 188 083                 | 11 188 083  |

#### 17. 5 Other Price Risks

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

#### 17.6 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.

#### 17.7 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 agency will be able to settle their financial liabilities and lease liability in the normal course of business. The liquidity ratio current assets vs. current liabilities is 1.06:1.

#### 18. RELATED PARTIES

| Relationships   | Name of Related Party  |
|---|--|
| Controlling entity  | Department of Small Business Development   |
| National Department and Entities within the national sphere of government | Department of Agriculture & Forestry<br>Department of Higher Education<br>Department of Trade and Industry |

During the year the entity in the ordinary cause of business entered into various transactions with related parties.

Transactions entered into and balances outstanding between these parties are as follows:

| Related Parties balances                 | 2016<br>R    | 2015<br>R    |
|--|--------------|--------------|
| Department of Small Business Development | (56 467 949) | -            |
| Department of Trade and Industry         | -            | (62 663 587) |
| Department of Trade and Industry         | -            | 2 626 595    |
| Department of Higher Education           | (19 289 493) | (21 258 508) |

#### Related Parties transactions

| Department of Small Business Development (government grant)  | (610 364 000) | -             |
|--|---------------|---------------|
| Department of Trade and Industry (government grant)          | -             | (624 650 000) |
| Department of Small Business Development (specific projects) | (54 093 891)  | -             |
| Department of Trade and Industry (specific projects)         | -             | (45 625 806)  |
| Department of Higher Education (BESD project)                | (2 838 543)   | (13 967 285)  |
| Department of Agriculture & Forestry                         | (1 825 000)   | -             |

#### Notes:

- Remuneration of the Board of Directors is disclosed in note 15.
- Remuneration of Key Management is disclosed in note 19.
- Department of Higher Education. This amount is for the "Basic Entrepreneurial Skills Development (BESD) project" received through the National Skills Fund.
- Department of Agriculture & Forestry. This amount is for the "Integrated Agribusiness Development Model project."



#### 19. REMUNERATION OF KEY MANAGEMENT

## Payments made to Seda's Executive Managers for the year ended 31 March 2016

| NO | NAME            | SALARY    | CONTRIBUTIONS TO<br>Provident fund and<br>Medical aid | PERFORMANCE BONUS | TRAVEL ALLOWANCE | CELL PHONE<br>Allowance | RE- IMBURSEMENTS | OTHER (ACTING<br>Allowance) | TOTAL     |
|----|-----------------|-----------|---|-------------------|------------------|-------------------------|------------------|-----------------------------|-----------|
| 1  | Dlamini, T *    | 688 334   | 118 868   | 105 231           | _                | 12 000                  | 6 107            | 273 048                     | 1 203 588 |
| 2  | Jaftha, T *     | 766 965   | 108 479   | 99 047            | -                | 14 400                  | 23 251           | 72 274                      | 1 084 416 |
| 3  | Gwala-Mahaye, P | 1 121 930 | 42 303  | -                 | -                | 19 800                  | 5 534            | -                           | 1 189 567 |
| 4  | Kunene, S *     | 1 043 211 | 35 059  | 172 833           | -                | 16 200                  | 6 961            | -                           | 1 274 264 |
| 5  | Khonkwane, N *  | 1 164 837 | 1 784   | 100 820           | 137 500          | 21 600                  | 1 339            | -                           | 1 427 880 |
| 6  | Mzizi, N        | 1 129 601 | 174 519   | -                 | -                | 21 600                  | 7 314            | -                           | 1 333 034 |
|    |                 | 5 914 878 | 481 012   | 477 931           | 137 500          | 105 600                 | 50 506           | 345 322                     | 7 512 749 |

<sup>\*</sup> Including performance bonus in respect of 2014/15. **1.** T Dlamini - Acting CSIO from 5 August 2015. **2.** T Jafta - Acting Exec: STP from 4 January 2016. **3.** P Gwala-Mahaye - appointed Executive: Corporate Services from 11 May 2015. **4.** S Kunene - retired end December 2015. **5.** N Khonkwane - Executive: STP but act as Exec: EDD from 4 January 2016.

## Payments made to Seda's Executive Managers for the year ended 31 March 2015

| NO | NAME           | SALARY    | CONTRIBUTIONS TO<br>Provident fund and<br>Medical aid | PERFORMANCE BONUS | TRAVEL ALLOWANCE | CELL PHONE<br>Allowance | RE- IMBURSEMENTS | OTHER (ACTING<br>Allowance) | TOTAL     |
|----|----------------|-----------|---|-------------------|------------------|-------------------------|------------------|-----------------------------|-----------|
| 1  | Hogendoorn, M* | 172 253   | 297   | 256 923           | -                | 1 800                   | 3 923            | -                           | 435 196   |
| 2  | Kunene, S *    | 1 176 786 | 55 155  | 102 829           | -                | 21 600                  | 9 951            | -                           | 1 366 321 |
| 3  | Khonkwane, N * | 895 280   | 105 940   | 203 011           | 150 000          | 18 600                  | 904              | -                           | 1 373 735 |
| 4  | Mushwana, D    | 1 476 214 | 1 487   | -                 | -                | 18 000                  | 5 394            | -                           | 1 501 095 |
| 5  | Mzizi, N       | 89 249    | 12 328  | -                 | -                | 1 800                   | -                | -                           | 103 377   |
| 6  | Njenge, L *    | 1 271 153 | 28 145  | 151 512           | 96 240           | 14 400                  | -                | -                           | 1 561 450 |
| 7  | Soga, S *      | 718 515   | 88 944  | 95 800            | -                | 14 400                  | 7 550            | 149 639                     | 1 074 848 |
| 8  | Taute, L *     | 692 090   | 138 593   | 200 704           | -                | 14 400                  | 1 422            | 416 009                     | 1 463 218 |
|    |                | 6 491 540 | 430 889   | 1 010 779         | 246 240          | 105 000                 | 29 144           | 565 648                     | 8 879 240 |

<sup>\*</sup> Including performance bonus in respect of 2013/14. **1.** M Hogendoorn - resigned as CFO in April 2014. **3.** N Khonkwane - appointed Executive: Seda Technology Programme (STP) from 1 September 2014. **4.** D Mushwana - resigned as Executive: Corporate Services in January 2015. **5.** N Mzizi - appointed Chief Financial Officer (CFO) from March 2015. **7.** S Soga - Acting Executive: Seda Technology Programme (STP) until end August 2014. **8.** L Taute - Acting Chief Financial Officer (CFO) from May 2014 to February 2015.

#### 20. MEDICAL AID AND RETIREMENT BENEFITS

| 2016 | 2015 |
|------|------|
| R    | R    |

The total amounts paid toward medical aid for the period [449 (360) employees for the current year] and retirement benefits for the period [618 (518) employees for the current year] are as follows:

| Medical Aid    | 15 307 456 | 12 857 783 |
|----------------|------------|------------|
| Provident Fund | 21 430 905 | 17 536 105 |
|                | 36 738 361 | 30 393 888 |

#### 21. FRUITLESS AND WASTEFUL EXPENDITURE

| Opening balance  | 400 932   | 724 418   |
|--|-----------|-----------|
| Fruitless and wasteful expenditure – current year                        | 680 573   | 32 333    |
| Fruitless and wasteful expenditure (noted and cleared in accordance with |           |           |
| policies and procedures)   | (400 932) | (355 819) |
| Closing balance  | 680 573   | 400 932   |

- Interest paid to various service providers of R69 179. Statements received late.
- Alleged theft of R6 198.
- Overcharge by Service Provider, staff did not properly check work done of R152 861.
- Misconduct conducted by staff members of R452 335.

Various additional internal controls were implemented to prevent occurrence and corrective actions were taken in line with Seda's policies.

#### 22. 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.





**EASTERN CAPE** 

Chris Hani



1 PORT ELIZABETH Nelson Mandela Bay

2 EAST LONDON

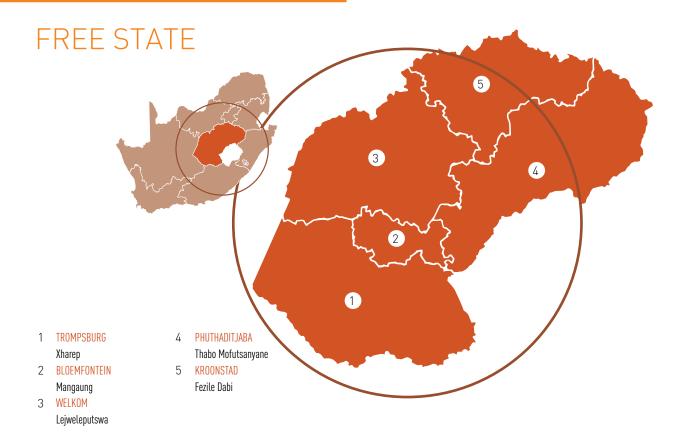
Amathole

3 MTHATHA

OR Tambo

| Centre   | Sector                  | Province                     | Contact Number |
|--|-------------------------|------------------------------|----------------|
| Chemin, Port Elizabeth                                   | Chemical Industry       | Port Elizabeth, Eastern Cape | 010 594 0641   |
| Chemin, East London                                      | Chemical Industry       | East London, Eastern Cape    | 010 594 9843   |
| Furntech Mthatha   | Furniture Manufacturing | Mthatha, Eastern Cape        | 047 531 1840   |
| Seda Construction Incubator (SCI),<br>Mthatha            | Construction            | Mthatha, Eastern Cape        | 047 531 1840   |
| Seda Construction Incubator (SCI),<br>Port Elizabeth     | Construction            | Port Elizabeth, Eastern Cape | 041 486 2595   |
| SCI East London  | Construction            | East London, Eastern Cape    | 087 373 0801   |
| Seda Nelson Mandela Bay ICT Incubator<br>(SNII)          | ICT                     | Port Elizabeth, Eastern Cape | 041 409 8600   |
| Seda Alfred Nzo Agro Manufacturing<br>Incubator (SANAMI) | Agro Processing         | Mount Ayliff, Eastern Cape   | 087 285 1556   |
| Zenzele Technology Demonstration Centre<br>Makana        | Small-Scale Mining      | Grahamstown, Eastern Cape    | 011 709 4674   |





| Centre  | Sector                       | Province                 | Contact Number |
|---|------------------------------|--------------------------|----------------|
| Seda Agricultural & Mining Tooling<br>Incubator (SAMTI) | Mining & Agriculture Tooling | Bloemfontein, Free State | 051 507 3483   |
| Motheo TVET Colleage Rapid Incubator                    | Fashion and Jewellery Design | Bloemfontein, Free State | 051 406 9344   |

### **GAUTENG**

1 **EKURHULENI** Fkurhuleni

3 PRETORIA
CITY of Tshwane

2 JOHANNESBURG

City of Johannesburg





# KWAZULU-NATAL

1 PORT SHEPSTONE

Ugu 2 IXOPO

Sisonke

3 PIETERMARITZBURG uMgungundlovu

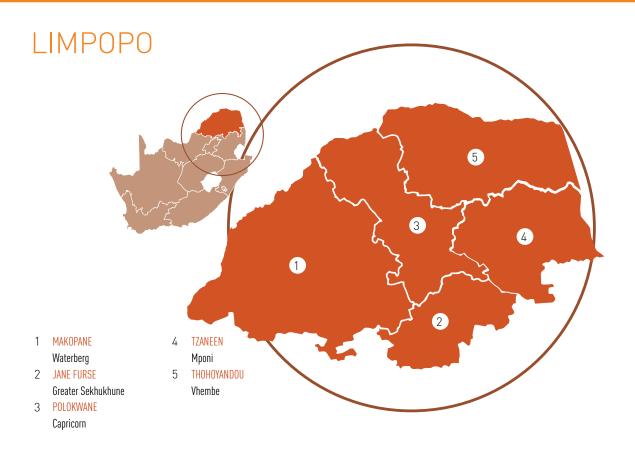
4 RICHARDS BAY Uthungulu

5 LADYSMITH Uthukela

6 NEWCASTLE Amajuba

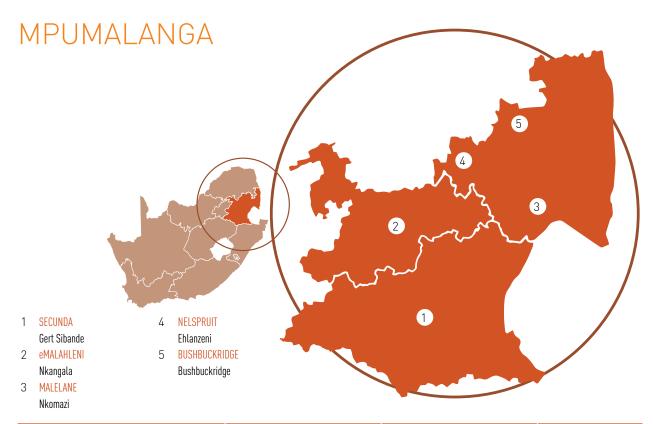


| Centre                                 | Sector                                 | Province                     | Contact Number |
|--|--|------------------------------|----------------|
| Chemin, Durban                         | Chemical Industry                      | Durban, KwaZulu-Natal        | 010 594 9842   |
| Downstream Aluminium Centre for        | Aluminium Fabrication & Casting        | Richard's Bay, KwaZulu-Natal | 035 797 1500   |
| Technology (DACT)                      |  |                              |                |
| Furntech Durban                        | Furniture Manufacturing                | Durban, KwaZulu-Natal        | 031 579 1896   |
| Furntech Umzimkhulu                    | Furniture Manufacturing                | Umzimkhulu, KwaZulu-Natal    | 039 259 0993   |
| INVOTECH                               | Mixed High-Tech                        | Durban, KwaZulu-Natal        | 031 201 5788   |
| Seda Construction Incubator (SCI),     | Construction                           | Durban, KwaZulu-Natal        | 031 368 1207   |
| Durban                                 |  |                              |                |
| Seda Construction Incubator (SCI)      | Construction                           | Umzimkhulu, KwaZulu-Natal    | 034 212 2074   |
| Dundee                                 |  |                              |                |
| Seda Construction Incubator (SCI)      | Construction                           | Kwa-Mashu, KwaZulu-Natal     | 031 503 5225   |
| Kwa-Mashu                              |  |                              |                |
| Seda Essential Oils Business Incubator | Essential Oils-Plant Cultivation & Oil | Nkandla, KwaZulu-Natal       | 035 833 0479   |
| (SEOBI)                                | Distillation                           |                              |                |
| Smartxchange                           | ICT                                    | Durban, KwaZulu-Natal        | 031 307 1998   |
| Esayidi                                | ICT                                    | Port Sheptone, KwaZulu-Natal | 039 685 5482   |
| TVET College Rapid Incubator           |  |                              |                |
| Smartxchange                           | ICT                                    | Port Sheptone, KwaZulu-Natal | 039 682 0631   |
|  |  |                              |                |



| Centre                                  | Sector                                  | Province             | Contact Number |
|---|---|----------------------|----------------|
| Mapfura Makhura Incubator (MMI)         | Boi-Fuels Plant Production & Processing | Marble Hall, Limpopo | 013 268 9324   |
| Seda Limpopo Jewellery Incubator (SLJI) | Jewellery Manufacturing                 | Polokwane, Limpopo   | 015 293 0319   |
| Vhembe TVET College Rapid Incubator     | Mixed Manufacturing                     | Thohoyandou, Limpopo | 015 963 3156   |





| Centre  | Sector                         | Province                | Contact Number |
|---|--------------------------------|-------------------------|----------------|
| Furntech White River                              | Furniture Manufacturing        | White River, Mpumalanga | 013 750 3066   |
| Mobile Agri-Skills Development & Training (MASDT) | Agricultural Capacity Building | Nelspruit, Mpumalanga   | 013 753 2470   |
| Mpumalanga Stainless Steel Initiative (MSI)       | Stainless Steel Processing     | Middelburg, Mpumalanga  | 013 246 1528   |
| Timbali   | Floriculture                   | Nelspruit, Mpumalanga   | 013 753 2412   |
| Ehlanzeni TVET College Rapid Incubator            | Renewable Technologies         | Nelspruit, Mpumalanga   | 013 752 7105   |





DE AARPixley ka SemeUPINGTON

Siyanda

1 SPRINGBOK

Namakwa

| Centre  | Sector       | Province                 | Contact Number |
|---|--------------|--------------------------|----------------|
| Northern Cape Diamond and Jewellery<br>Incubator    | Jewellery    | Kimberley, Northern Cape | 053 831 1570   |
| Northern Cape Rural TVET College Rapid<br>Incubator | Construction | De Aar, Northern Cape    | 054 332 4711   |



# NORTH WEST



1 VRYBURG

Dr Ruth Segomotsi Mompati

2 KELRKSDORP

Dr Kennith Kaunda

3 MAFIKENG

Ngaka Modiri Molema

4 RUSTENBURG

Bojanala West

5 BRITS

Bojanala East

| Centre                             | Sector             | Province               | Contact Number |
|------------------------------------|--------------------|------------------------|----------------|
| Seda Platinum Incubator (SPI)      | Platinum Jewellery | Rustenburg, North West | 014 597 0736   |
| Orbit TVET College Rapid Incubator | Automotive         | Rustenburg, North West | 014 597 5536   |



| Centre   | Sector                              | Province                 | Contact Number |
|--|-------------------------------------|--------------------------|----------------|
| South Africa Renewable Business Incubator (SAREBI) | Renewable Energy                    | Atlantis, Western Cape   | 021 577 2719   |
| Furntech Cape Town                                 | Furniture Manufacturing             | Cape Town, Western Cape  | 021 510 0088   |
| Furntech, Nyanga                                   | Furniture Manufacturing             | Cape Town, Western Cape  | 021 201 7542   |
| False Bay TVET College Rapid Incubator             | Metal Fabrication and Boat Building | Muizenburg, Western Cape | 021 003 0600   |
| SAVANT   | Advanced Manufacturing              | Cape Town, Western Cape  | 021 418 9010   |



#### **SEDA PROVINCIAL OFFICES CONTACT DETAILS**

Seda Provincial Managers Seda Operations Managers

| Province     | Office name and location          | Name                                      | Address  | Phone/Fax/Cell<br>numbers                                     | Email address           |
|--------------|-----------------------------------|---|--|---|-------------------------|
| EASTERN CAPE | Provincial Office<br>East London  | Siphiwo Soga<br>Provincial Manager        | No 4 Scherwitz Rd Berea<br>East London   | 043 706 6700/1/2/3 (T)<br>043 721 1652 (F)<br>082 851 8912(C) | ssoga@seda.org.za       |
|              | Provincial Office                 | Ntombozuko Somtunzi<br>Operations Manager | No 4 Scherwitz Rd Berea<br>East London   | 043 706 67001/2/3 (T)<br>043 721 1652 (F)<br>082 958 2561 (C) | nsomtuzi@seda.org.za    |
| FREE STATE   | Provincial Office<br>Bloemfontein | Jackie Ntshingila<br>Provincial Manager   | Telkom Building<br>Block B First Floor<br>Nelson Mandela Road<br>Bloemfontein  | 051 411 3820 (T)<br>051 444 4235 (F)<br>082 801 0008 (C)      | jntshingila@seda.org.za |
|              | Provincial Office<br>Bloemfontein | Boijane Mshumpela<br>Operations Manager   | Telkom Building<br>Block B First Floor<br>Nelson Mandela Road<br>Bloemfontein  | 051 411 3820 (T)<br>051 444 4235 (F)<br>073 204 2002 (C)      | bmshumpela@seda.org.za  |
| GAUTENG      | Provincial Office<br>Johannesburg | Colin Leshou<br>Provincial Manager        | Second Floor Forum 5<br>Braampark 33 Hoofd<br>St Braamfontein<br>Johannesburg  | 011 408 6528 (T)<br>072 019 5996 (C)                          | cleshou@seda.org.za     |
|              | Provincial Office<br>Johannesburg | Colin Francis<br>Operations Manager       | Second Floor, Forum 5<br>Braampark 33 Hoofd<br>St Braamfontein<br>Johannesburg | 011 408 6528 (T)<br>082 894 8841 (C)                          | cfrancis@seda.org.za    |

#### Seda Provincial Managers

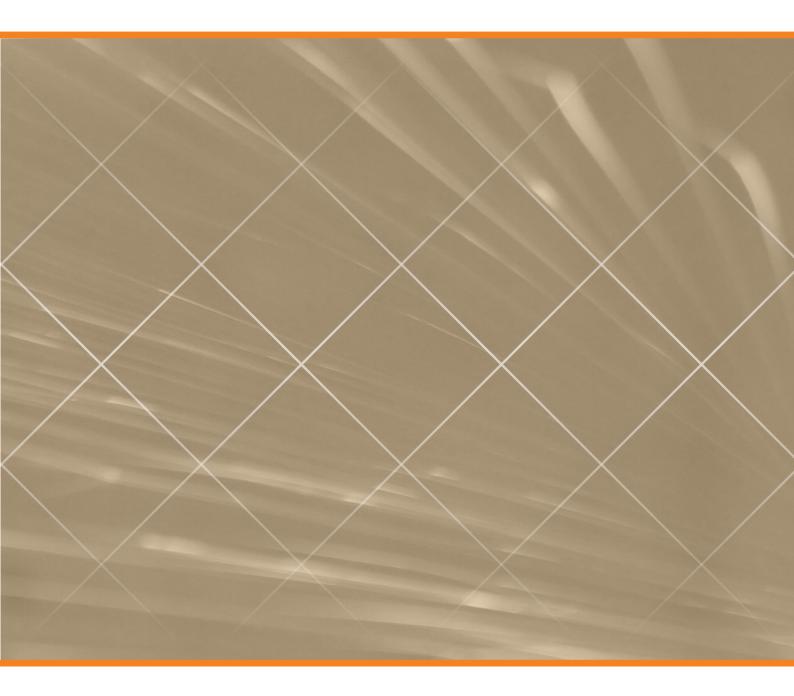
|               |                                | Seda                                  | Provincial Manager   | Seda   | Operations Managers   |
|---------------|--------------------------------|---------------------------------------|--|--|-----------------------|
| Province      | Office name and location       | Name                                  | Address  | Phone/Fax/Cell<br>numbers                                  | Email address         |
| KWAZULU-NATAL | Provincial Office<br>Durban    | Cedric Mnguni<br>Provincial Manager   | 381 Berea Road<br>Durban   | 031 277 9500 (T)<br>031 277 9510 (F)<br>082 920 5154 (C)   | cmnguni@seda.org.za   |
|               | Provincial Office<br>Durban    | Cedric Mnguni<br>Operations Manager   | 381 Berea Road<br>Durban   | 031 277 9500 (T)<br>031 277 9510 (F)<br>082 920 5154 (C)   | cmnguni@seda.org.za   |
| LIMPOPO       | Provincial Office<br>Polokwane | Koenie Slabbert<br>Provincial Manager | Second Floor Suite 6<br>Maneo Building<br>73 Biccard Street<br>Polokwane | 015 287 2940 (T)<br>015 297 4022 (F)<br>083 378 6289 (C)   | kslabbert@seda.org.za |
|               | Provincial Office<br>Polokwane | Martin Rafferty<br>Operations Manager | Second Floor Suite 6<br>Maneo Building<br>73 Biccard Street<br>Polokwane | 015 297 1139 (T)<br>015 297 4022 (F)<br>082 561 6147 (C)   | mrafferty@seda.org.za |
| MPUMALANGA    | Provincial Office<br>Nelspruit | Ntokozo Majola<br>Provincial Manager  | Suite 102 Bi–water<br>Building 16<br>Brander Street<br>Nelspruit         | 013 755 6046/7 (T)<br>013 755 6043 (F)<br>082 448 8825 (C) | nmajola@seda.org.za   |
|               | Provincial Office<br>Nelspruit | Mashiba Kgole<br>Operations Manager   | Suite 102 Bi-water Building 16 Brander Street Nelspruit                  | 013 755 6046/7 (T)<br>013 755 6043 (F)<br>082 565 6935 (C) | mkgole@seda.org.za    |

Nelspruit



Seda Provincial Managers Seda Operations Managers

| Province      | Office name and location        | Name                                       | Address  | Phone/Fax/Cell<br>numbers                                | Email address            |
|---------------|---------------------------------|--|--|--|--------------------------|
| NORTHERN CAPE | Provincial Office<br>Kimberley  | Kedisaletse Williams<br>Provincial Manager | 13 Bishop Avenue<br>Sanlam Building<br>Kimberley       | 053 839 5700 (T)<br>053 839 5711 (F)<br>082 304 1970 (C) | kwilliams@seda.org.za    |
|               | Provincial Office<br>Kimberley  | Corrie van der Merwe<br>Operations Manager | 13 Bishop Avenue<br>Sanlam Building<br>Kimberley       | 053 839 5700 (T)<br>053 839 5711 (F)<br>084 825 1559 (C) | cvandermerwe@seda.org.za |
| NORTH WEST    | Provincial Office<br>Rustenburg | Neville Maimane<br>Provincial Manager      | 214 Beyers Naude Street<br>Rustenburg                  | 014 591 7900 (T)<br>014 592 9734 (F)<br>082 887 1942 (C) | nmaimane@seda.org.za     |
|               | Provincial Office<br>Rustenburg | Neo Rampagane<br>Operations Manger         | 214 Beyers Naude Street<br>Rustenburg                  | 014 591 7900 (T)<br>014 592 9734 (F)<br>083 282 0662 (C) | nrampagane@seda.org.za   |
| WESTERN CAPE  | Provincial Office<br>Cape Town  | Alex Qunta<br>Provincial Manger            | Sixth Floor The Pinnacle 2<br>Burg Street<br>Cape Town | 021 487 3640 (T)<br>085 494 0273 (C)                     | aqunta@seda.org.za       |
|               | Provincial Office<br>Cape Town  | Shabeer Parker<br>Operations Manager       | Sixth Floor The Pinnacle 2<br>Burg Street<br>Cape Town | 021 487 3640 (T)<br>083 469 7864 (C)                     | sparker@seda.org.za      |





an agency of the dsbd

#### **SEDA NATIONAL OFFICE**

The Fields, Office Block A, 1066
Burnette Street, Hatfield, 0083, Pretoria
PO Box 56714, Arcadia, 0007
T: +27 12 441 1000 | F: +27 12 441 2064

#### **NATIONAL INFORMATION CENTRE**

T: 0860 103 703 | E: info@seda.org.za

Website Enquiries **E:** webmaster@seda.org.za

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ISPN: 978-0-621-44799-6