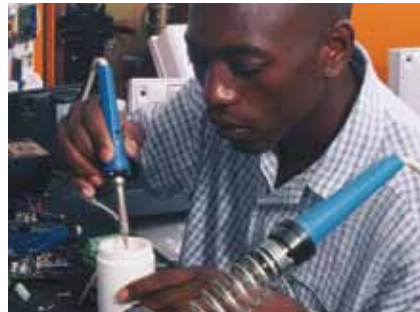
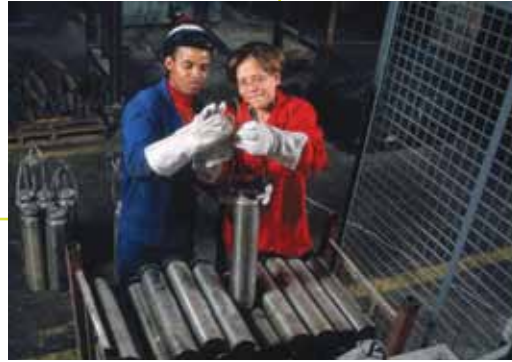


ANNUAL REPORT

2010-2011



Moulding Entrepreneurs

CONTENTS

Organisational Insight	3
------------------------	---

Statements & Foreword

MEC's Foreword	5
Chairperson's Review	6
Chief Executive Officer's Reviews	8

Business Units Reports

Financial Support	11
Regional Operations	19
Enterprise Support	27
Strategic Support	38
Marketing & Communications	44
Human Resources	49
Information Technology & Facilities	56

Corporate Governance Report

Chief Financial Officer's Report	61
Audit Committee Report	67

Financials

Auditor - General Report	71
Directors' Report	73
Financial Statements	75
Accounting Policies	79
Note to the Financial Statements	85

*GEP supported small businesses
sturdily propelling over the years*



Organisational Insight

Mandate

To promote, foster and develop small enterprises in Gauteng thereby implementing the policy of the Gauteng Provincial Government for small enterprise development.

This includes the design and implementation of small enterprise development support programmes within Gauteng, strengthening their capacity to compete successfully domestically and internationally; promoting a support network in order to increase the contribution of small enterprises to the economy, which will in turn contribute to economic growth, job creation and equity.

Vision

Africa's leading enterprise and business support agency

Mission

To enable entrepreneurs

Value

Professional - Efficient, Knowledgeable, Full spectrum service

Accountable - Responsive, Reliable, Work with integrity

Focused - SMME Sector, Sector specialists, Trained staff

Accessible - Location, Language, Customer service

Goals

To facilitate increased SMME participation in mainstream economy, and their contribution to economic growth, development and employment in Gauteng.



STATEMENTS AND FOREWORD



MEC's FOREWORD



The Gauteng Enterprise Propeller (GEP) has a daunting task, as an SMME and Co-operative support agency in Gauteng. It is charged with the responsibility to reach out to small and very small enterprises, and propel them to full and sustainable participation in the economy. In the years to come, the GEP board and its management is tasked with developing our economy to new heights of inclusivity and sound business development.

In the past year GEP has funded 34 Small, Micro and Medium Enterprises, amounting to R33.8 million. Of this figure, an investment percentage of 24% & 30% went specifically to developing women and youth owned businesses, respectively.

In all towns and in the townships that make up Gauteng, there are women selling, sewing or making things to sell. This is how they feed their children and grandchildren, how they educate them even up to tertiary level, how they feed them during unemployment and now how they nurse the sick and dying ones and then even bury them in dignity. Women traders and breadwinners are a resilient and feisty lot. They are women of all ages, sizes and shapes. They aspire to secure markets and life skills which will spur them on towards participating in the economy. During the financial year, GEP assisted and supported 91 businesses in various townships throughout Gauteng, and will continue growing this product through engaging other role players such as Banking Institutions; other DFIs; etc.

In the 2011/12 financial year, GEP aims at further improving its service offering to them by learning from some of the global and successful SMME funding models, e.g. the Grameen Bank model; the Banco Solidario model etc.

There is a serious challenge facing the province in trying to increase the threshold of financial support to businesses that require more than a R1 million, so as to make a significant impact on the established sectors of manufacturing, which forms the critical base of our economy in Gauteng. GEP as the primary agency in this arena in Gauteng will be our frontline programme to harness and leverage off IDC and Khula funding to further advance funding for Gauteng businesses.

Ms Qedani Mahlangu
Gauteng MEC for Economic Development

ACTING CHAIRPERSON'S REVIEW



The year under review was a turbulent year for businesses in general and more so for the Small Medium Micro Enterprises (SMMEs) as most were still trying to recover from the recession. Despite these unprecedented circumstances I am pleased to report that the Gauteng Enterprise Propeller (GEP) has continued to deliver on its primary mandate of assisting SMMEs.

I am therefore delighted to present the Annual Report for the 2010/2011 financial year. The provincial Department of Economic Development in its quest to reduce administrative costs and duplication of roles among its entities had embarked on the process of reconfiguring entities under its auspices. The year under review had seen a number of challenges among others non performance areas exacerbated by the reconfiguration of agencies which led to failure to recruit personnel on a full time basis but rather on short term contracts. This subsequently led to non achievement of the set targets and implementation of certain projects such as the rollout of the microfinance product. While the Board appreciated the realignment of agencies, numerous workshops were held to consider how best to manage and safeguard GEP's service offering and look in the reconfigured entity.

During the latter part of the financial year, a forensic investigation into alleged irregularities within GEP was conducted by the Auditor-General's forensic unit.

Despite all these challenges, the Board continued to provide strategic direction to GEP and ensured that responsibilities of GEP as per the GEP Act No. 5 of 2005 are performed and that the objectives of GEP are achieved.

Corporate Governance

As recommended by King III, the Board reviewed its Charter and Committees' Terms of Reference. The Board formulated an annual work plan with set timeframes on planned activities for the Board and its Committees. The Board also met formally to consider and approve the entity's strategic plan, quarterly report and submission in terms of Section 54(2) of the Public Finance Management Act.

Board term of office

During the latter part of the year under review, the Honourable MEC Qedani Mahlangu felt it would be inappropriate to make long term decisions on the appointment of the Board due to the impending merger and dispensed with Section 7 (8) of the GEP Act and concluded some of the contracts. In the quest to maintain continuity as we transit into the reconfigured entity, some Board members' contracts had been extended further.

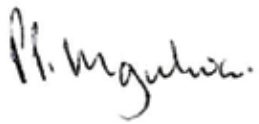
Prospects

The President in his State of the Nation Address continues to accentuate the important role played by the SMMEs in contributing to job creation and contribute to the South African economy and has thus declared “2011 a year of job creation in order to achieve meaningful economic transformation and inclusive growth”.

It is against this background that GEP strives to promote and develop small enterprises in Gauteng and thus ensuring their competitiveness domestically and internationally.

Appreciation

On behalf of the Board, I would like to extend my sincere gratitude to the Department of Economic Development for their contribution and support to GEP, the Board for their contribution, Management of their sterling work and exercising leadership and staff in general who have had to cope with and manage the impending reconfiguration process.



Mrs. Pamela Mgulwa

Acting Chairperson of the Board

BOARD MEMBERS



Ms. Pamela Mgulwa

Acting Board Chairperson



Ms. Thandiwe Ngqobe

Acting Chief Executive Officer



Ms. Mumsey Mokoena



Ms. Catherine Mvelase



Mr. Davis Sadike



Mr. Dawood Coovadia

ACTING CHIEF EXECUTIVE OFFICER's REVIEW



Introduction

In the last quarter of the financial year 2010/11 the Department of Economic Development informed Gauteng Enterprise Propeller (GEP) that it would be retained as a stand-alone agency and its business model would consequently be reviewed. The board and management of the agency were excited about this determination and committed to assisting the Department of Economic Development in its efforts to deliver the envisioned re-modelled agency. Groundbreaking research work has already begun in this regard.

At the same time, the restructuring process has brought about operational challenges, particularly in the ability to recruit and retain personnel in some key areas. The agency has had to fill vacancies on a temporary basis pending the restructure which has been difficult and has had a negative effect on the ability of the GEP to implement new programmes, most notably, the Micro-Finance Programme.

Several key programmes were delayed or not implemented due to the overhaul of our procurement process in line with the recommendations by the Office of the Auditor-General from the audit report of the 2008/09 Financial Year.

Support to SMMEs

Within the context of the above challenges, GEP still managed to assist SMMEs with funding for R33.8 million in the 2010/11 financial year, with a total cumulative figure, since the agency's inception,

of R195.4 million. In addition to financial support, GEP has continued to support the financed SMMEs towards ensuring that they are, among other aspects, able to manage their businesses within the context of good financial management principles.

In terms of the Business Development Support function, GEP has provided business skills training to over 2500 SMMEs throughout the financial year and has also provided business interventions such as marketing tools, business management systems, point-of-sale systems, legal support, etc., to 1104 SMMEs and 87 Co-operatives.

Another project that was implemented was the Township Business Renewal where 91 businesses located in the townships throughout Gauteng municipalities received support and assistance of R50 000 per business. This money was used to address the immediate needs of the businesses with the objective of assisting them to increase their income in the short to medium term.

In terms of business registrations, GEP assisted 636 SMMEs and 68 Co-operatives. GEP's role was to facilitate speedy business registration through an agreement with Company and Intellectual Property Commission (CIPC).

Research and Development

GEP continued to research ways of improving its service offering through benchmarking its services with those of other Development Finance Institutions (DFIs). GEP has also forged partnerships with

learning institutions such as the University of Pretoria to enhance its research ability.

GEP also researched the Co-operatives Assistance Programme, which was piloted through its regional offices. This project targets co-operatives and provides assistance from training to business development support and provides finance to co-operatives at start-up level.

Support to Core Operations

GEP supported the operations throughout the financial year through the excellent efforts of Human Resources, Information Technology, Marketing and Communications and Finance units. The result of these efforts is an efficient and effect operation.

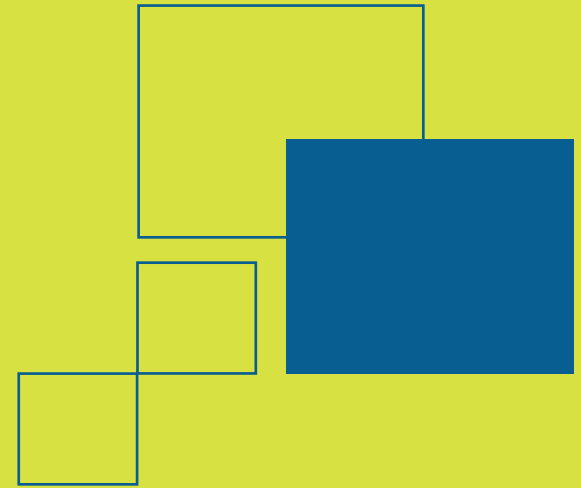
Conclusion

I wish to thank the GEP management and staff for their commitment towards innovative SMME development and support, the Department of Economic Development and the Board of Directors for their wise counsel and leadership and our partners and SMMEs for their dedicated and continued co-operation.



Thandiwe Ngqobe
Acting Chief Executive Officer





BUSINESS UNITS REPORT



FINANCIAL SUPPORT



Percy Sithole

*General Manager:
Financial Support*

Overview

During the current financial year, a budget of R30 million was allocated to the unit, of which 35 applications to the value of R33,7 million were approved. Of these:

- 24,2% went to women-owned and managed businesses;
- 30% to youth-led businesses;
- 471 jobs were created and/or sustained;
- R12,7 million was disbursed;

- R3,1 million was withdrawn and;
- R17,9 million is still committed

GEP covered all sectors with more emphasis to those identified through the Gauteng Industrial Policy Framework. A new product was introduced over and above the GEP's existing products, called invoice discounting. This product has enabled SMMEs with executed contracts to access the funds through validated invoices.

Performance Information

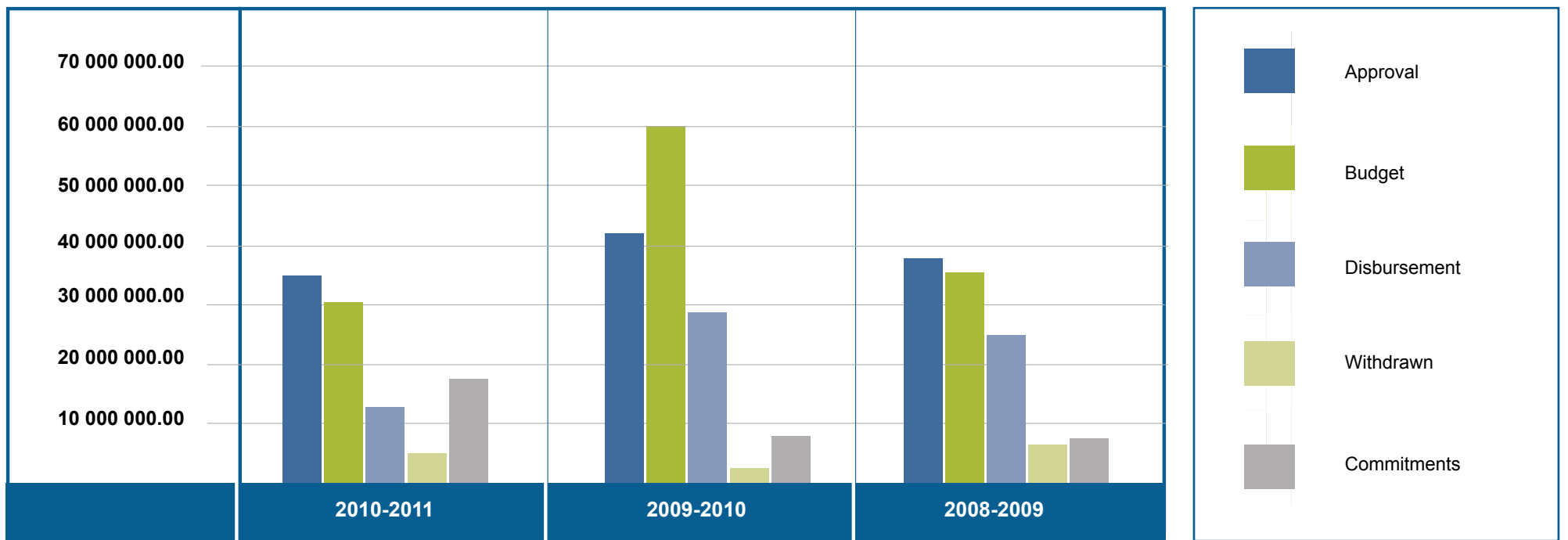
Agency: Finance		Planning Statement: To effectively and timeously originate, implement and monitor GEP's investments						Evidence
Strategic Objective	Outcome / Measurable Objective	Indicator / Performance Measure	Annual Target	Annual Target Achieved	Evidence Available (if Yes) Mitigation Plan (if No)	Resources Utilised	CEO Comment	
Provide accessible and timeous financial solutions through special projects	Provision of accessible funding packages	Number of funding solutions	2 solutions	4 Funding solutions	- Bridging finance - Invoice discounting - Working capital finance - Asset finance			

Agency: Finance		Planning Statement: To effectively and timeously originate, implement and monitor GEP's investments						Evidence
Strategic Objective	Outcome / Measurable Objective	Indicator / Performance Measure	Annual Target	Annual Target Achieved	Evidence Available (if Yes) Mitigation Plan (if No)	Resources Utilised	CEO Comment	
	Implement and maintain Leveraged Financial Support programme with strategic partners (Financial Institutions and other DFIs)	Number of deals approved No of leverage deals finalised Value of funds leveraged	24 Deals 2 leverage deals R50 million	35 Deals None	Approved project report attached	Unfortunately, negotiations with potential partners took longer than anticipated and negotiations are still on-going with FNB and MAKRO. These negotiations might be finalised within the first quarter of the new financial year.		
Ensure increased funding of business owned by transversal groups	Provision of funding solutions to transversal groups	R Value of deals processed	% of budget allocated budget (i.e. R30m) 40% to Women owned 30% to Youth owned 5% to people with disabilities	24,2% 30% 0%		Refer to transversal group variance Businesses owned by PWD have been accessing grants from various government departments and loans seem to be a burden to their businesses.		

Agency: Finance		Planning Statement: To effectively and timeously originate, implement and monitor GEP's investments						Evidence
Strategic Objective	Outcome / Measurable Objective	Indicator / Performance Measure	Annual Target	Annual Target Achieved	Evidence Available (if Yes) Mitigation Plan (if No)	Resources Utilised	CEO Comment	
Ensure timeous implementation and compliance of approved projects	Finalisation of legal agreements	Ensure % of number of deal requests for implementation	100%	52%	Implementation Report Attached		Most of the outstanding projects are due to the fact that clients still have to comply with all terms and conditions as approved by the Credit Committee.	
Provide legal support to GEP	Provision and facilitation of legal advice Compliance with applicable legislations	% Advise to GEP on legal matters % compliance with relevant statutes	100% 100%	100%			All referred legal matters have been addressed, none of them are pending.	

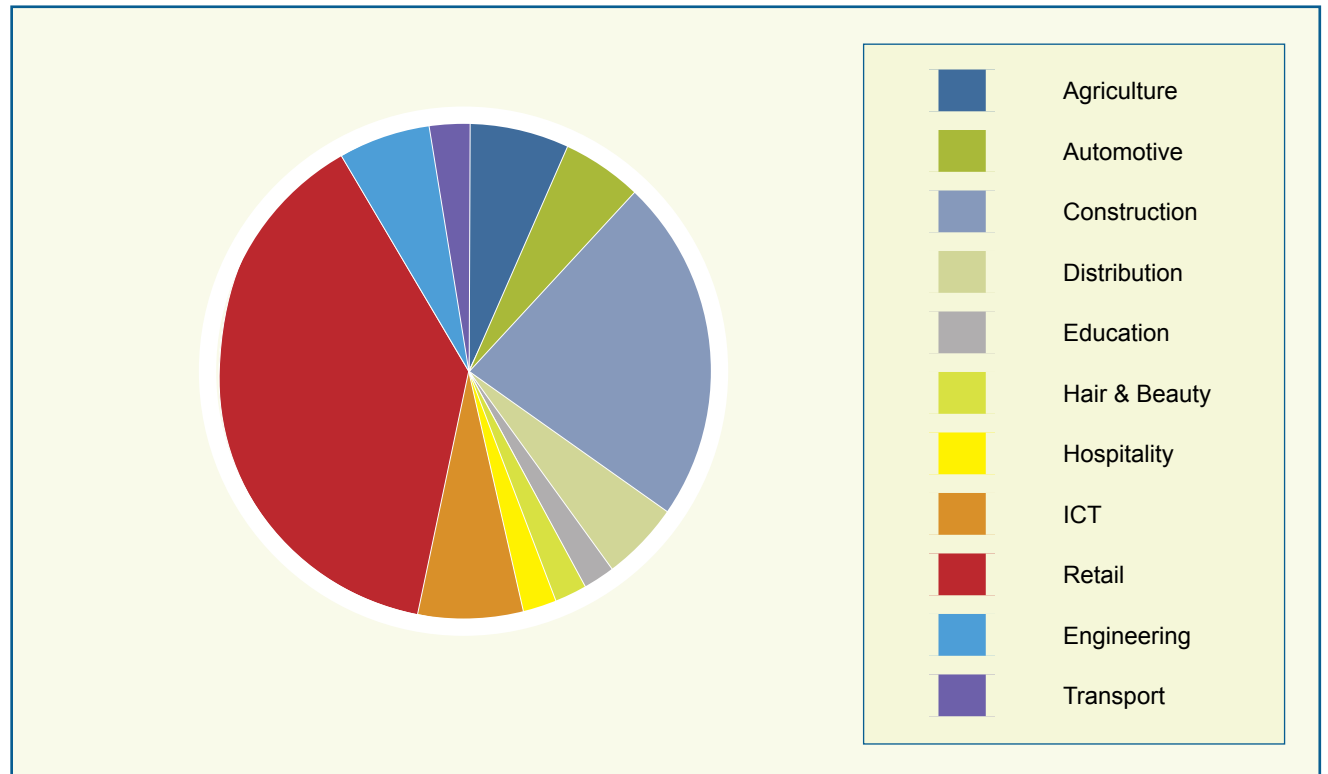
Financial support program expenditure graph

	2010-2011	2008-2010	2008-2009
Approved	33,754,957.78	41,492,789.86	37,067,198.00
Budget	30,000,000.00	60,000,000.00	36,000,000.00
Disbursement	12,732,036.00	29,650,096.00	25,924,941.00
Withdrawn	3,091,384.85	3,214,700.00	5,500,025.00
Commitments	17,931,536.93	8,627,993.86	5,642,232.00



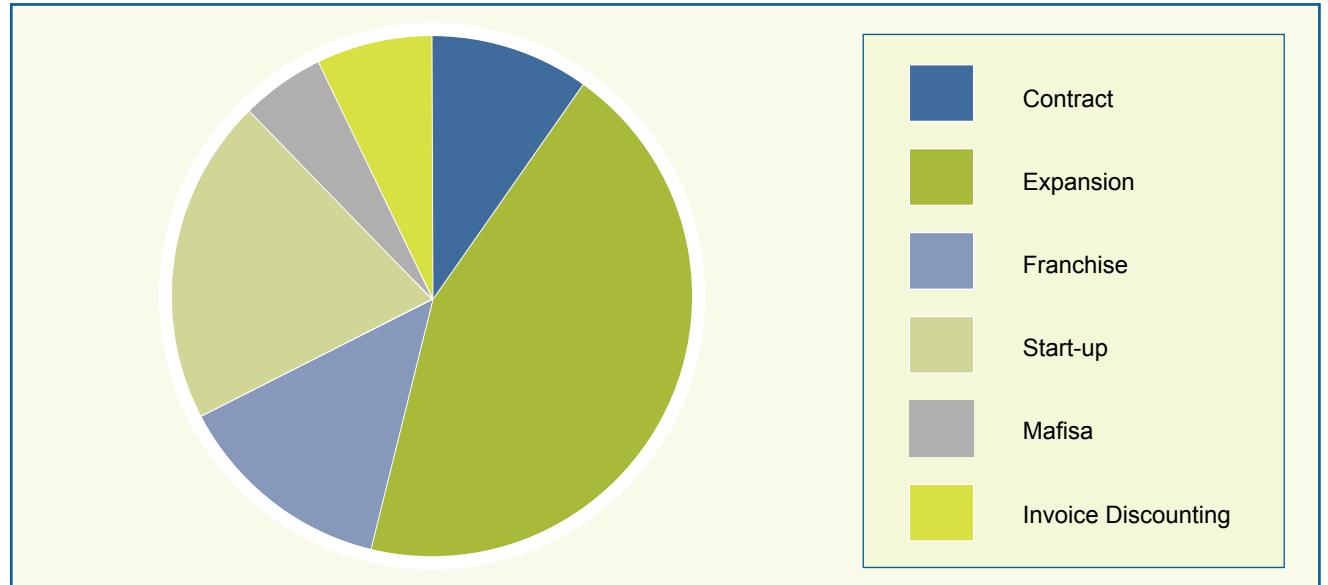
Approval by Sector

Agriculture	1,698,400.00
Automotive	2,450,000.00
Construction	6,180,000.00
Distribution	2,500,000.00
Education	800,000.00
Hair & Beauty	787,000.00
Hospitality	1,017,894.00
ICT	2,402,930.08
Retail	13,618,733.70
Engineering	1,700,000.00
Transport	600,000.00
TOTAL	33,754,957.78



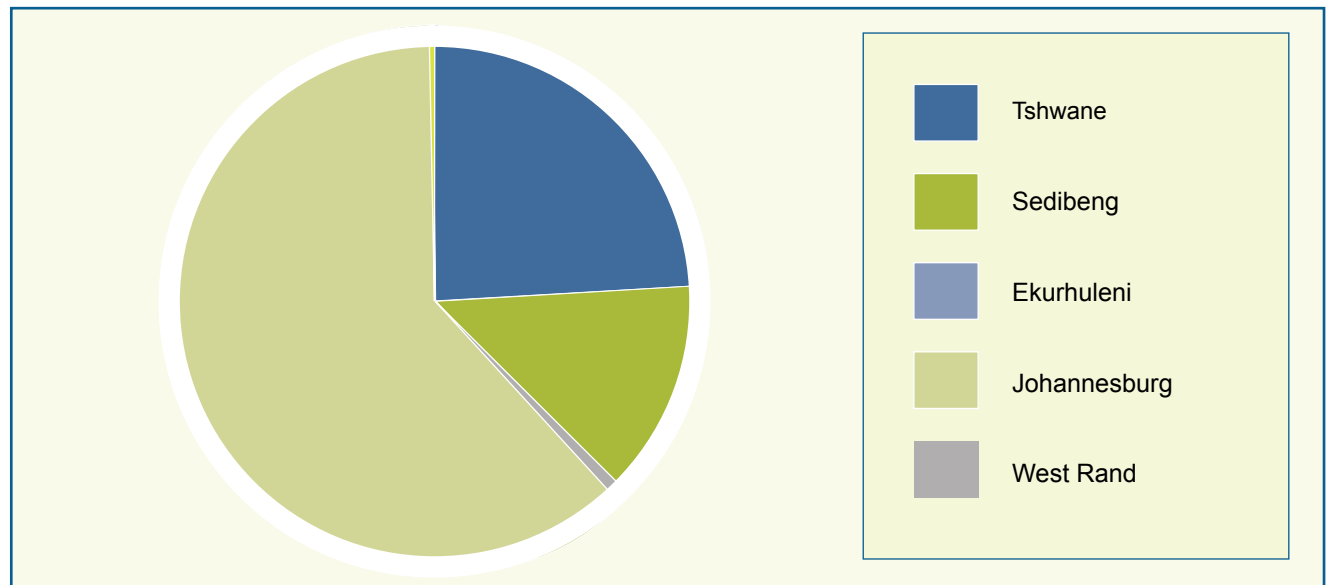
Approval by Product

Contract	3,280,000.00
Expansion	14,813,394.00
Franchise	4,656,348.85
Start-up	6,906,814.93
Mafisa	1,698,400.00
Invoice Discounting	2,400,000.00
TOTAL	33,754,957.78



Approval by Region

Tshwane	8,132,000.00
Sedibeng	4,570,724.08
Ekurhuleni	190,000.00
Johannesburg	20,787,233.70
West Rand	75,000.00
TOTAL	33,754,957.78



SMMEs SUCCESS REPORT

Financial Support

MGT Motors

Young woman boldly sways the male dominated car dealership industry.

With only one year car dealership experience a 25 year old woman, Lerato Mahloane made bold strides and opened her own car dealership business MGT Motors. Lerato started her business in 2007 three years after working as a Personal Assistant, and as a car sales person for less than a year. It was the latter job which motivated her to start her own business, less concerned about 'stereotypes' in this male dominated business industry.

MGT motors sells second hand cars to middle income earners and the lower end market which would normally not afford to buy brand new cars. They (MGT) buy damaged cars involved in minor accidents from salvage yards auctions like SMD and Village Park, and restore them into usable good condition. The dealership is situated at a melting-pot of second hand dealerships in Rosettenville with a lot of secondhand car dealers, but none competing with her range as they sell very old cars.

Lerato approached GEP for Financial Assistance when she identified a need to expand her business. GEP provided MGT with expansion capital of R1.1 million to buy more stock and to settle a business loan of R250 000 from Business Partners. The GEP financial assistance enabled the business to increase its sales of cars from 10 cars to 20 cars a month, and in

December 2010 they sold a record 30 cars. The car prices sales range from R 65 000 – R150 000 depending on the model and make.

Lerato, who has a humble character and is a very religious lady of the Islamic faith, possesses strong entrepreneurial skills and acumen. She says “stereotypes exist in the industry and they can be very discouraging, however they do not derail my objectives and ambitious, I take them as challenges”.

MGT dealership has a showroom accommodating more than ten cars for display, and they have recently opened their workshop at the back of the

showroom, which has a fully equipped panel-beating and spray-paint section. The workshop has had a significant impact on the revenue of the business, due to damaged cars being repaired internally. This has considerably cut the cost of outsourcing and has also increased production, which in turn created sustainable employment.

Lerato has employed 20 permanent people since GEP's financial intervention that has ensured growth to her business. When the business started it was only her and the sales assistant who is still in the employ of MGT.



SMMEs SUCCESS REPORT

Financial Support

Sasol Atteridgeville

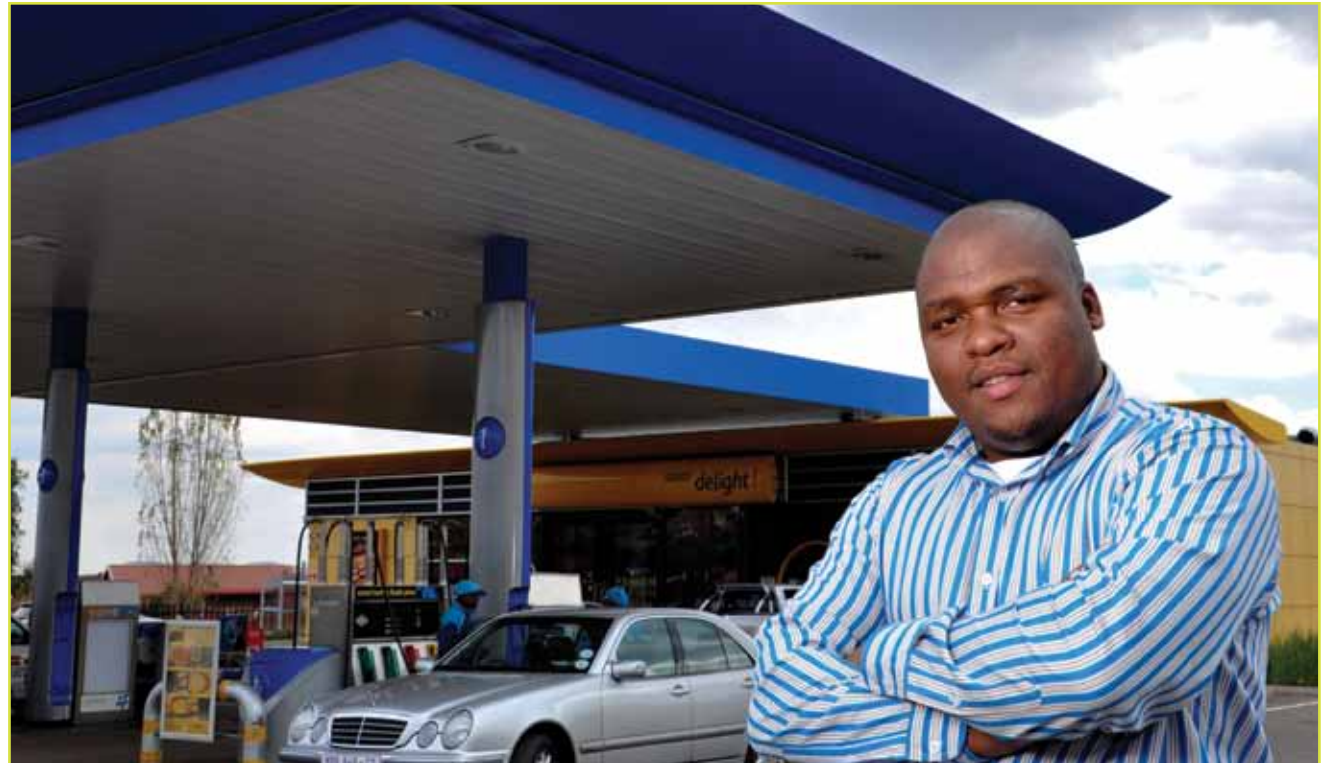
Bosuku Filling Station & Projects

Sasol Atteridgeville is a GEP supported petrol filling station franchise in the township of Atteridgeville west of the capital city. The business is owned by Peter Masuku who has extensive experience in the petroleum industry spanning over 10 years.

Masuku, who holds a B. Com degree in advanced management, worked for Total South Africa as a Business Advisor, Training Site Manager and an Entrepreneurship Executive. The latter responsibility sparked Masuku's entrepreneurial aptitude to open up his own petrol filling station franchise.

After being told by a friend about GEP services he applied for franchise funding of R2.1 million, which was granted, making him the first Sasol franchise owner in the township of Atteridgeville. The business is situated on the busy Maunde Street which is a main taxi route and less than a kilometre away from the Lucas Moripe Soccer Stadium which is a home ground to Mamelodi Sundowns and Supersport United soccer clubs.

Sasol Atteridgeville is the busiest filling station in the township, largely exceeding its competitors which are within a radius of 15Km squared. Masuku's petrol station pumps more than 600 thousand litres of fuel monthly, exceeding the expectations of the owner. Peter never expected that from the first month he will be pumping this huge amount of fuel. He says: "I have not been



pumping less than 600 thousand litres since I started business and this is good for revenue". Peter immediately admits that the success of his business is largely based on customer service; he says relations with customers are key to business success. "We train our employees regularly on customer service skills and we are not compromising on that part" says industry insightful Peter.

Masuku is employing 30 full time employees ranging from petrol attendants, cashiers, cleaners and supervisors. All people employed in the business are from the township and surrounding areas.



REGIONAL OPERATIONS



Monde Maduna

*Regional
Operations
Executive*

The Regional Operations Unit achieved and exceeded its targets on Business Development Support and the Township Business Renewal project. The cost of training was a challenge for the Regional Operations; even though it was unable to reach its target for the year it was able to facilitate training for the year. The regions also inherited the Co-operatives Assistance Programme in the last quarter of the year and were able to disburse

grants to a few co-operatives. There was still a lack of capacity in certain areas because of the moratorium on employment. Apart from the performance, two highlights from the Johannesburg and Tshwane regions deserve to be mentioned:

Performance Information

Agency: Regional Operations		Planning Statement: To effectively and efficiently provide a one-stop shop service to SMMEs and Co-operatives in Gauteng						Evidence
Strategic Objective	Outcome / Measurable Objective	Indicator / Performance Measure	Annual Target	Annual Target Achieved	Evidence Available (if Yes) Mitigation Plan (if No)	Resources Utilised	CEO Comment	
Provide quality BDS and training services to SMMEs and Co-operatives in Gauteng	Increased number of SMMEs and Cooperatives benefiting from GEP interventions and training	Number of SMMEs and Co-ops:- Assessed: • SMME • Co-ops	1120 1080 40	1177 1090 87				

Agency: Regional Operations		Planning Statement: To effectively and efficiently provide a one-stop shop service to SMMEs and Co-operatives in Gauteng						Evidence
Strategic Objective	Outcome / Measurable Objective	Indicator / Performance Measure	Annual Target	Annual Target Achieved	Evidence Available (if Yes)	Resources Utilised	CEO Comment	
					Mitigation Plan (if No)			
		Project Awarded: • SMME • Co-ops 						

Agency: Regional Operations		Indicator / Performance Measure	Planning Statement: To effectively and efficiently provide a one-stop shop service to SMMEs and Co-operatives in Gauteng					Evidence
Strategic Objective	Outcome / Measurable Objective		Annual Target	Annual Target Achieved	Evidence Available (if Yes) Mitigation Plan (if No)	Resources Utilised	CEO Comment	
	<p>Increased assistance to struggling township businesses through the 20 PTP business renewal programme</p> <p>To be able to assist a higher number of SMMEs, the sponsor will be reduced to R50 000 per SMME. Again the target will be to assist 4 to 5 SMMEs per township</p> <p>Assist Co-operatives through Co-operatives Assistance Programme</p>	<p>Number of businesses assisted</p> <p>Number of Co-operatives assisted</p>	<p>90 businesses assisted</p> <p>10 Co-operatives</p>	<p>91 SMMEs (181 Projects)</p> <p>4 Co-operatives (5 projects)</p>	<p>3 regions did not have the necessary capacity</p>			
Provide accessible Financial Support	Increase access to funding for SMMEs and Coops through micro-finance and captive funding	Number of deals approved/funded	84 Deals Funded	0	GEP did not implement the services as planned because of a variety of reasons. The planned merger halted the processes of recruiting for micro finance as there was a moratorium on employing			

Agency: Regional Operations		Planning Statement: To effectively and efficiently provide a one-stop shop service to SMMEs and Co-operatives in Gauteng						Evidence
Strategic Objective	Outcome / Measurable Objective	Indicator / Performance Measure	Annual Target	Annual Target Achieved	Evidence Available (if Yes) Mitigation Plan (if No)	Resources Utilised	CEO Comment	
	Micro Finance (Contract Funding) R10 000 – 250 000 (Debt Funding) R25 000 – 250 000 The targets are based on an average of R150 000 per deal which translates to 84 deals	Number of deals finalized Value of funds approved	50 Deals 34 Deals	0 0				

Summary of Performance

SMMEs

Assessed	1090	87
Projects Awarded	1285	92
Budget Spend	R 10 439 232	

Co-Operatives

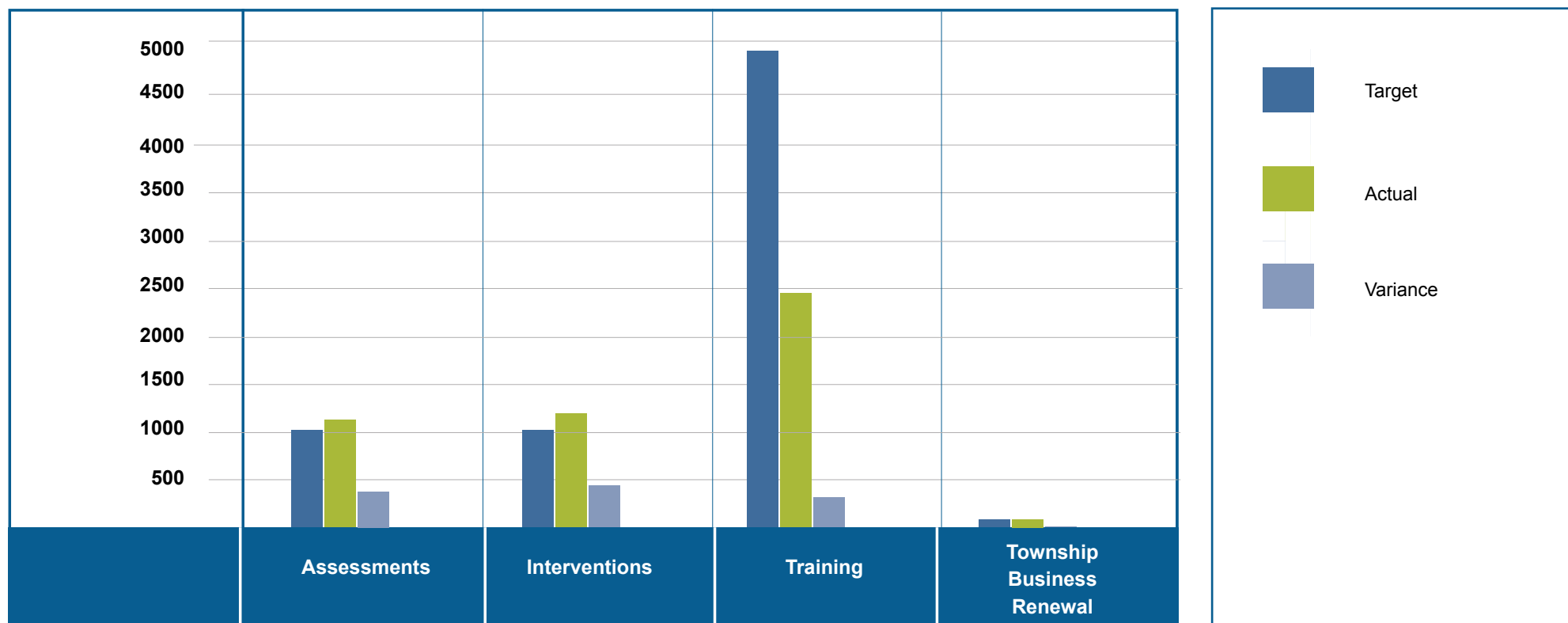
Township Business Renewal	91	
Budget Spend	R 3 335 561	

Co-operatives

Assistance Programme	4	
Budget Spend	R 192 867	

Training (Individuals)	2561	
Budget Spend	R 5 086 549	





Apart from the performance, there were some highlights in some of the regions.

Tshwane Office

Student in Free Enterprise (SIFE)

This is a United States-based programme and is run by various universities. In South Africa the programme is administered by SIFE SA which co-ordinates the programme for institutions of learning.

SIFE SA also runs the competition of champions of SIFE SA on an annual basis. The competition includes all the participating universities across the country.

Last year the event took place at the Birchwood Hotel at Ekurhuleni where the University of Pretoria SIFE team was crowned the SA champions. The team was sponsored by GEP to undertake various trips to do the assessments of the SMME businesses. The Tshwane team was again sponsored by the GEP for a trip to the United States where the finals of this competition were held. The team went on to represent South Africa in the World Cup competition and they came within the top 30 in the world.

Johannesburg Office

The Soweto satellite office has moved to the Maponya Mall through the facilitation of the one-stop-shop by the Department of Public Service and Administration in order to bring government services closer to the people. The centre houses different departments and agencies and includes The Department of Home Affairs, National Youth Development Agency, etc.

SMMEs SUCCESS REPORT



Regional Operations Success Stories (BDS)

Motla Projects

After been a health and safety trainer in the corporate world for a number of years, Patricia Motla owner of Motla Projects took her safety skills to the safety hazardous construction industry. Motla Projects was established by Patricia in 2003 when her passion for construction was sparked by the multiple infrastructure development projects that

have been taking place around Gauteng since the dawn of democracy. She followed her passion and started attending various courses in construction management and safety. Today she is a proud woman owner of a small construction company dealing with projects to develop informal areas and dilapidated dwellings like hostels in the townships.

GEP made several interventions to the company which has elevated the business to great heights and positioned the company with an advantage to succeed

in getting contracts from government and other sectors. The company had no financial management and payroll systems before GEP made interventions, and that created a challenge to Patricia as the construction job project involves a lot of inventory purchases and its labour intensive nature created a huge problem when books had to be balanced and workers paid. She could not account for finances spent. GEP has implemented into Motla Projects, a Quality Assurance Management System, and Marketing Tools to further position the brand of the company, including financial management and payroll systems.

The awareness created by the marketing tools implemented by GEP has enabled Motla to acquire two major projects based on the visibility and awareness created. The two projects are those of the Department of Housing, developing sewerage upgrade in Bekkersdal Westrand, and the Johannesburg Waters retrofitting the Madala Hostel in Alexandra. The cost of the two projects is R13. 5 million.

The current projects have created employment in the two areas, Motla projects has 18 permanent staff members and 60 casual workers mainly working on the construction sites. Patricia is also using the help of young engineering graduates, and that is helping the youth to acquire the necessary experience needed in the market.

SMMEs SUCCESS REPORT

Co-operative in the booming creative arts industry

Dipeung Cooperative LTD.

Dipeung Cooperative was formed in 2009 by five young people from Tshwane. After working individually within the same vicinity the young gifted youths decided to work together and add synergy into their artistic visual arts work, and that gave birth to Dipeung Cooperative LTD.

Dipeung a Tswana name for 'seed', but literally meanings "where the seeds are", and that explains the nature of the work of the Cooperative. Their arts offering which includes, African jewellery, Decor Arts, Wall Clocks and figure belts are made of recycled material particularly seeds of plants, cut and falling trees. They pick up material from public parks and mini forestry sites in the outskirts of the city.

The Chairperson of the cooperative Bolepu Mathabatha heard about GEP service when he attended one of the Gauteng Government Roadshows and decided to knock on the GEP doors. After assessment of the cooperative by GEP, they were immediately sponsored to exhibit at the International Cooperatives Celebration Day in East London. Their mission to become a leading Arts cooperative scheme was partly realised when they were chosen to be the best exhibition stand based on the fresh ideas of using recycled natural material to develop their arts material. They received a cash prize of R20 000 and a R50 000 voucher from NYDA.

The exposure they received from participating at the exhibition was significant and opened many doors. It has also provided a network platform with follow up calls received from potential clients, says Bolepu.

Dipeung has also been selected to attend a Trade Fair exhibition in Germany; their participation is sponsored by the Department of Trade and Industry.



ENTERPRISE SUPPORT



**Keolebogile
Modise**

*General Manager:
Enterprise Support*

The strategic objective of the business unit is to develop products and services

Performance Information

Agency: Enterprise Support		Planning Statement: Enhance GEP's service delivery through the Research and Development of quality products and services.					
Strategic Objective	Outcome / Measurable Objective	Indicator / Performance Measure	Annual Target	Annual Target Achieved	Evidence Available (if Yes) Mitigation Plan (if No)	Resources Utilised	CEO Comment
To research relevant information in order to improve GEP's service delivery.	Conduct research studies to provide required information	Number of research studies done	7 studies	2 studies completed 2 studies withdrawn	<ul style="list-style-type: none"> Report on impact of training. Report on Gauteng economic sectors. Minutes of GEP Board meeting 	University of Jhb Internal	GEP Board did not approve Benchmarking study, and Customer Satisfaction Survey tender was withdrawn.

Agency: Enterprise Support		Planning Statement: Enhance GEP's service delivery through the Research and Development of quality products and services.					
Strategic Objective	Outcome / Measurable Objective	Indicator / Performance Measure	Annual Target	Annual Target Achieved	Evidence Available (if Yes) Mitigation Plan (if No)	Resources Utilised	CEO Comment
To develop quality support products and services for SMMEs and Co-operatives in Gauteng.	To develop and implement new products for GEP to offer	Number of new products developed and implemented	2 new products	4 new products	<ul style="list-style-type: none"> • Women empowerment support programme. • Youth entrepreneurial development programme. • Cooperative assistance program • SMME training programme 		The Women, Youth and Cooperatives programmes were approved and implemented. The SMME training programme is in process of being implemented
	To improve the quality of products offered by GEP.	% Of product range reviewed	100%	80%	<ul style="list-style-type: none"> • BDS intervention descriptions SLA; • Customised SMME training modules SLA; • Automated diagnostic tool motivation; • Micro finance application form; 		Contracts were awarded to respective service providers to develop details of the BDS interventions provided by GEP, and also to develop customised SMME training modules.

Agency: Enterprise Support		Planning Statement: Enhance GEP's service delivery through the Research and Development of quality products and services.					
Strategic Objective	Outcome / Measurable Objective	Indicator / Performance Measure	Annual Target	Annual Target Achieved	Evidence Available (if Yes) Mitigation Plan (if No)	Resources Utilised	CEO Comment
					<ul style="list-style-type: none"> Proposed New Non-Financial Support model. SMME training pre-assessment. 		<p>A motivation was approved to award a contract to a service provider to develop an automated diagnostic tool.</p> <p>The Micro Finance application form and the Training pre-assessment were developed to improve the quality of the information received.</p>
	To improve operational effectiveness.	% of operational tools/ systems reviewed.	100%	80%	<ul style="list-style-type: none"> BDS operations manual; Service provider accreditation motivation; Enterprise Fundi SLA; Revised BDS intervention list; Revised SMME training modules; 		<p>An operations manual was developed and implemented.</p> <p>A motivation was approved to appoint a consultant to assess and grade GEPs service providers for accreditation.</p>

Agency: Enterprise Support		Planning Statement: Enhance GEP's service delivery through the Research and Development of quality products and services.					
Strategic Objective	Outcome / Measurable Objective	Indicator / Performance Measure	Annual Target	Annual Target Achieved	Evidence Available (if Yes) Mitigation Plan (if No)	Resources Utilised	CEO Comment
					<ul style="list-style-type: none"> Revised SMME training modules; Aligned Non-financial and Financial Support procedures; Revised debt collection procedure. 		<p>GEP subscribed to the Enterprise Fundi to provide staff with relevant SMME information. The list of BDS interventions and SMME training modules offered was revised.</p> <p>Aligned NFS and FS procedures were developed for decentralising FS.</p> <p>The debt collection procedure was revised to include the whole process.</p>
	Provide quality mentorship services to SMMEs in Gauteng.	Number of SMMEs enrolled in the mentorship programme.	255 SMMEs	165 SMMEs enrolled in programme	JCCI report		All teams completed their monthly mentoring meetings. Closing ceremony being planned to conclude Plato I.

Agency: Enterprise Support		Planning Statement: Enhance GEP's service delivery through the Research and Development of quality products and services.					
Strategic Objective	Outcome / Measurable Objective	Indicator / Performance Measure	Annual Target	Annual Target Achieved	Evidence Available (if Yes) Mitigation Plan (if No)	Resources Utilised	CEO Comment
	Support business incubation in Gauteng.	Number of incubators assisted with SMME and Co-operative support.	3 Incubators	1 Incubator	Approved motivation to appoint a SP.		GEP Board approved a motivation that GEP should appoint a service provider to conduct an audit on Sedichem's financial accounts.
To guide implementation of the Co-operatives strategy in Gauteng.	Increased number of co-operatives assisted by GEP	Number of Co-operatives assisted with support.	150 Co-operative	N/A	<ul style="list-style-type: none"> Minutes of December EXCO meeting. GEP Cooperatives strategy; Cooperatives training SLA; 		<p>The responsibility of supporting cooperatives with BDS has been moved to Regional Operations.</p> <p>A service provider developed a Cooperatives strategy for GEP.</p> <p>A tender was awarded to a service provider to develop customised Co-operatives training material and to train 100 coops (200 individuals).</p> <p>The Co-operatives unit facilitated cooperatives identified for the Chris Hani Baragwanath project to be registered and trained through the JHB regional office (reported by Jhb office).</p>

Agency: Enterprise Support		Planning Statement: Enhance GEP's service delivery through the Research and Development of quality products and services.					
Strategic Objective	Outcome / Measurable Objective	Indicator / Performance Measure	Annual Target	Annual Target Achieved	Evidence Available (if Yes) Mitigation Plan (if No)	Resources Utilised	CEO Comment
	Create an enabling environment through exhibitions and similar platforms.	Number of Co-operatives assisted with exhibitions.	15 Co-operatives	10 coops exhibited 28 coops were conference delegates	DTI Coops Exhibition report.		Ten Co-operatives were assisted to exhibit at the DTI's National Co-operatives Conference and 28 coops were sent as conference delegates.
To provide quality assurance services to support GEP.	Develop and implement a GEP QMS.	% of system implemented	50% implemented	10% implemented	Policy file		Policy files were developed and each unit within GEP as well as regional offices received a file. The BDS operations manual will also assist in improving quality in GEP.

Women Empowerment Support Programme

Background

The GEP has prioritised the development of a supportive business environment that helps facilitate the starting of a business, providing various platforms for networking and access to both financial and non-financial services for women entrepreneurs within the province.

The GEP Women Empowerment Programme is developed and presented in response to the reality that although women in Gauteng are most economically active particularly at survivalist and very small business enterprises both in urban and rural areas/ townships, they have had less exposure to basic business management skills, mentorship services and networking opportunities creating sustained opportunities to learn from more experienced entrepreneurs.

Purpose

The GEP is already providing financial support, business development support and training to women entrepreneurs through its existing support programmes. Therefore, the Women Empowerment Support Programme is aimed at creating the most appropriate platform for women entrepreneurs at various stages of entrepreneurial development and business leadership to establish and build sustainable business relations and business linkages through regular GEP facilitated networking sessions.

This programme is envisaged to serve as an effective tool to encourage collaboration among women-owned and women-led businesses and create a conducive environment for the sharing of best practice among businesses operating in Gauteng to exploit opportunities that stimulate and accelerate economic growth. At the same time topics of interest will be discussed, and where possible, specialists in the topics will be invited as speakers to address the women entrepreneurs.

The benefit for participants is that they will be in a position to enhance their business management skills, marketing and negotiating skills while also increasing their knowledge on important business related topics. They will also be in a position to learn from other entrepreneurs on how to address challenges and how to make the most of opportunities.

Outcome

The Enterprise Support Unit arranged the first Women Empowerment Programme Networking session which took place on the 13th of September 2010. Approximately 80 women-owned SMMEs attended the session held at the Turbine Hall conference centre in Newtown, Johannesburg.

Youth Entrepreneurial Development Programme

Background

GEP seeks to lead the development of specific youth business development interventions within its mandate of developing SMMEs aimed at promoting overall entrepreneurship, thus contributing to create a conducive environment where small businesses can flourish. Various stakeholders have welcomed the

initiative as a more practical and effective means to empower youth entrepreneurs and facilitate improved access to existing and future procurement opportunities made available by the Gauteng Provincial Government. The envisaged programme will enhance the readiness of emerging young entrepreneurs in accessing and effectively implementing the financial and non-financial services offered by GEP and partner development support organisations.

GEP has over the past few years facilitated various stakeholder meetings, studied the market and partnered in various research assignments focused on the entrepreneurial activity of youth within the province. The established association with provincial youth development structures remains vital to a successful launch and implementation of the proposed programme.

Purpose

The GEP is already providing financial support, business development support and training to youth entrepreneurs through its existing support programmes. Therefore, the Youth Entrepreneurship Development Programme is aimed at creating the most appropriate platform for youth entrepreneurs to gain knowledge and understanding of relevant business topics, while at the same time establishing and building sustainable business linkages through regular GEP facilitated networking sessions.

This programme is envisaged to serve as an effective tool that will encourage collaboration among youth-owned and youth-led businesses and create a conducive environment for sharing of best practice among businesses operating in Gauteng to exploit opportunities that stimulate and accelerate

economic growth. At the same time topics of interest will be discussed, and where possible, specialists in the topic will be invited as speakers to address the young entrepreneurs.

The benefit for participants is that they will be in a position to enhance their business management skills, marketing and negotiating skills while also increasing their knowledge on important business related topics. They will also be in a position to learn from other entrepreneurs on how to address challenges and how to make the most of opportunities.

Outcome

The Enterprise Support Unit arranged the first Youth Development Programme Networking session which took place on the 2nd of November 2010. Approximately 80 youth-owned SMMEs attended the session held at the Turbine Hall conference centre in Newtown, Johannesburg.

Cooperatives' Assistance Programme

Background

GEP developed the Cooperatives Support Programme to assist cooperatives in the province with Company and Intellectual Property Commission (CIPC) registration, business development support interventions, business skills training, as well as assistance to apply for the Department of Trade and Industry's Cooperative Incentive.

In assisting cooperatives the GEP identified a need to provide a more focused support to cooperatives in order to ensure that the cooperatives become economically viable, sustainable and able to create employment.

It is against this background that the Enterprise Support Unit is proposing the Cooperatives Assistance Programme, which will be very similar to the existing Township Business Renewal Programme.

Objective

The objective of the Cooperatives Assistance Programme is to provide meaningful development support to existing cooperatives based in the Gauteng Province

Assessed and approved cooperatives will receive relevant business equipment or upgrading of infrastructure to the value of maximum R50 000 per cooperative. GEP will facilitate the purchasing of the equipment, and will pay the service providers directly. No funds will be paid to the cooperatives. The R50 000 will take the form of a grant.

Outcome

The programme was approved and handed over to the Regional Operations Unit to implement.

SMME training programme

Background

The GEP would like to address the low levels of business sustainability and contribute towards improved success among small businesses (SMMEs and Cooperatives) across the province. As the Enterprise Support Unit is in process of developing a specially focused training programme for Cooperatives, this programme will focus on developing a specially focused training programme for SMMEs.

The aim of the programme is to promote entrepreneurship, develop business skills and enhance the understanding among SMMEs on how to start and manage sustainable

enterprises and thereby contribute to economic growth and creation of employment in Gauteng.

Outcome

The Regional Operations unit and Enterprise Support unit identified what training modules would be relevant for GEP to offer to SMMEs. An SMME pre-training assessment was also developed in order for regional offices to assess what training is required by an SMME upfront. A Service Level Agreement was signed with a service provider to develop customised training material to ensure that all SMMEs trained by GEP regional offices receive the same quality training.

Plato Mentorship Programme

Background

Plato is a mentor-led project focusing on SMME enterprises, where managers from large companies coach groups of 15-20 business owners/managers at monthly discussion sessions. The duration of each project is between one and two years. The group members decide on a theme and the mentor provides information and guidance on the various issues relating to the selected theme. The role of the mentor is to manage the group and to provide individual support to help SMME owner/managers solve specific problems relating to their businesses. Where necessary, and at the discretion of the mentor, training and expert guidance is provided. There is no payment made to the mentors.

The objectives are to:

- Increase the professionalism of the management of the SMMEs
- Stimulate and achieve the exchange of ideas
- Establish local and international networks

The Gauteng Plato Model

The Gauteng Provincial Government has adopted the Plato model for all 15 Gauteng municipalities. The GEP, as the provincial agency responsible for SMME development, funded the project and the Johannesburg Chamber of Commerce and Industry was appointed as project manager.

The roles and responsibilities are as follows:

- The LED Managers from each municipality coordinate the project, select the SMMEs and make all the logistical arrangements for the meetings in their geographic area.
- Mentors, who are senior staff from the private sector, run each SMME group.
- 15 – 20 SMMEs are selected in each municipality to participate in the project.
- Training of the LED Managers and the mentors is conducted by VOKA accredited staff. A team building exercise with the selected SMMEs, LED Managers and mentors is conducted. During this exercise the SMMEs decide on the topics that they need covered during their sessions.
- The monthly or twice monthly mentor-led sessions then follow for a period of twelve months. Training interventions according to group needs are also made available.

Outcome

To start the programme, 11 out of the 25 municipalities took part in the programme. LED Managers (serving as coordinators) received training on the Plato Model in February 2010. In March 2010 mentors from private companies also received training in the Plato Model. Thereafter, interviews were conducted with SMMEs from the different regions of Gauteng. A total of 165 SMMEs were identified to enter the programme. Team building

sessions were held with the mentors, coordinators and SMMEs to ensure that all were committed and worked together to make the project a success. Thereafter, all the teams attended monthly mentoring meetings.

Business Development Support Operations Manual

Background

In any organisation it is important to have Standard Operating Procedures and standard business documentation. The five regional offices each had their own version of documentations to be used in the process of providing business development support but it was felt that the Standard Operating Procedures should be centralised.

Outcome

A Business Development Support Operational Manual was developed which included:

- Approved Business Development Support Policy
- Business Development Support Procedure
- Business Development Support Procedure Flowcharts
- Business Development Support Document Templates
- SMME Training Procedure
- SMME Training Procedure Flowchart
- SMME Training Document Templates

As part of standardising the Regional Operations, a SLA was signed with a service provider to develop detailed descriptions (to serve as standards) of all the Business Development Support interventions to be provided by GEP to ensure that all five regional offices provide the same quality interventions to SMMEs and cooperatives.

GEP Policy File

Background

GEP has a range of policies from all its business units that govern GEP's operations. These policies are developed by respective units within GEP. In order to ensure all GEP staff understand the policies and have regular access to the policy documents, it is important for a central point to manage these policies and make them available to everyone in the organisation.

Outcome

Policy files with the latest approved policies were developed for each unit within GEP, as well as for the five regional offices, the GEP Board and the Auditors. Electronic copies of all policies were also added on the GEP Intranet.

Participation In The DTI Cooperatives Week

Background

The Department of Trade and Industry (DTI), in partnership with the KwaZulu Natal Department of Economic Development, hosted the South African International Cooperatives Day and Exhibition at the Pietermaritzburg Oval Sports Show Grounds. The objective was to increase awareness on cooperatives and promote the movement's ideals of national solidarity, economic efficiency, equality and world peace.

The Department of Trade and Industry requested GEP to provide support for accommodation and travel for cooperatives to participate in this exhibition and also to actively participate in the discussions of the conference.

Outcome

GEP supported 25 people (15 cooperatives) by providing funding for accommodation, travel and meals. Two cooperatives from each of the five GEP regional offices exhibited their products at the exhibition and attended the conference and the additional five cooperatives attended the conference only.

During the conference presentations were made by organisations such as CIPC, SEDA, KZN DED and DTI's Cooperatives Incentive Scheme. GEP was requested to explain the cooperatives support offered. This event was honoured by the attendance of the Deputy Minister of Trade and Industry, the Premier of KwaZulu Natal, the Acting MEC for Economic Development, Mayors of KwaZulu Natal and other senior officials from the Department of Trade and Industry. The nine departments of Economic Development and their Agencies were also represented.

Enterprise Fundi

Background

Cobweb Information (SA) publishes the Enterprise Fundi range of practical guides and factsheets for business advisors and entrepreneurs. The business specialises in researching and producing practical guides and factsheets that local entrepreneurs can use to help start up small businesses and run them profitably.

This highly regarded information range is accessible by subscription to small enterprise support agencies and individual business advisors to supplement the range of services offered to new start-ups and small business clients.

The Enterprise Fundi range consists of the “Businesses You Can Start Guides” and the “How To Run Your Business Guides”. The Business You Can Start Guides are an ideal resource for advisors to help with client information requests. Business advisors can search the online Enterprise Fundi database, select the guides that are relevant and print them for the client to take away, read and put into action.

For small businesses that are starting and operating, there are many challenges that bring new business owners looking for funds. However, it is often discovered that advisors will assist them in understanding that funds are just one aspect of running a business. The How To Run Your Business Guides is a range of practical guides that give a quick and effective solution for those everyday tasks that small business clients need to grasp quickly. These guides can be retrieved and printed from the Enterprise Fundi database and given to SMME owners.

Outcome

GEP subscribed to the Enterprise Fundi programme in order to provide additional information to all GEP staff to assist them when supporting and advising SMMEs and cooperatives.

GEP Cooperatives Strategy

Background

The Gauteng Government has developed and adopted a Cooperatives Development Policy for the province in line with the National Cooperatives Act and policy framework. The provincial framework defines a clear approach for the Provincial Government in terms of cooperative development, sets out clear policy

outcomes and defines a role for enabling relationships within the broader cooperative support environment.

Within the framework of the Provincial Cooperatives Development Policy, the GEP has to define its role in providing support to cooperatives and provide a clear policy framework that will guide its support functions for cooperatives. To assist with this alignment, GEP developed a Cooperatives Strategy to guide cooperatives support going forward.

Outcome

A Cooperatives Support Strategy was developed and is in the process of being implemented within the relative GEP budget.

Customised Cooperatives Training Programme

Background

The Gauteng Provincial Government has developed and adopted the Cooperatives Development Policy for the Province. This policy is in line with the National Cooperatives Act and Policy Framework. In the policies developed, many challenges have been identified. One of the challenges identified is the lack of customised cooperatives training interventions, which contributes to cooperatives failures.

The Enterprise Support Unit appointed a service provider through the GEP procurement process to develop training material for 10 identified training modules and to conduct training to 200 individual cooperative members (100 cooperatives). This training will take place in the five GEP regions: Johannesburg, Ekurhuleni, Tshwane, Sedibeng and West Rand.

The training modules identified are as follows:

- Understanding of Cooperative Functions;
- Corporate Governance;
- Communication Skills;
- Leadership and Management;
- Project Management;
- Financial Management;
- Marketing;
- Pricing and Costing;
- Business Plans Development and
- Tendering Skills

Outcome

The tender process was followed and a tender was awarded to a service provider to do the project. The service provider started with the development of the training manuals and identifying the cooperatives to be trained.



Plato Westonia Municipality project Team, receives certificates from MEC for local Government Humphrey Memezi.

SMMEs SUCCESS REPORT

Plato Project story

Umjwali Market Research

One of the Beneficiaries of the Gauteng Plato Mentorship programme is Mr. Patrick Dunn, Managing owner of a Market Research Company called Umjwali Market Research. Umjwali is a small company based in Boksburg which was established by Dunn after many years spend working for various Global Research companies.

Umjwali got involved in the Plato Mentorship programme through an invitation by the Boksburg Chamber commerce and industry and the Ekurhuleni Municipality Local Economic Development (LED) Office. After lengthy selection and interview process Umjwali and other nine companies from the region were selected to make-up the Ekurhuleni Plato team.

The Gauteng Plato Mentorship Programme is a concept of the of the East Flanders Chamber of Commerce called (VOKA) in the eastern part of Belgium in Europe. Voka trained mentors which were made up of Municipal LED Managers who then trained SMME participants, other mentors were from the Standard Bank, Harmony gold and Accellor Mittal.

Patrick Dunn says the knowledge he has received through the mentorship programme has had significant impact on his business, that it helped Umjwali to survive the recent Global Economic Meltdown. "The fact that we have survived the global economic recession is growth in itself" says the business astute Dunn.



Their involvement in Plato also positioned the company to benefit from the GEP Business development Support interventions. GEP has provided Umjwali with marketing tools to the value of R 50 000 to further enhance the brand and promotion of the company. They have also been granted with an ISO9001 certificate which will enable the company to market itself as a reputable and professional market company on the international market.

Patrick Dunn proudly says that the Mentorship programme has given him a confidence boost that he is targeting big corporations for business as opposed to previously when he will target small companies only. Umjwali has realised a 100% increase in sales in the year ended in 2010. The company has big clients like BMW (SA), Ekurhuleni Municipality, SABC and SEDA. Patrick is employing 8 fulltime employees, 8 fulltime consultants and more than 200 hundred field workers are employed whenever a research job is done.

STRATEGIC SUPPORT



**Leslie
Kwapeng**

*Executive
Manager:
Office of the CEO*

The year under review was an exciting one filled with challenges and opportunities for the Strategic Support Unit. Significant progress was made on quality and timely reporting, implementation of the enterprise risk strategy as well as the conclusion of value-adding strategic partnerships with key players in the SMME development arena.

Performance Information

Agency: Strategic Support		Planning Statement: To manage GEP's Risk, Partnerships and to provide Strategic Support to the CEO						Evidence
Strategic Objective	Outcome / Measurable Objective	Indicator / Performance Measure	Annual Target	Annual Target Achieved	Evidence Available (if Yes) Mitigation Plan (if No)	Resources Utilised	CEO Comment	
Implement and manage GEP Strategic Planning Mechanisms	Monitor submission deadlines	Submission of documents according to calendar dates	100% Compliance	All report submitted in accordance with the deadlines	Acknowledgements of receipts where applicable	Internal resources		
	Collate and prepare final APP / strategic plan for GEP	Final document	By 30 September	APP submitted to DED (1st Draft), allocation letters not yet received	Communication between GEP & DED	Internal resources		
	Submission to and liaison with DED / Legislature	Submission of information & reports	Timeously per deadline per case	All requests attended to as required	Communication between GEP & DED	Internal resources		

Agency: Strategic Support		Planning Statement: To manage GEP's Risk, Partnerships and to provide Strategic Support to the CEO						Evidence
Strategic Objective	Outcome / Measurable Objective	Indicator / Performance Measure	Annual Target	Annual Target Achieved	Evidence Available (if Yes) Mitigation Plan (if No)	Resources Utilised	CEO Comment	
Forge effective and sustainable partnership	Initiate & establish networks with enterprise development institutions	Number of programmes jointly implemented	3 per annum	3 programmes concluded and implemented	MoUs / MoUs and other agreements and contracts	Internal resources		
	Develop and maintain partnership programmes	Number of partnerships concluded	4 per annum	4 partnerships concluded and implemented	Yes	Internal resources		
	Identify and facilitate creation of SMME/ Coops consortiums for supply of goods	Number of consortium	10 per annum		Yes	Internal resources		
	Facilitate the hosting of the SMME Summit	Hosting of the Summit	1 per annum with partnership with CoJ & SABC	Not achieved. Set for 2011/12 Financial Year	No. The project will be implemented in 2011 F/Y		Negotiations with SABC and CoJ were not held at the time of reporting	
	Identify and facilitate Strategic partnership with private sector	Number of linkages or opportunities concluded	10 per annum		Yes	Internal Resources		
Manage GEP internal and external reporting processes	Collate and consolidate reports for onward conveyance to DED; GT and the Gauteng Legislature	Quarterly reports	4 Quarterly report	Quarterly report submitted	Acknowledgements of receipt	Internal resources		N/A

Agency: Strategic Support		Planning Statement: To manage GEP's Risk, Partnerships and to provide Strategic Support to the CEO						Evidence
Strategic Objective	Outcome / Measurable Objective	Indicator / Performance Measure	Annual Target	Annual Target Achieved	Evidence Available (if Yes) Mitigation Plan (if No)	Resources Utilised	CEO Comment	
	Ensure the integrity of all reports	Error level of the reports	0% Error level	Analysis not yet received from DED at the time of reported				
Implement & manage Enterprise Risk Management	Facilitation & analysis of all risks to GEP through its operations	Risk profile / matrix	Annual review by 30 May	Workshops completed	Risk registers	Internal resources and SAB & T		
	Provide recommendations and solutions to reduce the degree of exposure for GEP	Mitigation plan	Completed by 31 July	Development of mitigation plan in progress	Partially completed mitigation plan	Internal resources and SAB & T		
	Monitor GEP management implementation of mitigation plans	Quarterly Reports	4 Quarterly Reports	The plan was not submitted as it was not complete	None	n/a		
	Update & test GEP BCP & DRP's	Bi-Annual update & test	30 September & 31 March	n/a (not scheduled for this quarter)	n/a	Vuvuzela hotline		
	Monitor the use of the Fraud Prevention mechanism	Quarterly reporting	4 Quarterly reports	Report from the hotline (FP mechanism) received	Vuvuzela report			

Agency: Strategic Support		Planning Statement: To manage GEP's Risk, Partnerships and to provide Strategic Support to the CEO						Evidence
Strategic Objective	Outcome / Measurable Objective	Indicator / Performance Measure	Annual Target	Annual Target Achieved	Evidence Available (if Yes) Mitigation Plan (if No)	Resources Utilised	CEO Comment	
	Facilitate the implementation of recommendations of Internal Audit	Quarterly assessments	4 Quarterly assessments	Assessment done	The Q4 report includes this assessment	Internal resources and SAB & T		
Liaison with relevant stakeholders	Act as point of contact in respect of compliance & reporting matters	Percentage compliance to deadlines	100% compliance to deadlines	100% compliance to set dates	Communication between GEP & DED	Internal resources		
	Facilitate the tabling of annual reports as well as related documents when required	Submission of documents	Submission of documents according to deadlines	All documents completed as required	Communication between GEP & DED	Internal resources		
Economic and performance analysis	Perform economic analysis on the effect of GEP s intervention	Bi – Annual report	2 Reports per year	Not done	N/A	N/A	The function could not be carried out because the resources required are not in place	
	Perform general economic & trend interventions	Bi-Annual publications	2 documents published per year	Not done	N/A	N/A	The function could not be carried out because the resources required are not in place	

Agency: Strategic Support		Planning Statement: To manage GEP's Risk, Partnerships and to provide Strategic Support to the CEO						Evidence
Strategic Objective	Outcome / Measurable Objective	Indicator / Performance Measure	Annual Target	Annual Target Achieved	Evidence Available (if Yes) Mitigation Plan (if No)	Resources Utilised	CEO Comment	
	Analyse GEPs performance against predetermined objectives	Monthly & Quarterly report analysis	12 Monthly reports	Not done	N/A	N/A	The function could not be carried out because the resources required are not in place	
	Measure the contribution of SMMs to GDP	N/A	4 Quarterly	Not done	N/A	N/A	The function could not be carried out because the resources required are not in place	
Render general assistance to the Chief Executive Officer	Assist and advise the CEO as and when required	Promptly when required	As required	Carried out as required	Internal resources			
	Assist in the periodic strategic and operational alignment processes of the entity	According to specification	As required	Carried out as required	Internal resources			

Planning and Reporting

The Strategic Support Unit focused on the development of programme monitoring and performance indicator systems for GEP. It was imperative for the unit to improve the performance monitoring mechanisms and indicators in order to assess whether GEP services were delivered as intended to the targeted SMME beneficiaries. In this regard, the reporting tool was redeveloped to capture pertinent information such as the number of SMMEs assisted with a special emphasis on the number of jobs created or maintained by SMMEs/co-operatives assisted. It was essential to assess the impact and contribution of GEP programmes to the attainment of transversal targets in Gauteng.

While the timeous submission of reports was the operating norm, the quality of the reports was the most important consideration for the Unit in this financial year. GEP had to re-look at the way it conducted its business in view of realities on the ground such as high levels of job losses and therefore consequentially improved its strategic planning mechanisms to prioritise interventions that accelerated economic growth through SMME development. The unit further strengthened its processes to ensure that all supporting documents were submitted for all reported information for the purposes of the Audit of Performance Information (AoPI)

Partnerships

GEP strategically positioned itself as the first port of call for SMME development support through forging and co-ordination of effective partnerships with key stakeholders in the SMME development space. One of the highlights included a partnership agreement with SEDA, aimed at assisting SMMEs with complementary support services.

A number of government departments also signed agreements with GEP such as the Gauteng Department of Transport and Roads, Expanded Public Works Department, Gauteng Department of Agriculture and Rural Development, with the objective of facilitating access to opportunities for SMMEs and co-operatives.

Significant progress was made in concluding partnerships with the private sector as epitomised by the partnership with SABC and Arcelor Mittal. The unit also developed the Partnerships and Stakeholder Relations framework which will guide and forge the relationship between GEP and a plethora of stakeholders such as DFIs, the Chambers of Commerce, government departments and the private sector in the next financial year.

Enterprise Risk Management

The Enterprise Risk Management function gained prominence in GEP due to the nature of its business and the need to put controls and measures in place that will protect the organisation and its beneficiaries. The risk mitigation plan was developed and implemented in this financial year. A risk profile matrix was completed through workshops were conducted with the relevant stakeholders. Risk Management has continued to play an important role in fostering a culture of good corporate governance, compliance and internal control within GEP. There was strong monitoring of the implementation of risk mitigation plans. For the first time, the unit performed a Fraud Risk Assessment. The unit also enhanced internal controls with a review of the fraud prevention and whistle-blowing policies (such as the Vuvuzela Hotline).



MARKETING AND COMMUNICATIONS



**Thembela
Mgudlwa**

*Acting Executive
Manager:
Marketing and
Communications*

Strategic objectives of the business unit

1. To reposition GEP as an Agency of choice within the SMME sector within Gauteng
2. To implement the marketing strategy
3. To intensify the branding of GEP

Performance Information

Agency: Marketing and Communications		Planning Statement: To increase the awareness of the GEP brand, its products and services						Deviation	Reason/s for Deviation	Plan of Action for Deviation
Strategic Objective	Outcome / Measurable Objective	Indicator / Performance Measure	Annual Target	Annual Target Achieved	Evidence Available (if Yes) Mitigation Plan (if No)	Resources Utilised	CEO Comment			
To increase awareness of the organisation, its products and services	Increase awareness of GEP, its offering and services	Promotional campaigns' brand and activation	Continuous implementation and monitoring	Continuous implementation and monitoring	Brochure revamp: 4 product brochures & 1 co-ops brochure and 1 service brochure have been printed and re-print has been facilitated due to demand	Marketing Team together with Design Agency services				

Agency: Marketing and Communications		Planning Statement: To increase the awareness of the GEP brand, its products and services						Deviation	Reason/s for Deviation	Plan of Action for Deviation
Strategic Objective	Outcome / Measurable Objective	Indicator / Performance Measure	Annual Target	Annual Target Achieved	Evidence Available (if Yes) Mitigation Plan (if No)	Resources Utilised	CEO Comment			
	Increased positive perception towards the GEP as an organisation	Media Tracking; stakeholder and reputational management	Continuous Monitoring	100%	Media Tracking continues with 39 hits in total, that being 25 print hits; 5 radio hits	Media Monitoring service	Mr Morobe interviewed on Lesedi FM on 22 March 2011 for 30 minutes			
Position the organisation as the organisation of choice to SMMEs & Co-operatives including stakeholders	Run various integrated marketing campaigns with various "proof points"	Advertorials, Editorials; information session	4 Events and /or campaigns to be hosted	5 Events and/or campaigns hosted	Tshwane Community Empowerment Roadshow on 4th March 2011 2 x Economic Opportunities Roadshows hosted in Olivenhoutbosch and Tokai Human Rights Day in Sharpeville Sedibeng, on 21 March 2011 21 February Gauteng Opening of Legislature	Marketing and Communications Team	N/A	N/A	N/A	N/A

Agency: Marketing and Communications		Planning Statement: To increase the awareness of the GEP brand, its products and services						Deviation	Reason/s for Deviation	Plan of Action for Deviation
Strategic Objective	Outcome / Measurable Objective	Indicator / Performance Measure	Annual Target	Annual Target Achieved	Evidence Available (if Yes) Mitigation Plan (if No)	Resources Utilised	CEO Comment			
Play a role in SMME & co-operatives development through marketing interventions	Play a catalytic role through various communication channels and maximising these channels	Information sessions; B2B networking;	4 programmes and/or events to be conducted	6 programmes and/or events conducted	3 programme contents developed and 6 events conducted of which 4 were stakeholder events attended. Economic Opportunities took place in two months Youth In Business	Marketing & Communications & Regional offices	N/A	N/A	N/A	N/A
Inculcate a culture of entrepreneurship	Through targeted marketing interventions	Information sessions; B2B networking; Community outreach programmes Targeted campaign	3 programmes and events conducted		GEP was invited to attend the Youth in Business Event GEP participated in the form of an exhibition stand and the dissemination of information. New Micro finance application form being finalised for roll out together with Brochure content Ambani is finalised and is to go to print	Marketing and Communications Team and Design agency				

The Marketing and Communications Unit continued its mandate in 2010/11 financial year to create and maintain awareness of the organisation and its product offerings and to build and maintain a two-way relationship with its stakeholders. Highlights included the launching of two transversal groups' initiatives, the inaugural GEP SMME Awards, new internal communications channels and the launch of the new GEP website. This presented GEP with the opportunity to profile the organisation as a leading SMME development agency and the SMME's who have been assisted.

The GEP Website Portal was relaunched in March 2010. The website included salient features such as the Business Resource Tool which provides SMMEs a guidance tool to completing crucial documents such as a business plan. The website also features various applications including the submission of feedback mechanisms which drive reciprocal communication between GEP and its stakeholders.

GEP also embarked on a brochure overhaul. Product and service brochures were reviewed and new, concise product and service brochures were launched. These brochures are currently being further enhanced by the translation to vernacular languages in compliance to industry regulations.

Community Outreach Programmes:

As part of GEP's continued focus to increase engagement with communities and raise awareness on opportunities, GEP has embarked upon a number of projects. This has been done through programmes such as the Tshwane Community Empowerment Roadshow, Kungwini Capacity Building Workshops and Gauteng Service Delivery Roadshow, etc. GEP participation at these initiatives provides an opportunity for it to interact with community members on SMME support programmes offered by GEP.

GEP also partnered with a number of organizations within the industry to further entrench the SMME development culture. Such partnerships included events with NAFCOC, FABCOS, Municipal Local Economic Development units and Chambers. GEP also participated and collaborated with Gauteng Department of Economic Development to drive various initiatives through programmes with the Department and sister agencies. These included the International Co-operatives Day, SMME Development Workshop and the Batho Pele Roadshows

Economic Opportunities Roadshows:

The Provincial Government Economic Opportunities Roadshow is an initiative of the Department of Economic Development that seeks to take the government economic cluster programmes close to the communities concentrating on the 20 priority townships programme. GEP, together with sister agencies, have been meaningfully participating at these shows since inception of the campaign in 2006. The Roadshow, which takes place every month, brings together business people and communities to engage on economic opportunities that are available in Gauteng Provincial Government.

GEP Information Sessions:

GEP has identified a need for information sharing sessions to which SMME's from various industries are invited to engage with GEP and industry specialists to gather information, probe and network. Within these sessions, sector and industry experts and advisors are invited to share with SMME's on developments, challenges and opportunities to benefit the SMME's. They are hosted monthly and are themed to the national calendar. Events were hosted successfully in the first quarter.

Conferencing and Exhibitions:

GEP has engaged SMME's in a number of conferencing and exhibition forums. These are critical as they give GEP the opportunity to further understand SMME needs and for SMMEs and potential SMMEs to obtain a deeper knowledge of the GEP product and service offering. GEP has been involved in the Small Business Finance and Investment Expo, Tshwane Trade and Investment Conference, FABCOS Business Seminar, Gauteng SMME Opportunities Expo and SEDA Entrepreneurship Day, to mention a few.

Special Projects:

GEP has created and implemented a Women and Youth Empowerment support programme with the aim of creating the most appropriate platform for women entrepreneurs at various stages of entrepreneurial development. The programme is to run concurrently with the Youth programme. These programs were launched separately for the Women and Youth and will continue to be implanted in 2011/12 financial year.

The organisation also hosted and launched its first GEP SMME Awards. GEP identified the need to recognise SMMEs who harness good business practices and who provide excellent services to their client base. The idea emanates from a concerted effort by GEP to encourage SMMEs to always strive for the best in managing and running their respective businesses. This resulted in the GEP conceptualising this idea through bench-marking against tried and tested similar ideas, and in this instance, the GEP's idea was benchmarked against the Singapore Government's 'Business Excellence Framework' model.

Media and Publicity:

The publicity campaign was undertaken throughout the year. The purpose of the campaign was aligned to GEP strategic marketing objectives to increase awareness of GEP and its product and service offering. During the SMME Awards, GEP was presented the opportunity to profile the top ten finalists of the awards. The SMMEs were profiled on a business show in one of Gauteng's top community radio station. The media coverage included radio, print and television.



HUMAN RESOURCES



Lerato Mphai

*Executive
Manager:
Human Resources*

Strategic objectives of the business unit

1. To reposition GEP as an employer of choice
2. To improve GEP's managerial and technical skills

Performance Information

Agency: Human Resources		Planning Statement: To position the HR Unit as Strategic partner within GEP and to position the agency as an employer of choice within the Economic Development Industry.						Deviation	Reason/s for Deviation	Plan of Action for Deviation
Strategic Objective	Outcome / Measurable Objective	Indicator / Performance Measure	Annual Target	Annual Target Achieved	Evidence Available (if Yes) Mitigation Plan (if No)	Resources Utilised	CEO Comment			
To position GEP as an employer of choice within the SMME industry	Participate in the annual best company to work for survey	Annual participation	Participated in annual survey	Participated in annual survey in June 2011	Certificate of participation	Deloitte and Touche	Survey has been completed and the results were shared with the HR Executive and CEO, follow up will be at Exco meeting for next quarter	N/A	N/A	N/A

Agency: Human Resources		Planning Statement: To position the HR Unit as Strategic partner within GEP and to position the agency as an employer of choice within the Economic Development Industry.						Deviation	Reason/s for Deviation	Plan of Action for Deviation
Strategic Objective	Outcome / Measurable Objective	Indicator / Performance Measure	Annual Target	Annual Target Achieved	Evidence Available (if Yes) Mitigation Plan (if No)	Resources Utilised	CEO Comment			
	Develop and implement internship programme	Number of interns to complete programme	Receive and induct interns in GEP	Incomplete	Final internship policy	HR Team	Internship policy has been approved by the board	Implementation of policy yet to commence	Policy approved in 4th quarter	Train coaches and mentors to oversee and recruit interns
	Establish partnerships with SETA's to explore internship / learnership within other fields & establish relations with other financial institutions to ensure absorption of learners to labour market	Number of Internship/ learnership embarked upon	Register learnership with SETA/ Internship in the IT	Incomplete	Training Committee register Minutes of meeting with IDC	GEP Training Committee / Skills Development Facilitator / Approved Service Provider	Meeting with IDC took place 4th quarter	Establishment of partnerships still work in progress	Delay in the approval of the Internship policy	Follow up meetings with IDC

Agency: Human Resources		Planning Statement: To position the HR Unit as Strategic partner within GEP and to position the agency as an employer of choice within the Economic Development Industry.						Deviation	Reason/s for Deviation	Plan of Action for Deviation
Strategic Objective	Outcome / Measurable Objective	Indicator / Performance Measure	Annual Target	Annual Target Achieved	Evidence Available (if Yes) Mitigation Plan (if No)	Resources Utilised	CEO Comment			
	Implement and reward recognition	Number of excellence awards issued	25%	20%	2010/2011 Substantive agreement between GEP & NEHAWU entered end of April 2010	2010/2011 Substantive agreement between GEP & NEHAWU	Task team members nominated and to put forward recommendations to management. Awards set to be in 4th quarter	Awards still yet to take place	Tasks teams still yet to conclude awards framework	Get reward and recognition framework communicated to all employees
	Implement the attraction and retention Strategy	Lower staff turnover	3.7%	3.9%	Retention policy	HR Executive	Retention and attraction strategy has been approved	0.2% more than expected resignations	Employees resigning citing growth opportunities and job security	Implementation of attraction and retention strategy
	Create a culture of learning and development: a create Training and Development Committee	GEP strategic and action plan	Submission of Workplace Skills Plan and Annual Training Report	Completed	Workplace Skills Plan and Annual Training Report	Skills Development Facilitator / Training Committee	Training Committee presented strategic plan to all employees			

Agency: Human Resources		Planning Statement: To position the HR Unit as Strategic partner within GEP and to position the agency as an employer of choice within the Economic Development Industry.						Deviation	Reason/s for Deviation	Plan of Action for Deviation
Strategic Objective	Outcome / Measurable Objective	Indicator / Performance Measure	Annual Target	Annual Target Achieved	Evidence Available (if Yes) Mitigation Plan (if No)	Resources Utilised	CEO Comment			
Create and sustain a fair and equitable HR environment in GEP	Proper, efficient and timely payroll administration. Payroll fully outsourced to a service provider with HR as co-ordinating role	All employees paid on / before 25th of every month	Maintain 100% standard	100%	N/A	Current payroll system (VIP)	HR will no longer be outsourcing the payroll function due to the reconfiguration of agencies	N/A	N/A	HR Assistant Manager has resigned and HR Dept to source capacity
	Source and implement PMS software	All performance appraisals done electronically every quarter	Ongoing	80%	Agreement with successful service provider	Fusion	Customer Relation System system is active across GEP	Performance appraisals to be done on the system	Contracts are still been captured on the system by HR	Input all performance agreement contracts, train employees to do appraisal electronically
	Manage interactions and negotiation with organised Labour	Reduced contentious matters	As and when required	80%	2010/2011 Substantive Agreement between GEP & NEHAWU entered end of April 2010	Tokiso Dispute	Task teams have been set and meetings scheduled for 4th quarters.	Task teams still yet to meet	N/A	Arrange an RBO Session with Management

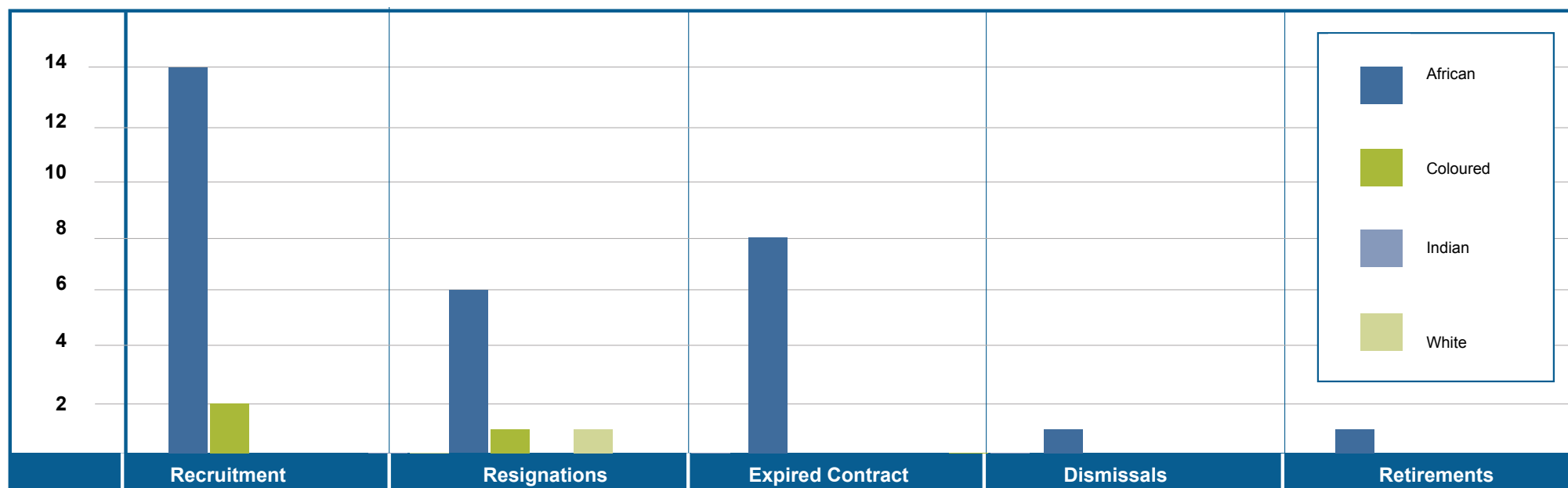
Employee Wellness Programme

Service Utilisation Rate – 1 February 2010 – 31 March 2011				
	GEP Events	%	Careway %	Year to date total events
February 2010 to April 2010	7	7.7%	1.44%	7
May 2010 to July 2010	7	7.7%	1.60%	14
August 2010 to October 2010	3	3.3%	1.62%	17
November 2010 to January 2011	7	7.7%	1.81%	24
February to March 2011	5	6%	0%	29
Total	29	32.4%	6.47%	29

The overall participation figure of 32.4% exceeds the Careways average for the same period which is 6.47%. This suggests that the EWP is well recognized throughout GEP, and that employees are familiar with the EWP.

Overall Staff movements

	African	Coloured	Indian	White	Total
Recruitment	14	2	0	0	16
Resignations	6	1	0	1	8
End of Contract	5	0	0	0	5
Dismissals	1	0	0	0	1
Retirements	1	0	0	0	1
Settlements	0	0	0	0	0
Total	27	3	0	1	31



Overall HR Key achievements 2010/11

Achievements

- ✓ Approval of the following policies: Internship Policy, Attraction and Retention Policy,
- ✓ 2010/11 Salary Negotiation a success
- ✓ Conclusion of the Skills Audit Project
- ✓ Submission of the Workplace Skills Plan and Annual Training Report
- ✓ Reviewing the performance management system and conducting workshops throughout GEP
- ✓ Hosting and Celebrating Heritage Day
- ✓ Successful staging of Wellness Day
- ✓ Celebration of Women's Day

The focus during the 2010/11 for human resource was to establish and encourage an enabling environment to ensure performance and boost staff morale. Positioning GEP to be the employer of choice was the key strategic initiative throughout in the year under review. The agency reconfiguration process shaped the year and as a result, it came with challenges such as low staff morale and loss of skilled personnel. However, the quest to overcome all of these mentioned challenges resulted in numerous staff gatherings which were a great success.

GEP, through the HR Unit, has continuously endeavoured to improve the intellectual capacity of its valued employees. A highlight of this objective was getting the board's approval to increase the bursary limit to R30 000.00 from R20 000.00. The overall impact of this decision is evidenced in the quality of studies pursued by the recipients of the bursaries. Bursaries to the value of R153 064.00 were awarded to a total of ten (10) employees.

A big achievement was also the establishment of the training committee which resulted in the submission of the Workplace Skills Plan and the Annual Training Plan as per the Department of Labour's requirements. The benefit has been in the form of grants being received from the Department to the value of R94 982.44.

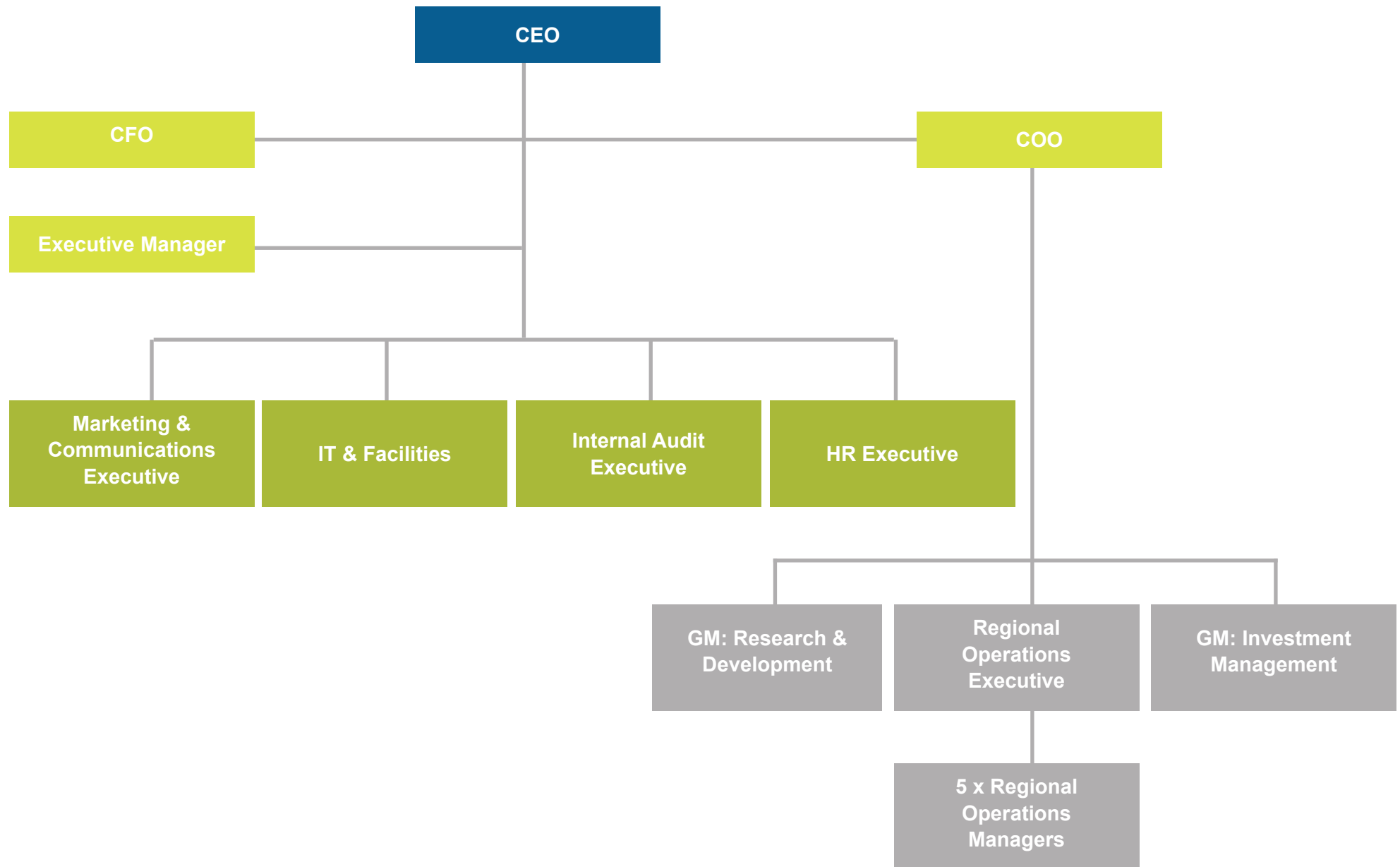
GEP, through the facilitation of the HR Unit, participates in the Employee Wellness Programme(EWP) which has contributed to enhanced productivity by providing a full spectrum of services addressing personal and emotional issues impacting on employees' performance. The EWP has also enhanced the working relationships among managers and employees by offering face-to-face counselling sessions.

The overall participation figure of 32.4% exceeds the Careways average for the same period which is 6.47%. This suggests that the EWP is well-recognised throughout GEP and that employees are familiar with the EWP.

Overall HR Key achievements 2010/11

- Approval of the following policies: Internship Policy, Attraction and Retention Policy,
- 2010/11 Salary Negotiation a success
- Conclusion of the Skills Audit Project
- Submission of the Workplace Skills Plan and Annual Training Report
- Reviewing the performance management system and conducting workshops throughout GEP
- Hosting and Celebrating Heritage Day
- Successful staging of Wellness Day
- Celebration of Women's Day

High-Level Organogram



INFORMATION TECHNOLOGY & FACILITIES



**Mervyn
Benjamin**

*Acting Executive
Manager:
IT & Facilities*

Strategic objective of the business unit

1. Provide a stable and reliable IT platform
2. Facilitate and Implement increased automation and cost reductions
3. Provide for GEP's physical working environment and oversee shared resources

Performance Information

Agency: IT & Facilities		Planning Statement: To create a working environment that is characterised by high performance and professionalism						Evidence
Strategic Objective	Outcome / Measurable Objective	Indicator / Performance Measure	Annual Target	Annual Target Achieved	Evidence Available (if Yes) Mitigation Plan (if No)	Resources Utilised	CEO Comment	
Provide a stable and reliable IT platform	Manage IT Environment including WAN/LAN	Downtime incidences/length	Maintain 99% uptime	GEP Achieved an approximately 90% uptime due to the fact that Mokhlakeng satellite office has been down since December 2010 due to renovations. All staff has been relocated to the West Rand office.	Evidence submitted & available on request.	Mweb		Yes

Agency: IT & Facilities		Planning Statement: To create a working environment that is characterised by high performance and professionalism						Evidence
Strategic Objective	Outcome / Measurable Objective	Indicator / Performance Measure	Annual Target	Annual Target Achieved	Evidence Available (if Yes) Mitigation Plan (if No)	Resources Utilised	CEO Comment	
				<p>Mime cast was implemented to monitor and archive all incoming and outgoing mail.</p> <p>IP Guard was implemented to monitor all network activity as well as enhance GEP security on the network.</p> <p>No virus outbreaks experienced during the last financial year.</p>	<p>Evidence available on request.</p> <p>Evidence submitted & available on request.</p>	<p>Mimecast & GEP IT Staff.</p> <p>IPGuard & GEP IT staff</p> <p>GEP IT staff</p>		<p>Yes</p> <p>Yes</p> <p>Yes</p>
Manage IT related risk	Implement risk mitigating measures, i.e. BCP & DRP	Implementation on stage of measures	<p>Bi-Annual testing of DRP</p> <p>Implement BCP</p>	DRP Test – DRP site was moved to the Germiston branch. All scheduled tests were completed.	All DRP reports submitted. Can be resent on request.	Praxis and GEP IT staff		Yes

Agency: IT & Facilities		Planning Statement: To create a working environment that is characterised by high performance and professionalism						Evidence
Strategic Objective	Outcome / Measurable Objective	Indicator / Performance Measure	Annual Target	Annual Target Achieved	Evidence Available (if Yes) Mitigation Plan (if No)	Resources Utilised	CEO Comment	
Facilitate and implement increased automation and cost reductions	Improve Portal Functionality to meet requirements of Enterprise Support	Phases of implementation of new portal	Finalise design and implement phase 1	CRM Implemented. Phase 1 completed and rolled out				
Provide for GEP's physical working environment and oversee shared resources	Increase savings and efficiencies	Value of savings realized	Maximize Savings	All OHS training has been completed. reports attached. Monthly OHS meetings to commence from April 2011 to ensure continued compliance.	Evidence submitted & available on request	BRS and facilities staff		Yes
	Ensure availability of resources incl. satisfactory condition	Number of complains	Zero complaints	All GEP Vehicles were serviced	Evidence available on request	IT Staff		Yes
				All photocopiers and printers serviced as required.	Evidence sent and available on request	Gestetner & IT staff		Yes

Disaster Recovery Plan

GEP Disaster Recovery Plan, one of IT & Facilities' most crucial tasks was successfully tested on 3 occasions. The disaster recovery site was successfully moved from the Rissik Street Offices to the Germiston Offices and a successful disaster recovery test was run.

CRM

The CRM system was completed during the period under review. Currently all processes are being aligned to the new CRM system. There were some speed issues which were resolved by implementing a software compression device as well as uploading the CRM system to a terminal server which allows users to access the CRM system via the Internet on the local area network. <http://192.168.11.9/ts>

Occupational Health and Safety (OHS)

The OHS Tender which was awarded to BRS was completed successfully. All of GEP offices have been audited and certificates of compliance was issued to all of GEP offices as well as OHS manuals.

New Systems Implemented

Mime cast. This system enables GEP the following functionality:

- To automate and standardise all GEP e-mail signatures.
- The ability to archive all incoming and outgoing mails (internal and external).
- The ability for users to access their mails in the event the e-mail server crashes.
- IPGuard: This system enables GEP IT staff the following functionality :-
 - Ability to monitor and deploy new and existing policies.
 - Ability to track and remove any unauthorised software on any of GEP systems.

CORPORATE GOVERNANCE REPORT



CHIEF FINANCIAL OFFICER'S REPORT



Lorato Sithole

Chief Financial
Officer

GEP's role is to facilitate in reducing or bridging the gap between the first and second economies in South Africa. With the continuing recession in the country, our mandate has been difficult to achieve due to the battle that small businesses so often have to keep going successfully despite rising costs and poor turnover. This has affected repayments due on loans, with several debtors being in arrears with their instalments.

Unfortunately, the credit risk has increased as a result of the difficult trading being experienced by so many of our debtors and the level of arrear instalments has increased over the figure we had the year before. Staffing of the debt collection unit has been increased and they are making strenuous efforts to improve the repayment level. When debtors are able to do so, we encourage them to make additional payments, which enable them to reduce the term of their loan or, in some instances, their level of arrears and assist us with our cash flow. We lent a total of R24.2 million during the year, an increase of 6% over the

previous year. Lending is constrained by the tight lending requirements we impose in order to limit our credit risk and we ended up being about 14% under our budgeted lending for the year.

Financial performance

Although our grant was cut by R10 million compared with the original long-term budget, it was an increase of R12.3 million over 2009/10 and we also received R3.1 million for the Gateway Project which took place at the time of the Soccer World Cup. Interest income increased by nearly R2.3 million due to the increase in debtors and loans outstanding and higher average bank balances. Total revenue showed an increase of R17.6 million. We were able to increase spending on Business Development Support and Training programmes from R16.7 million last year to R22.5 million this year. In addition, R1.9 million was spent on the Gateway project. Unfortunately, debtors' provisions had to be increased by R13.5 million compared with R9.5 million last year. There were no bad debt write offs in the current year as a result of an increased effort to recover maximum amounts outstanding and the improvement in our credit management of the debtors.

Expenditure in total was up by just under R13 million but it was R25 million under budget due to staff constraints as there was a moratorium on appointments and delays in the roll-out of certain projects. The revenue surplus for the year amounted to R35.1 million, compared with R30.2 million last year. At the year-end we had R37 million in outstanding projects compared with R39.5 million the previous year.

Balance sheet

Loans advanced during the year amounted to R24.2 million, a 6% increase over the previous year and the amount outstanding at the year-end was R53.4 million, an increase of R2.1 million but debtors, representing instalments currently due, rose by R13.1 million to a total of R34.1 million. Capital expenditure for the year was R1.4 million and the net value of fixed assets at the year-end was R4.1 million, compared with R3.9 million last year. Bank balances rose to R84.5 million, including R11.1 million in Mafisa funds for the Department of Agriculture lending programme for small farmers. Last year the bank balances totalled R47.5 million. Loans advanced for the Mafisa account amounted to R480 000 at the year end.

The year ahead

Government budgetary restraints in the New Year have resulted in a reduction in the grant receivable to R91.4 million for the 2011/12 financial year, a reduction of R37.2 million from the past year, which means substantial cutbacks in some areas of spending. We will continue to improve our credit management on the debtors to ensure maximum recovery of amounts outstanding and will maintain strict approval standards for all new loans in order to minimise adverse credit risk.

CORPORATE GOVERNANCE REPORT 2010/2011 FINANCIAL YEAR

In keeping with our commitment to the highest standards of corporate governance, the Board of the Gauteng Enterprise Propeller has begun implementing the King III Report on Corporate Governance.

The Board has during the year under review continued to exercise oversight over the Management team on behalf of the Member of Executive Council (MEC).

Appointment of the Board

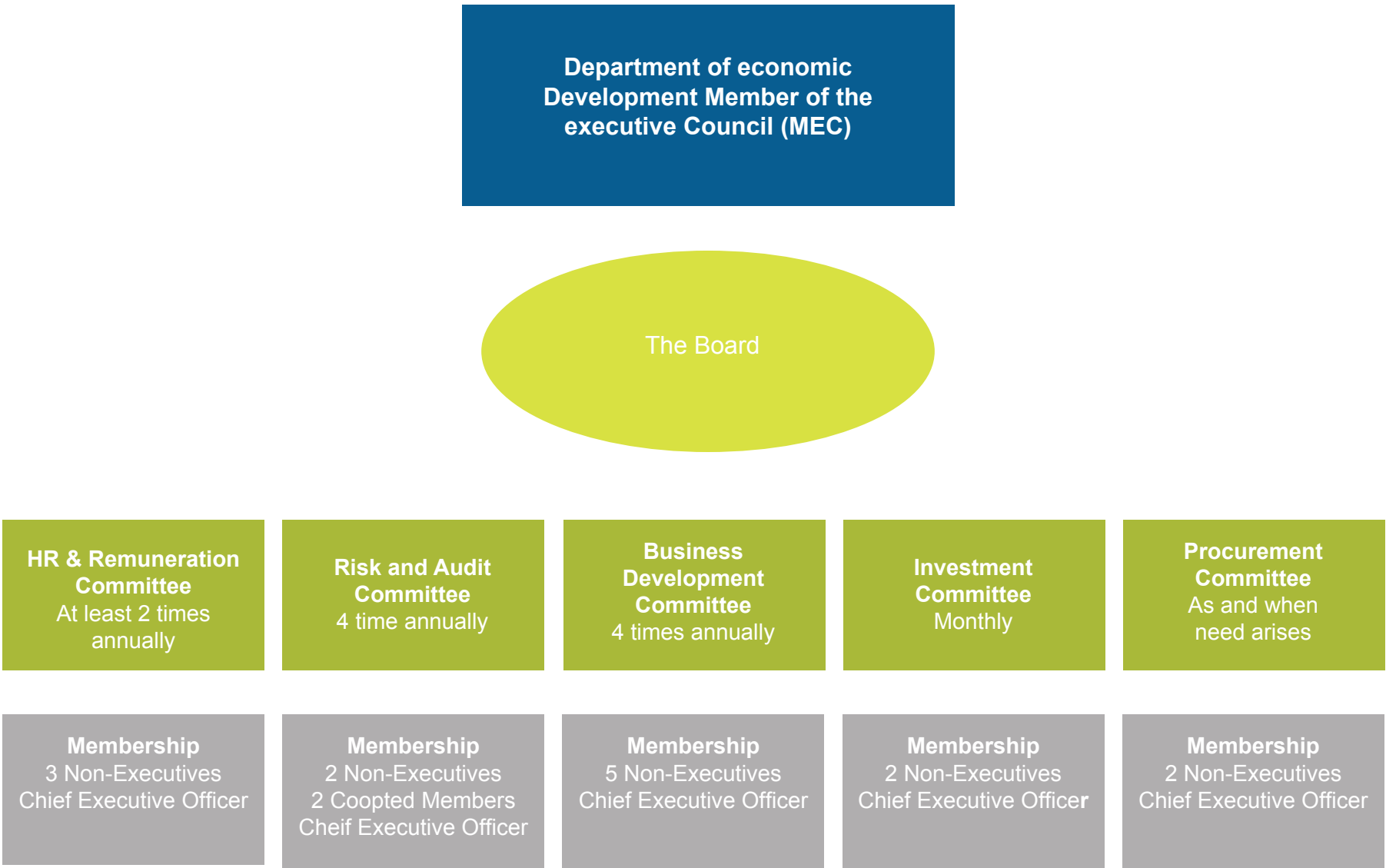
The Board is appointed by the Shareholder (i.e. the MEC). During the year under review, there were no resignations. During the latter part of the financial year, the MEC had concluded some Board members' contracts which had expired and appointed 2 new representatives from the Department of Economic Development.

Board charter

The Board has developed a charter setting out its responsibilities. As recommended by King III on Corporate Governance, the charter will be reviewed annually. The year under review saw the Board review its charter to be in line with the requirements of the King III.

Appointment of the Board			
	Board Member	Designation	Status
1.	Mr Linda Mngomezulu	Chairman	Contract Extended (31 July 2011)
2.	Mrs Pamela Mgulwa	Deputy Chairman	Contract Extended (31 July 2011)
3.	Mrs Mumsey Mokoena	Board Member	Contract Extended (31 July 2011)
4.	Mr Dawood Coovadia	Board Member	Contract Extended (31 July 2011)
5.	Mr Davis Sadike	Board Member (DED Representative)	Appointed on 1 January 2011
6.	Ms Catherine Mvelase	Board Member (DED Representative)	Appointed on 1 January 2011
7.	Mr Mxolisi Zwane	Board Member	Contract Expired on 31 December 2010
8.	Mr Sipho Majombozi	Board Member	Contract Expired on 31 December 2010
9.	Ms Khunjulwa Sigenu	Board Member	Contract Expired on 31 December 2010
10.	Adv. Brenda Madumise	Board Member	Contract Expired on 31 December 2010
11.	Adv. Josephine Ralefatane	Board Member	Contract Expired on 31 December 2010

Board Structure



Board Composition

The Board consists of 9 non-executive independent members, the majority of whom are female. The Board collectively has high levels of experience in the SMME sector, corporate governance and risk control.

Board Meetings

During the financial year, the Board held 4 scheduled meetings wherein both the Chief Executive Officer and Chief Operations Officer reported on the entity's performance and financial matters during the financial year and held special meetings to consider particular matters. In addition, special meetings were held to consider a variety of matters including the investigation by the Auditor-General into alleged irregularities within the entity.

Highlights for 2010/11

- Approval of the Supply Chain Management Policy
- Establishment of a Procurement Committee
- Approval of the amended Delegation of Authority
- Approved the Board Performance Evaluation which resulted in a board work plan on compliance thus ensuring constant monitoring of what had been agreed upon
- Approval of the Procurement Committee Charter
- Filled the Chief Financial Officer position (albeit on a temporary basis)
- Approved HR policies (Internship Policy; Employee Attraction and Retention Strategy; Leave Policy; Performance Bonus Policy and the Executive Coaching Policy)

Appointment of the Board

The Board is appointed by the Shareholder (i.e.

the MEC). During the year under review, there were no resignations. During the latter part of the financial year, the MEC had concluded some Board members contracts which had expired and appointed 2 new representatives of the Department of Economic Development.

Board Induction

On appointment, all Board members undergo a comprehensive induction programme which includes training on the entity's operations and directors' duties and responsibilities. Site visits to GEP's regional operations as well as SMMEs, funded and assisted through the GEP interventions, are also conducted as part of the induction. During the year under review, no new appointments in terms of the non-executive directors were made.

Independent Professional Advice

The Board has, during the year, sought professional advice on how best to manage and safeguard GEP's service and product offering within the new reconfigured entity. The Board further sought professional advice on how best to manage the Mafisa Programme (a partnership between GEP and the Department of Agriculture, Conservation and Environment to assist

low scale farmers from previously disadvantaged communities through funding totalling R50 million).

Directors' Remuneration

In order to attract and retain highly skilled individuals the entity has opted for competitive remuneration levels. The Board is paid both a retainer fee and sitting allowance for every meeting attended.

In keeping with GEP's commitment to the highest standards of corporate governance, the Board of the Gauteng Enterprise Propeller has begun implementing the King III Report on Corporate Governance.

The Board has during the year under review continued to exercise oversight over the management team on behalf of the Member of Executive Council (MEC).

Risk Management

The Board had during the year under review continued to monitor strategic risks while management ensured that significant risk areas were adequately addressed and reduced to acceptable levels.

Compliance

The entity is listed as a Schedule 3C entity and has fully

Directors' Remuneration				
	Designation	Retainer Fee	Sitting Allowance	Task Team Meetings And Other (Per National Treasury Rates)
1.	Chairman of the Board	R12 500	R3 600	R 442 per hour
2.	Deputy Chairman	R10 000	R3 250	R375 per hour
3.	Individual Member	R10 000	R3 250	R344 per hour

Appointment of the Board			
	Board Member	Designation	Status
12..	Mr Linda Mngomezulu	Chairman	Contract Extended (31 July 2011)
13.	Mrs Pamela Mgulwa	Deputy Chairman	Contract Extended (31 July 2011)
14.	Mrs Mumsey Mokoena	Board Member	Contract Extended (31 July 2011)
15.	Mr Dawood Coovadia	Board Member	Contract Extended (31 July 2011)
16.	Mr Davis Sadike	Board Member (DED Representative)	Appointed on 1 January 2011
17.	Ms Catherine Mvelase	Board Member (DED Representative)	Appointed on 1 January 2011
18.	Mr Mxolisi Zwane	Board Member	Contract Expired on 31 December 2010
19.	Mr Sipho Majombozi	Board Member	Contract Expired on 31 December 2010
20.	Ms Khunjulwa Sigenu	Board Member	Contract Expired on 31 December 2010
21.	Adv. Brenda Madumise	Board Member	Contract Expired on 31 December 2010
22.	Adv. Josephine Ralefatane	Board Member	Contract Expired on 31 December 2010

complied with the requirements of the King III Report on Corporate Governance, the Public Finance Management Act and Treasury Regulations.

Board committees

The Board has established the following committees whose role is to deal with complex and specialised matters which help board members to use their time more efficiently. The Committees make recommendations for action and approval to the Board which, in turn, retains the collective responsibility for making decisions.

The Committees therefore do not relieve individual board members of their fiduciary responsibilities. The following are the Committees of the Board:

Risk and Audit Committee

The role of the Risk and Audit Committee

- To discuss and review with the external auditors before the audit commences, the auditor engagement letter, the terms, nature and scope of the audit function, procedure and engagement, the fees and to ensure

coordination and maintenance of a professional relationship between the two

- To review the effectiveness of the company's systems of internal control, financial control, business risk management, IT risk and fraud risk
- To review the entity's risk management strategy
- The Committee has during the year under review approved that an investigation into alleged mismanagement and irregularities be conducted by the forensic unit of the Auditor General's forensic unit

Human Resources & Remuneration Committee

The role of the HR and Remuneration Committee

- To approve the review and recommend revisions of the entity's human resources policies and procedures
- To consider and determine any proposed amendments to grading, or terms of condition of staff and recommend to the Board thereon
- To advise and recommend to the Board on performance related bonuses for the Chief Executive Officer, the Executive and staff in general
- To ensure compliance to all statutory and best practice requirements regarding labour and industrial relations management
- To approve bonuses
- To review any major change in the organisational structure as proposed by management

Business Development Committee

The role of the Business Development Committee

- To monitor the relationship between GEP and SMMEs
- To develop, review and recommend the business development policy for GEP
- To advise the Board on the best practice in respect of non-financial support to SMMEs
- To approve policies in relation to business development

- To oversee the reliability and integrity of operations information and responsible behaviour towards the GEP stakeholders

Investment Committee

The role of the Investment Committee

- To approve SMME loan financing according to determined funding scales
- To advise on levels of financial support exposure, viz sectorial, loan size and provisions

- To consider recommendations from management for finance applications up to R5 million
- To monitor the relationship between GEP and appointed financial institutions The Committee held no meetings during the year. The Committee had resolved to reduce the threshold from R5 million to R2, 5 million so as to have a bigger impact. There were no special projects for approval by the Committee since a larger chunk of the funding was below the threshold.

Board Members		Date Of Meeting						
		26/05/2010	09/06/2010	21/07/2010	25/08/2010	12/11/2010	24/11/2010	23/02/2010
Mr Linda Mngomezulu	Chairman	Attended	Attended	Attended	Attended	Attended	Attended	Attended
Mrs Pamela Mgulwa	Deputy Chairman	Attended	Attended	Attended	Attended	Attended	Attended	Attended
Mr David Morobe	Chief Executive Officer	Attended	Attended	Attended	Attended	Attended	Attended	Attended
Adv. Brenda Madumise	Board Member	Attended	Attended	Apology	Attended	Apology	Attended	Contract Expired : 31 December 2010
Adv. Josephine Ralefatane	Board Member	Attended	Attended	Attended	Attended	Attended	Attended	Contract Expired: 31 December 2010
Mr Mxolisi Zwane	Board Member	Apology	Attended	Attended	Attended	Attended	Attended	Contract Expired: 31 December 2010
Ms Khunjulwa Sigenu	Board Member	Attended	Attended	Attended	Attended	Attended	Attended	Contract Expired: 31 December 2010
Mr Sipho Majombozi	Board Member	Apology	Apology	Attended	Apology	Apology	Apology	Contract Expired: 31 December 2010
Mrs Mumsey Mokoena	Board Member	Attended	Attended	Attended	Apology	Attended	Attended	Attended

AUDIT COMMITTEE REPORT



**Dawood
Coovadia**

*Risk & Audit
Committee
Chairperson*

We are pleased to present our report for the financial year ended 31 March 2011. The internal audit operated effectively throughout the year and conducted risk based audits giving Management assurance on efficiency and effectiveness of internal control and risk management systems. The Risk and Audit Committee had reviewed auditor's engagement letter, the terms and scope of the audit including the fees.

Risk and Audit Committee Responsibility

The Risk and Audit Committee states that it has complied with its responsibilities as outlined in section 51(1) (a) of the Public Finance Management Act (PFMA) and the National Treasury Regulations 3.1.13 and 27(1). The Risk and Audit Committee also reports that it has appropriate Terms of Reference which gets reviewed annually.

Effectiveness of Internal Control

The Risk and Audit Committee was able to confirm that the system of internal control and risk management in the entity was adequate in identifying risks and allowing the entity to understand the appropriate management of those risks.

Risk Management and Fraud Prevention

During the year under review, the Risk and Audit Committee approved the amendment of the Delegation of Authority in line with the Supply Chain Management Policy. The Risk and Audit Committee has:

- Reviewed and approved the internal audit plan and ensured
- Reviewed the external auditors engagement letter, the terms, the audit fees and the scope of the audit function
- Reviewed the audited annual financial statements to be included in the annual report with the external auditor and the Accounting Officer
- Reviewed and approved the Internal Audit Charter
- Ensured that a new risk assessment was conducted thus assisting the Committee in monitoring identified risks and the mitigation thereof

The Risk and Audit Committee concurs with and accepts the conclusion of the Auditor-General on

the annual financial statements and is of the opinion that the audited financial statements be accepted and read together with the report of the Auditor-General.

The Risk and Audit Committee noted capacity challenges brought about by the anticipated reconfiguration of agencies under the auspices of the Department of Economic Development. This had led to a number of key positions including that of the Chief Financial Officer (albeit on a fixed term contract) being filled. While the were capacity challenges, the Risk and Audit Committee noted that considerable progress has been made in the collection of outstanding debts from debtors and this had been made possible by the employment of a Debt Controller. During the year under review, the Risk and Audit Committee considered the options of either extending the existing internal audit contract or to initiate a competitive tender process. The existing contract has been extended. In addition, the Risk and Audit Committee had recommended the approval of an investigation by the Auditor-General on alleged irregularities within the entity reported through the Vuvuzela Hotline.

Quality Management Reports

The Risk and Audit Committee expressed satisfaction with the financial management reports submitted by the Acting Chief Financial Officer to the Risk and Audit Committee during the year under review.

Gep Risk And Audit Committee: Meetings'attendance (2010/2011 Financial Year)							
Member		16/02/2010	12/5/2010	20/07/2010	11/8/2010	16/11/2010	16/03/2011 New Committee
1.	Adv. Brenda Madumise (Chairman)	Attended	Attended	Attended	Attended	Attended	Contract expired
2.	Mr Dawood Coovadia (Board Member)	Apology	Attended	Attended	Attended	Attended	New Chairman / Attended
3.	Mr Haroun Moolla (Independent Member)	Attended	Attended	Attended	Attended	Attended	Contract expired
4.	Ms Thebi Moja (Independent Member)	Attended	Attended	Attended	Attended	Attended	Contract expired
5.	David Morobe (Chief Executive Officer)	Attended	Attended	Attended	Attended	Attended	Attended
6.	Mr Andy Mothibi (Independent Member)						Attended
7.	Ms Maureen Manyama-Matome (Independent Member)						Apology

Risk and Audit Committee Membership and Meeting Attendance

OUTLOOK

The Risk and Audit Committee is satisfied that internal controls and systems have been put in place and that these controls have functioned effectively. For the next financial year, the Committee will among others, continue periodic reviews of the entity's financials to ensure GEP's strong financial standing, monitor the review and implementation of the whistle blowing policy.



Dawood Coovadia
Chairman

Financials



Financial position at 31 March 2011

ANNUAL REPORT 2010-2011

DIRECTORS' RESPONSIBILITY AND APPROVAL OF ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

The entity's directors are responsible for the preparation and fair presentation of the entity annual financial statements, comprising the statement of financial position at 31 March 2011; the statement of financial performance; the statement of the changes in net assets; Cash flow statement and the notes to the annual financial statements for the year then ended, which include a summary of significant accounting policies and other explanatory notes and the directors' report in accordance with South African Standards of Generally Recognised Accounting Practices (SA Standards of GRAP).

The directors' responsibility includes: design, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable under the circumstances.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management as well as the preparation of supplementary schedules included in these financial statements.

The entity's annual financial statements are based on appropriate accounting policies, which are supported by reasonable and prudent judgement and estimates. The annual financial statements have been prepared on a going concern basis. This basis presumes that the assets will be realised judgements and the liabilities settled in the normal course of business.

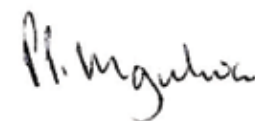
Accordingly, no adjustments have been made to the valuation or classification of assets or liabilities, which may have been necessary if the entity had been unable to continue as a going concern.

The auditor is responsible for reporting on whether the entity annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

The annual financial statements set out on page 70 - 106 were circulated and approved by the board of directors on 27th May 2011 and are signed on its behalf by:



T. Ngqobe
Acting Chief Executive Officer



P. Mgulwa
Acting Chairperson

REPORT OF THE AUDITOR GENERAL

REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE ON GAUTENG ENTERPRISE PROPELLER

Report on The Financial Statements

Introduction

I have audited the accompanying financial statements of the Gauteng Enterprise Propeller which comprise the statement of financial position as at 31 March 2011, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory information, and the accounting authority's report, as set out on page 70-106

The 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 the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act, 1999 (Act No. 1 of 1999)(PFMA), and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Auditor-General's responsibility

As required by section 188 of the Constitution of the Republic of South Africa, 1996, section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with International Standards on Auditing and General Notice 1111 of 2010 issued in Government Gazette 33872 of 15 December 2010. 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.

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Gauteng Enterprise Propeller as at 31 March 2011 and its financial performance and its cash flows for the year then ended in accordance with SA Standards of GRAP and the requirements of the PFMA.

Emphasis of matter

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

Material under spending of the budget

The GEP has under spent R36 741 864 of the grant received from the Department of Economic Development. Management has requested Gauteng Provincial Treasury to roll over the funds to the next financial year.

Report on other Legal and Regulatory Requirements

In accordance with the PAA and in terms of the General Notice 1111 of 2010, issued in Government Gazette 33872 of 15 December 2010, I include below my findings on the annual performance report as set out on pages 11 to 59 and material non-compliance with laws and regulations applicable to the public entity.

Predetermined objectives

There were no material findings on the annual performance report.

Compliance with laws and regulations

There were no findings concerning material non-compliance with laws and regulations applicable to the public entity.

Internal Control

In accordance with the PAA and in terms of the General Notice 1111 of 2010, issued in Government Gazette 33872 of 15 December 2010, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. There were no significant deficiencies in internal control that resulted in a qualification of the auditor's opinion on the financial statements and/or findings on the predetermined objectives and/or material non-compliance with laws and regulations.

Other Reports

Investigation

A preliminary investigation was conducted by the Auditor-General of South Africa into the contravention of laws and regulations and financial irregularities. A preliminary report was issued in July 2011.

Auditor-General

Johannesburg

29 July 2011



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2011

The directors have pleasure in presenting their report on the activities of the entity for the year ended 31 March 2011.

Nature of the business

The Gauteng Enterprise Propeller (GEP) was incorporated in terms of the Gauteng Enterprise Propeller Act (No 5 of 2005) and listed as a Schedule 3c Provincial Public Entity in terms of the Public Finance Management Act.

The enterprise renders services to provide financial and business development support to SMME's located in Gauteng, including the provision of short term loans for project finance, working capital and start up businesses.

All financial support, in the form of loans to SMME's, is governed by the regulations contained in the National Credit Act.

General overview

The company received grants totalling R131 659 000 (2010 – R116 341 000) for the year. This money was successfully used to achieve its primary objectives, including the provision of several loans to small businesses. An annual amount is allocated by the Provincial Government on a rolling three year basis.

In terms of the Public Finance Management Act the directors are required to prepare annual financial statements that fairly present the state of affairs and business of the entity at the end of the financial year and of the surplus or deficit for the year. To achieve

the highest standards of financial reporting, these annual financial statements have been drawn up to comply with South African Standards of Generally Recognised Accounting Practices.

Supported by the audit committee, the directors are satisfied that the internal controls, systems and procedures in operation provide reasonable assurance that all assets are safeguarded, that transactions are properly executed and recorded, and that the possibility of material loss or misstatement is minimised. The directors have reviewed the appropriateness of the accounting policies, and concluded that estimates and judgements are prudent. They are of the opinion that the annual financial statements fairly present the state of affairs and business of the entity at 31 March 2011 and of the surplus for the year ended on that date. The external auditors, who have unrestricted access to all records and information, as well as to the audit committee, concur with this statement.

Going concern

The financial position of the entity, its cash flows, liquidity position and funding facilities, as set out in the annual financial statements, and future projections of funding requirements from the Provincial Government, have been reviewed and considered by the directors.

The directors are of the opinion that entity will be able to operate within the level of its current facilities for the foreseeable future. For this reason the entity continues to adopt the going concern basis in preparing its financial statements.

Events after the reporting date

After the balance sheet date, the Chairperson and the Chief Executive Officer have been suspended pending the outcome of a forensic investigation.

The impact on the financial statements cannot be reliably measured. No other material events took place between the balance sheet and the reporting date.

Directors

The directors in the office during the financial year were as follows:

J. L. Mngomezulu (Chairperson)
P. Mgulwa (Deputy Chairperson)
D. Coovadia
E. M. Mokoena
D. Morobe
Mr. D Sadike (Appointed on 01 January 2011)
Ms C. Mvelase (Appointed 01 January 2011)
Advocate B. M. Madumise (Contract concluded 31 December 2010)
M. E. Zwane (Contract concluded 31 December 2010)
K. Sigenu (Contract concluded 31 December 2010)
S. L. M. Majombozi (Contract concluded 31 December 2010)
Advocate J. Ralefatane (Contract concluded 31 December 2010)

Business and postal address

Business Address:

382 Jan Smuts Avenue,
Craighall, 2196

Postal Address:

P O Box 413580,
Craighall, 2034

Secretary

The entity's secretarial function was performed by the Finance Manager during the year.

Contingent liabilities and guarantees

During the year the entity did not enter into contracts with service providers which could lead to expenses being incurred in the next financial year, other than those recorded in note 24 – Commitments.

Bankers

ABSA Bank Limited
Registration Number 1986/004794/06

Non-current assets

There have not been any significant changes in the non-current assets of the entity during the financial year.

Distribution to owners

There has not been any distribution made to the owners of Gauteng Enterprise Propeller as it is not in the nature of the entity to do so.

Auditors

Gauteng Enterprise Propeller is audited by the Auditor-General of South Africa (AGSA)

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2011

	NOTES	2011 R	2010 R			2011 R	2010 R
ASSETS				Current assets			
Non current assets		27 389 512	26 449 822			121 612 700	83 124 753
Property, plant and equipment				Mafisa loans	9	271 353	-
-Own assets	7	3 765 220	3 083 715	Financial support loans	10	19 697 457	18 490 669
-Leasehold improvements	7	148 349	593 394	Trade and other receivables	12	17 127 144	17 150 156
-Leased assets	7	142 759	88 604	Cash and cash equivalents	13	84 516 746	47 483 928
				TOTAL ASSETS		149 002 212	109 574 575
Intangible assets	8	60 801	84 402	NET ASSETS			
Mafisa loans	9	209 349	-	Accumulated surplus		128 123 277	93 011 693
Financial support loans	10	23 063 034	22 599 707	Longterm Liabilities		79 969	70 832
Investment in associated companies	11	-	-	Finance lease liability	16	79 969	70 832
				Current liabilities		20 798 966	16 492 050
				Trade and other payables	14	8 730 594	4 990 790
				Rent straight-lining accrual	15	172 070	381 414
				Finance lease liability	16	295 190	176 428
				Mafisa Funds	17	11 601 112	10 943 418
				TOTAL NET ASSETS		149 002 212	109 574 575

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2011

	NOTES	2011 R	2010 R				
Revenue	18	131 659 000	116 341 000	Remuneration of directors	31.3	(1 435 922)	(1 430 550)
Depreciation				Employee benefit expenditure	29	(42 532 762)	(35 928 063)
-Own assets	3	(745 994)	(1 131 892)	Other income	19	529 716	536 569
-Leasehold improvements	3	(445 045)	(453 522)	Other operating costs		(48 773 011)	(53 952 852)
-Leased assets	3	(120 785)	(91 933)	Operatng surplus before net finance income		24 613 194	22 070 280
Amortisation of intangible assets	3	(44 299)	(59 231)	Income from investments	4	10 498 785	8 205 935
Impairment of trade receivables	3	(13 815 170)	(2 510 000)	Finance costs	5	(395)	(37 175)
Impairment of financial support loans	3	337 466	750 000	Net surplus before taxation		35 111 584	30 239 040
Profit (Loss) on disposal of subsidiary		-	754	Taxation	6	-	-
				Net surplus for the year		35 111 584	30 239 040

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2011

	NOTES	Accumulated funds R	Total R
Balance at 31 March 2009		62 488 068	62 488 068
Net surplus for the year		30 239 040	30 239 040
Prior period errors	34	284 585	284 585
Balance at 31 March 2010		93 011 693	93 011 693
Net surplus for the year		35 111 584	35 111 584
Balance at 31 March 2011		128 123 277	128 123 277

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

	NOTES	2011 R	2010 R				
CASH FLOWS FROM OPERATING ACTIVITIES				CASH FLOWS FROM INVESTING ACTIVITIES			
Cash receipts from customers		131 965 556	116 593 149	Investment in subsidiary company		-	3 328 575
Cash paid to suppliers and employees		(102 082 647)	(85 745 828)	Acquisition of property, plant and equipment	7	(1 173 950)	(838 133)
Cash generated from operations	20	29 882 909	30 847 321	Expenditure on leasehold improvements	7	-	(490 091)
Interest received	4	10 498 785	8 205 935	Acquisition of leased assets	7	(174 940)	(124 971)
Finance lease interest charges	5	(395)	(16 380)	Acquisition of intangibles	8	(66 283)	-
Finance charges	5	-	(20 795)	Mafisa funds received	17	657 694	943 418
Net cash inflow from operating activities		40 381 299	39 016 081	Net advances to Mafisa loans		(480 702)	-
				Net advances to Financial Support Loans		(2 110 301)	(14 669 222)
				Net cash outflow from investing activities		(3 348 482)	(11 850 424)
				NET INCREASE IN CASH AND CASH EQUIVALENTS		37 032 817	27 165 657
				Cash & cash equivalents at beginning of the year	13	47 483 928	20 318 271
				CASH & CASH EQUIVALENTS AT END OF THE YEAR	13	84 516 745	47 483 928

ACCOUNTING POLICIES

Accounting policies for the year ended 31 March 2011

1. Corporate information

The entity's financial statements for the year ended 31 March 2011 were authorised for issue in accordance with a resolution of the directors on 27 May 2011. The entity has an investment in an associate named Watoto Investments (Pty) Ltd. The entity had a 100% owned subsidiary, Aquarella Investments 439 (Pty) Ltd, which was disposed of with effect from 31 December 2009. Gauteng Enterprise Propeller is listed as a Schedule 3c Provincial Public Entity in terms of the Public Finance Management Act.

Gauteng Enterprise Propeller's head office is located at 382 Jan Smuts Avenue, Craighall, Sandton.

2.1 Basis of preparation

The annual financial statements have been prepared in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP). The recognition and measurement principles in the adopted SA Standards of GRAP do not differ or result in material differences in items presented and disclosed in the financial statements from that of SA GAAP statements.

The entity continues to adopt the going concern basis in preparing its annual financial statements.

The cash flow statement was prepared in accordance with the direct method.

Specific information such as:

- a. Receivables for non exchange transactions, including taxes and transfers;
- b. Taxes and transfers payable;
- c. Trade and other payables from non exchange transactions; must be presented separately in the statement of financial position

The amount and nature of any restrictions on cash balances is required to be disclosed.

Accounting policies have been consistently applied compared with the previous year.

The comparative figures would be adjusted accordingly should there be any changes in Accounting Policies.

2.2 Revenue recognition

2.2.1 Government grants

Government grants are recognised in the statement of financial performance as and when received and to the extent the entity will comply with the conditions associated with the grant.

Grants that compensate the entity for expenses incurred are recognised in the statement of financial performance on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the entity for the cost of an asset are recognised in the statement of financial performance on a systematic basis over the useful life of the asset if the terms of the grant require this to be done.

2.2.2. Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the entity reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

2.2.3 Revenue from non-exchange transactions

Non exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange. Grants, transfers and subsidies are recognised as revenue when:

- It is probable that the economic benefits or service potential associated with the transaction with the transaction will flow to the entity;
- The amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

2.2.4 Revenue from exchange transactions

An exchange transaction is defined as one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange. Interest income is accrued on a time proportion basis, taking into account the principal amount and the effective

interest rate over the period to maturity. Tender levies are recognised as revenue when payment from bidders has been received.

2.3 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of financial performance on a straight-line basis over the period of the lease.

The entity leases certain property, plant and equipment. Leases of property, plant and equipment where the entity has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of financial performance over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.4 Property, plant and equipment

Property, plant and equipment is stated at the amount of the asset, and the net amount is restated to the revalued amount of the asset. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the item's carrying amount or recognised as separate property, plant and equipment, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of financial performance during the financial period in which they are incurred.

Decreases that offset previous increases of the same item are charged against other reserves directly in equity; all other decreases are charged to the statement of financial performance. Each year the difference between depreciation based on the revalued carrying amount of the item charged to the statement of financial performance and depreciation based on the item's original cost is transferred from 'other reserves' to 'accumulated surplus'.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Motor vehicle	5 years
Office equipment and furniture	6 years
Computer equipment	3 years
Leased assets	2 years

The item's residual values and useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date.

An item's carrying amount is written down immediately to its recoverable amount if the item's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other (losses)/gains -net' in the statement of financial performance.

When revalued items are sold, the amounts included in other reserves are transferred to accumulated surplus.

Expenditure on Leasehold improvements, if material, is capitalised and depreciated over the period of the lease.

An item's carrying amount is derecognised from the statement of financial position on disposal or when no future economic benefit or services potential are expected from its use or disposal.

2.5. Intangible assets.

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The annual rate of amortisation currently used is 50%.

An item's carrying amount is derecognised from the statement of financial position on disposal or when no future economic benefit or service potential is expected from its use or disposal.

2.6 Impairment of assets

The carrying amounts of assets stated in the statement of financial position, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated as the higher of the net selling price and its value in use. An impairment loss is recognised in the statement of financial performance whenever the carrying amount exceeds the recoverable amount.

In assessing value in use, the expected future cash flows are discounted to their present value that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash flows largely independent of those from other assets, the recoverable amount is determined for the cash generating unit to which the asset belongs.

A previously recognised impairment loss is only reversed if there has been a change in the estimates used to determine the recoverable amount; however, not to an amount higher than the carrying amount that would have been determined (net of depreciation and amortisation) had no impairment loss been recognised in previous years.

2.7. Associates

Associates are all entities over which the entity has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The entity's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The entity's share of its associates' post-acquisition profits or losses is recognised in the statement of financial performance, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the entity's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the entity and its associates are eliminated to the extent of the entity's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group. Dilution gains and losses arising in investments in associates are recognised in the statement of financial performance.

2.8 Taxation

The entity has been exempted from Income Tax by the South African Revenue Service in terms of Section 10(1)(cA)(i) of the Income Tax Act. (Act No. 58 of 1962)

2.9. Provisions

Provisions for restructuring costs and legal claims are recognised when: the entity has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will

be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligation may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.10. Financial instruments

Financial assets and liabilities are recognised in the entity's statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity does not offset a financial asset and financial liability unless a legally enforceable right to set off the recognised amounts currently exist and the entity intends either to settle on a net basis, or to realise the assets and settle the liability simultaneously.

Financial instruments that are classified as measured at fair value through profit or loss are initially measured at fair value plus transaction costs that are directly attributable to acquisition or issue. All other financial instruments are initially measured at fair value.

Subsequent to initial recognition financial instruments are measured as set out below.

At reporting date, the entity determines whether there is any objective evidence that a financial asset or group of financial asset is impaired. If there is

objective evidence that an impairment loss on loan and receivable or held to maturity investment carried at amortised cost has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

Subsequent recoveries of amounts previously written off are credited in the statement of financial position.

Changes in the carrying amount of the allowance account are recognised in the statement of Financial Performance.

The entity derecognises a financial asset when and only when the right to the cash flows from the financial asset expires or it transfers the financial asset and the transfer qualifies for derecognition.

The entity transfers a financial asset if, and only if, it either transfers the contractual rights to receive the cash flows of the financial asset or retains the contractual rights to receive the cash flows of the financial asset.

2.11. Financial assets

The entity's principal financial assets are bank and cash balances and trade and other receivables:

Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost

using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will be bankrupt or financial reorganisation, and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. Gains and losses are recognised in the group's statement of financial performance when trade and other receivables are derecognised, or impaired as well as through the amortisation process. When a trade debtor is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the statement of financial performance.

Financial Support and Mafisa Loans

Financial support and Mafisa loans are categorised as held to maturity and are stated at their amortised cost using the effective interest rate method less an allowance for impairment. An estimate of doubtful debts is made based on a review of all outstanding amounts at statement of financial position date. Bad debts are written off during the year in which they are identified. Due to the short term nature of the entity's receivables, amortised cost approximates its fair value.

2.12. Financial liabilities

The entity's principal financial liabilities are trade and other payables:

Trade and other payables

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

2.13. Contingencies and commitments

Transactions are classified as contingencies where the entity's obligation depends on uncertain future events. Items are classified as commitments where the entity commits itself to future transactions or if the items will result in the acquisition of assets.

2.14 Presentation currency

The financial statements are presented in South African Rand.

2.15 Comparative information

Prior year comparative information has been presented in the current year's financial statements. Where necessary, figures included in the prior year financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

2.16. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is defined as expenditure that was made in vain and would have been avoided had reasonable care been exercised, therefore it must be recovered from:

- A responsible official (a debtor account should be raised); or
- The vote (if responsibility cannot be determined)

Such expenditure is treated as a current asset in the statement of financial position until such expenditure is recovered from the responsible official or written off as irrecoverable.

2.17. Irregular expenditure

Irregular expenditure is defined as expenditure, other than unauthorised expenditure, incurred in contravention or not in accordance with a requirement or any applicable legislation, the PFMA, the State Tender Board Act, or any provincial legislation providing for procurement procedures in that provincial government. Irregular expenditure is accounted for as expenditure in the statement of financial performance and where subsequently recovered, it is accounted for as revenue in the statement of financial performance.

2.18 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state. Unauthorised expenditure is accounted for as an expense in the statement of financial performance and where subsequently recovered, it is accounted for as revenue in the statement of financial performance.

2.19. Short term employee benefits

The cost of short term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses,

and non monetary benefits (such as medical care), are recognised in the period in which the service is rendered and are not discounted.

2.20. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The entity and group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of incurring a material adjustment to the carrying amounts to assets and liabilities within the next financial year are discussed below.

Impairment of trade debtors

An impairment of trade debtors is established when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade debtor is impaired. The amount of impairment is the difference between the trade debtor's carrying amount and the present value of estimated future cash flow, discounted at the effective interest rate. Refer to note 12 for details of the entity's impairment.

Property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over its useful life to residual value.

Residual values and useful lives are based on management's best estimate and actual future outcomes may differ from these estimates. Refer to note 7 for details of the entity's property, plant and equipment. The entity annually tests whether property, plant and equipment has suffered any impairment. When performing impairment testing, the recoverable amount is determined for the individual asset. If the asset does not generate cash flows that are largely independent from other assets or groups of assets then the recoverable amounts of cash generating units that those assets belong to are determined based on discounted future cash flows.

2.21. Prior period Errors

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior period arising from a failure to use, or misuse of, reliable information. Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud. Where practical to determine the period specific or cumulative effect of the error, these are corrected retrospectively in the first set of financial statements produced after discovery of the error.

2.22. Events after the reporting date.

Events after the reporting date are those which could be favourable or unfavourable, that occur between the reporting date and the date the financial statements are authorised for issue. Such events are of two types:

- Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date)
- Those that are indicative of conditions that arose after the reporting date (non - adjusting events after the reporting date)

Amounts recognised in the annual financial statements are, where applicable, adjusted to reflect adjusting events after the reporting date. Non-adjusting events are not adjusted for.

2.23. Related parties

Parties are considered to be related if one party has the ability to control the other party or one party has the ability to exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control. Related parties include:

- Entities that directly or indirectly through one or more intermediaries control or are controlled by the reporting entity
- Key management personnel and close members of the family of key management personnel

A related party transaction is a transfer of resources, service or obligations between a reporting entity and a related party, regardless of whether a price is charged. Related party transactions exclude transactions with any other entity that is a related party solely because of its economic dependence on the reporting entity or the government of which it forms part.

Related party transactions are measured and recognised on terms and conditions that are normal for such transactions.

2. 24. Budget information

Budget information is disclosed in terms of GRAP 1 (Presentation of Financial Statements) which requires that entities, in their general purpose financial reporting, provide information on whether resources were obtained and used in accordance with their legally adopted budgets.

2. 25. Standards issued but not effective

The following standards have been issued but are not yet effective:

GRAP 18 Segment Reporting

The standard will be effective from a date still to be determined by the Minister. The adoption of this standard is not expected to impact on the results of the entity, but may result in more disclosure than is currently provided in the annual financial statements.

GRAP 21 Impairment of non-cash-generating assets

The standard will be effective from April 01, 2012. The entity expects to adopt the standard for the first time in the 2012 annual financial statements. It is unlikely that the standard will have a material impact on the entity's annual financial statements.

GRAP 23 Revenue from Non-exchange transactions

The standard will be effective from April 01, 2012. The entity expects to adopt the standard for the first time in the 2012 annual financial statements. It is unlikely that the standard will have a material impact on the entity's annual financial statements.

GRAP 24 Presentation of budget information in financial statements

The standard will be effective from April 01, 2012. The entity expects to adopt the standard for the first time in the 2012 annual financial statements. The adoption of this standard is not expected to have a material impact on the entity's annual financial statements but may result in more disclosure than is currently provided in the annual financial statements.

GRAP 25 Employee benefits

The standard will be effective from a date still to be determined by the Minister.

GRAP 26 Impairment of cash-generating assets

The standard will be effective from April 01, 2012. The entity expects to adopt the standard for the first time in the 2012 annual financial statements. It is unlikely that the standard will have a material impact on the entity's annual financial statements.

GRAP 103 Heritage Assets

The standard will be effective from April 01, 2012. The entity does not envisage the adoption of the standard until such time as it becomes applicable to the entity's operations.

GRAP 104 Financial Instruments

The standard will be effective from a date still to be determined by the Minister.

GRAP 105 Transfer of functions between entities under common control

The standard will be effective from a date still to be determined by the Minister.

GRAP 106 Transfer of functions between entities not under common control

The standard will be effective from a date still to be determined by the Minister.

GRAP 107 Mergers

The standard will be effective from a date still to be determined by the Minister.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR END 31 MARCH 2011

3. OPERATING SURPLUS

	2011 R	2010 R
Operating (deficit) surplus is arrived at after taking the following items into account:		
Auditor's remuneration	2 232 963	1 946 843
Internal auditors	955 870	962 887
External auditors	501 311	983 956
Forensic auditors	775 782	-
Bad debts	13 477 704	9 459 480
Bad debts written off	-	2 614 414
Impairment of trade receivables	13 815 170	2 510 000
Impairment of financial support loans	(337 466)	(750 000)
Bad loans written off	-	5 085 066
Depreciation on own assets	745 994	1 131 892
Motor vehicle	95 650	24 078
Office equipment and furniture	536 422	775 850
Computer equipment	113 922	331 964

Depreciation	610 129	604 686
Leasehold Improvements	445 045	453 522
Leased assets	120 785	91 933
Amortisation of intangibles	44 299	59 231
Total Depreciation	1 356 123	1 736 578
Operating lease payments:	6 382 878	5 195 149
Properties	6 280 039	5 111 326
Equipment	102 839	83 823

4. INCOME FROM INVESTMENTS

Interest received:		
Bank current account	3 242 214	1 126 605
Subsidiary company	-	249 636
Financial Support Loans	7 256 571	6 829 694
	10 498 785	8 205 935

5. FINANCE COSTS

	2011 R	2010 R
Finance lease interest charges	-	16 380
Finance costs	-	20 795
Finance costs-fruitless and wasteful expenditure	395	-
	395	37 175

6. TAXATION

SA normal taxation comprising:	-	-
Current taxation - not applicable	-	-
Deferred taxation-not applicable	-	-

The entity is a public benefit organisation in terms of the Income Tax Act and has a tax exempt status

7. PROPERTY, PLANT AND EQUIPMENT

	Motor Vehicles	Office equipment & furniture	Computer equipment	Total
	R	R	R	R
Own assets				
2011 Cost				
Opening balance	120 392	5 830 311	2 887 000	8 837 703
Additions	357 846	206 462	609 642	1 173 950
Adjustments	-	399 965	178 229	578 194
Disposals/ Write off	-	-	-	-
Closing balance	478 238	6 436 738	3 674 871	10 589 847
Accumulated depreciation				
Opening balance	74 241	3 628 703	2 051 043	5 753 987
Depreciation for the year	95 650	536 422	113 922	745 994
Adjustments	-	202 292	122 354	324 646
Disposals/Write off	-	-	-	-
Closing balance	169 891	4 367 417	2 287 319	6 824 627
Closing carrying value	308 347	2 069 321	1 387 552	3 765 220

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2010 Cost	Motor Vehicle R	Office equipment & furniture R	Computer equipment R	Total R
Opening balance	120 392	4 456 106	3 223 340	7 799 838
Additions	-	281 453	556 680	838 133
Adjustments	-	1 963 842	426 299	2 390 140
Disposals/Write off	-	(871 090)	(1 319 319)	(2 190 409)
Closing balance	120 392	5 830 311	2 887 000	8 837 702
Accumulated depreciation				
Opening balance	50 163	2 491 738	2 417 760	4 959 665
Depreciation for the year	24 078	775 850	331 964	1 131 892
Adjustments	-	1 093 320	322 621	1 415 941
Prior year adjustments	-	(245 673)	(32 545)	(278 218)
Disposals/Write off	-	(486 532)	(988 761)	(1 475 293)
Closing balance	74 241	3 628 703	2 051 043	5 753 987
Closing carrying value	46 151	2 201 608	835 957	3 083 715

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Motor Vehicles R	Office equipment & furniture R	Computer equipment R	Total R
LEASED ASSETS				
2011 COST				
Opening balance	-	160 150	-	160 150
Additions	-	174 940	-	174 940
Disposals	-	(75 092)	-	(75 092)
Closing balance	-	259 998	-	259 998
Accumulated depreciation				
Opening balance	-	71 546	-	71 546
Depreciation for the year	-	120 785	-	120 785
Disposals	-	(75 092)	-	(75 092)
Closing balance	-	117 239	-	117 239
Closing carrying value	-	142 759	-	142 759
2010 Cost				
Opening balance	-	251 798	-	251 798
Additions	-	124 971	-	124 971
Disposals	-	(216 619)	-	(216 619)
Closing balance	-	160 150	-	160 150

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Motor Vehicles	Office equipment & furniture	Computer equipment	Total
	R	R	R	R
LEASED ASSETS				
Opening balance	-	196 227	-	196 227
Depreciation for the year	-	91 933	-	91 933
Disposals	-	(216 614)	-	(216 614)
Closing balance	-	71 546	-	71 546
Closing carrying value	-	88 604	-	88 604

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	2011 R	2010 R
Leasehold Improvements		
2011		
Cost		
Opening balance	1 090 091	870 473
Additions	-	490 091
Disposals	-	(270 473)
Closing balance	1 090 091	1 090 091
Accumulated depreciation		
Opening balance	496 697	313 648
Depreciation for the year	445 045	453 522
Disposals	-	(270 473)
Closing balance	941 742	496 697
Closing carrying value	148 349	593 394

8. INTANGIBLE ASSETS

	2011 R	2010 R
2011		
Cost		
Opening balance	443 180	489 597
Additions	66 283	32 172
Disposals/Write off	-	(78 589)
Closing balance	509 463	443 180
Accumulated depreciation		
Opening balance	358 778	385 311
Adjustments	89 884	21 525
Depreciation for the year	-	59 231
Prior year adjustments	-	(6 367)
Disposal/Write off	-	(100 922)
Closing balance	448 662	358 778
Closing carrying value	60 801	84 402

9. MAFISA LOANS

	2011 R	2010 R
Balance at 1 April 2010	-	-
Amounts advanced	487 000	-
Repayments during the year	(6 298)	-
Balance at 31 March 2011	480 702	-
Net amount outstanding at 31 March 2011	480 702	-
Repayable within 12 months	271 353	-
Repayable thereafter	209 349	-

Loans receivable consist of loans granted to SMME's to facilitate the economic growth of agricultural companies. The average loan is 2 years with a fixed interest rate of 8%(2010 -Nil).

10. FINANCIAL SUPPORT LOANS

	2011 R	2010 R
Balance at 1 April 2010	51 240 376	49 255 136
Amounts advanced	24 192 323	22 819 853
Repayments during the year	(22 859 673)	(20 834 613)
Balance at 31 March 2011	52 573 026	51 240 376
Less: Allowance for impairment of loans	(9 812 534)	(10 150 000)
Balance at 1 April 2010	(10 150 000)	(10 900 000)
Current year movement	337 466	750 000
Net amount outstanding at 31 March 2011	42 760 492	41 090 376
Repayable within 12 months	19 697 457	18 490 669
Repayable thereafter	23 063 035	22 599 707

Loans receivable consist of loans granted to SMME's to facilitate the economic growth of starting and expanding companies. The average loan term is 3 to 5 years linked to the prime rate with an average interest rate at 9.5%(2010 -11.3%).

11. INVESTMENT IN ASSOCIATED COMPANIES

	2011 R	2010 R
Shares	60	60
Balance at 1 April 2010	299 940	299 940
	300 000	300 000
Less : Fair value adjustment	-	-
: Share of deficits at 1 April 2010	(300 000)	(300 000)
Net amount outstanding at 31 March 2011	-	-

Shareholders' loans consist of loans granted to SMME's to facilitate the economic growth of starting companies. No financial information was received from Watoto Investments (Pty) Ltd in the current financial year. Watoto shares were taken as part of the funding structure under the umbrella of our Financial Support programme. Our intention was to execute a deal that minimizes the cash flow impact on the SMME in the short term; hence the split between debt and equity.

12. TRADE & OTHER RECEIVABLES

	2011 R	2010 R
Trade receivables	34 894 332	21 004 698
Less: Impairment of trade receivables	(18 565 170)	(4 750 000)
Balance at 1 April 2010	(4 750 000)	(2 240 000)
Current year movement	(13 815 170)	(2 510 000)
Net trade receivables	16 329 162	16 254 698
Finance lease charges paid in advance	232 400	172 506
Prepayments	565 582	722 952
	17 127 144	17 150 156

The carrying amount of the trade receivables approximates their fair value due to their short-term maturity. When management determines if a debtor is impaired, management considers if there has been any change in the credit quality of the debtor during the period, investigates changes in the payment behaviour of the debtor by inspecting the payment history of the debtor and any other evidence that may indicate that the debtor is impaired.

13. CASH AND CASH EQUIVALENTS

Bank current accounts	61 361 816	16 234 749
- Main Account		
- Financial Support Account	11 999 856	20 262 761
Mafisa funds(see note 17)	11 112 0734	10 943 418
Cash on hand	43 000	43 000
	84 516 746	47 483 928

Cash at bank earns interest at floating rates based on daily bank deposit rates.

14. TRADE & OTHER PAYABLES

	2011 R	2010 R
Trade creditors	5 721 969	3 680 660
Leave pay accrued	2 452 961	832 957
13th Cheque accrued	555 662	477 173
	8 730 593	4 990 790

Trade payables are interest free and are payable within 30 days.

15. RENT STRAIGHT-LINING ACCRUAL

Total straight-lining accrual	172 070	381 414
-------------------------------	---------	---------

The straight-lining accrual relates to rental and lease contracts with escalation clauses. Rentals payable under the contract are charged to the statement of financial performance on a straight-line basis over the term of the contract.

16. FINANCE LEASE LIABILITY

	2011 R	2010 R
Total finance lease liability	375 159	247 260
Less: current portion	(295 190)	(176 428)
Long-term portion	79 969	70 832

The finance lease liability relates to equipment lease contracts. The lease period is for 2 years per cell phone. The lease commencement period varies from one contract to another.

Repayment of finance leases	Not later than 1 year	Later than 1 year and not later than 5 years	Later than 5 years	Total
Future minimum lease payment	295 190	79 969	-	375 159
Finance costs	183 596	48 804	-	232 400
Net Present value	111 594	31 165	-	142 759

17. MAFISA FUNDS

	2011 R	2010 R
Funds received from the Department of Agriculture	11 601 112	10 943 418

These funds are being used for the development of small scale agricultural and agri-business enterprises by means of interest bearing loans. The funding agreement is for a period of 5 years from November 2008 and may be renewed on the same terms and conditions at the end of the period.

18. REVENUE

	2011 R	2010 R
Provincial Grants	131 659 000	116 341 000
	131 659 000	116 341 000

19. OTHER INCOME

Training Fees	97 800	175 547
Insurance claims recovered	46 751	76 602
Bad debts recovered	17 132	-
VAT recovery	49 891	-
SETA subsidy	94 982	-
Sundry income	223 160	284 420
	529 716	536 569

20. RECONCILIATION OF NET (DEFICIT) SURPLUS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2011 R	2010 R
Net surplus before taxation	35 111 584	30 239 040
Adjusted for:	4 127 475	2 742 124

20. RECONCILIATION OF NET (DEFICIT) SURPLUS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS (CONTINUED)

Depreciation - Own assets	745 994	1 131 892
- Refurbishments	445 045	453 522
- Leased assets	120 785	91 933
Amortisation - intangible assets	44 299	59 231
Interest income from investments	(10 498 785)	(8 205 935)
Finance costs	395	20 795
Finance lease interest charges	-	16 380
Profit/(Loss) on disposal of subsidiary	-	(754)
Adjustment for accrued sundry income	(207 962)	(284 420)
Impairment of Financial Support loans and debtors	(337 466)	7 699 480
Provision for bad debts	13 815 170	1 760 000
Operating cash flow before changes in working capital	39 239 059	32 981 164
Working capital changes	(10 133 802)	(2 133 843)
(Increase) in trade and other receivables	(13 792 157)	198 033
Increase (decrease) in trade and other payables, finance	3 739 800	(2 331 876)
Lease liability and rent straight-lining provision	(81 445)	-
Cash (utilised in)generated from operations	29 105 257	30 847 321

21. FINANCIAL INSTRUMENTS

The entity's financial instruments consist mainly of cash at bank and cash equivalents, trade and other receivables, financial support debtors, mafisa debtors and trade and other payables.

All financial instruments are carried at fair value. The bank deposits and balances, receivables and payables approximate their fair value due to the short-term nature of these instruments.

The fair values have been determined by using available market information and appropriate methodologies.

Fair values

The carrying amounts of the following financial instruments, approximate their fair value due to the fact that these instruments are mostly of a short term nature:

Bank balances and cash - deposits with commercial interest rates.

Trade and other receivables - subject to normal credit terms. Provision is made for the impairment of long outstanding debts. Due to the short term nature of the entity's receivables, amortised cost approximates its fair value.

Financial support debtors - subject to interest at current commercial rates.

Provision is made for the impairment of overdue debts.

Trade and other payables - subject to normal trade credit terms and a relatively short payment cycle.

21. FINANCIAL INSTRUMENTS (CONTINUED)

The cost approximates its fair value.

Details of the entity's financial instruments are set out below:

Carrying value of financial instruments

Financial assets by class - at carrying value and fair value.

	2011 R	2010 R
Financial support loans held to maturity	42 760 492	41 090 376
Mafisa loans	480 702	-
Trade receivables	17 127 143	17 150 156
Bank deposits and balances	84 516 744	47 483 928
	144 885 082	105 724 460
Financial assets by category:		
Loans and receivables	144 885 082	105 724 460

As at 31 March 2011, R35 764 507 (2010: R19 149 191) of the Financial support loans were in default.

Financial liabilities by class - at carrying value and fair value:

Trade payables	8 730 593	4 990 790
Finance leases	375 159	247 260
	9 105 752	5 238 050
Financial liabilities by category:		
Measured at amortised cost	9 105 752	5 238 050

22. RISK MANAGEMENT

The entity is exposed to credit risks, interest risks and liquidity risks.

The entity's senior management oversees the management of these risks and is supported by various committees such as the investment committee, credit committee and debt management committee.

The types of risks are managed as follows:

Credit risk management

Potential concentrations of credit risk consist mainly of cash and cash equivalents and trade receivables and financial support debtors.

The entity limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high quality credit standing. The credit exposure to any one counterparty is managed by monitoring transactions.

Trade receivables comprise a large number of customers, dispersed across different industries and geographical areas. Credit evaluations are performed by the investment committee and/or credit committee depending on the threshold of the transaction on the financial condition of these receivables. Where appropriate, the necessary credit guarantees are arranged. Trade and other receivables are shown net of impairment. The debt management committee monitors the performance of receivables on a regular basis. At 31 March 2011, the entity did not consider there to be any significant concentration of credit risk which had not been insured or adequately provided for.

Interest rate risk management

The entity's interest rate profile consists of floating rate loan and bank balances which exposes the entity to fair value interest risk and cash flow interest risk and cash flow interest rate risk and can be summarised as follows:

Financial assets

Bank deposits are linked to the South African prime rate

The net interest income at 31 March 2011 was R10 498 785 (2010 R8 205 935).

The interest rate repricing profile at 31 March 2011 is summarised as follows:

22. RISK MANAGEMENT (CONTINUED)

	0 - 12 Months	Beyond 1 year	Total floating rate borrowings/ investments
	R	R	R
Financial support loans	19 697 457	23 063 035	42 760 492
Mafisa loans	271 353	209 349	480 702
Investment in associated companies	-	300 000	300 000
Cash and cash equivalents	84 516 746	-	84 516 746

The sensitivity analysis below has been determined based on the exposure to interest rates on financial instruments at the balance sheet date. For floating rate instruments, the analysis is prepared assuming the amount of instruments outstanding at the balance sheet date was outstanding for the whole year. A 100 basis points increase or decrease is used and presents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher and all other variables were held constant, the entity's surplus for the year ended 31 March 2011 would have increased by R874 674 (2010 : R987 242).

For a 100 basis points decrease, there would have been an equal and opposite impact on the surplus.

Liquidity risk management

The entity manages liquidity risk through the compilation and monitoring of cash flow forecasts as well as ensuring that there are adequate banking facilities.

The maturity profiles of the financial instruments are summarised as follows:

22. RISK MANAGEMENT(CONTINUED)

	0 - 12 months R	1 - 5 years R	Beyond 5 years R	Total
Financial assets				
Financial support loans	19 697 457	23 063 035	-	42 760 492
Mafisa loans	271 353	209 349	-	480 702
Investment in associated companies	-	300 000	-	300 000
Cash and cash equivalents	84 516 746	-	-	84 516 746
Financial liabilities				
Trade and other payables	8 730 593	-	-	8 730 593
Finance lease liability	295 190	79 969	-	375 159

23. IRREGULAR EXPENDITURE

There was no irregular expenditure during the year(2010: Rnil).

24. COMMITMENTS

	2011 R	2010 R
Operating Leases		
At the statement of financial position date, the entity had outstanding commitments under non-cancellable operating leases, which fall due as follows:		
	2 111 575	4 319 918
Within one year In the second to fifth years inclusive	316 606	2 039 043
After five years	-	-
	2 428 181	6 358 961

Operating lease payments represent rentals payable for the use of its office properties and equipment.

CONTRACTS CONCLUDED BEFORE YEAR END

	2011 R	2010 R
Certain contracts were entered into during the year for the provision of services.		
At the 31st March, 2011 the outstanding commitment for contracts in progress amounted to:		
Programme related contracts, as detailed on the next page:	37 007 520	39 499 129
	37 007 520	39 499 129

DETAILS OF CONTRACTS IN FORCE AT 31 MARCH 2011

	2011 R	2010 R
Customer satisfaction survey	710 470	500 000
C.R.M. system	-	212 313
Publicity campaigns	1 063 942	1 478 074
H.R. policies implementation	-	196 910
Professional services	-	890 000
SMME awards	-	550 000
Diagnostic tool	136 914	300 000
Financial model	132 000	132 000
Occupational health and safety programme	-	360 000
Capital expenditure	-	355 347
Service provider accreditation	847 800	1 000 000
Gauteng gateway programme	-	3 695 000
Plato project and training	-	659 940
Youth entrepreneurial development	-	400 000
Fabcos sponsorship	-	35 000

Research and development programme	-	600 000
Business development support Contracts in progress	2 587 906	3 519 598
20 Township project	2 169 903	1 092 139
Financial support loans approved but not yet paid	20 162 468	22 522 808
Co-operatives training	997 500	1 000 000
Orders placed but goods or services not delivered at year end	5 548 138	-
Capacity training manual	150 480	-
Sedichem	1 000 000	-
GEP business remodelling	1 500 000	-
	37 007 520	39 499 129

25. GUARANTEES ISSUED

At 31 March 2011 (2010: Rnil) there were no funds pledged and guarantees issued by Gauteng Enterprise Propeller.

26. CONTINGENT LIABILITIES

SERVICE PROVIDERS

The entity did not enter into any contracts with any service providers during the year which could lead to expenses being incurred in the next financial year other than those recorded in note 24 - Commitments.

27. RETIREMENT BENEFIT INFORMATION

It is the policy of the entity to encourage, facilitate and contribute to the provision of retirement benefits for all permanent employees. To this end the entity's permanent employees are required to be members of an independently administered provident fund.

Defined-contribution plans.

The total cost charged to the Statement of Financial Performance of R3 049 902 (2010: R2 885 571) represents contributions payable to these schemes by the entity at rates specified in the rules of the schemes. The entity has no post retirement obligations for retirement benefits.

28. MEDICAL AID INFORMATION

Permanent employees are normally members of an independent medical aid fund. The entity has no post retirement obligations for medical aid benefits.

29. EMPLOYEE BENEFIT EXPENDITURE

	2011 R	2010 R
Salaries	32 256 561	28 559 706
Leave gratuity	1 789 565	311 392
Bonus	2 704 682	1 561 987
Acting allowance	220 778	268 867
Medical and retirement funds	4 937 240	4 608 327
UIF & SDL levies	512 524	461 310
Employee care	111 413	156 474
	42 532 762	35 928 063

30. FRUITLESS AND WASTEFUL EXPENDITURE

	2011 R	2010 R
--	-----------	-----------

Amounts spent on fruitless and wasteful expenditure, as defined by s81 of the Public Finance Management Act of 1999, amounted to R728 760 (2010: Rnil).

Analysis of fruitless and wasteful expenditure

Incident	Disciplinary steps		
1. Interest levied for late payment on property rental invoice.	Landlord has been requested to submit invoices electronically before by the 27th of every month.	395	-
2. Unutilised SMME exhibition stands erected at the Fifa fan parks.	The matter is being investigated by management to determine the accountable official. Thereafter action will be taken accordingly.	728 365	-

31. RELATED PARTY TRANSACTIONS

Principal related parties

Related Party	Country of incorporation	Nature of relationship
Watoto Kidswear (Pty) Ltd	South Africa	Associate
Department of Economic Development	South Africa	Government Department
Department of Agriculture	South Africa	Government Department

The Gauteng Enterprise Propeller is a listed provincial public entity and therefore is also a related party to other provincial state-controlled entities.

31.1 LOANS RECEIVABLE FROM RELATED PARTIES

	2011 R	2010 R
Watoto Investments (Pty) Ltd	300 000	300 000
Net loans receivable from related parties	300 000	300 000

31.2 RELATED PARTY TRANSACTIONS

	2011 R	2010 R
--	-----------	-----------

The management of the Gauteng Enterprise Propeller is not aware of any related party transactions with directors or any other parties, apart from those mentioned below, amounting to any significant value. If there were any such transactions, they were on terms which were no more or less favourable than those entered into with third parties.

Funding from Gauteng Provincial Department of Economic Development	131 659 000	116 341 000
Loan funding from the Department of Agriculture	657 694	943 418

31.3 REMUNERATION OF DIRECTORS AND KEY MANAGEMENT

	2011 R	2010 R
Directors - Fees for attendance at meetings		
Mr. L.Mngomezulu	222 000	184 300
Mrs P Mgulwa	183 250	155 750
Mr. S.L.M.Majombozi (Contract concluded 31 Dec 2010)	122 500	149 250
Mr M. Zwane (Contract concluded 31 Dec 2010)	109 500	136 250
Adv.B.Madumise (Contract concluded 31 Dec 2010)	127 086	165 750
Adv.J.Ralefatane (Contract concluded 31 Dec 2010)	143 336	155 500
Mr D. Coovadia	175 250	149 250
Miss K. Sigenu (Contract concluded 31 Dec 2010)	138 750	146 000
Mrs.M.Mokoena	181 750	155 750
Mr. L Maile (Contract concluded 10 May 2009)	-	10 000
Ms. C. Mvelase (Appointed 01 Jan 2011)	-	-
D Sadike (Appointed 1 January 2011)	-	-
Directors total	1 403 422	1 407 800

Audit Committee members

Mr. H. Moolla (Contract concluded 31 Dec 2010)

16 250

13 000

Ms. T. Moja
(Contract concluded 31 Dec 2010)

16 250

9 750

Committee members total

32 500

22 750

GRAND TOTAL

1 435 922

1 430 550

Senior Management	Salary	Bonus	13th Cheque	Leave	Expense Allowance	Totals
D Morobe - Chief Executive Officer	1 767 500	211 750	-	-	350 000	2 329 250
T.Ngqobe - Chief Operating Officer	1 261 846	148 500	119 942	-	246 000	1 776 288
L Fosu - Acting Chief Financial Officer	1 095 000	-	-	-	-	1 095 000
C Potgieter - Gen Manager Enterprise Support	811 809	80 799	70 786	-	99 772	1 063 166
P.T.Sithole - Gen Manager Financial Support	741 481	89 777	74 239	-	170 100	1 075 597
T Mgudlwa - Acting Executive Manager: Marketing	560 465	39 655	-	-	125 000	725 120
L. Mphai - Executive Manager: Human Resources	721 947	54 724	-	-	138 000	914 671
M Maduna - Executive Manager: Regional Operations	639 658	52 008	-	-	114 737	806 403
TOTAL EMOLUMENTS	7 599 706	677 213	264 967	-	1 243 609	9 785 495

Directors Attendance at Meetings				
Director	Board	Risk & Audit	HR and Remuneration	Business Development
Mr. L.Mngomezulu	8/8	Non-Member	5/5	Non-Member
Mrs P Mgulwa	8/8	Non-Member	1/1	3/3
Mr. S.L.M.Majombozi (Contract concluded 31 Dec 2010)	3/7	Non-Member	Non-Member	2/3
Mr M. Zwane (Contract concluded 31 Dec 2010)	5/7	Non-Member	Non-Member	Non-Member
Adv.B.Madumise (Contract concluded 31 Dec 2010)	4/7	4/4	Non-Member	Non-Member
Adv.J.Ralefatane (Contract concluded 31 Dec 2010)	6/7	Non-Member	3/4	2/3
Mr D. Coovadia	6/8	4/5	Non-Member	Non-Member
Miss K. Sigenu (Contract concluded 31 Dec 2010)	7/7	Non-Member	Non-Member	3/3
Mrs.M.Mokoena	6/8	Non-Member	3/4	Non-Member
Mr D. Morobe	8/8	5/5	Non-Member	Non-Member
Ms. C. Mvelase (appointed 01 Jan 2011)	1/1	Non-Member	0/1	
Mr. S. Davies (appointed 01 Jan 2011)	1/1	Non-Member	Non-Member	Non-Member
COMMITTEE MEMBERS				
Mr. H. Moolla (Contract concluded 31 Dec 2010)		4/4		
Ms. T. Moja (Contract concluded 31 Dec 2010)		4/4		
Mr. A. Mothibi (appointed 01 Jan 2011)		1/1		
Ms. M Manyama-Matome (appointed 01 Jan 2011)		0/1		

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

	2011 R	2010 R
Net surplus per the statement of financial performance	35 111 584	30 239 040
Adjust for:		
Credit Adjustments and Surpluses	53 845 412	51 418 098
Capital adjustment:		
Capital expenditure not shown as revenue	1 415 173	1 855 695
Loan repayments in excess of budget	10 082 021	11 009 865
Loan budgeted for but not incurred	3 807 677	22 180 147
Capital items below budget	2 182 127	-
Interest income in excess of budget	1 372 659	1 405 935
Sundry income in excess of budget	49 716	-
Mafisa loans budgeted, not incurred	9 513 000	100 000
Expenditure on Payroll, Marketing, Professional Services & Projects below budget	25 423 039	14 866 456

Debit Adjustments and deficits	18 733 828	21 179 058
Reduction in Provincial Grant	6 900 000	9 983 000
Bad and Doubtful debts and provisions not budgeted for	10 477 704	9 459 480
Depreciation not budgeted for as Capital Expenditure is budgeted	1 356 124	1 736 578
Net surplus per approved budget	-	-

33. GAUTENG GATEWAY PROJECT

The Gauteng Provincial Government launched The Gauteng Gateway Project with the aim of promoting Gauteng Province during the 2010 soccer world cup.

The provincial government allocated R3.1 m of special funds for the project for the ensuing financial year.

The spending as at the 31 March 2011 was R1 895 618 (2010: Rnil) relating to the Gauteng Gateway Project.

34. PRIOR PERIOD ERRORS

The entity in the past incorrectly computed the depreciation amount. The prior period accumulated surplus was, as a result, understated by an amount of R284 585.

35. WORLD CUP EXPENDITURE

	Quantity	2011 R	2010 R
Tickets acquired			
Distribution of tickets			
Clients/Stakeholders	-	-	-
Accounting Authority			
Executive	-	-	-
Non-executive	-	-	-
Accounting Officer	-	-	-
Senior Management	-	-	-
Other employees	-	-	-
Family members of officials	-	-	-
Other government entities	-	-	-
Audit Committee members	-	-	-
Other	-	-	-
Total			

35. WORLD CUP EXPENDITURE (CONTINUED)

	Quantity	2011 R	2010 R
Travel costs			
Clients/Stakeholders	-	-	-
Accounting Authority	-	-	-
Executive	-	-	-
Non-executive	-	-	-
Accounting Officer	-	-	-
Senior Management	-	-	-
Other employees	-	-	-
Family members of officials	-	-	-
Other government entities	-	-	-
Audit Committee members	-	-	-
Other	-	-	-
Purchase of other world cup apparel			
Specify the nature of the purchase (e.g t-shirts, caps etc)			
T shirts and Vuvuzelas	7	8 892	114 154
Please specify			
	7	8 892	114 154
Total world cup expenditure		8 892	114 154

* This schedule is unaudited and does not form part of the audited annual financial statements.

GAUTENG ENTERPRISE PROPELLER OFFICES



Head Office

124 Main Street
Marshall town
Johannesburg
Tel: +27 11 085 2029

Regional Offices

Johannesburg

124 Main Street
Marshalltown
Johannesburg, 2001
Tel: +27 11 089 2000

Tshwane

4th Floor City Tower Building
221 Van der Walt Street
Pretoria Central
Tel: +27 12 323 4203/5
Fax: +27 12 323 4207

West Rand

23 Eloff Street
Krugersdorp
Tel: +27 11 950 9870
Fax: +27 11 950 9886

Sedibeng

1st Floor, GEP House
22 Hertz Boulevard
Tel: +27 16 910 1200
Fax: +27 16 910 1216

Ekurhuleni

188 Victoria Street
Ground Floor
Cnr Victoria & Spilsbury
Germiston
Tel: +27 11 821 2870
fax: +27 11 821 2886

Satellite Offices

Metsweding

Lazarus Building
43 Lanham Street
Bronkhorstspuit
Tel: +27 11 414 1753
Fax: +27 11 692 683

Mohlakeng

3521 Ralerata Street
Mohlakeng
Tel: +27 11 414 1753
Fax: +27 11 692 4683

Springs

21 Levsure House
Cnr 5th Avenue & 8h Street
Springs
Tel: +27 11 362 4950
Fax: +27 11 362 5690

Heidelberg

Library Building
Kismet Street
Shalimer Ridge
Heidelberg
Tel: +27 16 349 2658
Fax: +27 16 341 6206

Soweto

Maponya Mall
Thusong Centre
2127 Chris Hani Road
Soweto
Tel: +27 11 938 4257

Alexandra

Alexsan Resource Centre
Cnr Selbourne Street
& 12th Avenue
Alexandra
Tel: +27 11 882 9672 / 4
Fax: +27 11 882 9678



**economic
development**

Department: Economic Development
GAUTENG PROVINCE

Head Office

6th Floor, 124 Main Street, Marshalltown,
Johannesburg, Tel: 011 085 2049,
Fax: 011 388 4010, www.gep.co.za