

# ANNUAL REPORT 2013/2014



Moulding Entrepreneurs







# C O N T E N T S

## Organisational Insight

Mandate	3
Vision	3
Mission	3
Values	3
Goals	3

## Statements and Foreword

MEC's Foreword	5
Chairperson's Report	7
CEO's Review	9
Board Members	11

## Business Units Reports

Loans, Debt Management & Business Development	15
• Investment Management	
• Regional Operations	
• Enterprise Support	
Strategic Support	30
Marketing and Communications	39
Corporate Services	41
• Human Resources	
• Information Technology and Facilities	

## Corporate Governance Report

Chief Financial Officer's Report	48
Governance Framework	52
Audit Committee Report	55

## Financials

Directors' Responsibilities and Approval	60
Report of the Auditor-General	61
Directors' Report	63
Financial Statements	64
Accounting Policies	68
Notes to the Financial Statements	74

A composite image featuring a woman with curly hair looking down at a laptop on the left, and a hand holding a pen writing on a document on the right. The text 'ORGANISATIONAL INSIGHT' is overlaid on the right side.

# 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 development and business support agency.

## Mission

To enable entrepreneurs

## Values

### 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 the mainstream economy, and their contribution to economic growth, development and employment in Gauteng.

A man in a blue denim shirt and jeans is operating a large orange industrial machine, possibly a concrete mixer or crusher. He is holding a large metal rod or handle, and the machine is processing material. The background shows a construction site with a window and some equipment.

# STATEMENTS & FOREWORD



## MEC's FOREWORD



The Gauteng Enterprise Propeller has continued to spearhead SMME and Co-operative development in the province in accordance with the Gauteng Employment, Growth and Development Strategy (GEGDS 2009-2014). The agency was guided by the provincial outcomes plan and, the Gauteng SMME Co-operative Support strategies. A review conducted recently confirms that all deliverables allocated to GEP in terms of the above documents were achieved.

Some of these outputs include the successful launch of the Mohlakeng Enterprise Hub. This hub, along with the Winterveld Enterprise Hub launched by the GGDA, will serve as learning models upon which future Township Enterprise Hubs will be based.

This is particularly important as the province, informed by the Gauteng Spatial Development Framework, has identified fifty townships which will be prioritised for accelerated transformation during this term.

GEP has made some ground breaking progress by introducing interventions targeting informal traders for the first time in the 2013/14 financial year. The agency managed to assist a total of 480 informal traders through a range of interventions, of this number, 79 were assisted with formalising their businesses, thereby taking their first step towards participating in the mainstream economy.

The agency was tasked with refurbishing old Industrial Parks in various Gauteng townships, the identified sites were Garankuwa, Orlando East and Chamdor. Due to budget limitations the refurbishment work had to be divided into phases, in order to accommodate all the Industrial Parks. In this regard, the work has been completed at the three sites. The agency should be commended for their continuous drive to develop new products and enhance existing ones in a bid to ensure increased access to SMMEs and Co-ops as well as improving the quality and impact of their interventions.

GEP has in the 2013/14 financial year rolled out the Community Fund, this intervention is intended to increase access to funding for very basic businesses such as street vendors, it takes the form of non-repayable contributions of up to R9 000 per case for stock and start-up equipment, a

total of 243 businesses benefitted from this programme.

GEP has continued the drive to improve the quality of its loan book, including introducing improved post-investment support to ensure that businesses continue to be sustainable, enjoy growth and create additional jobs. This in turn means more of the money we loan out will be paid back and can be re-loaned to more businesses.

In terms of the overall achievement of targets, it is encouraging that GEP achieved all thirteen indicators allocated to it on the department's Annual Performance Plan. I am particularly encouraged by the fact that GEP bucked the trend and achieved on all its targets with regards to assisting businesses owned by People with Disabilities (PwDs). The agency funded a total of forty two businesses owned by people with disabilities to the tune of R546 000.

The entity should be commended for its efforts to create partnerships with private and public sector organisations with a view to creating leverage platforms as well as to increase the resources available for SMME and Co-operative development. Partnerships such as the ones concluded and implemented with Transnet; Prasa; SEFA; MTN and AFGRI amongst others will enhance the reach and impact of the agency's work.

More should be explored in this area going forward. The agency continues to assist the province in terms of direct job creation as envisioned by the Youth Placement Programme, with more than a thousand young people placed with numerous partners of the agency. A total of 1 148 jobs were created directly as a result of loans advanced by GEP in the 2013/14 financial year. In terms of indirect jobs, a total of 2 500 jobs were sustained by businesses who were assisted with a suite of tailored non-financial interventions during the year under review.

Moving forward, the agency should give preference to projects and businesses that are labour intensive, with multiplier effects across different sectors of the economy. Funding businesses that serve as intermediaries, selling imported goods to local consumers whilst depriving

productive and labour intensive businesses of support essentially defeats the agenda for radical economic transformation. In addition, aside from funding, there are many ways through which we can support small businesses and cooperatives. Access to markets and infrastructure provision are two important elements that have a significant bearing on the success or failure of many small businesses and cooperatives.

We wish to congratulate GEP for achieving an Unqualified Audit Opinion. GEP has a matter of emphasis which relates to outstanding debtors. This should be seen within the context that the agency advances loans to businesses with a much higher risk profile and that the loans are largely unsecured. Upon studying the collection rates of other Developmental Finance Institutions (DFIs) at a national and provincial level, we are satisfied that GEP performed better than the industry average although more can still be done.

The GEP board, under the astute stewardship of Dr. K.O.P. Matseke, has done a sterling job in providing effective oversight. Notable too are the efforts of the Risk and Audit Committee which continues to ensure that financial management and governance in the agency are of an impeccable standard. I would like to commend the management of the agency and its staff under the leadership of the CEO, Ms. Pilisiwe Twa-la-Tau.

As we continue to tackle the rampant challenges of poverty, unemployment and inequality, the agency is opportunely positioned to play a leading role in assisting the province to radically transform and modernise the economy of Gauteng and of the townships in particular. The agency needs to look at game changing interventions that will change the face of the township economies and ways to ensure that economic participation by black people, youth, women and people with disabilities is maximised. It is only through this that we can begin to resolve the challenge that is monopoly capital, and taking a step closer to economic freedom by our people.



Mr Lebogang Maile  
Member of the Executive Council: Economic Development





## CHAIRPERSON'S REPORT



The year ended 2013/14 was a year of momentous improvement for GEP. Building on our steady track record of progression from the previous financial year, we have continued to deliver a sturdy performance, both operationally and financially. This sustained growth is testament to the robustness of our strategy and management's exceptional performance under the astute headship of the Chief Executive.

### Industry Overview

A recent World Bank study found that "relative to larger firms, SMMEs enhance competition, entrepreneurship, job growth and spur economy-wide efficiency, innovation, growth and poverty alleviation". Government's decision to establish a dedicated Government Ministry and Department to focus on small business issues is therefore well timed.

Development Finance Institutions ("DFI") however continue to face grave challenges in pursuing a double bottom line of both financial sustainability and development as the two often contradict each other. On the one hand, DFIs must invest discerningly and generate returns to plough back into the funding basket, yet on the other they must facilitate the economic development in a high-risk sector. We have embraced these challenges recognising the need for an inventive approach to ensure that our services are flexible and relevant.

GEP has played a pivotal role to accelerate the development of the Gauteng economy by making it more inclusive and delivering improvements in living conditions for the local population. To register high impact with the increasingly limited resources available to GEP, the Board turned its focus to high impact sectors in line with the GEGDS.

The Board will in the ensuing year resume its responsibility in aiding to fashion the Province's broader development strategies and objectives to provide an enabling environment for enterprise and industry.

### Harmonised Approach

We continued our catalytic role in the Province through stronger collaborations with other organs of state and the private sector. This harmonization enabled better coordination, a more efficient, consistent and effective service delivery to our clientele.

In so doing we were able to raise additional funds amounting to R70 million. We will continue with this trend and form a united front to improve service delivery and promote dynamic economic growth in the Province.

### Job Creation and Skills Development

Jobs are central to the Province's development agenda. GEP understands the magnitude and urgency of promoting sustainable jobs. Our efforts will complement other high-level provincial efforts seeking to address this major challenge.

True to its innovative nature, GEP embarked on an aggressive job creation drive to respond to the high youth unemployment rate plaguing our country. To this end, GEP through various partnerships was able to create 2 500 jobs.

The ensuing year will see GEP growing these numbers and sustaining more jobs through unconventional methods.

### Debt Management

In line with its targets, GEP has seen a reduction in write-offs with marked improvements from R45 million in the 2012/13 financial year to R3.5 million during the year under review.

Our improved debt management approach is also geared to incentivise SMMEs to inculcate a credit culture that enhances their eligibility for financing. We will continue to play a vital role in promoting good payment behavior amongst our clients. This will facilitate the development of successful SMMEs, who are financially sound and prudent in their credit practices.

We recognise that there is more to be done in this area and we trust that our enhanced approach will provide us with the launching pad for the next stages of development.

### Corporate Governance

Given the strong links between good corporate governance and sustainable economic development, improving corporate governance practices within GEP and in the SMMEs we invest in remains an area of priority for GEP.

### Closure

It is a well-established fact that a vibrant SMME sector can form the bedrock on which all economic activity is developed, and that SMMEs can be the mainstay of an economy, predominantly in terms of employment. In South Africa, like many emerging markets the SMME sector is one of the primary driving forces for economic growth and job creation.

I am confident that we have the strategy, people and resources to continue to deliver sustainable and equitable growth. We will in the next year introduce a fresh focus on SMME development through methodologies that have been learnt from various countries and recent studies. With service delivery at the heart of all our endeavors, 2014/15 promises to be an even more flourishing year for GEP.

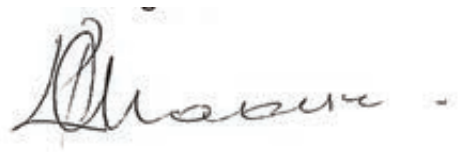
#### Acknowledgement

The triumph of GEP would not have been possible without the unrelenting support of our clients and stakeholders. On behalf of the Board, I take this opportunity to once again extend my earnest gratitude to the stakeholders for their treasured backing and confidence in GEP.

I would like to also thank the Chief Executive, Mrs. Twala-Tau in particular and the entire GEP staff for their devotion and hard work that has ensured the entity's sound position in the SMME development industry.

My sincere gratitude also goes to my fellow Board members for their vision and unstinting commitment to GEP and for the support they have accorded to me.

Lastly on behalf of the Board, I would like to thank the erstwhile, Honorable MEC Eric Xayiya for his leadership and support during the year under review. I also welcome Honorable MEC Lebogang Maile to his new role. We have no doubt that he will lead the Department of Economic Development with his usual commitment, skill and finesse.



**Dr K.O.P Matseke**  
Chairperson of the Board

“

**Open for business to  
facilitate increased SMME  
and cooperative participation  
in mainstream economy**

”





## CHIEF EXECUTIVE OFFICER'S REVIEW

This review of GEP's achievements and future goals pays tribute to the people whose interests we serve, whose support we depend on and whose successes are inextricably linked with our own.

Building on the solid foundation laid in the preceding year, GEP has made great strides in unlocking its great potential.

### A Year of Significant Progress:

#### Entrepreneurial Skills Development and Job Creation Focus

Over 42% of young people are currently unemployed in Gauteng. Most concerning is that recent reports highlight that South Africa will not be able to fill the skills shortage gap for a number of years, with serious repercussions for our country's economic growth.

Exacerbating this is that whilst private sector in developing countries generates 90 percent of jobs, in our country, Government creates 60%. This places tremendous pressure on Government's already stretched resources. The SMME sector has been identified as a key vehicle for job creation and will alleviate the huge pressure on Government to create jobs. GEP has a critical role in ensuring that there is improvement in the total early stage entrepreneurial activity in the country that is currently lower than most African countries.

Now, more than ever, is the time for all stakeholders to work together towards addressing this major challenge, which will require all our efforts to achieve lasting solutions in developing a thriving and inclusive economy.

We appreciate that our decisive and collaborative efforts to tackle the skills development gap would only complement our objective of creating sustainable SMMEs. Tapping into our expertise and those of our strategic partners, we acted in a coordinated manner to maximize the impact of our initiatives by:

- Promoting an improved enterprise development climate, helping to encourage market entry thus contributing to the creation of jobs.
- Providing relevant mentorship and training modules to ensure the availability and quality of services, which will help SMMEs and Co-operatives create more jobs.
- Leveraging on existing and new relationships to provide access to market for our clients thus enabling them to grow and create more jobs.

In all this work, we are committed to promoting job creation and the inclusion of vulnerable groups, such as women, youth, and the disabled. We are proud to announce that during the year under

review, GEP placed 2 500 youth in partner organisations and several incubators where they will be exposed to various skills development trainings. The details of these programmes are set out under the Strategy Unit report.

In 2014/15 GEP will continue its focus on creating a collaborative platform between the key role players to bridge the divide between business, academic institutions and government. This will ensure that education and training better serves the need for graduates that possess business skills that are quintessential to our socio-economic needs.

#### Resource Mobilization

Although we have seen significant improvements in the performance of our loan book, the need to strengthen our post investment support services has become even greater in order to enhance the sustainability of our SMMEs and GEP's own financial sustainability as well.

In keeping with our unrelenting and innovative nature we maximized our resources through our resource mobilization efforts, leading to GEP raising R70 million from several partners. The year 2014/15 will see GEP intensifying its interactions with other state owned and private firms to raise funds that will enable us to deliver on our mandate, as well as streamline efforts to avoid duplication and capitalize on each other's strength.

#### Access to Market

A low hanging fruit for GEP is using its position as an organ of state to facilitate access to market for our SMMEs. The government buys everything, and selling to the government can be a profitable venture. Each year the provincial government purchases more than R6 billion worth of goods and services whilst Municipalities spend billions as well.

We intend to intensify our negotiations with sister agencies and fellow state organs to help our clients to tap into these contracts by offering procurement counseling and utilising a unique bid-match database system as first right of refusal for SMMEs that will be a central source of suppliers for government entities and departments.

To this end, GEP has already begun linking SMMEs to Transnet procurement opportunities through their supplier development programme. This was enabled by our partnership on the Itireleng Fund.

#### Fostering a Prompt Payment Culture

Most of our clients point to late payment and long payment terms as one of their top concerns especially

by both government and private sector. The culture of late payment prevents SMMEs especially, from investing in growth and contributing to the Province's economic recovery.

Accordingly the Board approved a new product to be launched in the ensuing year to enhance the culture of prompt payment that Government has emphasized over the years.

GEP believes in leading by example and as such attained an average invoice payment rate of 9.6 days during the year under review. This was achieved through pro-active engagement and training of suppliers by GEP.

Through our improved debt management processes, we have been able to also create awareness amongst our clients regarding the need to incorporate a prompt payment culture, which has resulted in marked improvements in our recovery rate during the year under review. Furthermore, the challenges facing SMMEs in our country dictate the need for more emphasis to be placed on training and developing SMMEs to promote their sustainability towards credit worthiness and access to more opportunities.

#### **Township Industrial Hub Revitalisation**

A significant part of Gauteng middle-income earners resides in the township, presenting a huge untapped opportunity for business development and industrialization. GEP accordingly improved its township business renewal strategy whose focus is on creating a vibrant township economy that will translate into cheaper prices for local consumers and lead to a revitalisation of the ailing economies of townships.

GEP launched the Mohlakeng hub which will incubate 36 co-operatives and small businesses specialising in the light manufacturing subsectors of carpentry, sewing and tailoring, baking and confectionaries, construction and steel works, and, at a later stage, car seat and toilet roll manufacturing.

The 2014/15 will see a growth in these hubs including co-locations as well as training and development.

#### **Co-operatives Assistance Award**

GEP was awarded an accolade by the Gambian Women International Conference through SAGONO, an NGO with over 500 Co-operatives under their wing for GEP's contribution towards women entrepreneurial and in particular co-operatives. The 500 co-operatives are now part of the GEP Incubator programme.

#### **PWD Support Programme**

The BBBEE Scorecard presents an opportunity to engage transversal groups especially the SMMEs owned by People with Disabilities. Over 7% of our procurement spend in the 2013/14 financial year was on PWDs against the set target of 5%. Furthermore 53 PWD owned companies were registered on the GEP and Transnet database for access to business opportunities. This will assist our partner, Transnet who are also committed to PWD development, in their procurement spend on PWD owned companies. GEP also uses PWD owned SMMEs for the industrial parks upgrade programme. To this end a bespoke

product called the Contractor Development Programme focusing specifically on PWDs has been developed.

#### **Conclusion**

The strength of GEP lies in the realisation that the testimony of sustained value to our entity and Gauteng will be the manner in which we respond to change and actively seek out partnerships to address the myriad of challenges facing our Province.

On behalf of the Executive Committee, I wish to thank GEP employees for their dedicated efforts and for the way they have embraced our new culture of entrepreneurship and accountability.

I would also like to thank our valued clients and other stakeholders, especially our Shareholder, for their continuing support.

In conclusion, I would like to express my gratitude to our Board for placing their faith in me as CEO of this progressive entity.



**Pilisiwe Twala-Tau**  
Chief Executive Officer



# BOARD MEMBERS



**DR. PETER MATSEKE**  
BOARD CHAIRPERSON



**MR. JOHN NGCEBETSHA**  
DEPUTY CHAIRPERSON  
OF THE BOARD



**MS. PILISIWE TWALA - TAU**  
CHIEF EXECUTIVE OFFICER



**MR. THULANI SITHOLE**  
CHAIRPERSON: RISK & AUDIT  
COMMITTEE



**MS. MORWESI RAMONYAI**  
CHAIRPERSON: HUMAN  
RESOURCES & REMUNNERATION  
COMMITTEE



**DR. THAMI MAZWAI**  
CHAIRPERSON: BUSINESS  
DEVELOPMENT COMMITTEE



DR. DUMA NDLOVU



MR. MAKHUKHU MAMPURU



MR. KETHI MKHOZA



MS. DINA MAJA



MS. DINEO MAPHATIANE



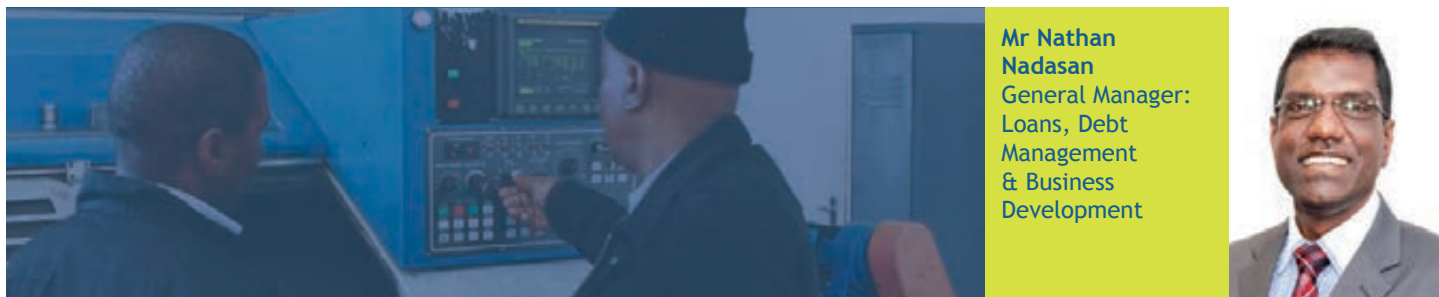
MS. MA SABATHA MUTHLANENG



MS. ZINGISA TAHO

# BUSINESS UNITS REPORTS





**Mr Nathan Nadasan**  
General Manager:  
Loans, Debt  
Management  
& Business  
Development



**Purpose of Unit:** To provide efficient and professional loans and investment management for GEP and to actively contribute towards GEP's goals and objectives of SMME Development, Job Creation and Poverty Alleviation.

PERFORMANCE INFORMATION

Unit: Loans, Debt Management and Business Development										
Strategic Objective	Outcome / Measurable Objective	Indicator / Performance Measure	Annual Target 2013/14 FY	Annual Achieved Actual 2013/14	Evidence Available (if Yes)  Mitigation Plan (if No)	Resources Utilised	CEO Comment	Deviation	Reasons for Deviation	Plan of action for deviation
Provide accessible and timeous Financial solutions through special projects	Provision of accessible funding packages	Number of Captive deals approved	30 Captive Deals	30 Captive Deals approved	Yes	Internal Resources	None	None	None	N/A
		Number of Captive applications assessed	600 applications	293 Captive Applications / Assessments processed	Yes	Internal Resources	The target was set too high. It could not be achieved despite several interventions.	-307	The deal flow was very slow on the larger loans despite having advertised numerously	N/A
		Number of Micro deals approved	70 Micro Deals	81 Micro Deals approved	Yes	Internal Resources	42 Deals were approved through the MODE program	+11	None	N/A
		Number of Micro applications assessed	720 applications	724 Micro Applications / Assessments processed	Yes	Internal Resources	None	+4	None	N/A
Ensure increased funding of businesses owned by transversal groups	Provision of funding solutions to transversal groups	% of total amount approved	40% of approved amount 40% to Women-Owned	52% to Women-Owned SMMEs	Yes	Internal Resources	None	+12%	None	N/A

Unit: Loans, Debt Management and Business Development										
Strategic Objective	Outcome / Measurable Objective	Indicator / Performance Measure	Annual Target 2013/14 FY	Annual Achieved Actual 2013/14	Evidence Available (if Yes)  Mitigation Plan (if No)	Resources Utilised	CEO Comment	Deviation	Reasons for Deviation	Plan of action for deviation
			30% to Youth-Owned	42% to Youth-Owned SMMEs	Yes	Internal Resources	Target exceeded	+12	None	N/A
			2% to People with disability	4% to People with disability	Yes	Internal Resources	Target exceeded	+2	None	N/A
To develop quality relevant support product and services; and ensure proper policies; procedures and systems are in place.	To facilitate identification, accreditation and maintain the quality Service Providers	Sufficient number of quality services providers enrolled in the database (core functions)	60 Service Providers	60 Service Providers enrolled in the database and Monitoring & Evaluation has commenced	Yes	Internal & External Resources	Monitoring & Evaluation has commenced	None	None	N/A
	To develop new and improve existing products and systems	Number of new products and systems developed and improved	1 Product	2 Products developed:	Yes	Internal Resources	Invoice Discounting and the new Nodal TBR program were developed.	+1	None	N/A
	Facilitate quality mentorship programme for SMMEs and Cooperatives	Number of SMMEs and Cooperatives participating in the mentorship programme	200 Cooperatives participants	300 Cooperatives and additional 101 SMMEs and Cooperatives in mentorship programme	Yes	Internal & External Resources	None	+100	None	N/A
	Develop Youth Entrepreneurs (Youth Entrepreneurial Programme)	Number of youth businesses established	1 000 Youth Businesses established	906 Youth Businesses established	Yes	Internal Resources	Target missed by 6% despite concerted efforts.	-94	All efforts were made to achieve this target. Some of the identified businesses failed to submit the required documentation	This indicator will be allocated to the regions in the new financial year.
	Develop business skills and facilitate access to micro finance for businesses owned by PWD	Number of PWD businesses supported	250 PWD Entrepreneurs	254 in total: -200 entrepreneurs with disabilities have been trained from the pilot -42 PWD Business funded through MODE -12 PWD Businesses supported	Yes	Internal Resources	The use of strategic partnership has assisted with achieving this deliverable	+4	None	N/A

Unit: Loans, Debt Management and Business Development										
Strategic Objective	Outcome / Measurable Objective	Indicator / Performance Measure	Annual Target 2013/14 FY	Annual Achieved Actual 2013/14	Evidence Available (if Yes)  Mitigation Plan (if No)	Resources Utilised	CEO Comment	Deviation	Reasons for Deviation	Plan of action for deviation
	Development of SMMEs for the tooling sector and to facilitate access to markets	Number of SMMEs linked to the tooling industry	10 Emerging SMMEs	10 Companies assisted	Yes	Internal & External Resources	GEP's continued partnership with the Gauteng Tooling Initiative was key to the achievement of this target.	None	None	N/A
To provide strategic directions and support to create conducive environment for business incubation and cooperatives support	To develop cooperative and incubator support programmes	Number of co-operatives assisted	4 Cooperatives	145 Cooperatives	Yes	Internal & External Resources	Target exceeded	+141	None	This target need to be increased in the new financial year based on this performane
		Number of incubators partnered with to capacitate SMMEs and Coops	4 Incubators	4 Incubators partnered with	Yes	Internal & External Resources	Target achieved. Incubators partnered with; Ugqozi, Rennaisance, Makplan and Kofifi	None	None	N/A
	Facilitate provision of customised training to cooperative in Gauteng	Number of cooperative members trained	150 Cooperatives members trained	460 in total: 50 Cooperatives undergoing Export Readiness mentorship and training partnership with City of Johannesburg , 410 Co-operatives trained by Ugqozi	Yes	Internal & External Resources	Target exceeded due to additional funding sources and use of partnerships	+310	None	N/A
	Create market access opportunities through exhibitions and similar platforms	Number of co-operatives participating in exhibitions	40 Cooperatives assisted	44 Cooperatives were provided with the platform to showcase their products to prospective buyers	Yes	Internal & External Resources	None	+4	None	N/A
	Refurbish and capacitate cooperatives through Cooperatives Assistance Programme	Number of cooperatives supported	20 cooperatives supported	26 Cooperatives	Yes	Internal Resources	Target exceeded	+6	None	N/A
	Establish stakeholders relations for incubators and cooperatives	Number of institutions engaged with	4 institutions engaged	5 institutions engaged	Yes	Internal & External Resources	Target exceeded	+1	None	N/A

Unit: Loans, Debt Management and Business Development										
Strategic Objective	Outcome / Measurable Objective	Indicator / Performance Measure	Annual Target 2013/14 FY	Annual Achieved Actual 2013/14	Evidence Available (if Yes)  Mitigation Plan (if No)	Resources Utilised	CEO Comment	Deviation	Reasons for Deviation	Plan of action for deviation
Provide effective and efficient after care support	Evaluate and Monitoring the performance of funded Active Businesses	Number of SMMEs monitored and assessed by After Care	150 clients	151 Clients	Yes	Internal Resources	Target exceeded	+1	None	N/A
	Facilitate, implement and manage tailor made interventions	Number of SMMEs supported through After Care Interventions	1 per SMME requiring intervention	20 Interventions, based on assessments.	Yes	Internal & External Resources	The interventions are only given to businesses that require an intervention	+19	None	N/A
To initiate and conduct relevant research in order to ensure GEP has relevant tools, information and technology to operate efficiently	To initiate and conduct relevant research in order to ensure GEP has relevant tools, information and technology to operate efficiently To initiate (with consultation) and conduct relevant research to provide GEP with tools, information and technology to operate efficiently	Number of research studies done	3 research studies done	5 research studies	Yes	Internal & External Resources	The Studies are: Retail of food -Renewable Energy -Manufacturing & Cleaning Services Funeral Services -Incentives	+2	None	N/A
Provide Quality BDS and Training Services to SMMEs and Co-operatives in Gauteng	Increased number of SMMEs benefiting from GEP BDS Interventions	Number of SMMEs assisted	650 SMMEs	711 SMMEs	Yes	Internal Resources	Target exceeded	+61	None	N/A
	Increased assistance struggling township businesses through the Township Business Renewal Programme	Number of businesses assisted	150 Businesses	178 Businesses	Yes	Internal Resources	Target exceeded	+28	None	N/A
	Regeneration of Old Industrial Sites (in Townships)	Number of Industrial sites regenerated	3 Sites	2 Sites completed (Chamdor & Garankuwa) 1 site- work in progress (Orlando)	Yes	Internal & External Resources	(Chamdor & Garankuwa) 1 site- work in progress (Orlando)	-1	The funding was not allowed by the shareholder as per plan as such savings could only cover phase 1 of 2 sites for completion	Raise enough funding to complete the Orlando site

Unit: Loans, Debt Management and Business Development										
Strategic Objective	Outcome / Measurable Objective	Indicator / Performance Measure	Annual Target 2013/14 FY	Annual Achieved Actual 2013/14	Evidence Available (if Yes)  Mitigation Plan (if No)	Resources Utilised	CEO Comment	Deviation	Reasons for Deviation	Plan of action for deviation
			30% of all interventions to Women-Owned SMMEs	30% interventions to Women-Owned SMMEs	Yes	Internal Resources	None	None	None	N/A
			20% of all interventions to Youth-Owned SMMEs	20% interventions to Youth-Owned SMMEs	Yes	Internal Resources	None	None	None	N/A
To provide focused support to Co-operatives	Increased number of cooperatives assisted by GEP	Number of SMMEs assisted from the target groups	2% of all interventions to PWD-Owned SMMEs	2% interventions to PWD-Owned SMMEs	Yes	Internal Resources	None	None	None	N/A
		Number of Cooperatives assisted with the CAP	60 Cooperatives	75 Cooperatives	Yes	Internal Resources	Target exceeded	+15	None	N/A
		Number of Cooperatives Assisted with BDS	50 Cooperatives	74 Cooperatives	Yes	Internal Resources	Target exceeded	+24	None	N/A
	Promotion and support of entrepreneurship to target groups	Number of Co-ops assisted from the target groups	30% of all interventions to Women-Owned Cooperatives	30% interventions to Women-Owned Cooperatives	Yes	Internal Resources	Target achieved	None	None	N/A
			20% of all interventions to Youth-Owned Cooperatives	20% interventions to Youth-Owned Cooperatives	Yes	Internal Resources	Target achieved	None	None	N/A
			2% of all interventions to Person with Disability led co-op assisted	2% interventions to Person with Disability led co-op assisted	Yes	Internal Resources	Target achieved	None	None	N/A
	Jobs sustained through BDS & CAP Interventions to Co-ops	Number of jobs sustained	200 jobs	483 jobs	Yes	Internal Resources	Target achieved	+283	None	N/A
Support for Start-ups, survivalists, and Informal Businesses	Start-Up businesses assisted through the GEP Start-Up Fund	Number of Start-Up SMMEs and Cooperatives	115 Business-es	243 Businesses	Yes	Internal Resources	Target exceeded	+128	None	N/A

Unit: Loans, Debt Management and Business Development										
Strategic Objective	Outcome / Measurable Objective	Indicator / Performance Measure	Annual Target 2013/14 FY	Annual Achieved Actual 2013/14	Evidence Available (if Yes) Mitigation Plan (if No)	Resources Utilised	CEO Comment	Deviation	Reasons for Deviation	Plan of action for deviation
	Increase the capacity of Informal Traders in readiness for formal economy	Assisted Number of Informal Traders Trained	250 Informal Traders	401 Informal Traders	Yes	Internal Resources	Target exceeded	+151	None	Target to be increased in the next financial year
	Facilitated the formalisation of Informal businesses through CIPC Registration and other Compliance Interventions	Number of Informal Traders assisted to register with CIPC as well as other compliance interventions	50 Informal Traders	79 Informal Traders registered with CIPC	Yes	Internal & External Resources	Target exceeded	+29	None	N/A

“

**It is a well-established fact that a vibrant SMME sector can form the bedrock on which all economic activity is developed**

”

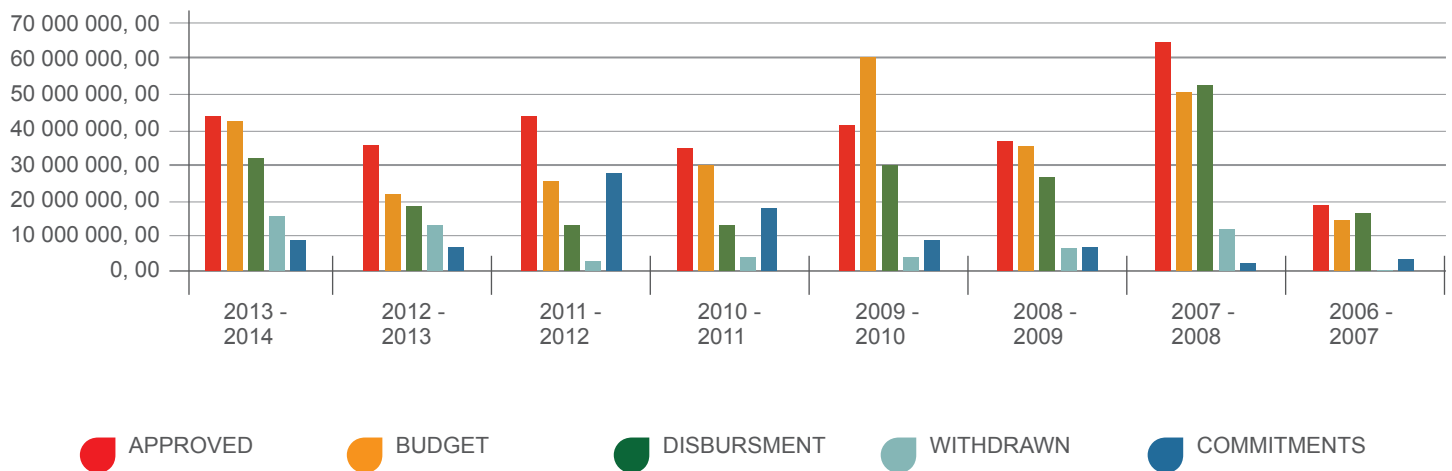


## INVESTMENT MANAGEMENT

### Strategic objectives of the business unit

1. Provide accessible and timeous financial solutions
2. Ensure increased funding of businesses owned by transversal groups

	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	Cumulative
<b>APPROVED</b>	41 271 516.00	34 152 971.48	42 421 281.00	33 754 957.78	41 492 789.86	37 067 198.00	64 682 169.00	313 242 883.12
<b>BUDGET</b>	40 000 000.00	20 000 000.00	25 000 000.00	30 000 000.00	60 000 000.00	36 000 000.00	50 000 000.00	276 000 000.00
<b>DISBURSMENT</b>	29 408 450.00	17 659 767.00	13 644 930.00	12 732 036.00	29 650 096.00	25 924 941.00	51 150 276.00	196 085 516.00
<b>WITHDRAWN</b>	11 969 520.75	12 765 354.00	2 415 000.00	3 091 384.85	3 214 700.00	5 500 025.00	12 843 058.00	54 284 022.60
<b>COMMITMENTS</b>	7 289 799.87	3 727 850.48	26 361 351.00	17 931 536.93	8 627 993.86	5 642 232.00	688 835.00	70 269 599.14



## OVERVIEW

During the 2013/2014 financial year, a budget of R40 million was allocated to the unit, of which 111 businesses were approved. Performances against transversal targets for the unit were as follow;

- R29.4 million was disbursed
- R11.9 million was withdrawn
- R7.3 million is still committed

The breakdown per funds was as follows:

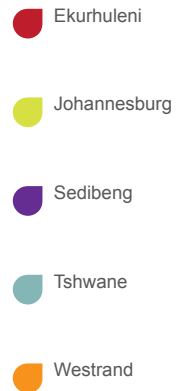
Captive finance fund deals approved for the 2013/14 financial year:

- 30 deals were approved
- Total spend was R36, 022, 762 equating to 87% of total approvals
- R16, 665, 173 (40%) for women owned businesses
- R16, 779, 245 (41%) for youth owned businesses
- R1, 350, 000 (3%) for PWD owned businesses

## APPROVAL BY REGION

### REGION

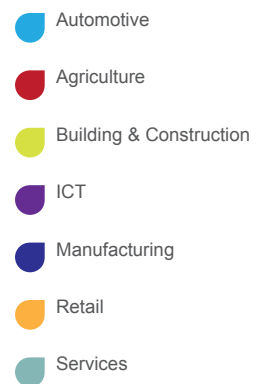
EKURHULENI	R 10 997 596
JOHANNESBURG	R 17 348 415
SEDIBENG	R 1 532 508
TSHWANE	R 7 623 113
WESTRAND	R 3 769 883



## APPROVAL BY SECTOR

### SECTORS

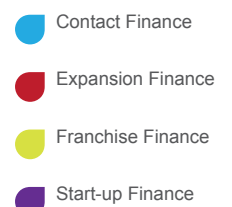
Automotive	R 5 925 313
Agriculture	R 6 454 056
Building & Construction	R 6 550 185
ICT	R 5 848 789
Manufacturing	R 3 229 632
Retail	R 5 236 254
Services	R 8 027 286



## APPROVAL BY PRODUCT

### PRODUCTS

Contract Finance	R 25 748 780
Expansion Finance	R 7 785 648
Franchise Finance	R 502 606
Start-up Finance	R 7 234 481



## FABRICATING SUCCESS THROUGH ENGINEERING

SUCCESS STORY:  
KWAZO ENGINEERING

### BACKGROUND

Kwazo Engineering (Pty) Ltd is a 100% black-owned project management, fabrication and consulting company that specialises in executing mechanical, civil, structural and electrical projects.

The firm was founded in 2003 as a close corporation and thereafter in 2005 upgraded to a private company. The company employs several qualified and dedicated engineers in various fields; specialists who are suitably experienced in their respective fields. Kwazo Engineering also employs one administration staff and two site personnel on a full-time basis. The business operates from rented premises in Alberton and there is a lease agreement in place.

The business has successfully completed projects and established good relations with organisations such as Eskom, Pikitup, PRASA, Transnet Freight Rail, Aid Safe Waste, Rand Water, Biwater Transwerk, Johannesburg Roads Agency and Johannesburg Water. Due to capital constraints, Kwazo Engineering (Pty) Ltd applied for funding at GEP for an amount of R5 000 000.00 in order to sustain the business. The finance was approved and disbursed.

### CHALLENGES

Kwazo Engineering (Pty) Ltd currently has both the technical and human resources capacities that are prerequisites for expanding the business operations. The main anticipated challenges to expanding the business operations and taking advantage of the diverse business opportunities are to secure sustainable and optimally-structured funding arrangements. Unfortunately, the bulk of the privately-owned financial institutions in the country are unwilling to structure

optimal financing arrangements for SMEs that enable them to expand their business operations and simultaneously create additional employment opportunities.

The work that is done and supplied by the company is of a special nature; it takes time and testing. Funds are required for new projects.

### CURRENT PERFORMANCE

Thanks to the funding from the GEP, Kwazo Engineering has thus far been able to successfully execute all of its business contracts and has also been able to timely service the diverse orders from clients. Consequently Kwazo Engineering has been able to consolidate its existing business relationships with all of its clients. It has also managed to secure new business relationships with clients in the mining and petroleum industries. Kwazo Engineering has retained the jobs of all of its employees and is to add a minimum of (8) eight new permanent jobs in the coming months as it increases internal human resources capacity to cater for the growing contracts book. The business is also looking to expanding its mechanical engineering operations in Gauteng and other provinces in South Africa.

### GEP AND RELATED ASSISTANCE

Kwazo Engineering (Pty) Ltd has continuously received post-investment assistance from GEP. Funding, business development and mentoring will be recommended.





## SUCCESS STORY: ROCKVILLE SUPER SPAZA

### THE LITTLE SUPER SPAZA THAT ROCKS!

#### BACKGROUND

Rockville Super Spaza (Pty) Ltd is a 100% black female-owned mini grocery retail outlet based in Rockville, Soweto.

The business was started by Zandile Ganzini, a member of South African Spaza and Tuckshop Association (SASTA). It operated informally until GEP facilitated the process of formalising the business. The business was then formally registered in 2013.

#### Community Fund

GEP assisted the business with funding from Community Fund to the value of R9 000.00. The funds were used to purchase stock which improved the business turnover from an average monthly turnover of R2 300.00 to R4 200.00.

#### Micro Finance

GEP further assisted the business with a Micro Finance funding to the value of R13 000.00 to purchase equipment.

#### CHALLENGES

The challenges faced by the business are a lack of financial management skills and the absence of a stock management system. GEP has assigned a mentor to assist the business in order to grow progressively.

#### GEP AND RELATED ASSISTANCE

The business is continuously receiving post-investment assistance from GEP.





## SUCCESS STORY: MOLOKO BRANDS

# LOUNGING AROUND IN COMFORTABLE SUCCESS

### BACKGROUND

Moloko Brands CC is a furniture rental company specialising in renting furniture for special events. The events they cater for include conferences, conventions, meetings, product launches, political rallies, fashion shows and music launches.

Their product range comes in heavily contemporary styles and it is perfect for both indoor and outdoor events. They offer all sorts of chairs, ottomans, tables, sofas, cocktail tables, couches, barstools, cocktail tables and chairs, plinths for rent and a whole range of accessories such as cushions, heaters, carpets and much more!

Their LED (Light Up) furniture is proving to be an enormous success and highly sought after.

They also help with the exact design of an area for the event. This way they precisely work out what furniture to offer the client for his/her specific event. They have realised a passion for providing stylish furniture for events, and the pursuit of the ultimate space where people would want to “loungue around”.

### CHALLENGES

Moloko Brands CC had approached GEP in 2013 to assist with funding in order to be able to purchase existing Lounge Around (Pty) Ltd’s assets. The loan amount of R1 150 000 was approved. Lounge Around was founded in 2005 by the founders and owners of Liquid Chefs in Rosebank. They sold this business in order to concentrate only on Liquid Chefs.





## REGIONAL OPERATIONS

### Strategic objectives of the business unit:

1. To provide quality non-financial support services to SMME's and Co-operatives
2. To effectively and efficiently manage regional operations.

### FAMILY ORIENTATED SUCCESS

#### SUCCESS STORY: ANNA AND HERBERT TRADING ENTERPRISE

### BACKGROUND

Anna and Herbert Trading Enterprise cc is a family business established by Mr Herbert and Mrs. Annah Nkosi in 2006. The business started its operations in January 2009. Herbert matriculated in 1995 in Kwa-Thema and then worked for Atlas Copco as a Machine Operator from 1996 to 2009.

During his employment at Atlas Copco, he obtained the following certificates and a diploma: machine setting and programming from Hi-Tech, fire fighting, and auto cad from Intec College, diploma in computer programming, system analysis and design also from Intec College. Ms. Nkosi oversees the administration of the business.

Anna and Herbert Trading Enterprise cc operates from the owner's home in Kwa-Thema. It offers painting services to the local community, schools, corporate businesses, old age homes and the local municipal premises.

It also manufactures building and paving bricks and sells them at competitive prices. It has a one-year renewable painting and building maintenance agreement with a local company.

Anna and Herbert Trading Enterprise cc purchases its paint from a local suppliers in Springs and Benoni. It employs 14 people. They have protective clothing such as dust masks, safety goggles, fall arrest/safety belts and boots. The owners investment in the business was used to acquire the following assets: compressors, spray pots, roll pipes, spray guns, step ladders, scar folding, a computer and a printer, paint sprayer, high pressure cleaner, delivery vehicle with a trailer, fork-lifter, brick making machinery, pan mixture, and LS spray painting machine.

The business records transactions on a spread-sheet but have outsourced the services of an accounting officer. GEP developed marketing tools for the business. The pamphlets are distributed in the post boxes of the local community. It has also registered in the databases of Ekurhuleni Civil Works and Further Education and Training College for marketing purposes. The business has a Construction Industry Development Board grade 1 certificate and a Level 3 BBBEE certificate with the assistance of GEP. The owners have developed their own business plan. The business intends to expand into paving, congregated iron sheeting and IBR sheeting.

The Ekurhuleni Metropolitan Municipality has approved the use of the vacant land next to the owners' home, though the lease agreement is not yet been finalised. DTI has approved a grant from which brick manufacturing machinery was purchased.

### CHALLENGES

- The company did not have Marketing Material.
- The company did not have BBBEE score card verification
- The company had insufficient equipment

### SOLUTION

The company was first contacted and assessed in January 2011. The Business Relationship Manager exposed them to the benefits of being in association with the GEP and the role that it could play in assisting the company.

GEP was able to assist Anna and Herbert Trading Enterprise in the following way:

- Compiling findings in the form of an ACO (Assessing Company Operations)
- Developing marketing material
- Implementation of BBBEE score card verification
- Implementation of Township Business Renewal Programme

### RESULTS

• GEP-Ekurhuleni's assistance has brought about the following benefits for Annah and Herbert Trading Enterprise cc:

- Exposure: The marketing material produced by GEP enabled Anna and Herbert Trading Enterprise to get exposure and created more awareness of the company, which resulted in the business acquiring a painting and building maintenance contract with a local company. The business expanded into brick manufacturing and has secured a land through Ekurhuleni Metropolitan Municipality.
- Impact on the number of employees: Annah and Herbert Trading Enterprise cc have shown significant improvement and growth; the company started its operations with a few casuals and currently has employed sizeable number of permanent staff.
- Additional Assets: The business has since tripled their asset holding.
- Turnover improvements: has increased by over 40%.

## BACKGROUND

Regina Sello, the chairperson of the Co-operative studied for a Catering and Sewing course in Randfontein. She also attended a Leadership course with the Institute for Democracy in South Africa. In 2006 she further attended a Clothing manufacturing and Flower arrangement course with the Department of Labour. Regina has been an entrepreneur since 1990 running her own sewing business but decided to form a Co-operative in 2009. The other members of the Co-operative also take part in the daily operations of the business. Some of them do not have much experience in the clothing manufacturing industry but have shown interest to learn on the job.

Aganang Training Centre and Multi-Purpose Primary Co-operative is a business that manufactures school uniforms, curtains, personal protective clothing and does silk screen printing and embroidery. The Co-op started operations in 2009 and it is based in Mohlakeng township. The Co-operative has five (5) members. The business's customers are the general public around the West Rand, schools, mining companies and the local government. The members have invested funds into the business to buy basic equipment. The equipment comprises straight machines, over-locker machines and cutting machines. The business is operating from rented premises in Mohlakeng. It does not develop any new products but manufactures and improves on what is already available in the market. The business has competition around the area in other Co-ops that are in the same industry. Temps are sourced when there are contracts to execute. The business has successfully completed contracts to supply school uniforms for the Gauteng Department of Social Development.

## CHALLENGES

The Co-operative faced two major challenges namely; lack of marketing material and lack of a financial management system.

## SOLUTION

After a thorough assessment of the business operations, various gaps were identified and a number of interventions were suggested based on priority. A marketing material project was implemented which consisted of signage, business cards, fliers, brochures and other printed marketing material. By implementing the financial management project, the Co-operative is now able to generate their own monthly management accounts.

Furthermore, the Co-operative benefitted from GEP's grant funding, Co-operative Assistance Programme, which was used to acquire more equipment. A business plan was also developed which was used to apply for a Co-operative Incentive Scheme which is dti's grant funding programme to assist in acquiring more equipment. The business has access to a number of GEP offered training programmes such as basic business management skills, customer care, sales and marketing, costing and pricing and practical tendering.

## RESULTS

After the successful completion of the marketing material project and Cooperative Assistance Programme Co-ops turnover doubled in the financial year ended March 2014. The Co-operative has also created two more job opportunities and provides training to local community members.

## IMPACT

The Co-operative is now able to manage their finances properly, have more manufacturing capacity through the acquired equipment, markets the business more effectively and its turnover doubled in the 2013-14 financial year.



**Increasing the resources  
available for SMME  
and Co-operative  
development**



## LULATEC, MANUFACTURING QUALITY NURTURING THE COMMUNITY SUCCESS STORY: LULATEC (PTY) LTD

### BACKGROUND

Lulatec is 100% black owned and has employed previously disadvantaged individuals in all areas of the business. We currently have trained and nurtured 70% of our human capital requirements from people who are geographically closer to our operation.

Whilst we desire to take advantage of opportunities available to black-owned businesses in the Southern Africa Development Community (SADC), we believe that our biggest selling point is active, hands-on participation in the manufacturing industry, as opposed to passive investment.

Lulatec is a structural steel products fabrication company. It is one of a select number of steel manufacturing companies which provide high technology solutions in the fabrication environment. Lulatec also offers powerlines construction companies products such as bird diverters-guards and acrylic pole covers for streetlight poles.

The business is owned by Jabu and Molebatsi Ndleve and is situated in Edenvale, east of Johannesburg

### Overall Project Scope:

Lulatec (Pty) Ltd required a loan of R1.9 million for expansion, to enable it to buy additional machinery in order to improve product quality processes and efficiency in the production.

### GEP's Role:

GEP assisted the client through approving a loan amount to the value of R1.9 million. Since then the business's turnover has improved and it is sourcing new clients and obtaining even bigger contracts. With the competitive edge that GEP has through Aftercare, further non-financial interventions were identified in

which the client was assisted with the design, development and implementation of a full turnkey ERP system.

### Outcomes/Benefits Achieved:

The ERP system enabled the client to efficiently operate the plant to synchronise and use the Bill of Material (BOM) to correctly identify the items that go into the finished product.

This also assist in identifying the re-order point of the stock. The payroll module embedded in it also assists in electronically quantifying the labour hours and matches them to the salaries/wages. This has in turn enabled the company to effectively manage their financial records and expenditures.



## YNF, GOES FROM STRENGTH TO STRENGTH TO BECOME A MUTLI-MILLION RAND ENTITY SUCCESS STORY: YNF ENGINEERING (PTY) LTD

### BACKGROUND

YNF engineering is a level 1 BEE accredited supplier in the armature winding sector. As a 100% black female enterprise in its industry, YNF has come a long way from its humble beginnings in a one-room 200m<sup>2</sup> workshop facility comprising only four employees. Under the watchful eye of visionary entrepreneur Mr. Fritz Orren, and with the support of his wife Mrs Natasha Orren, YNF has grown from strength to strength, and is today a multi-million rand entity.

The company was first established in 1995 as a 50-50 partnership by the Orren couple, and is based in Roodepoort, Johannesburg.

The company initially started out with a focus on the manufacture and reconditioning of raw materials in the form of slip rings, commutators, flexes, rotor bars, pole shoes, field coils and brush boxes. These manufactures remain the company's pride and joy.

### Overall Project Scope:

In October 2013 Aftercare was tasked with the responsibility to assess the current operations of BWO businesses from the list that was supplied by Transnet. These businesses are current suppliers of Transnet and are registered in their supplier database.

The aim of this exercise was to develop the "AS-IS" end-to-end business process for each supplier. Once that was completed the gap analysis could then be undertaken and possible ways of improving the existing processes could be recommended "TO-BE". The overall intention was to improve the current operations in order to enable these small businesses to compete with their peers within their various industries.

### GEP's Role:

The client was assisted with the acquisition and implementation of a SYSPRO ERP system.

### Outcomes/Benefits Achieved:

It is expected that the ERP system will enable the client to efficiently synchronise plant operations and use the Bill of Material (BOM) to correctly identify the items required to make up the finished product. It will also assist in identifying the re-order point of the stock. The payroll module embedded in it will also assist in electronically quantifying the labour hours and match them to salaries and wages. As a full turnkey ERP system, this will in turn enable the company to effectively manage its financial records and expenditures.





## STRATEGIC SUPPORT

**MR MPUMELELO  
NDEBELE**  
SPECIALIST:  
STRATEGIC  
PARTNERSHIPS &  
CO-OPERATIONS



### Strategic objectives of the business unit:

1. To manage GEP's Risk, Partnership and to provide strategic support to the CEO.

### PERFORMANCE INFORMATION

Unit: Strategic Support										
Strategic Objective	Outcome / Measurable Objective	Indicator / Performance Measure	Annual Target 2013/2014	Annual Achieved Actual	Evidence Available (if Yes) Mitigation Plan (if No)	Resources Utilised	CEO Comment	Deviation	Reason/s for deviation	Plan of action for Deviation
Implement and manage GEP Strategic Planning Mechanisms and reporting	Collect and consolidate reports for onward conveyance to EXCO; BoD; DED;GT; Gauteng Legislature	Quarterly Reports	4 Reports	4 Reports	Yes	Internal Resources	The internal quarterly report schedule is adhered to in order for the Agency to meet DED and other stakeholder's deadline. The consolidated quarter 4 report is presented to EXCO	None	None	None
	Collate and prepare final APP /Strategic Plan for GEP	Final document	Submit by 30 September Annually	2014/15 APP completed and submitted on the 30 September 2013	Yes	Internal Resources	The Strategic Planning Session between BoD and GEP EXCO team was held on the 17 September 2013, and the session for EXCO and Management Team was held on the 18-19 September 2013. The 2014/15 APP was submitted to DED on the 30th September 2013	None	None	None
	Submission to and Liason with DED / Legislature and other stakeholders	Submission of information & reports	Timeously per deadline per case	The entity receives lot of requests and they are dealt with on time	Yes	Internal Resources	The Agency receives lot of requests and they are dealt with on time	None	None	None

Unit: Strategic Support										
Strategic Objective	Outcome / Measurable Objective	Indicator / Performance Measure	Annual Target 2013/2014	Annual Achieved Actual	Evidence Available (if Yes) Mitigation Plan (if No)	Resources Utilised	CEO Comment	Deviation	Reason/s for deviation	Plan of action for Deviation
Monitor and evaluate impact of GEP programs	Submission of program economic performance information	4 Quarterly reports on key sectors impacted by GEP programmatic work	4 quarterly reports	The 4 Quarterly M&E reports to DED include sector analysis for Financial and Non-Financial interventions	Yes	Internal Resources	Target achieved	None	None	None
Forge effective and sustainable partnerships and efficient stakeholder relations management	Initiate & establish 1 joint agreements with government -National greem. -Provincial greem. -Local gov. -SOEs -DFI	Agreements SLA/MoUs with National, Provincial and Local Government	3 Government programmes implemented	5 programmes concluded with PRASA, Ekurhuleni, City of Tshwane, SEFA and DTI (Reduction of Red Tape for SMMEs)	Yes	Internal Resources	The unit structures various strategic relationship with other Government Development Agency	+2	None	None
	Identify and facilitate Strategic Partnership with corporate sectors	Number of programmes or opportunities concluded	4 per annum	6 programmes concluded: AFGRI, MTN Foundation, UN-DP/BUSA/B-BC	Yes	Internal Resources	Target exceeded	+2	None	None
	Identify and conclude partnerships with business greeme, academic institutions and manage special programmes	Joint programmes, and greement with chambers (Targeting focus groups i.e. Youth; Women; PWD & Township businesses)	5 per annum	8 programmes concluded on Youth Tshwane, Ekurhuleni, Joburg PWD West Rand Wits, FET, GCRA KOFIFI FM, Makplan and Renaissance, DTI Women Empowerment Programme, GEP Transnet PWD's Day	Yes	Internal Resources	Special programme managed by the Unit provide a platform innovation and development of sectors prioritised in the GEGDS	+3	None	None
	Progress monitoring sessions with Stakeholders	Monthly Progress report	2 Quarterly Progress Report	3 Quarterly Progress Reports	Yes	Internal Resources	Target exceeded	+1	None	None
Implement & manage Enterprise Risk Management	Facilitate & analysis of all Risks to GEP through its operations	Risk Registers	Annual Review by 30 Sept	Annual Review Achieved	Yes	Internal Resources	None	None	None	None
	Monitor GEP Management implementation of mitigation plans	Quarterly Reports	4 Quarterly Report	4 Quarterly Reports submitted to RAC	Yes	Internal Resources	Target achieved	None	None	None

Unit: Strategic Support										
Strategic Objective	Outcome / Measurable Objective	Indicator / Performance Measure	Annual Target 2013/2014	Annual Achieved Actual	Evidence Available (if Yes) Mitigation Plan (if No)	Resources Utilised	CEO Comment	Deviation	Reason/s for deviation	Plan of action for Deviation
	Monitor the implementation of recommendations of Internal Audit	Quarterly Assessments	4 Quarterly Assessments	4 Internal Audit follow up report: 1 Performed internally and 3 by the outsourced internal auditors	Yes	Internal Resources	The Q4 Internal Audit Reports served	None	None	None
	Implement Fraud Prevention Plan and BCP/DRP oversight	Quarterly Assessments	4 Quarterly Assessments	4 Fraud Reports 4 DRP Testing Reports	Yes	Internal Resources	Target achieved	None	None	None

“  
 building a robust and  
 inclusive economy  
 ”



The Strategy Unit is responsible for the identification of business opportunities, enhancement of business facilitation and business partnerships/co-operations by forging effective and sustainable partnerships and efficient stakeholder relations. The unit is also responsible for Special or Catalytic projects with the capacity for replicability and massive labour intensive job creation potential.

In the year under review, GEP partnered with a number of strategic partners in an attempt to have greater economic impact as opposed to isolated pockets of excellence in the SMME development arena. GEP also supported very exciting projects in collaboration with key strategic partners.

The general consensus is that the mandate of GEP is broad and therefore for the organisation to make a significant dent on unemployment and poverty, it remains imperative that it co-ordinates critical partners in the SMME development space. The transformation of the economy cannot be attained without all SMME development role players pooling their resources together. GEP is well positioned as the first port of call for SMME development support in Gauteng and its competitive advantage being its developmental approach model of turning potential ideas into bankable business plans. We are able to guarantee the sustainability of the SMMEs through tailor –made interventions and facilitation of access to markets opportunities for SMMEs and Co-operatives.

One of the key strategic focus areas for GEP is the development of value adding partnerships to assist the organization in meeting its legislated mandate. The partnerships are generally concluded with a number of stakeholders in the SMME development space. GEP therefore collaborates with a plethora of partners who assist in the realization of its mandate.

The incubation programme on the other hand is designed to ensure business readiness, technical expertise, sourcing of resources, training and mentorship, statutory compliance and sustainability of small businesses among others.

Given the limited resources at the disposal of GEP and the lofty expectations put on the Agency, it became imperative that for the successful execution of GEP strategic programmes, there was a glaring need to position GEP as the first port of call for SMME development funding in order to leverage on existing funding streams from both the private and public sector entities.



The following partnerships were concluded in the year under review:

<b>SEFA</b>	<p>GEP has partnered and signed a Service Level Agreement with SEFA premised on the following:</p> <ul style="list-style-type: none"> <li>• Co-location – SEFA will co-locate with GEP at selected Offices given GEP's geographical presence in the Province</li> <li>• Wholesale Funding facility – SEFA has made available funding for the implementation of the various GEP programmes on SMME and Co-operatives Development.</li> <li>• This partnership modelled towards the elimination of duplication of services and working in silos</li> </ul>
<b>TRANSNET SOC</b>	<p>GEP partnered with TRANSNET Enterprise Development Division as follows:</p> <ul style="list-style-type: none"> <li>• Co-location – free office space and facilities at the TRANSNET SOC HUB at Carlton where GEP services are being offered to our target SMMEs and Co-operatives</li> <li>• Funding of R24 million has been given to GEP towards the development SMMEs and Co-operatives in line with the GEP policies.</li> </ul>
<b>PRASA</b>	<p>GEP has partnered with PRASA on the following:</p> <ul style="list-style-type: none"> <li>• Co-location at the Johannesburg Park Station with the opportunity for replication at other PRASA premises</li> <li>• Funding for SMMEs and Co-operatives</li> <li>• On the procurement front, PRASA has set aside opportunities for the Co-operatives in Juice making, Tissue manufacturing and a Bakery with an outline of the demand for these items by PRASA.</li> </ul>
<b>MTN Foundation ( Dreams Development Center)</b>	<p>GEP has partnered with MTN Foundation through the Dreams Development Center as follows:</p> <ul style="list-style-type: none"> <li>• Co-location – free office space at the Malboro MTN Hub for GEP</li> <li>• R17 million has been budgeted and set aside for GEP to utilize in the support of SMMEs and Co-operatives in various sectors but with a specific focus on ICT.</li> </ul>
<b>MAFISA</b>	<p>GEP will renew the partnership with the Department of Agriculture, Forestry and Fisheries on the MAFISA Programme as follows:</p> <ul style="list-style-type: none"> <li>• R10 million will be injected into the GEP coffers for the support of SMMEs in Agriculture and Agro-processing in partnership with the Gauteng Department of Agriculture</li> <li>• GEP and DAFF are aware of the challenges faced by SMMEs in the agricultural sector and want to have a developmental model of funding that will not strangle SMMEs who are emerging.</li> </ul>
<b>SERVICES SETA</b>	<p>GEP has partnered with the Services Seta on the following:</p> <ul style="list-style-type: none"> <li>• Funding on training, development and Incubation of SMMEs and Co-operatives to be accessed by GEP on a project by project basis</li> </ul>

# PROGRAMMES SUPPORTED IN THE 2013/14 FY

PROJECT NAME	SECTOR	KEY ACTIVITIES FUNDED	PARTNERS	BENEFICIARIES & OWNERSHIP STRUCTURE	DESIRED OUTCOME
AFROES	ICT	Establishment of incubator support at the innovation hub (TIH)  Development of applications  Development of gaming solutions	AFROES  TRANSNET  GEP  The Innovation Hub	Registered Enterprise  100% Black 80% Youth	Cell Phone gaming and learning platform
Gauteng Tooling Initiative (GTI)	Manufacturing (Foundry & Mould)	Capacity building  Manufacturing  Business Development  Systems and Controls  Mentorship and Coaching	GTI  GEP  TRANSNET	10 Tooling Registered Enterprises  100% Black Mixed Youth & above Youth age	Local manufacture of Tooling as all SA Tooling requirements are currently through imports
UGQOZI	Various sector Cooperatives: manufacturing agriculture sewing	Capacity building & training  Business Development Support  Mentorship and Coaching  Access to markets Through Exhibitions	UGQOZI Secondary Cooperative  GEP  TRANSNET	416 Cooperatives  100% Women 100% Black	Access to TRANSNET supplier development programme  Growth of Cooperatives to be self-sustaining
Renaissance Security Incubator	Services	Establishment of Incubator at Funda Centre Soweto    Sector training and development for incubates  Mentorship and coaching through placement programme	Renaissance Security Incubator  GEP  TRANSNET	incubator established at Funda Centre soweto  100 youth trained for registration as 10 cooperatives of 10 members each.  100% youth 100% black	Cooperatives to be allocated security work @ transnet level crossings

# PROGRAMMES SUPPORTED IN THE 2013/14 FY

PROJECT NAME	SECTOR	KEY ACTIVITIES FUNDED	PARTNERS	BENEFICIARIES & OWNERSHIP STRUCTURE	DESIRED OUTCOME
Film and Related Industries	Creative Industries	Establishment of the Incubator  Equipment and Establishment Costs	Urban brew Incubator  The Innovation Hub  KOFIFI FM	Incubator Establishment @ TIH and KOFIFI FM	Development of films, documentaries and related businesses to be supported and developed to create local content and locally manufactured support equipment
WITS Gamification Innovation	ICT	Establishment of the incubator  Equipment and Establishment Costs	WITS Incubator  TIH	Incubator Establishment @ WITS	Development of computer games businesses to be supported and developed to create local content and locally manufactured support equipment
PWD Support Programme	Various sectors	Business Development and Support  Capacity building  Mentorship and Coaching	PWD Owned Business  GEP  TRANSNET	53 PWD businesses supported and registered on TRANSNET supplier database  100% black mixed categories	Access to markets Business growth  Improved quality of services and business operations
Corporate SAAFGRI farmers Support Programme	Agriculture & Agro-processing	Pre-business Development and Support Conference	Corporate SA  AFGRI  BFAMSA  GEP  Department of Agriculture  TRANSNET	GEP MAFISA clients  cooperatives in agriculture including MAKPLAN beneficiaries	Access to AFGRI and BFAMSA markets
UNDP Supplier Development Programme	Various sectors	Facilitation of access to business opportunities through BUSA and black business council SMME technical training support	UNDP  BUSA BBC  GEP  TRANSNET	No supplier Readiness Programme Beneficiaries	Access to BUSA and BBC databases as suppliers of certain goods and services  UN required to Facilitate access through supplier readiness programme

## PROGRAMMES SUPPORTED IN THE 2013/14 FY

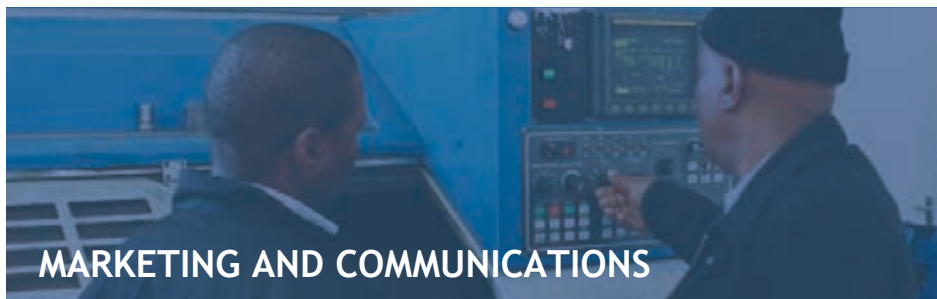
PROJECT NAME	SECTOR	KEY ACTIVITIES FUNDED	PARTNERS	BENEFICIARIES & OWNERSHIP STRUCTURE	DESIRED OUTCOME
Ke Utlwahetse Farmers (Pty) Ltd	Agriculture	Farming Equipment and production inputs	Urban brew Incubator TRANSNET GEP MAFISA	The Co-operative is owned by 100% black HDIs	Sustainable agriculture and food security
Nkomovu Business Enterprise (Pty) Ltd	Agriculture	Farming Equipment and production costs	GEP TRANSNET MAFISA	6 People permanently employed by the Co-operative	Sustainable Agriculture and Food security
12 Programmes	6 specific sectors & various in coops & PWS	Establishment of Incubators  Training and Development  Capacity building  Mentorship and Coaching  Business Assessments  Development of Tailor-made Interventions  Access to market through networking, partnerships and exhibitions  Equipment and Resource Mobilisation	TRANSNET, GEP and Various Incubators	541 Businesses (smme's & coops)	Business growth  Sustainability  Access to mainstream economy  Job Creation  Poverty Alleviation

## PARTNERSHIPS WITH UNIVERSITIES

UNIVERSITY OF JOHANNESBURG	<ul style="list-style-type: none"> <li>• GEP partnered with the UJ on various SMME development interventions including the hosting of the International SMME Conference</li> </ul>
TSHWANE UNIVERISTY OF TECHNOLOGY	<ul style="list-style-type: none"> <li>• The FET Colleges currently working with the team in particular Regional Operations to whom the strategy unit refers programmes once engagements have been finalized are: the University of Pretoria through COT for the Tshepo 10 000 programme;</li> </ul>
WEST COL	<ul style="list-style-type: none"> <li>• Western College for Further Education and Training (WESTCOL) through the Randfontein Local Municipality to provide technical training for SMME's at the Township Enterprise Hub located in the GEP Mohlakeng offices.</li> </ul>

We are eternally grateful to our partners for the support and partnership. The Board sub- committees, for always asking the difficult questions which helps us to develop best practice models in support of SMMEs and Co-operatives. GEP will continue to improve its systems and processes in order to deliver its services timeously and effectively. We want to develop sustainable SMMEs in priority sectors that will contribute significantly to the GDP of the Gauteng province.





**MR PHILLIP ZONDO**  
GENERAL MANAGER:  
MARKETING &  
COMMUNICATIONS



## 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.

Unit: Marketing and Communications		Purpose of the unit: To create awareness of GEP and its services, position the GEP brand in the market, support GEP's business units in their marketing a communications needs and to provide platforms for meaningful engagement for GEP stakeholders (Internal and external)								
Strategic Objective	Outcome / Measurable Objective	Indicator / Performance Measure	Annual Target 2013/2014	Annual Achieved Actual 2013/2014	Evidence Available (if Yes)  Mitigation Plan (if No)	Resources Utilised	CEO Comment	Deviation	Reason/s for Deviation	Plan of Action for Deviation
To increase awareness of the GEP brand	Awareness through marketing initiatives	Number of events with media related events, partnerships and own initiatives	5 events	6 events held:	Yes	Internal Resources	None	+1	None	None
	Advertising	Number of marketing and advertising activities	3 campaigns	6	Yes	Internal Resources	Target was exceeded due to activities to support other indicators, e.g. adverts to boost captive and Micro-finance deal flows.	+3	None	None
	Partnerships Events	Events with private sector, Parastatals and higher learning institutions	3 events	6 events:	Yes	Internal Resources	Target exceeded	+3	None	None
		Media Monitoring	Track and monitor GEP's brand image	4 per annum	Yes	Yes	Internal Resources	None	None	None
Increasing awareness of GEP's products and services	Awareness through targeted events	Women , people with disabilities & youth support programme and initiatives	4 events	9 events:	Yes	Internal Resources	Target exceeded as GEP was inundated with a lot of requests to participate in programs	+5	None	None
	GPG and DED Event	A number of community outreach programmes Internal road shows, open days, events and electronic newsletter	6 Outreach Programme	11 Outreach programme:	Yes	Internal Resources	Exceeded due to the minority communities outreach that GEP was instructed to do	+5	None	None

Agency: Marketing and Communications		Purpose of the unit: To create awareness of GEP and its services, position the GEP brand in the market, support GEP's business units in their marketing a communications needs and to provide platforms for meaningful engagement for GEP stakeholders (Internal and external)								
Strategic Objective	Outcome / Measurable Objective	Indicator / Performance Measure	Annual Target 2013/2014	Annual Achieved Actual 2013/2014	Evidence Available (if Yes)  Mitigation Plan (if No)	Resources Utilised	CEO Comment	Deviation	Reason/s for Deviation	Plan of Action for Deviation
	Streamlining internal communications of GEP	Internal road shows, open days, events and electronic newsletter	4 Platforms – Monthly and quarterly activities	6 Monthly staff Events	Yes	Internal Resources	Target exceeded	+2	None	N/a
	Informed stakeholder	External newsletter	1 per annum	1 External Newsletter	Yes	Internal and External Resources	Target achieved	None	None	N/a
	Informed stakeholder	Social Media: Facebook	1 per annum	1 Social Media Platform Facebook	Yes	Internal Resources	Target achieved	None	None	N/a
Support GEP with marketing collaterals	Annual Report	Produced annual report	1 per annum	1 report produced	Yes	Internal and External Resources	Target achieved	None	None	N/a
	Corporate stationery, Gifts & Marketing Collateral	Procure corporate stationery, marketing collateral and gifts	1 per annum	Procured stationery and marketing collaterals	Yes	Internal Resources	Target achieved	None	None	N/a





**MS LULAMA ZABALA**  
GENERAL MANAGER:  
CORPORATE SERVICES



## Human Resources Management

### Career Development in GEP

During the period under review GEP developed and reviewed numerous policies in order to improve the administrative effectiveness and efficiencies. Key among these was the Career Development policy which enables GEP to attract and develop young talent in advancing small and medium business development in the Province. To this end a partnership with the core business facilitated the employment of two hundred and fifty four (254) youth as part of the youth placement programme of the provincial Department of Economic Development. These youth were placed in the various entities of the City of Johannesburg. GEP also placed youth through its internship programme in various divisions with the organisation. This has been a robust development programme exposing these young people to the real working environment and preparing them for competitive positions both within and outside GEP.

### Demographic profile

The table below indicates the profile of the organisation, broken down on a gender and race basis as at 31 March 2014:

RACE	FEMALES	MALES
African	84	43
Coloured	03	02
White	03	0
Indian	01	02

GEP further continued to employ key and suitably qualified personnel in the various divisions increasing the efficiencies of the organisation. In order to enhance the retention ability of GEP, exit interviews were also conducted with separating employees to determine their reasons for terminating their services. The information gathered from these sessions greatly assisted the entity in improving its service offerings to both internal and external clients. The table below illustrates the staff movements within the various divisions:

2013/14	African	Coloured	Indian	White	Total
Appointments	26	2	1	1	30
Resignations	12	0	0	0	12
End of contract	2	0	0	0	2
Dismissals	1	0	0	0	1
Death	1	0	0	0	1
Retirement	0	0	0	0	0
Promotions	0	0	0	0	0
Total	42	2	1	1	46

### Employee Development and Care

As part of the project to regularise the salary structure and to ensure that employees are appropriately remunerated, the unit embarked on a job grading exercise. It is also worth mentioning that during this period, GEP introduced a compulsory group provident fund, wherein the organisation contributes 7.5% to each employee's contribution. It should also be noted that since the establishment of GEP, employees were not subsidised on their contribution to the various medical schemes. During the period under review, GEP commenced contributing a maximum of 50%, capped at two thousand five hundred (R2500.00) to the medical aid contribution of each employee.

The unit also ensured that the entity is duly registered with the Workman's Compensation Commissioner in order to cater for payment of medical and hospitalisation fees of employees emanating from possible injury on duty.

As part of its retention strategy, GEP granted all employees an annual salary increase of eight (8%) percent during the period under review.

### Performance Management

The performance management policy has been rolled out to all employees during the period under review. In terms of this policy, performance bonuses will only be paid to employees who have excelled in their performance.

### Staff Awards

The 2013 Year End Staff Awards (YESA) was held for the second time in December 2013. Nominations were sought from employees for the categories. The employee of the year award was awarded to Mthabisi Moyo from the Corporate Services & Human Resources Unit. The prize was a Samsung Tablet with sponsored airtime for a year as well as a recognition certificate. Leslie Kwapeng and Mpumelelo Ndebele received the Chairman's award in recognition of their excellent performance. This award was introduced for the first time since the inception of the YESA.

### Bursaries:

As in the past years, GEP continues to grant employees bursaries to study towards their preferred fields of study. A total of twenty nine (29) employees were granted bursaries to study towards various qualifications. In granting bursaries, preference was given to applicants who do not possess any tertiary qualification relevant to their field of work. It is worth mentioning that four (4) employees have completed their Masters degrees during the past academic year. The also GEP signed a service level agreement with Eduloan to enable employees to directly seek funding towards their preferred fields of study to supplement the GEP bursary. Favourable repayment terms were agreed with Eduloan.

## Human Resources

### Strategic objectives of the business unit:

1. To position GEP as an employer of choice.
2. To create and sustain a fair and equitable HR environment

### PERFORMANCE INFORMATION

Business Unit: Human Resources		Purpose of the unit: To position the HR unit as a strategic partner with GEP and become the employer of choice within the Economic Development Industry								
Strategic Objective	Outcome / Measurable Objective	Indicator / Performance Measure	Annual Target 2013/2014	Annual Achieved Actual 2013/2014	Evidence Available (if Yes)  Mitigation Plan (if No)	Resources Utilised	CEO Comment	Deviation	Reason/s for Deviation	Plan of Action for Deviation
Create the environment and build capabilities to realise GEP Corporate Strategy	Develop a Human Resource	Human Resource Strategy in place	Human Resource Strategy	HR Strategy	Yes	Internal	Approved HR Strategy	None	None	None
	Strategy Implementation of HR Strategy	% implementation of HR Strategy	80%	83%	Yes	Internal/External	55 of 66 service offerings done.	+3%	None	None
		% implementation of the Workplace Skills Plan	100%	90%	Yes	Internal / External	18 out of 20 interventions done by 31st March 2014.	-10%	2 interventions were postponed due to unavailability of targeted delegates.	To be addressed in the next financial year. Sort out procurement blockages
	Review organizational structure	100% aligned and approved structure	Approved Structure	Approved Structure	Yes	Internal	None	None	None	None
	Develop job profiles	100% job profiles developed	100%	100%	Yes	Internal/External	50 out of 50 jobs profiled by March 2014	None	None	None
	Positions graded (of 50 position categories)	100% positions graded	100%	100%	Yes	Internal/External	50 out of 50 jobs graded by March 2014	None	None	None
	Develop/Review HR policies	No. of policies developed/ reviewed	12	14	Yes	Internal	Policies were developed/ reviewed by 3rd quarter	+2	None	None
	Implementation of internship programme	No. of interns enrolled	10	10	Yes	Internal	Target achieved	None	None	None
Maximise service quality and effectiveness of HR management in GEP	Implement the HR risk register and mitigation plan	% implementation of risk register and mitigation plan	95%	100%	Nil	Internal	Risk Register mitigation plans implemented and signed off by Risk Manager	+5%	None	None
	Introduce new HR services and products	No. of new HR services and products	5	6	Yes	Internal	Medical Aid, Provident Fund, Workman's Compensation Fund, Employee Self Service and registered for Employment Equity.	+1	None	None

Business Unit: Human Resources		Purpose of the unit: To position the HR unit as a strategic partner with GEP and become the employer of choice within the Economic Development Industry								
Strategic Objective	Outcome / Measurable Objective	Indicator / Performance Measure	Annual Target 2013/2014	Annual Achieved Actual 2013/2014	Evidence Available (if Yes)  Mitigation Plan (if No)	Resources Utilised	CEO Comment	Deviation	Reason/s for Deviation	Plan of Action for Deviation
Provide proactive and innovative HR solutions	Develop a service level agreement with client departments	Service level agreement in place	SLA in place	SLA in place	Yes	Internal	None	None	None	None
	Develop mechanisms for stable employer / employee relations	No. of HR information dissemination roadshows	4	4	Yes	Internal	Roadshow on the introduction of benefits, Performance management, ESS training, Provident Fund benefits on new administrator and offerings.	None	None	None
		No. of labour relations training sessions for shop stewards	2	2	Yes	External	Labour Law Conference and training on Economics for Shop Stewards	None	None	None
		% resolution of disputes presented	100%	100%	Yes	Internal/External	Disputes resolved as and when they are presented.	None	None	None
		% implementation of disciplinary and grievances policy and procedures	100%	100%	Yes	Internal/ External	Disciplinary and Grievance policy and procedures implemented as and when the need arise.	None	None	None
		No. of staff wellness events and functions	6	6	Yes	Internal	- Workers day at Apartheid Museum, -Women's day at Melrose Arch, -Men's Event at Orlando Stadium, -Team Building at Riverside hotel, -Wellness Day - Yesa - Wellness day Event	None	None	None
		No. of Change management interventions	4	4	Yes	Internal/ External	Teambuilding; Roadshows to enhance information flow with employees  Statutory gaps identified and compliance implemented in respect of registration for Employment Equity.  Introduction of control environment e.g. attendance registers and SLAs between Business Units. Job profiling and grading	None	None	None

Business Unit: Human Resources		Purpose of the unit: To position the HR unit as a strategic partner with GEP and become the employer of choice within the Economic Development Industry								
Strategic Objective	Outcome / Measurable Objective	Indicator / Performance Measure	Annual Target 2013/2014	Annual Achieved Actual 2013/2014	Evidence Available (if Yes)  Mitigation Plan (if No)	Resources Utilised	CEO Comment	Deviation	Reason/s for Deviation	Plan of Action for Deviation
Maximise service quality and effectiveness of facilities management	Provide and maintain shared corporate services	% provision and maintenance of corporate shared services	100%	100%	Lease contracts and Service Requests	Internal	Acquisition of office space for Tshwane and Springs Offices;  Concluded contracts for Cleaning; Hygiene and Office plant services  General Office Repairs and Maintenance  General Office supplies and services to all staff	None	None	None
	Implement automated efficiencies	% rationalization of automated services	100%	100%	Yes	Internal / External	Signed contract with 123 Print, multi-functional printers have been delivered to all GEP offices	None	None	None
	Manage OHASA compliancy related to GEP's offices	% compliance to OHASA	80%	80%	Status update report	Internal / External	Establishment of Corporate Administration Services Coordinating Committee which includes Management of safety related issues and ensuring corporate and regulatory compliance with OHASA	None	None	None

“

The SMME sector is one of the primary driving forces for economic growth and job creation

”

### 1. Executive Summary

The business unit's aim is to support and enable achievement of GEP strategic objectives through innovative, efficient and effective use of information and information resources.

The unit's key focus was on stabilising the GEP computing environment, enhancing customer support applications, managing IT business-related risks and ensuring compliance with relevant legislation. A summary of the high-level initiatives that the unit embarked on are as follows:

#### 1.1 IT Governance

Information and Communication Technology (ICT) is playing an ever-increasing role as a strategic enabler of public service delivery. To enable Political and Strategic leadership to embrace ICT as an enabler of business, the Department of Public Services and Administration (DPSA) developed the Corporate Governance of ICT Policy Framework which was adopted by Cabinet on 21 November 2012. The Framework requires all spheres of government, organs of state and public enterprises to implement the Framework in two phases: addressing the IT Governance (Phase 1) and Management of IT (Phase 2).

Phase 1 of the framework requirements was completed and implemented successfully at GEP. IT Performance reports are tabled at the Board, Risk and Audit Committee and EXCO meetings to enable these governance structures to fulfill their governance responsibilities.

Due to GEP being ready and having completed, implemented and complied with the Phase 1 DPSA Framework requirements, there were no deficiencies identified in the internal controls and processes of GEP, nor non-compliance with the IT Governance laws and regulations, by both the Auditor General and our Internal Auditors. This would not have been possible without the support and commitment of the GEP Board, the Board Sub-Committees, the CEO and EXCO; and the support and co-operation of the Information and Systems Management (ISM) Department staff and GEP employees in general.

#### 1.2 IT Business-related Risk and Information Security

Much effort was expended on stabilising the environment, addressing IT business-related risks and developing and implementing Information Security policies that are aligned to globally-accepted best practice information security standards. Focus is now on continuous improvement of the processes and the system of internal controls, to ensure the protection of the confidentiality, and the availability and integrity of GEP information and information resources.

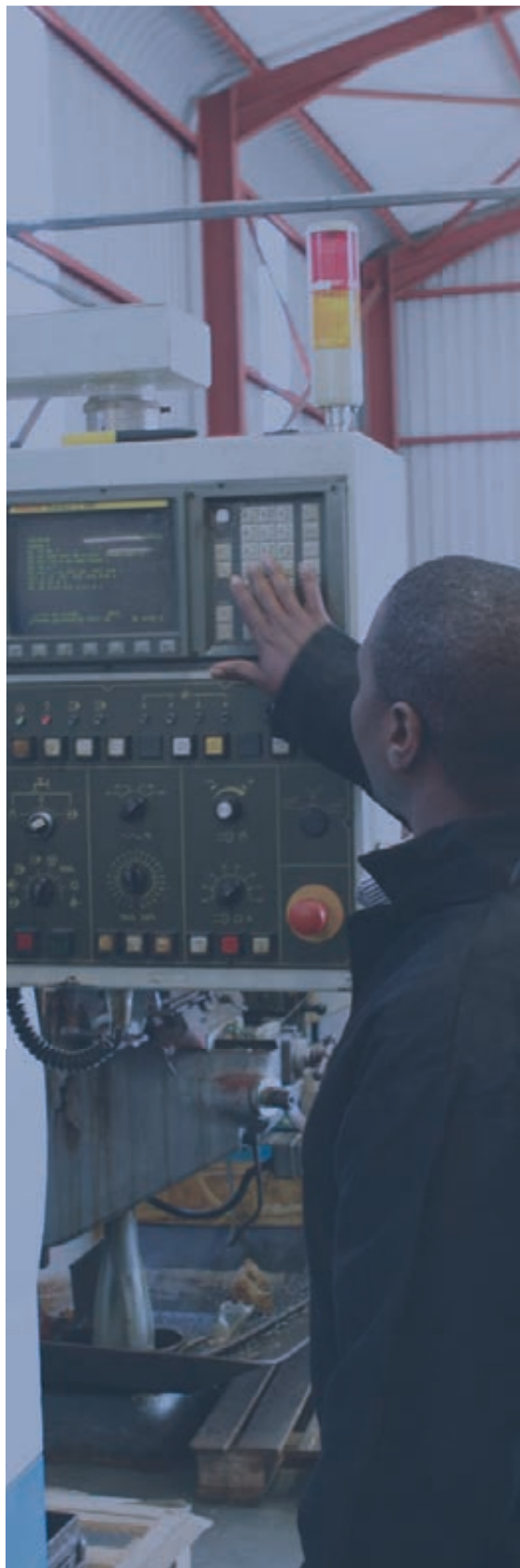
#### 1.3 GEP Customer Portal

The GEP Customer Portal Upgrade project was undertaken to improve Regional Operations business effectiveness and to address the risks as identified by the Auditor General. The revamped GEP Customer Portal makes use of the latest technologies and methodologies and has improved functionality and security built into the system. This will improve the performance and reporting of Regional Operations in the following service areas: Township Business Renewal,

Start Ups, Community Fund, Business Development Support and Co-Operatives Assistance Programs.

#### 1.4 GEP Website and Facebook

The GEP website was upgraded to the latest interactive technologies to enhance customer and stakeholder experience, and a Facebook presence was established to increase GEP market reach and improve marketing and communications initiatives. Other digital social media platforms are being explored with a view to implementation in the near future to increase GEP market awareness and step up marketing and communications initiatives.



**Strategic objectives of the business unit:**

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

**PERFORMANCE INFORMATION**

<b>Unit: Information and Systems Management</b> <b>Planning Statement: To support and enable the achievement of GEP strategic objectives through innovative, efficient and effective use of information and information resources</b>										
Strategic Objective	Outcome / Measurable Objective	Indicator / Performance Measure	Annual Target 2013/2014	Annual Achieved Actual 2013/2014	Evidence Available (if Yes)  Mitigation Plan (if No)	Resources Utilised	CEO Comment	Deviation	Reason/s for Deviation	Plan of Action for Deviation
Maximise service quality and operating effectiveness of IT environment	Provide a stable and reliable IT environment	% uptime maintained	99% Uptime	99.85%	Yes	Internal and external	GEP computing environment stabilised and IT Service provider SLA's performance-managed to ensure optimum performance and availability of critical business applications Information Security policies and related processes and internal controls implemented to ensure protection of critical GEP information and information assets	+0,85%	None	N/A
		quarterly review and implement DR testing	4 DRP tests	4 DRP tests	Yes	Internal and external	Disaster recovery tests are conducted quarterly. All 4 disaster recovery tests were conducted successfully	None	None	N/A
		% update of servers and software licenses	100% updated licenses and servers	100%	Yes	Internal	GEP complied with the licensing agreements for all the software that is legally running in the environment	None	None	N/A
Provide proactive and innovative IT solutions	Improve IT customer solutions to meet business requirements	% establishment of ERP solution	ERP service provider appointed	Nil	Project cancelled	None	The ERP tender was cancelled in order to comply with the Treasury Practice Notes. The project will be unbundled into manageable components which will be rolled out in the next financial year	None	Refer to CEO comment	The project will be unbundled into manageable solution components which will be rolled out in the next financial year
		% implementation of Help Desk	100% implementation	100%	Yes	Internal and external	The IT Service Desk has been implemented and provides for incident management & IT-related services	None	None	N/A

A photograph of two industrial workers, a woman on the left and a man on the right, both wearing blue work uniforms. They are working on a large piece of industrial machinery. The machine features a prominent white braided hose or cable that is coiled around a central metal component. The woman is leaning over the machine, and the man is standing behind it, holding a tool. The background shows a typical industrial workshop environment with various equipment and materials.

# CORPORATE GOVERNANCE REPORT



## CHIEF FINANCIAL OFFICER'S REPORT

**MS HUMBELANI NDOU**  
ACTING CHIEF  
FINANCIAL  
OFFICER



GEP continues to bridge the financial services gap in South Africa, as it has done for several years. During the past financial year, we have continued to exercise very tight control and oversight over our spending in every unit of the organisation in order to get the greatest possible benefit from the limited funds at our disposal.

Loans advanced during the year were R29 million compared with R38 million during the previous year. The decrease in loans advanced was partly due to stricter criteria being applied to applicants.

GEP managed to achieve the following notable outcomes during the past financial year:

- Increase its surplus from R1 million to R1.5 million;
- Improve cashflow by R12 million;
- Improve the Debtor's collection rate from 75% (2013) to 76% (2014);
- Decreased Creditors payment days from 13.5 days (2013) to 9.4 days (2014).
- Decreased Irregular Expenditure from R4.4 million (2013) to R1.5 million (2014).

### Financial Performance

GEP's net surplus for the year was R1.5 million, compared with a surplus of R1 million for the year before. The reasons for the increase in the net surplus for the year are explained below.

### Revenue

Revenue increased by R35 million compared to the prior year, due to the following:

- The provincial grant allocated to GEP for the year was R126 million, compared with R106 million in the prior financial year (2013).
- Revenue of R13 million relating to the Transnet Itireleng Fund was recognised. This was the first year of the Fund's existence and the first year of revenue recognition.

### Expenditure

Total expenditure for the year came to R147 million compared with R112 million for the 2013 year.

Spending on SMME Business Development Support and related activities was much higher this year at R40 million, compared with R20 million the previous year.

Payroll related expenditure also increased, as a result of salary increases and a number of new staff, the payroll cost for the year was R63 million, an increase of R8 million over the previous year.

Debt impairment increased by R3.5 million compared with the prior year figure due to an isolated debtor being written off.

At the year-end we had R36 million in outstanding commitment for contracts in progress, compared with R30 million the previous year.

### Balance Sheet

The Current Asset loans and receivables at the year-end was R45 million, a decrease of R49 million over 2013.

Under Non-Current Assets, the loan advances outstanding for Mafisa increased during the year, amounting to R3.7 million, compared with R2.6 million the year before.

Financial Support loans outstanding amounted to R21 million this year, compared to R19 million the year before.

Bank balances were increased by R12 million during the year to R52 million due mainly to funding received from Transnet.

Trade and other payables decreased by R0.5 million in the current year due to the more closer managing of creditors and the quicker payment of these creditors.

### The Year Ahead

Our budget continues to be constrained by Government's great needs in every area but fortunately the Department of Economic Development has been able to increase the grant for 2014/15 to R129 million, an increase of R3 million. We continue, as we have done during the past financial year, to exercise very tight control on our spending in every unit in the organisation and monitor all aspects of our organisation in order to get the greatest possible benefit from the limited funds at our disposal.

**PERFORMANCE INFORMATION**

Unit: Finance (Office of the CFO)										
Strategic Objective	Outcome / Measurable Objective	Indicator / Performance Measure	Annual Target 2013/2014	Annual Achieved Actual 2013/2014	Evidence Available (if Yes)  Mitigation Plan (if No)	Resources Utilised	CEO Comment	Deviation	Reason/s for Deviation	Plan of Action for Deviation
To provide effective and efficient financial management within GEP	Increase collection on debtors thereby reducing provisions and write offs	Collection on current invoices	75% debtors invoiced recovered	78.1% invoiced amounts to (R25 729 194 against collection of R32 954 235)	Yes	Internal Resources	Invoiced amounts to (R25 729 194 against collection of R32 954 235)	+3%	None	N/A
	Implement effective and efficient internal control procedures thereby safeguarding assets and reducing liabilities	Physical verification of GEP assets	11 monthly counts	5 monthly counts	Yes	Internal Resources	There was over estimation of the time set to achieve the target	-6	Refer to CEO comment	The target for the new financial has been set more realistically
		Number of payments made with 30 days from date submitted to Finance	96% of payments effected within 30 days of submission to Finance	98% of payments effected within 30 days of submission to Finance	Yes	Internal Resources	None	+2%	None	N/A
Ensure the existence and implementation of adequate internal control systems	Reduce number of material external and internal audit findings	Number of material external audit findings in Finance	5 material audit findings	5	Yes	Internal Resources	None	None	None	N/A
		Number of material internal audit findings in Finance	Max of 10 material internal audit findings	Resolution of 9 material internal audit findings (82%)	Yes	Internal Resources	None	-1	None	N/A
	Implement effective and efficient internal control procedures	Revise and update existing Finance related policies with updated accounting statements	4 policies updated / developed	10 policies were revised and approved by the Board in March 2013	Yes	Internal Resources	There were new policies developed in the year under review.	+6	Refer to CEO comment	N/A
		Develop new finance related policies that are in line with new accounting statements	4 new policies, if there are new accounting statements relevant to the entity	2 policies developed	Yes	Internal Resources	This is applicable only if there were applicable statements to be incorporated into GEP policies	-2	Refer to CEO comment	N/A
	Implement effective and efficient internal control procedures regarding the Supply Chain Management	Number of compliant service providers on the database	95% complaint service providers on database	100% complaint service providers on database	Yes		None	+5%	None	N/A

Unit: Finance (Office of the CFO)										
Strategic Objective	Outcome / Measurable Objective	Indicator / Performance Measure	Annual Target 2013/2014	Annual Achieved Actual 2013/2014	Evidence Available (if Yes)  Mitigation Plan (if No)	Resources Utilised	CEO Comment	Deviation	Reason/s for Deviation	Plan of Action for Deviation
	Quarterly reports indicating the actual spending on procurement indicating the measures highlighted in the GPG B-BBEE strategy (i.e. Spending on black women owned businesses, Youth owned enterprises and people with disability)	% spending on Women owned enterprises	10% to Women owned enterprises	7.6% spending to Women Owned enterprises	Yes	Internal Resources	Target missed slightly	(2.4%)	Refer to CEO Comment	
		% spending on Black owned enterprises	80% to Black Black-owned enterprises	30.9% to Black-owned enterprises	Yes	Internal Resources	This target was missed despite concerted efforts to place more black suppliers on the database	(49.1%)	Refer to CEO Comment	More effort will be put on this indicator going forward
		% spending on youth owned enterprises	10% to Youth owned enterprises	4.30% to Youth owned enterprises	Yes	Internal Resources	This target was missed despite concerted efforts to place more youth suppliers on the database	(5.7%)	Refer to CEO Comment	More effort will be put on this indicator going forward
		% spending on PWD owned enterprises	5% to PWD owned enterprises	0.09% to PWD owned enterprises	Yes	Internal Resources	Target missed even when targeted procurement was done	(4.91%)	Refer to CEO Comment	More effort will be put on this indicator going forward



# GOVERNANCE FRAMEWORK

MS KEABETSWÉ  
ONUOKA  
COMPANY  
SECRETARY



## FRAMEWORK

GEP's Governance Framework is based on best practice for public sector governance, and is geared to meet the high standards of accountability and transparency expected of a provincial public agency by its stakeholders and Gauteng residents. The overall aim of the framework is to drive performance improvements while meeting GEP's mandate and legislative requirements.

### The agency's governance framework emphasizes the following:

- Performance — using governance arrangements to contribute to the entity's overall performance in carrying out the mandate entrusted to it by the Department of Economic Development; and
- Conformance — the use of governance arrangements to ensure GEP meets the requirements of the law, regulations, published standards and community expectations of probity, accountability and openness.

GEP's Governance Framework is built on King III Principles of Good Corporate Governance and the Protocol on Corporate Governance in the Public Sector.

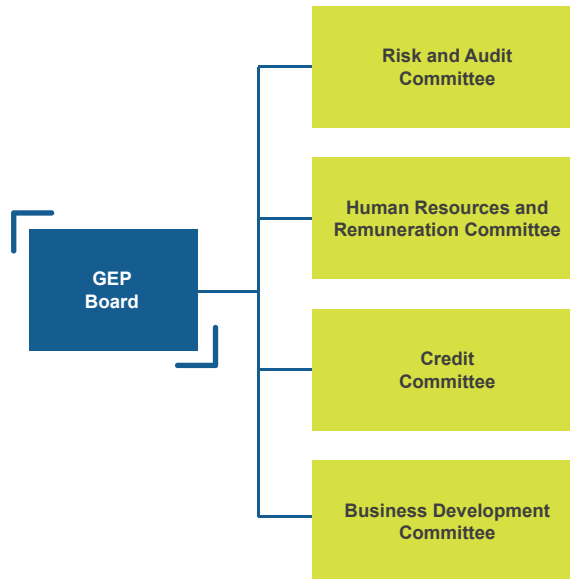
### The entity's framework is underpinned by the following key principles of governance:

- Accountability — being answerable for decisions and having appropriate mechanisms in place to ensure the agency adheres to all applicable standards.
- Transparency and Openness — having clear roles and responsibilities, and clear procedures for making decisions and exercising power.
- Integrity — acting impartially, ethically and in the interests of GEP.
- Stewardship — using every opportunity to enhance the value of GEP's assets.
- Efficiency — ensuring the best use of resources to further the mandate of GEP.
- Leadership — achieving an agency-wide commitment to good governance through leadership.

Similar to the previous financial year there has been no major non-compliance by the entity during the period under review.

## THE BOARD AND ITS COMMITTEES

### Structure



### Composition

The Board of GEP is the entity's Accounting Authority as contemplated in section 49(2)(a) of the Public Finance Management Act and is appointed by the Member of Executive Council ("MEC") responsible for the Gauteng Department of Economic Development in terms of Section 7 of the GEP Act 5 of 2005.

At the end of the year under review the Board had 12 non-executive members and 1 executive member. The Chief Executive Officer, who is an ex-officio member of the Board, does not receive additional remuneration or allowances for serving on the Board.

MEMBER	POSITION	DATE OF APPOINTMENT	MEETING ATTENDANCE
Dr. K.O.P. Matseke	Chairperson	1 September 2011	9/9
Mr. J. Ngcebetsha	Deputy Chairperson	1 September 2011	7/9
Ms. P. Twala-Tau	Chief Executive Officer	1 April 2012	9/9
Mr. T. Sithole	Director	1 September 2011	7/9
Mr. K. Mkonza	Director	1 September 2011	4/9
Dr. D. Ndlovu	Director	1 September 2011	4/9
Dr. T. Mazwai	Director	1 September 2011	4/9
Ms. M. Mutlaneng	Director	1 September 2011	3/9
Ms. M. Ramonyai	Director	1 June 2012	6/9
Ms. D. Maphatiane	Director	1 January 2013	4/9
Ms. Z. Taho	Director	1 January 2013	5/9
Mr. M. Mampuru	Director	1 January 2013	8/9
Ms. D. Maja	Director	1 February 2013	4/9

The Board held 9 meetings, inclusive of special meetings and strategy sessions, with management during the year under review. The key focus of the Board during the year was to revise the strategic plan to clearly articulate the entity's direction to staff, clients and other stakeholders. The entity's strategy describes GEP's vision, purpose, objectives and corporate strategies, as well as the performance indicators used to measure progress in achieving the objectives.

Albeit that the strategic plan covers a period of 3 years, it is reviewed annually to consider changes in policy direction and new or emerging issues and challenges in order to provide direction to operational plans.

In addition to the strategy and the regular business of the Board on financial and operational performance, the Board also attended to the following:

- Benchmarking of GEP's service offering with similar agencies in South Africa and abroad.
- Streamlining provincial and national government's SMME development initiatives, resulting in various collaborations and partnerships with other state-owned entities.
- Rolling out an entity-wide performance management system.
- Approval of the entity's IT Governance Framework.

#### Induction and Continued Development of Members

The Board believes that its efficiency is enhanced by having a proper orientation programme for new Board members to clarify their roles and responsibilities, and also have some insight into the business of the GEP. To this end the Company Secretary facilitated induction sessions for newly appointed members. In addition, members of the Board and its Committees were afforded opportunities to attend external training courses to further complement their skills and knowledge.

As permitted by the GEP Act, the Board has access to external independent advice.

#### Company Secretariat

The Company Secretary is responsible for advising the Board, through the Chairperson, on all governance matters. The Company Secretary is also entrusted with ensuring good information flows between the Board and its Committees and senior management.

#### Board and Board Committees Evaluation

Board evaluations are an opportunity to check that the board is fully on track, and to see if there are opportunities for change that could give better results.

During the year 2013/2014, an independent facilitator was appointed to conduct an overall board evaluation, individual board member's evaluations, and an evaluation of the chairperson.

As part of evaluating their own performance, board members considered the following:

- The alignment of the strategic plan with the mission and vision of GEP.
- How well the key indicators and reporting processes have helped the board in its monitoring role.
- Whether all legal and ethical requirements have been met.
- Management Succession Plan and Staff satisfaction.
- Board discussions: are they well-informed and well-run? Are they about the most important things.
- Committees: are they working as they should and do they have the right relationship with the rest of the board.
- Whether directors feel their skills are used and their contributions are valued.
- How the chairperson is performing in his role.
- The quality of the relationship between the board and management.

All highlighted areas of improvement are being tracked to ensure improvements.

## Board Committees

### Risk and Audit Committee

MEMBER	POSITION	DATE OF APPOINTMENT	MEETING ATTENDANCE
Mr. T. Sithole	Chairperson	4 November 2011	10/10
Ms. D. Maphatiane	Board Member	26 March 2013	8/10
Ms. N. Sandlana	Independent Member	15 February 2012	10/10
Ms. L. Madavha	Independent Member	15 February 2012	9/10
Mr. M. Mcambi	Independent Member	15 February 2012	10/10

The Risk and Audit Committee is a formally constituted Committee of the GEP Board composed of five non-executive members.

The role of the Risk and Audit Committee is to assist the Board in its oversight responsibilities for all matters related to GEP's financial management and reporting, external audit, internal audit and risk management.

### Human Resources and Remuneration Committee

MEMBER	POSITION	DATE OF APPOINTMENT	MEETING ATTENDANCE
Ms. M. Ramonyai	Chairperson	17 October 2012	6/7
Mr. J. Ngcebetsha	Board Member	4 November 2011	4/7
Dr. D. Ndlovu	Board Member	4 November 2011	1/7
Dr. K.O.P. Matseke	Board Member	4 November 2011	6/7
Mr. M. Mampuru	Board Member	26 March 2013	6/7
Mr. M. Olivier	Independent Member	3 December 2013	2/7
Ms. C. Mokoena	Independent Member	3 December 2013	0/7

The primary objective of the Human Resources and Remuneration Committee is to assist the Board to discharge its responsibilities, in particular with regard to the following:

- Recommending to the Board the compensation and key performance targets for the CEO and assisting in the CEO's annual performance review.
- Ensuring that proper and appropriate human resources management and remuneration policies are developed and adhered to.

### Credit Committee

MEMBER	POSITION	DATE OF APPOINTMENT	MEETING ATTENDANCE
Mr. K. Mkonza	Chairperson	4 November 2011	5/7
Dr. T. Mazwai	Board Member	4 November 2011	4/7
Ms. M. Mutlaneng	Board Member	4 November 2011	1/7
Ms. D. Maja	Board Member	26 March 2013	5/7
Mr. P. Sithole	Independent Member	26 March 2013	6/7
Mr. M. Mcambi	Independent Member	26 March 2013	5/7

\*Mr. P. Sithole resigned from the Committee on the 1st December 2013.

is to monitor GEP's lending and credit related activities and consider financial support application brought to the Committee for approval.

The Committee's primary role is to oversee, direct and review the management of credit risk within the loan portfolio of the entity. In addition, the Committee

## Business Development Committee

MEMBER	POSITION	DATE OF APPOINTMENT	MEETING ATTENDANCE
Dr. T. Mazwai	Chairperson	4 November 2011	4/5
Dr. D. Ndlovu	Board Member	4 November 2011	1/5
Ms. D. Maja	Board Member	26 March 2013	4/5
Mr. M. Mampuru	Board Member	26 March 2013	5/5
Ms. Z. Taho	Board Member	26 March 2013	4/5

The Committee's key role is to assist the Board in fulfilling its responsibilities to optimise SMME and Co-operatives growth and development by reviewing and recommending business development strategies and providing advice on best practice in terms of non-financial support to SMMEs.

The Committee also oversees the implementation of the business development support components of the GEP strategy.

### Board and Committees Remuneration

The remuneration and allowance of the Board and Board Committees was determined by the MEC in line with Section 10(4) of the GEP Act. The following fee structure was applicable during the year under review:

POSITION	MONTHLY RETAINER	SITTING ALLOWANCE
Chairperson of the Board	R12 500	R3 600
Deputy Chairperson	R10 000	R3 250
Ordinary Board Members	R10 000	R3 250
Independent Committee Members	-	R10 000



## AUDIT COMMITTEE REPORT

**MR THULANI SITHOLE**  
RISK AND AUDIT  
COMMITTEE  
CHAIRPERSON



We are pleased to present the report of the Risk & Audit Committee (“the Committee”) for the year ended 31 March 2014.

The Risk and Audit Committee’s role is regulated by terms of reference adopted by the Board. These terms have been drafted from sections of the PFMA, Treasury Regulations and Generally Recognised Accounting Practice (GRAP), and are in line with the King III Report on Corporate Governance.

The Committee assists the Board in discharging its duties relating to risk management, thus safeguarding the assets of the GEP and ensuring the effectiveness of the enterprise wide risk management and providing assurance on internal controls.

### KEY AREAS OF FOCUS FOR 2014

- Ensured that the GEP’s financial systems, processes as well as controls were operating effectively and were consistent with the entity’s complexity and responding to the changes in requirements.
- Ensuring that control environment deficiencies identified by the entity’s assurance providers have adequate and appropriate remediation plans, and proactively monitored the implementation of these remedial plans to ensure appropriate risk mitigation.
- Continued to oversee the internal audit process to ensure satisfaction with the quality and coverage of the work performed by Internal Audit.
- Oversaw the relationship with our statutory auditors and evaluated the effectiveness of the audit, ensuring that they have allocated sufficient and experienced resources to respond to the risk profile of GEP.
- Ensured adequate focus on control and compliance issues.
- Assessed the effective linkages between the Risk and Audit Committee, the Board and other Board Committees.
- Continued to scrutinise key accounting judgments used over financial support credit granting processes and evaluation of loan recovery processes.
- Monitoring the credit portfolio, which resulted in improvements in the collections rate in the current year.
- Monitoring changes in the external regulatory environment and ensuring that we continue to have appropriate financial, compliance and internal controls in place.

### Legal responsibilities

The legal responsibilities of the committee are governed by the Public Finance Management Act 1 of 1999 as well as Treasury Regulations issued by National Treasury.

In exercising its responsibilities the committee subscribes to the principles of King III Report on Corporate Governance and is continually improving its oversight for closer alignment with King.

These responsibilities, and compliance with appropriate governance and international best practice, are incorporated in the Committee’s charter, which is reviewed annually and approved by the board.

### Composition of the committee

The committee has five non-executive members, all of whom are financially literate. Access to training is provided on an ongoing basis to help members discharge their duties.

### Committee Meetings

The Chief Executive, Chief Financial Officer, Risk Manager, are present at all committee meetings. The external auditors attend all committee meetings and separate meetings are held to afford them the opportunity to meet with the Committee without the presence of management or internal auditors. The internal auditors attend all committee meetings and are similarly afforded the opportunity to have separate meetings with the committee.

### Internal audit

Internal audit is an independent assurance function, forming part of the third line of defense as set out in the GEP’s Enterprise-wide Risk Management Framework (ERMF). The GEP’s internal audit function has been outsourced to Grant Thornton and they have a functional reporting line to the Chairperson of the Committee and an operational reporting line to the Chief Executive Officer. During the current year the internal auditors had unrestricted access to the Committee and its members. All internal audit reports issued during the year were reviewed and remedial action plans implemented where required.

### External audit

The GEP’s external auditor is the Auditor General of South Africa, through its Gauteng office. Fees paid to the auditors are disclosed in note 36 to the annual financial statements.

### Whistleblowing

During the year the committee carried out a review of the effectiveness of the GEP’s whistleblowing arrangements. The entity’s internal auditors, operated 24 hour confidential reporting services to afford stakeholders an opportunity to report any concerns or suspicions they may have about possible wrongdoing in financial reporting or other matters.

Confidential reports from these services are provided to the Risk Manager.

### **SIGNIFICANT HIGHLIGHTS FOR 2014**

We considered a number of areas where significant positive movements were registered during the year.

#### **Material Adjustments**

We identified through discussion with both management and the external auditor the key risks of material adjustments within GEP's financial statements in the previous year. During the year under review particular focus was placed on the review of the annual financial statements, the adequacy of the financial control environment, applicable financial management and reporting policies.

Correspondingly, fewer material adjustments were made to the entity's 2013/14 financial statements with R3.5 million thereof relating to a classification in the disclosure. Management confirmed to us that they were not aware of any material misstatements or immaterial misstatements made intentionally to achieve a particular presentation. The external auditors reported to us the misstatements that they had found in the course of their work and we are satisfied that no material amounts remain unadjusted.

#### **Provisions**

We reviewed and discussed the level of provisions including consideration of new provisions. Management confirmed to us that they have applied a consistent approach to the recognition of provisions. We concluded that we were satisfied with the level of provisions carried and the disclosure in respect of those provisions.

GEP has a developmental mission and by definition has a higher risk tolerance and a longer investment horizon. Losses due to bad debt are an unfortunate part of any business, which extends credit to its customers.

The Committee believes that robust and risk based debt management controls introduced during the year were instrumental in maintaining a tolerable provision level with a movement of R5 million from prior year.

#### **Impairments**

In the 2012/13 annual financial statements, the Auditor General highlighted an emphasis of matter relating to an impairment movement amount of R5 million.

During the year under review GEP only wrote off R 3.5 million, which related to one debtor that is currently under liquidation. This is a significant improvement on the prior year's figure of R45 million.

The R21 million emphasis of matter raised by the Auditor General is on provision for doubtful debts, in the previous financial year the provision amount was R16 million.

#### **Irregular, Fruitless and Wasteful Expenditure**

A concerted effort by all role players has resulted in the reduction of irregular expenditure from R4 493 936 in the previous year to R1 574 539 million in 2013/14 financial year.

The entity did not incur any fruitless and wasteful expenditure during the year under review.

### **CONCLUSION**

Having considered, analysed, reviewed and debated information provided by management, internal audit and external audit, the Committee confirmed that:

- the internal controls of the entity had been effective in all material aspects throughout the year under review;
- these controls had ensured that GEP's assets had been safeguarded;
- proper accounting records had been maintained; and
- resources had been utilised efficiently.

#### **Annual financial statements**

During the period under review the committee:

- reviewed and discussed the audited annual financial statements with the external auditors, the Chief Executive and the Acting Chief Financial Officer;
- reviewed the external auditors' report and management's response thereto;
- reviewed significant adjustments resulting from external audit queries and accepted unadjusted audit differences; and
- received and considered reports from the internal auditors.

#### **Approval**

The Committee considers the accounting practices and internal financial controls that have led to the compilation of the annual financial statements to be appropriate. To a large extent, we concurred with and accepted the external auditors' report on the annual financial statements and have recommended the approval thereof to the Board. The Board subsequently approved the financial statements, which have been submitted to National Treasury and the Gauteng Department of Economic Development.

#### **Appreciation**

The Committee would like to thank the Board, the Honorable MEC L Maile, the Department of Economic Development, management and internal and external auditors for their co-operation and dedication in assisting the Committee to discharge its duties in the current financial year. We look forward to attain our goal of a clean audit in the ensuing year.



**Mr Thulani Sithole**

Risk and Audit Committee Chairman



# FINANCIALS

# FINANCIAL STATEMENTS CONTENTS

General Information	59
Directors' Responsibilities and Approval	60
Report of the Auditor-General	61
Directors' Report	63
Statement of Financial Position	64
Statement of Financial Performance	65
Statement of Changes in Net Assets	65
Cash Flow Statements	66
Statement of Comparison of Budget and Actual Amounts	67
Accounting Policies	68
Notes to the Financial Statements	74

## General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	The enterprise provides 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.
Members	Dr. K. Matseke (Chairperson) J. Ngcebetsha (Deputy Chairperson) Dr. T. Mazwai K. Mkonza M. Mutlaneng Dr. D. Ndlovu T. Sithole D. Maja M. Mampuru D. Maphatiane Z. Taho M. Ramonyai
Registered office	6th Floor 124 Main Street Johannesburg 2001
Business address	6th Floor 124 Main Street Johannesburg 2001
Postal address	P O Box 61464 Marshalltown 2107
Bankers	First National Bank Limited
Registration number	1929/001225/06 ABSA Bank Limited Registration number 1986/004794/06
Auditors	Auditor-General of South Africa
Secretary	K. Onuoka
Company registration number	Incorporated in terms of the Gauteng Enterprise Propeller Act No. 5 of 2005

## Directors' Responsibilities and Approval

The entity's directors are responsible for the preparation and fair presentation of the entity's annual financial statements, comprising the statements of financial position at 31 March 2014; the statement of financial performance; the statement of the changes in net assets; statement of cash flows, statement of comparison of budget and actual and the notes to the annual financial statements for the period 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 director's 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 judgments and estimates.

The annual financial statements have been prepared on a going concern basis. This basis presumes that the assets will be realised

and the liabilities settled in the normal course of business.

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

The annual financial statements set on pages 64 - 91 were circulated and approved by the board of directors and are signed 28 May 2014 on its behalf by:



---

**Ms. P. Twala-Tau**  
Chief Executive Officer



---

**Dr. K. Matseke**  
Board Chairperson



# Report of the Auditor-General to Gauteng Provincial Legislature on Gauteng Enterprise Propeller

## Report on the financial statements

### Introduction

1. I have audited the financial statements of the Gauteng Enterprise Propeller set out on pages 64 to 91, which comprise the statement of financial position as at 31 March 2014, the statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

### Accounting Authority's responsibility for the financial statements

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

### Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Gauteng Enterprise Propeller as at 31 March 2014 financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the PFMA.

### Emphasis of matter

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

### Material Impairment and debt write off

8. As disclosed in note 2, 3 and 4 to the financial statements, material impairments to the amount of R21 242 171 were raised in loans which represents 29% of the total loan book maintained by the entity due to the nature of the business as a result of slow repayment ratio by certain SMME's funded.

### Report on other legal and regulatory requirements

9. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

### Predetermined objectives

10. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the Gauteng Enterprise Propeller for the year ended 31 March 2014

- Loans and Business Development on pages 15 to 29
- Marketing and Communications on pages 39 to 40
- Corporate services and HR on pages 41 to 46

11. I evaluated the reported performance information against the overall criteria of usefulness and reliability

12. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPI).

13. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

14. I did not raise no material findings on the usefulness and reliability of the reported performance information for the selected programmes.

### Additional matter

15. Although I raised no material findings on the usefulness and reliability of the reported performance information for the selected programmes, I draw attention to the following matter

### Achievement of planned targets

16. Refer to the annual performance report on page 49 to 50 for information on the achievement of the planned targets for the year.

### Compliance with legislation

17. I performed procedures to obtain evidence that the Gauteng Enterprise Propeller had complied with applicable legislation regarding financial matters, financial management and other related matters.

18. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

### Annual financial statements

19. The financial statements submitted for auditing were not prepared in all material respect in accordance with the requirements of section 55(1)(a) of the PFMA as material adjustments were identified during the audit. Misstatements relating to irregular expenditure, financial support loans identified by auditors were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

### Procurement and contract management

20. The preference point system was not applied in some procurement of goods and services above R30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act and TR 16A6.3 (b).

21. Contracts were awarded to suppliers who did not provide Gauteng Enterprise Propeller with the original tax clearance as required Preferential Procurement Regulations.

### Expenditure Management

22. Management did not take adequate steps to prevent irregular expenditure amounting to R1 694 016 was incurred as a result of not applying supply chain management process as required by section 51(1)(b)(ii) of the PFMA and Treasury Regulation 9.1.1

### Revenue Management

23. Management has taken steps which were considered inadequate to timeously collect all money due to the entity as required by TR 11.2.1.

### Internal control

24. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for [the findings on non-compliance with legislation included in this report;

### Leadership

25. Management did not exercise adequate oversight responsibility regarding financial reporting, compliance with laws and regulations and related internal controls which resulted in instances of non-compliance with PFMA, Treasury Regulations and Preferential Procurement Regulations.

### Financial and performance management

26. Management did not prepare accurate and complete financial statements that are supported and evidenced by reliable information. The financial statements were subject to material amendments resulting from audit.

27. Management did not adequately review and monitor compliance with applicable laws and regulations

### Governance

28. The risk management unit did not ensure that all the units implemented previous year audit recommendations as a result repeat findings relating to inadequacy of the internal controls were identified during audit and reported to management.

Auditor General

Auditor-General  
Johannesburg  
31 July 2014



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## Directors' Report

The directors have pleasure in presenting their report on the activities of the entity for the year ended 31 March 2014.

### 1. Review of activities

#### Nature of the business

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

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, as amended.

#### General review

The entity received grants totaling R128 447 000 (2013: R105 900 000) 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 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 (GRAP).

Supported by the Risk and 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 the estimates and judgments 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 2014 and 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.

### 2. 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 the 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.

### 3. Events after the reporting date

There are no material events that have taken place between the balance sheet and the reporting date.

### 4. Board Of Members

The directors of the entity during the financial year were as follows:

#### Name

Dr. K. Matseke (Chairperson)  
J. Ngcebetsha (Deputy Chairperson)  
Dr. T. Mazwai  
K. Mkonza  
M. Mutlaneng  
Dr. D. Ndlovu  
T. Sithole  
D. Maja  
M. Mampuru  
D. Maphatiane  
Z. Tahoe  
M. Ramonyai

### 5. Business and postal address

Business address	Postal address
6th Floor	P O Box 61464
124 Main Street	Marshalltown
Johannesburg	2107
2001	

### 6. Secretary

The company secretary is K. Onuoka.

### 7. Contingencies and commitments

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 under note 26: Commitments and note 27: Contingencies.

### 8. Bankers

ABSA Bank Limited  
Registration number 1986/004794/06

First National Bank  
Registration number 1929/001225/06

### 9. Non-current assets

There has been no material change in the non-current assets of the entity during the financial year under review.

### 10. Distributions 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.

### 11. Auditors

Gauteng Enterprise Propeller is audited by the Auditor-General of South Africa.

## Statement of Financial Position as at 31 March 2014

Figures in Rand	Note(s)	2014	2013
<b>Assets</b>			
<b>Current Assets</b>			
Mafisa loans	2	270 265	597 660
Financial support loans	3	12 504 957	12 021 459
Receivables from exchange transactions	4	20 681 702	24 204 655
Receivables from non-exchange transactions	5	13 133 144	13 133 144
Cash and cash equivalents	6	52 433 748	40 341 897
		<b>99 023 816</b>	<b>90 298 815</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	7	2 398 141	3 110 213
Intangible assets	8	53 506	206 233
Mafisa loans	2	3 746 366	2 660 435
Financial support loans	3	21 804 400	19 001 908
Other investments	9	1	1
		<b>28 002 414</b>	<b>24 978 790</b>
<b>Total Assets</b>		<b>127 026 230</b>	<b>115 277 605</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Mafisa funds	10	12 541 121	12 365 929
Finance lease liability	11	57 161	832 457
Rent straight-lining accrual	12	219 027	197 750
Trade and other payables	13	8 780 131	9 440 062
		<b>21 597 440</b>	<b>22 836 198</b>
<b>Non-Current Liabilities</b>			
Finance lease liability	11	615 786	117 922
Transnet Itireleng fund	14	10 934 694	-
		<b>11 550 480</b>	<b>117 922</b>
<b>Total Liabilities</b>		<b>33 147 920</b>	<b>22 954 120</b>
<b>Net Assets</b>		<b>93 878 310</b>	<b>92 323 485</b>
<b>Net Assets</b>			
Accumulated surplus		93 878 310	92 323 485

## Statement of Financial Performance

Figures in Rand	Note(s)	2014	2013
Revenue from non-exchange transactions	16	141 957 482	105 900 000
Revenue from exchange transactions	17	5 739 684	6 189 670
Programs and Projects		(39 779 694)	(20 216 562)
Operating expenses		(107 783 119)	(92 169 832)
<b>Operating surplus (deficit)</b>	18	<b>134 353</b>	<b>(296 724)</b>
Finance income	21	1 463 493	1 317 210
Finance costs	22	(43 020)	(1 393)
<b>Surplus for the year</b>		<b>1 554 826</b>	<b>1 019 093</b>

## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 April 2012	91 304 392	91 304 392
Changes in net assets		
Surplus for the year	1 019 093	1 019 093
<b>Total changes</b>	<b>1 019 093</b>	<b>1 019 093</b>
<b>Balance at 01 April 2013</b>	<b>92 323 484</b>	<b>92 323 484</b>
Changes in net assets		
Surplus for the year	1 554 826	1 554 826
<b>Total changes</b>	<b>1 554 826</b>	<b>1 554 826</b>
<b>Balance at 31 March 2014</b>	<b>93 878 310</b>	<b>93 878 310</b>

## Cash Flow Statement

Figures in Rand	Note(s)	2014	2013
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Cash receipts from non-exchange transactions		152 447 000	106 182 993
Cash received from exchange transaction		3 107 321	5 906 676
Interest income		1 463 493	1 317 210
Cash receipts from mafisa loans		361 904	845 471
Cash receipts from financial support loans		22 429 478	30 330 989
		<u>179 809 196</u>	<u>144 583 339</u>
<b>Payments</b>			
Cash paid to suppliers and employees		(138 132 810)	(117 131 655)
Finance costs		(43 020)	(1 393)
Cash paid to mafisa loans		(1 094 256)	(2 412 568)
Cash paid to financial support loans		(28 314 193)	(38 126 451)
		<u>(167 584 279)</u>	<u>(157 672 067)</u>
<b>Net cash flows from operating activities</b>	<b>25</b>	<b><u>12 224 917</u></b>	<b><u>(13 088 728)</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	7	(308 258)	(877 308)
Proceeds from sale of property, plant and equipment	7	-	43 267
Purchase of other intangible assets	8	-	(41 806)
<b>Net cash flows from investing activities</b>		<b><u>(308 258)</u></b>	<b><u>(875 847)</u></b>
<b>Cash flows from financing activities</b>			
Increase in mafisa funding		175 192	191 375
<b>Net cash flows from financing activities</b>		<b><u>175 192</u></b>	<b><u>191 375</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>12 091 851</b>	<b>(13 773 200)</b>
Cash and cash equivalents at the beginning of the year		40 341 897	54 115 097
Cash and cash equivalents at the end of the year	6	<u>52 433 748</u>	<u>40 341 897</u>

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference ( Note 35)
Figures in Rand						

### Statement of Financial Performance

#### Revenue

##### Revenue from exchange transactions

Rollover income	-	36 864 566	36 864 566	36 864 566	-	
Receipts on loan book	25 000 000	-	25 000 000	22 791 382	(2 208 618)	
Interest and Other income	1 320 000	-	1 320 000	7 203 177	5 883 177	
<b>Total revenue from exchange transactions</b>	<b>26 320 000</b>	<b>36 864 566</b>	<b>63 184 566</b>	<b>66 869 125</b>	<b>3 674 559</b>	<b>A</b>

##### Revenue from non-exchange transactions

##### Taxation revenue

Government grants & subsidies	128 447 000	-	128 447 000	128 447 000	-	
-------------------------------	-------------	---	-------------	-------------	---	--

##### Transfer revenue

Conditional grant revenue - Transnet Itireleng Fund -	-	13 510 482	13 510 482	13 510 482	-	
---	---	------------	------------	------------	---	--

<b>Total revenue from nonexchange transactions</b>	<b>128 447 000</b>	<b>13 510 482</b>	<b>141 957 482</b>	<b>141 957 482</b>	<b>-</b>	
--	--------------------	-------------------	--------------------	--------------------	----------	--

<b>Total revenue</b>	<b>154 767 000</b>	<b>50 375 048</b>	<b>205 142 048</b>	<b>208 816 607</b>	<b>3 674 559</b>	
----------------------	--------------------	-------------------	--------------------	--------------------	------------------	--

##### Expenditure

Personnel	(64 174 440)	(1 000 000)	(65 174 440)	(63 892 955)	1 281 485	B
Depreciation and amortisation	-	-	-	(1 723 212)	(1 723 212)	C
Debt impairment	-	-	-	(8 805 342)	(8 805 342)	D
General Expenses	(30 372 560)	(8 907 358)	(39 279 918)	(33 404 630)	5 875 288	E
Programs and projects	(19 100 000)	(34 260 973)	(53 360 973)	(39 779 694)	13 581 279	F
Capital expenditure	(2 520 000)	-	(2 520 000)	(308 258)	2 211 742	G
Loans advanced	(38 600 000)	(5 862 809)	(44 462 809)	(29 408 449)	15 054 360	H
Adjustment for capital movements	-	-	-	(29 939 241)	(29 939 241)	I

<b>Total expenditure</b>	<b>(154 767 000)</b>	<b>(50 031 140)</b>	<b>(204 798 140)</b>	<b>(207 261 781)</b>	<b>(2 463 641)</b>	
--------------------------	----------------------	---------------------	----------------------	----------------------	--------------------	--

<b>Surplus for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 554 826</b>	<b>-</b>	
-----------------------------	----------	----------	----------	------------------	----------	--

## Accounting Policies

### 1 Corporate information

The entity's financial statements for the period ended 31 March 2014 were authorised for issue in accordance with a resolution of the directors.

Gauteng Enterprise Propeller is listed as a Schedule 3c Provincial Public Entity in terms of the Public Finance Management Act, 1999 as amended.

Gauteng Enterprise Propeller's head office is located at 6th Floor, 124 Main Street, Johannesburg.

#### 1.1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board. (Directive 5)

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.

The financial statements are presented in the nearest South African Rand.

#### 1.2 Critical accounting estimates and judgements

Estimates and judgments 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 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 reorganisation. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial recognition, and default or delinquency in payments are considered indicators that the 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 4 for details of the entity's impairment.

#### Depreciation and impairment

Property, plant and equipment is depreciated on a straight-line basis over its useful life to 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 only tests for impairment when indicators of impairment are present. When performing impairment testing, the recoverable amount is determined for the individual asset. If the asset does not generate cash flows which are largely independent from other assets then the recoverable amounts of cash flows that are largely independent from other assets or groups of assets that those assets belong to are determined based on the higher of discounted future cash flows and fair value less cost to sell.

#### 1.3 Property, plant and equipment

Property, plant and equipment are 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.

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 reliably measured. 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 items 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 depreciable amounts to their values over their estimated useful lives, as follows:

## Accounting Policies (Continued)

Item	Average useful life
Leased assets	2 years
Motor vehicles	5 years
Office equipment and furniture	6 years
Computer equipment	3 years

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

Expenditure on the 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 service potential is expected from its use or disposal.

### 1.4 Intangible assets

Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses. Amortization 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 33.3%.

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.

### 1.5 Investment in associates

Associates are all entities over which the company 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 surplus or deficit 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.

### 1.6 Financial instruments

#### Classification

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 legally enforceable rights 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 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 overleaf.

At reporting date, the entity determines whether there is any objective evidence that financial assets or a group of financial assets 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 been 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 recognized 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 cash flows of the financial asset or retains the contractual rights to receive the cash flows of the financial asset.

#### Financial Support and Mafisa loans

Financial Support loans 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 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 group's receivables, amortised cost approximates its fair value.

## Accounting Policies (Continued)

### Trade and other receivables

Trade and other receivables are recognized 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 reorganization, 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 recognized in the group's statement of financial performance when trade and other receivables are derecognised, or impaired as well as through the amortization process. When a trade debtor is uncollectible, it is written off against the allowance account for the trade receivables. Subsequent recoveries of amounts previously written off are credited in the statement of financial performance.

### Trade and other payables

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

### 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.

### Derivatives

Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts and interest rate swaps, are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in surplus or deficit.

Changes in the fair value of derivative financial instruments are recognised in surplus or deficit as they arise.

Derivatives are classified as financial assets at fair value through surplus or deficit - held for trading.

### Held to maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in surplus or deficit when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the entity has the positive intention and ability to hold to maturity are classified as held to maturity.

### 1.7 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)

### 1.8 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.

#### Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of return on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

#### Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating

## Accounting Policies (Continued)

leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

### Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

### 1.9 Impairment of assets

The carrying amounts of assets stated in the statement of financial position, 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 assessment 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 that would have been determined (net of depreciation and amortisation) had no impairment loss been recognised in previous years.

### 1.10 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

### 1.11 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 recognized in the period in which the service is rendered and are not discounted.

### 1.12 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 pretax 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.

### 1.13 Revenue recognition

#### Government grant

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.

#### Interest income

Interest income is recognised on a time-proportionate 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 recognized using the original effective interest rate.

#### Revenue from non-exchange transaction

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 recognized as revenue when:

- It is probable that the economic benefits or service potential associated 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

#### Revenue from exchange transaction

An exchange transaction is defined as one in which the entity receives assets or services, has liabilities extinguished and directly gives approximately equal value (primarily in the form of goods,

## Accounting Policies (Continued)

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 recognized as revenue when payment from bidders has been received.

### 1.14 Borrowing costs

### 1.15 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.

### 1.16 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.

### 1.17 Unauthorised expenditure

Unauthorized expenditure is expenditure that has not been budgeted as 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.

### 1.18 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which 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.

### 1.19 Irregular expenditure

Irregular expenditure is defined as expenditure, other than unauthorized expenditure, incurred in contravention or not in accordance with a requirement or applicable legislation, the PFMA, or any provincial legislation providing for procurement procedures in that provincial legislation accounted for as revenue in the statement of financial performance.

### 1.20 Budget information

Budget information is disclosed in terms of GRAP 24 (Presentation of Budget Information in 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.

Budgets are prepared on the cash basis of accounting. The annual budget is prepared prior to the beginning of each financial year and is approved by the Board of Directors prior to implementation. After the end of September each year, the budget may be revised if necessary due to changes in projects being undertaken and other changes in the operations of the entity which require a reallocation of resources. All budget changes are approved by the Board of Directors prior to implementation of the revised budget.

### 1.21 Related parties

Parties are considered to be related if one party has the ability to control the other party or 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, services or obligations between the 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 recognized on terms and conditions that are normal for such transactions.

### 1.22 Prior period errors

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods 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.

### 1.23 Events after 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 authorized for issue. Such events are of two types:

## Accounting Policies (Continued)

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

## Notes to the Annual Financial Statements

Figures in Rand	Note(s)	2014	2013
-----------------	---------	------	------

### 1. New standards and interpretations

#### 1.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

- GRAP 25 - Employee benefits 01 April 2013

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

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2014 or later periods:

- GRAP 18 - Segment Reporting No effective date determined yet
- GRAP 20 - Related Parties No effective date determined yet
- GRAP 105 - Transfer of functions between entities under common control No effective date determined yet
- GRAP 106 - Transfer of functions between entities not under common control No effective date determined yet
- GRAP 107 - Mergers No effective date determined yet
- GRAP 108 - Statutory Receivables No effective date determined yet
- GRAP 32 - Service Consession Arrangements No effective date determined yet

### 2. Mafisa loans

Net amount outstanding at the end of the period	4 016 631	3 258 095
Balance at 1 April	4 268 780	2 886 937
Amount advanced	1 094 256	2 412 568
Bad debts written off	-	(185 254)
Transfer to receivables	(1 145 143)	(845 471)
<b>Balance at 31 March</b>	<b>4 217 893</b>	<b>4 268 780</b>
Less: Allowance for impairment of loans	(201 262)	(1 010 685)
Balance at 1 April	(1 010 685)	(230 049)
Current year movement	809 423	(780 636)
	4 016 631	3 258 095
Non-current assets	3 746 366	2 660 435
Current assets	270 265	597 660
	4 016 631	3 258 095

Loans receivable consist of loans granted to SMME's to facilitate the economic growth of agricultural companies. The average loan is 3 years with a fixed interest rate of 8% (2013 – 8%). The Mafisa Loans are in respect of a grant received in the prior periods from the National Department of Agriculture (DOA). The enterprise performs all its duties inline with the objectives of the DOA grant.

## Notes to the Annual Financial Statements (continued)

Figures in Rand	Note(s)	2014	2013
<b>3. Financial support loans</b>			
<b>At amortised cost</b>			
Net amount outstanding at the end of the period		34 309 357	31 023 367
Balance at 1 April		43 072 073	46 487 624
Amount advanced		28 314 193	38 126 451
Bad debts written off		(3 500 000)	(11 211 013)
Transfer to receivables		(29 846 881)	(30 330 989)
Balance at 31 March		38 039 385	43 072 073
Less: Allowance for impairment of loans		(3 730 028)	(12 048 706)
Balance at 1 April		(12 048 706)	(16 615 712)
Current year movement		8 318 678	4 567 006
<b>Net amount outstanding at 31 March</b>		<b>34 309 357</b>	<b>31 023 367</b>
Non-current assets		21 804 400	19 001 908
Current assets		12 504 957	12 021 459
		<b>34 309 357</b>	<b>31 023 367</b>

Loans receivable consist of loans granted to SMME's to facilitate the economic growth of companies starting up and expanding. The average loan term is 3 to 5 years linked to the prime rate with an average interest rate at 8.5% (2013 – 8.5%).

#### 4. Receivables from exchange transactions

Trade debtors	37 454 166	26 121 295
Impairment of trade receivables	(17 310 881)	(2 877 438)
Balance at 1 April	(2 877 438)	(38 958 152)
Current year movement	(14 433 443)	36 080 714
Net debtors	20 143 285	23 243 857
Finance lease charges paid in advance	337 509	669 827
Deposits and prepayments	200 908	290 971
	<b>20 681 702</b>	<b>24 204 655</b>

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, it 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.

## Notes to the Annual Financial Statements (continued)

Figures in Rand	Note(s)	2014	2013
-----------------	---------	------	------

### 5. Receivables from non-exchange transactions

Grants receivable		13 133 144	13 133 144
-------------------	--	------------	------------

### 6. Cash and cash equivalents

Operational bank balances	20 021 223	11 577 152
Financial support bank balances	15 878 460	22 156 595
Mafisa funds bank balances	5 212 463	6 565 150
Transnet funds bank balances	11 278 602	-
Cash on hand	43 000	43 000
	<b>52 433 748</b>	<b>40 341 897</b>

Cash and cash equivalents consist of cash in the bank and petty cash on hand as 31 March 2014.

## Notes to the Annual Financial Statements (continued)

Figures in Rand

2014

2013

### 7. Property, plant and equipment

	2014			2013		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Leased assets	730 944	(376 480)	354 464	379 063	(377 330)	1 733
Motor vehicles	597 739	(478 792)	118 947	597 739	(378 322)	219 417
Office equipment	6 410 370	(5 134 974)	1 275 396	6 378 077	(4 623 214)	1 754 863
IT equipment	3 878 756	(3 229 422)	649 334	4 096 862	(2 962 662)	1 134 200
<b>Total</b>	<b>11 617 809</b>	<b>(9 219 668)</b>	<b>2 398 141</b>	<b>11 451 741</b>	<b>(8 341 528)</b>	<b>3 110 213</b>

#### Reconciliation of property, plant and equipment - March 2014

	Opening balance	Additions	Disposals	Depreciation	Total
Leased assets	1 733	730 944	-	(378 213)	354 464
Motor vehicles	219 417	-	-	(100 470)	118 947
Office equipment	1 754 863	91 888	(2 210)	(569 145)	1 275 396
IT equipment	1 134 200	216 369	(11 592)	(689 643)	649 334
	<b>3 110 213</b>	<b>1 039 201</b>	<b>(13 802)</b>	<b>(1 737 471)</b>	<b>2 398 141</b>

#### Reconciliation of property, plant and equipment - March 2013

	Opening balance	Additions	Disposals	Depreciation	Total
Leased assets	34 971	206 742	-	(239 980)	1 733
Motor vehicles	320 809	-	-	(101 392)	219 417
Office equipment	1 895 766	333 418	(4 815)	(469 506)	1 754 863
IT equipment	1 286 707	543 890	(40 903)	(655 494)	1 134 200
	<b>3 538 253</b>	<b>1 084 050</b>	<b>(45 718)</b>	<b>(1 466 372)</b>	<b>3 110 213</b>

## Notes to the Annual Financial Statements (continued)

Figures in Rand

2014

2013

### 8. Intangible assets

	<b>2014</b>			<b>2013</b>		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Computer software	800 990	(747 484)	53 506	823 336	(617 103)	206 233

#### Reconciliation of intangible assets - March 2014

	Opening balance	Additions	Amortisation	Total
Computer software	206 233	-	(152 727)	53 506

#### Reconciliation of intangible assets - March 2013

Computer software	317 735	41 806	(153 308)	206 233
-------------------	---------	--------	-----------	---------

## Notes to the Annual Financial Statements (continued)

Figures in Rand	2014	2013
<b>9. Other investments</b>		
<b>Name of entity</b>		
Wakegem (Pty) Ltd	1	1
Balance at 1 April	1	1
<b>Balance at year end</b>	<b>1</b>	<b>1</b>
<b>Movements of carrying amounts</b>		
Balance at 1 April	1	1
Carrying amount at year end	1	1
<b>10. Mafisa funds</b>		
<b>At amortised cost</b>		
Funds received from the Loan funding from the Department of Agriculture, Forestry & Fisheries	12 541 121	12 365 929
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 was for a period of 5 years which has been expended on the same terms and conditions during the current period.		
Current liabilities	12 541 121	12 365 929
<b>11. Finance lease liability</b>		
<b>Minimum lease payments due</b>		
- within one year	58 621	832 457
- in second to fifth year inclusive	666 335	117 922
- later than five years	-	-
	724 956	950 379
<b>less: future finance charges</b>	<b>(52 009)</b>	<b>(669 827)</b>
Present value of minimum lease payments	672 947	280 552
<b>Present value of minimum lease payments due</b>		
- within one year	57 161	245 704
- in second to fifth year inclusive	615 786	34 848
	672 947	280 552
Non-current liabilities	615 786	117 922
Current liabilities	57 161	832 457
	<b>672 947</b>	<b>950 379</b>

## Notes to the Annual Financial Statements (continued)

Figures in Rand	2014	2013
-----------------	------	------

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

### 12. Rent straight-lining accrual

Operating lease accrual	219 027	197 750
-------------------------	---------	---------

The straight-lining accrual relates to office accommodation lease contracts with escalation clauses. The amounts payable under the contracts are charged to statements performance on a straight-line over the term of the contract.

### 13. Trade and other payables

Trade and other payables	2 773 925	4 548 116
Accrued leave pay	5 448 449	4 340 402
Accrued 13th cheque	557 757	551 544
	<b>8 780 131</b>	<b>9 440 062</b>

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

### 14. Transnet Itireleng Fund

Unutilised funds received from Transnet SOC Limited	<b>10 934 694</b>	-
---	-------------------	---

GEP entered into an agreement with Transnet SOC Limited on 25 March 2013 for a 2 year period ending on 25 March 2015 in terms of which Transnet will provide GEP with a list of suppliers which GEP can assist with their development and to facilitate access to procurement opportunities for SMME's. The minimum criteria is that suppliers should be 51% Black owned and managed and located within Gauteng Province.

GEP will manage the Transnet Itireleng Fund and assist in the selection of suppliers in terms of the qualification criteria, manage deal funding and provide mentoring of SMME's and Co-operatives. GEP will also identify and propose investments in terms of qualifying criteria.

### 15. Guarantees issued

As at 31 March 2014 (2013: R nil) there were no funds pledged and guarantees issued by Gauteng Enterprise Propeller.

## Notes to the Annual Financial Statements (continued)

Figures in Rand	2014	2013
<b>16. Revenue from non-exchange transactions</b>		
Provincial grants	128 447 000	105 900 000
Conditional grant - Transnet Itireleng Fund	13 510 482	-
	<u>141 957 482</u>	<u>105 900 000</u>
<b>17. Revenue from exchange transactions</b>		
SETA subsidy	-	184 302
Sundry income	9 651	6 500
Training fees	101 061	62 800
Insurance claims received	48 797	29 391
Finance Income	5 580 175	5 906 677
	<u>5 739 684</u>	<u>6 189 670</u>
<b>18. Operating surplus (deficit)</b>		
Operating surplus (deficit) for the year is stated after accounting for the following:		
Operating lease charges		
Contractual amounts	12 235 489	12 133 972
Loss on sale of property, plant and equipment	13 800	2 451
Depreciation on property, plant and equipment	1 723 212	1 619 680
Employee costs	63 892 955	55 617 611
Research and development	5 622 630	560 137
	<u></u>	<u></u>
<b>19. Employee related costs</b>		
Basic	44 290 853	39 429 667
Bonus	2 299 063	1 987 157
Medical aid - company contributions	1 808 990	2 518 577
UIF	261 605	173 906
WCA	161 086	-
SDL	782 396	486 464
Leave pay provision charge	1 701 891	1 404 286
Employee care	102 009	129 492
Travel, motor car, accommodation, subsistence and other allowances	3 871 754	3 795 454
13th Cheques	1 916 409	1 848 176
Acting allowances	397 554	299 406
Retirement benefits	6 299 345	3 545 026
	<u>63 892 955</u>	<u>55 617 611</u>

## Notes to the Annual Financial Statements (continued)

Figures in Rand	2014	2013
<b>20. Debt impairment</b>		
Write offs		
• Mafisa loan	-	185 254
• Financial support loans	3 500 000	11 211 013
• Trade and other receivables	-	34 157 012
	<u>3 500 000</u>	<u>45 553 279</u>
Provision for debt impairment		
• Mafisa loan	(809 423)	780 636
• Financial support loans	(8 318 678)	(4 567 006)
• Trade and other receivables	14 433 443	(36 080 714)
	<u>5 305 342</u>	<u>(39 867 084)</u>
	<b>8 805 342</b>	<b>5 686 195</b>
<b>21. Finance income</b>		
Finance income - Bank	<u>1 463 493</u>	<u>1 317 210</u>
<b>22. Finance costs</b>		
Interest paid	<u>43 020</u>	<u>1 393</u>
<b>23. Taxation</b>		
SA normal taxation comprising:-		
- Current taxation: not applicable	-	-
- Deferred taxation: not applicable	-	-
	<u>-</u>	<u>-</u>
The company is exempt from Income Tax in terms of Section 10(1)(cA)(i) of the Income Tax Act.		
<b>24. Auditors' remuneration</b>		
Fees	<u>1 844 133</u>	<u>1 726 911</u>
<b>25. Cash generated from (used in) operations</b>		
Surplus	1 554 826	1 019 093
<b>Adjustments for:</b>		
Depreciation and amortisation	1 723 212	1 619 680
Loss on sale of assets	13 800	2 451
Debt impairment	8 805 324	5 686 195
Other non-cash items	1 565 411	-

## Notes to the Annual Financial Statements (continued)

Figures in Rand	2014	2013
(Increase)/decrease in financial support loans	(3 285 990)	(7 795 463)
(Increase)/decrease in mafisa loans	(758 535)	(1 567 097)
<b>Changes in working capital:</b>		
Receivables from exchange transactions	3 522 954	(12 951 895)
Receivables from non-exchange transactions	-	(1 600 000)
Trade and other payables	(659 930)	2 955 041
Finance lease liability and rent straight-lining provision	(256 155)	(456 733)
	<b>12 224 917</b>	<b>(13 088 728)</b>

### 26. Commitments

Certain contracts were entered into during the year for the provision of services.

At 31 March 2014, the outstanding commitment for contracts in progress amounted to:

#### Approved and contracted

##### Details of contracts in force

• Financial Support loans approved but not yet paid	7 849 271	27 495 368
• Programs and projects in progress	14 792 117	-
• Orders placed but goods or services not delivered	6 066 618	-
• Various contracts currently in progress	4 449 584	3 145 545
	<b>33 157 590</b>	<b>30 640 913</b>

#### Operating leases

##### Minimum lease payments due

- within one year	1 641 429	1 604 081
- in second to fifth year inclusive	1 937 572	3 689 495
	<b>3 579 001</b>	<b>5 293 576</b>

Operating lease payments represent rentals payable for the use of office accommodation. Leases escalate at rates between 5% and 10% per annum.

### 27. Contingencies

#### Contingent liabilities

In addition to the commitments set out under note 26, at 31 March 2014 the entity was in the process of negotiating a settlement with one of its service providers on a contract that was mutually terminated. The settlement may result in a cash outflow from the entity. The financial effect of the obligation could not be reliably estimated due to on-going discussions.

#### Contingent assets

As at 31 March 2014 certain long outstanding debtors was handed over to the attorneys for collections. This may result in GEP receiving payments based on court judgments in its favour.

## Notes to the Annual Financial Statements (continued)

Figures in Rand	2014	2013
-----------------	------	------

### 28. Related parties

#### Relationships

Department of Economic Development	Government Department
Department of Agriculture, Forestry & Fisheries	Government Department
Transnet SOC Ltd	State Owned Company

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

#### Related party transactions

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	128 447 000	105 900 000
Loan funding from the Department of Agriculture, Forestry & Fisheries	132 382	197 927
Transnet SOC Ltd	24 000 000	-

#### Transnet SOC Ltd

Conditional Grant Funding	24 000 000	-
Conditional Grant Revenue / Expenditure	(13 510 842)	-
Conditional Grant Liability	10 934 694	-

## Notes to the Annual Financial Statements (continued)

Figures in Rand	2014	2013
<b>28. Related parties (continued)</b>		
Remuneration of directors and key management		
Directors - Fees for attendance of board and board sub-committee meetings		
Dr. K. Matseke (Chairperson)	221 652	191 496
J. Ngcebetsha (Deputy Chairperson)	171 424	157 836
Dr. T. Mazwai	171 640	161 275
T. Sithole	195 700	185 163
Dr. D. Ndlovu	144 087	157 646
K. Mkonza	154 406	150 956
Z. Taho	154 424	33 440
D. Maphatiane	164 744	33 440
D. Maja	164 746	23 440
M. Mampuru	192 084	33 440
M. Ramonyai	164 748	124 077
Directors total	1 899 655	1 252 209
Risk and Audit Committee Members		
N. Sandlana	142 678	81 517
N. Mcambi	164 032	81 517
L. Madavha	132 484	91 706
Credit Committee Member		
P.T. Sithole	81 522	-
N. Mcambi	50 000	-
Human Resource and Remuneration Committee		
M. Oliver	20 000	-
C. Mokoena	10 000	-
<b>Committee members total</b>	<b>600 716</b>	<b>254 740</b>
<b>Total paid to directors</b>	<b>2 500 371</b>	<b>1 506 949</b>

## Notes to the Annual Financial Statements (continued)

Figures in Rand	2014	2013
-----------------	------	------

### 28. Related parties (continued)

Senior management	Salary	Acting Allowance	Bonus	Leave Pay	Total
P. Twala-Tau - Chief Executive Officer	2 250 381	-	430 000	-	2 680 381
L. Sithole - Chief Financial Officer	1 276 747	-	92 851	-	1 369 598
K. Modise - Gen. Man. Enterprise Support	710 070	-	89 491	125 012	924 573
M. Maduna - Exec. Man. Regional Ops.	329 722	-	100 204	101 583	531 509
K. Onuoka - Company Secretary	993 241	-	79 469	-	1 072 710
L. Kwapeng - Exc. Man: Office of CEO	926 949	154 543	100 204	-	1 181 696
L. Zabala - Gen. Man: Corporate	1 136 586	-	107 000	-	1 243 586
Services and HR					
M. Shibambu - Gen. Man: Marketing	137 602	-	-	34 070	171 672
R. Mutchinya - Acting Exec. Man: Regional Ops.	842 735	84 085	-	-	926 820
P. Mayaba - Chief Information Officer	473 444	-	-	-	473 444
V Mntungwa - Acting Gen. Man. Enterprise Support	759 916	43 607	-	-	803 523
G.N.Nadasan - Gen.Man Loans, Debt Recoveries and Bus Development	218 616	-	-	-	218 616
<b>Total emoluments</b>	<b>10 056 009</b>	<b>282 235</b>	<b>999 219</b>	<b>260 665</b>	<b>11 598 128</b>

### Directors attendance of board and board sub-committee meetings

	Board	Risk and Audit	Hr and Rem.	Bus. Dev	Credit Com.
Dr. K. Matseke	9/9	Non-member	6/7	Non-member	Non-member
J. Ngcebetsha	7/9	Non-member	4/7	Non-member	Non-member
M. Mutlaneng	3/9	Non-member	Non-member	Non-member	1/7
T. Mazwai	4/9	Non-member	Non-member	(Chair) 4/5	4/7
T. Sithole	7/9	(Chair) 10/10	Non-member	Non-member	Non-member
D. Ndlovu	4/9	Non-member	1/7	1/5	Non-member
K. Mkonza	4/9	Non-member	Non-member	Non-member	(Chair) 5/7
D. Maja	4/9	Non-member	Non-member	4/5	5/7
D. Maphatiane	4/9	8/10	Non-member	Non-member	Non-member
M. Ramonyai	6/9	Non-member	(Chair) 5/6	Non-member	Non-member
Z. Taho	5/9	Non-member	Non-member	4/5	Non-member
M. Mampuru	8/9	Non-member	6/7	5/5	Non-member

### Audit committee members attendance at meetings

L. Madavha	9/10	Non-member	Non-member	Non-member
N. Mcambi	10/10	Non-member	Non-member	Refer Below
N. Sandlana	10/10	Non-member	Non-member	Non-member

## Notes to the Annual Financial Statements (continued)

Figures in Rand	2014			2013
	Risk and Audit	Hr and Rem.	Bus. Dev	Credit Com.
<b>Credit committee members attendance at meetings</b>				
P. Sithole	Non-member	Non-member	Non-member	6/7
N.Mcambi	Refer Above	Non-member	Non-member	5/7
<b>Human resource and remuneration committee members</b>				
M.Olivier	Non-member	2/7	Non-member	Non-member
C.Mokoena	Non-member	0/7	Non-member	Non-member

### 29. 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 various risks are managed as follows:

#### Credit risk

Potential concentration of credit risk consists 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 counter party is managed by monitoring the 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 2014, the entity did not consider there to be any significant concentration of credit risk which had not been insured or adequately provided for.

#### Financial assets

Bank deposits are linked to the South African prime interest rate.

The net interest income at 31 March 2014 R1 463 493 (2013: R1 317 210).

The interest rate re-pricing profile at 31 March 2014 is summarized as follows.

## Notes to the Annual Financial Statements (continued)

Figures in Rand	2014	2013
-----------------	------	------

### 29. Risk management (continued)

	0 – 12 Months	Beyond one year	Total floating rate borrowings/ investments
Financial support loans	12 504 957	21 804 400	34 309 357
Mafisa loans	270 265	3 746 366	4 016 631
Cash and cash equivalents	52 433 748	-	52 433 748
	<u>65 208 970</u>	<u>25 550 766</u>	<u>90 759 736</u>

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 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 period ended 31 March 2014 would have decreased by R907 577 ( 2013: R849 098).

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

### Liquidity risk

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.

Financial assets	0 – 12 Months	1 – 5 Years	Beyond 5 Years	Total
Financial support loans	12 504 957	21 804 400	-	34 309 357
Mafisa loans	270 265	3 746 366	-	4 016 631
Cash and cash equivalents	52 433 748	-	-	52 433 748
	<u>65 208 970</u>	<u>25 550 766</u>	<u>-</u>	<u>90 759 736</u>
Financial liabilities	0 – 12 Months	1 – 5 Years	Beyond 5 Years	Total
Trade and other payables	8 780 131	-	-	8 780 131
Finance lease liability	57 161	615 786	-	672 947
	<u>8 837 292</u>	<u>615 786</u>	<u>-</u>	<u>9 453 078</u>

### Interest rate risk

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.

## Notes to the Annual Financial Statements (continued)

Figures in Rand	2014	2013
-----------------	------	------

### 30. Unauthorised expenditure

There was no unauthorised expenditure noted for the period under review.

### 31. Fruitless and wasteful expenditure

Opening balance	-	874 276
Condoned	(5 541)	(874 276)
Current year	5 541	-
	<u>-</u>	<u>-</u>

Amounts spent on fruitless and wasteful expenditure for current year, as defined by Section 81 of the Public Finance Management Act of 1999 as amended, amounted to R5 541 (2013: R Nil).

### 32. Irregular expenditure

Opening balance	2 833 696	32 105 084
Condoned	(4 408 235)	(33 765 324)
Current year	1 574 539	4 493 936
	<u>-</u>	<u>2 833 696</u>

During the year under review expenditure amounting to R4 408 235 (2013: R4 493 936) was spent in an irregular manner as defined by the PFMA of 1999, as amended. The details are as follows:

#### Details of irregular expenditure

Non compliance with supply chain laws and regulations	<u>1 574 539</u>	<u>4 493 936</u>
---	------------------	------------------

### 33. Medical aid information

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

### 34. 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.

The total cost charged to the Statement of Financial Performance of R6 299 345 (2013: R3 545 026) represents contributions payable to those schemes by the entity at rates specified in the rules of the schemes. The entity has no post retirement obligations for retirement benefits.

## Notes to the Annual Financial Statements (continued)

Figures in Rand

2014

2013

### 35. Notes for Statement of Comparison of Budget and Actual Amounts

#### Material differences between the budget and actual amounts

A) An increase in revenue of R3.8 million mainly relates to additional bank interest of R1.4 million and R2.4 million from cash received from the loan accounts above the budget.

B) The R1.2 million saving in personnel cost is as a result GM Marketing and directors emoluments cost of living adjustment not yet effected during the year.

C + D) Depreciation & amortisation and debt impairment are non cash items and therefore not budgeted for.

E+F) Expenditure is within budget with a variances of R19.3 between different categories. These are the goods & services (R6.1 million), projects & programs (R13.2Million); attributable to the rollover surplus only approved later in the financial year.

G Capital expenditure is reflecting under expenditure of R2 Million as a result of ERP system not finalised and currently on tender.

H) A balance of R15 million is a result of R7 million still under commitments due to be finalised. This remains as a result of prior year commitments only approved later in the financial year.

I) The R29 million is an adjustment for statement of position and performance which is a Rollover income R36 million, Receipts on loan book R22 million, Capital expenditure R308k, Loans advanced R29 million.

#### Difference between budget and actual amounts basis of preparation and presentation

The budget and the accounting basis differ. The annual financial statements are prepared on the accrual basis using a classification based on the nature of expenses in the statement of financial performance. The annual financial statements differ from the budget, which is approved on the cash basis.

## Notes to the Annual Financial Statements (continued)

Figures in Rand	Note(s)	2014	2013
<b>Revenue</b>			
Grants from province		128 447 000	105 900 000
Other income		5 739 684	6 189 670
Interest income		1 463 493	1 317 210
Transnet Itireleng Fund		13 510 482	-
<b>Total revenue</b>		<b>149 160 659</b>	<b>113 406 880</b>
<b>Expenditure</b>			
Personnel		(63 892 955)	(55 617 611)
Depreciation and amortisation		(1 723 212)	(1 619 680)
Finance costs		(43 020)	(1 393)
Debt impairment		(8 805 342)	(5 686 195)
Repairs and maintenance		(431 237)	(1 199 174)
General expenses	36	(72 696 267)	(48 261 283)
<b>Total expenditure</b>		<b>(147 592 033)</b>	<b>(112 385 336)</b>
<b>Operating surplus</b>		<b>1 568 626</b>	<b>1 021 544</b>
Loss on disposal of assets		(13 800)	(2 451)
<b>Surplus for the year</b>		<b>1 554 826</b>	<b>1 019 093</b>

## Notes to the Annual Financial Statements (continued)

Figures in Rand	Note(s)	2014	2013
<b>36. General expenses</b>			
Advertising promotion and marketing		1 952 038	2 457 521
Auditors remuneration		1 844 133	1 726 911
Bank charges		70 678	45 413
Board meetings		82 748	22 123
Bursaries		755 404	493 251
Consulting and professional fees		4 295 384	2 432 996
Courier services		9 725	16 819
Discount allowed		-	320 008
Entertainment		69 772	66 408
IT expenses		1 098 822	1 055 531
Insurance		487 726	279 912
Library maintenance		152 305	118 236
Maintenance of software		771 553	512 124
Motor vehicle expenses		68 497	76 366
Office equipment rental		647 797	340 265
Office rent and utilities		12 235 489	12 133 972
Printing and stationery		568 684	636 385
Recruitment 405 448 331 769			
SMME business development support		20 977 044	14 559 501
SMME product development		9 220 426	3 598 744
SMME research and development costs		5 622 630	560 137
SMME seminars and training		849 094	1 288 180
SMME sponsorships		10 500	210 000
SMME tooling initiative		3 100 000	-
Severance package		614 716	840 128
Start up assistance		2 075 190	-
Telephone and fax		1 741 344	2 168 843
Training		1 600 251	746 247
Travel - local		85 690	94 887
Travel - overseas		-	150 208
Travel reimbursement		1 283 179	978 398
		<b>72 696 267</b>	<b>48 261 283</b>

## Notes

## Notes

#### HEAD OFFICE

124 Main Street  
Marshalltown  
Johannesburg  
Tel.: +27 11 085 2001  
Fax.: +27 11 388 4010

[www.gep.co.za](http://www.gep.co.za)

#### REGIONAL OFFICES

**Johannesburg**  
7th Floor, 124 Main Street  
Marshalltown  
Johannesburg  
Tel.: +27 11 085 2001  
Fax.: +27 11 388 4010

**Tswane Office**  
Block G,  
333 Grosvenor Street,  
Hatfield Gardens,  
Hatfield  
Tel.: +27 12 323 4203/5

**West Rand Office**  
23 Ellof Street  
Krugersdorp  
Tel.: +27 11 950 9870  
Fax.: +27 11 950 9886

**Sedibeng Regional Offices**  
1st Floor, GEP House  
22 Hertz Boulevard  
Vanderbijlpark  
Tel.: +27 16 910 1200  
Fax.: +27 16 910 1216

**Ekurhuleni Regional Office**  
188 Victoria Street  
Ground Floor  
Cnr Victoria & Spilsbury  
Germiston  
Tel.: +27 11 821 2870  
Fax.: +27 11 821 2886

#### SATELLITE OFFICES

**Bronkhorstspuit Office**  
Lazarus Building  
43 Lanham Street  
Bronkhorstspuit  
Tel.: +27 13 932 3828  
Fax.: +27 13 932 3829

**Mohlakeng Office**  
3521 Ralerata Steet  
Mohlakeng  
Tel.: +27 11 414 1753  
Fax.: +27 11 414 1753

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

**Heidelbug Office**  
Unit 34  
PG Glass Building  
52 Voortrekker Road  
Heidelberg  
Tel.: +27 16 349 2658  
Fax.: +27 16 341 6206

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

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



“

The SMME sector  
is one of the primary driving forces  
for economic growth  
and job creation

”



**economic  
development**

Department: Economic Development  
**GAUTENG PROVINCE**