

Economic Growth through Skills Development



ANNUAL REPORT 2009|2010



higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA



INVESTOR IN PEOPLE

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Vision

We are the premier authority in skills development, exceeding stakeholder expectation in the wholesale and retail sector.

Mission

To contribute to the social and economic development and growth of the country by enabling education and training of the highest quality in the wholesale and retail sector, to the benefit of employers, employees and learners.

Objectives

As part of its overall strategy to foster a life-long learning curve in the sector, W&RSETA pursues the following objectives, which are in line with ASGISA and JIPSA:

- The development of a trained, educated and content employee component, leading to improved productivity;
- Halving poverty and unemployment by year 2014;
- Fast-tracking the provision of priority skills required within the wholesale and retail sector to support accelerated and shared economic growth in South Africa;
- Continually communicating and facilitating the flow of information between relevant stakeholders;
- Transforming the workplace and facilitating affordable and accessible training to meet the needs of the sector and the country;
- Addressing historic imbalances in the development of the people in our society;
- Developing the capacity of companies to implement Skills Development Strategy and policies;
- Focusing on the development of Small, Medium and Micro Enterprises (SMMEs) to provide future employment opportunities in the sector;
- Aligning the W&RSETA's Skills Development Strategy to the National Skills Development Strategy (NSDS) and sector requirements; and
- Encouraging the participation of more employers.

Values and principles

- Strong ethics, integrity and trustworthiness
- Continually treating each other with dignity and respect
- Corporate discipline
- Zealously co-responsible and accountable for the team's efforts
- Thriving on positive and constructive feedback
- Redress and courtesy
- Access to information
- Service standards

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Mr. Ivan Molefe
Board Chairperson

THE CHAIRPERSON'S REPORT

This is a year when the country's motto of 'South Africa – alive with possibility' rings true in the minds of many of us who are proud to be South African. An eventful year is beckoning. Every corner I turn at, I feel the excitement and I see the pride of South Africans who are ready to welcome the world to our beautiful country. Indeed, South Africa is Alive with Possibilities.

The W&RSETA has once again distinguished itself during the year under review. Skills development remains the cornerstone that defines our mandate, and I am proud that the SETA has made serious strides towards fulfilling its mandate. The 2009/10 financial year has been yet another very successful year for the SETA, we not only met most of our performance targets with the Department of Labour (DoL), but also exceeded them significantly with the exception of ABET and New Venture Creation. The SETA has once again received a clean audit report from the Auditor-General for the tenth successive year. The above highlights are a clear indication of how the W&RSETA has performed during the year under review. There is, however, still room for improvement.

It is my pleasure to report that the Board has executed its oversight and fiduciary duty with a great sense of accountability, integrity and transparency in accordance with prescripts of the Public Finance Management Act (PFMA), the Skills Development Act (SDA), the Skills Development Levies Act (SDLA), King III Report as well as relevant regulations. I am confident that the Board has, on behalf of the W&RSETA, fulfilled justly its fiduciary duty to protect and utilise stakeholder funds to the benefit of the sector and the country. All the Board committees were fully functional and carried out their responsibilities as required. The Board met regularly to provide strategic leadership and direction to management to ensure efficient operation of the SETA.

The W&RSETA intends to continue raising the bar in skills development. With the realisation that skills development is important for the economic growth of the country, the W&RSETA will in future look for better ways of developing learning programmes and enhancing training in order to make the sector globally competitive. The South African

retail sector is globalising at an amazing pace with many retailers establishing branches in other African countries. The role and importance of the W&RSETA will be more pronounced as it seeks to put in place measures that will enable the sector to optimise and maximise its returns on the African continent.

This year was also of significance to all the SETAs as we migrated from the Department of Labour (DoL) to the Department of Higher Education and Training (DHET) with effect from 1 November 2009. The migration means that all SETAs, universities, FET colleges and other institutions of higher learning will now be housed under one roof.

The Board awaits the announcement of the new SETA landscape and the introduction of the National Skills Development Strategy (NSDS) III with interest. The Wholesale & Retail SETA submitted an application for re-establishment for the period 1 April 2011 to 31 March 2016. The Minister of Higher Education and Training will gazette the new SETA landscape and the NSDS III by September 2010.

On behalf of the Board, I would like to thank management and all staff for their contribution during the year under review. This year has been one of progress and learning for the organisation. The year ahead will have even greater demands and expectations, and I am confident that excellent delivery will be forthcoming. I would also like to thank Board members for their contribution and ongoing support during the year. The W&RSETA can, and must make a great contribution to South Africa's economic progress. The FIFA World Cup is expected to provide further impetus for the W&RSETA to become, and be seen, as a world leader in its field, having contributed to the success of the event in the country. Let's make it happen.



Ivan Molefe
Board Chairperson



Mr. Joel Dikgole
Chief Executive Officer

THE CHIEF EXECUTIVE OFFICER'S REPORT

Overview

The period under review has been of great significance in the history of the Wholesale and Retail SETA in many ways. It ushered us into the next decade of re-establishment: during the past ten years, the Wholesale and Retail SETA has played a leading role in skills development with the view of advancing the local and global positioning of the wholesale and retail sector. Much ground has been covered by the W&RSETA in its quest to develop skills and as one of the leading SETAs, the W&RSETA has been active in identifying and addressing scarce and critical skills needs in the sector.

The announcement by the Minister of Higher Education and Training that our licence would be extended by one year until 2011 came as a great relief - clearly a sign of the confidence the Minister has in the SETAs. There is no doubt in my mind that when the time for the new SETA landscape and NSDS III arrives, the performance and good governance track record of the W&RSETA will put us in good stead to secure the continuity of the SETA.

The global economic meltdown, spiralling inflation and increasing commodity prices experienced between 2008 and 2009 posed a serious challenge not only to the sustainability of the wholesale and retail sector, but also to the very core, the economic fibre of the country. Although our sector was not severely impacted by these adverse economic conditions as were other sectors, a pinch was nonetheless felt as a result of decreased household spending and disposable income, which invariably led to reduced turnover by the sector and consequently to a number of workers being laid off.

Finally, this period carried us to what is arguably the most important era in the history of South Africa since the first democratic elections in 1994. The FIFA 2010 Soccer World cup brings with it certain milestones for the country and the continent in general. The country will be abuzz with soccer

enthusiasts from all corners of the globe who will arrive to witness the greatest soccer spectacle in the modern world. This excitement equally brings with it challenges as it will place our sector at the centre of satisfying visitors' needs ranging from the buying of gifts and souvenirs to other products.

Performance

Against this backdrop, I regard the period under review as one of the defining moments for the W&RSETA and its sector. The 2009/10 financial year has been very successful for the SETA: the Department of Higher Education and Training (DHET) pegged our performance at 4.6 out of 5, an improvement from the previous financial year's performance score of 4.5. We have not only met our performance targets and service level agreement with DHET, but also exceeded them significantly.

The W&RSETA updated its Sector Skills Plan (SSP) and submitted it to DoL on 31 August 2009. The SSP was accepted and approved by the Department in December 2009. The SSP is an important strategic document for the sector as it outlines the skills gaps in the sector. It also assists the W&RSETA to devise the strategies and interventions to address these gaps; it also forms the nexus of the Service Level Agreement (SLA) between the SETA and the DHET.

The annual update to our scarce and critical skills guide, includes job profiles for ten (10) of the scarce occupations in our sector. The W&RSETA career path framework was also updated to include these occupations, which are in the wholesale and retail sector. Information regarding the sector's learning programmes, as well as all NQF registered qualifications that address scarce skills, was also updated.

A total of 1 220 beneficiaries received the updated W&RSETA Scarce and Critical Skills Guide. These beneficiaries are Skills Development Facilitators (SDF's), career guidance counsellors working at schools and FET colleges throughout the country.

The following are some of the highlights for the year:

- Mandatory grants amounting to R234m were paid out to 5 547 levy paying companies;
- R148m was disbursed in discretionary grants
- 3 148 employed workers successfully completed learning programmes;
- 3 014 unemployed people successfully completed learning programmes;
- 1 656 non-levy paying companies, cooperatives, community-based organisations, and non-governmental organisations were given support;
- 137 graduates were assisted to gain work experience;
- 205 students/graduates were successfully placed in permanent employment; and
- 117 young people were trained and mentored to form new ventures.

Projects

Being a project-driven organisation, W&RSETA placed considerable emphasis on a variety of projects tailored to contribute to the success of the wholesale and retail sector and all those working in our sector. The following were some of the projects implemented during the year under review:

Rural outreach

Through our rural outreach and development endeavours, the W&RSETA engaged training providers of the Eastern Cape the opportunity to train and capacitate informal retail businesses/cooperatives in customer service. It was heartening to receive the support of the traditional leadership to ensure that this project was a success. Our gratitude goes to Chief Ngangenyathi of Ngcengane Great Place and Chief Mavuso of Alice. The close-out workshop, attended by representatives from the Premier's Office and King Sabata Dalindyebo (KSD) municipality, culminated in the issuing of Recognition Letters to 50 informal businesses, 8 cooperatives and 24 non-levy paying companies, which collectively represents 529 beneficiaries.

Grassroots Project

Implemented in partnership with Shoprite Checkers and Grassroots, this project is aimed at capacitating learners to contribute meaningfully in their places of work. The success of the project lies in the fact that learners are taken through a special bridging programme before being placed on a W&RSETA learnership. During the previous year, 30 learners enrolled for the National Certificate: Wholesale and Retail Operations on NQF Level 2. Of the initial 30 learners that started with the project, 22 graduated and were all offered permanent employment by Shoprite Checkers.

Thabo Mbeki Development Trust for disabled people

The Thabo Mbeki Development Trust for disabled people (TMDT) was established primarily to advance the skills needs and create employment opportunities for disabled people. Phase 2 of the project was approved by the W&RSETA Board in 2009 and funded to the tune of R8m for the first intake of 100 learners to take part in a full learnership.

The first intake of 50 learners commenced training in April 2009, and have completed the programme with the graduations expected to take place in July 2010. The second group of 50 learners started in October 2009 and will complete the learnership by end of 2010.

International Leadership Development Programme

The Board endorsed the continuation of the International Leadership Development Programme (ILDP) as a result of the success of the 2009 pilot programme. The pilot programme implemented in 2009 was welcomed with enthusiasm and interest by the sector.

This programme gives international exposure to middle and senior managers from the designated groups of local leading retailers who have been earmarked for promotion to senior or executive management positions. This year's intake of 22 candidates brings the total number of beneficiaries to 37, since inception. The candidates were exposed to best practice by visiting wholesalers and retailers in the United States, Canada as well as in South Africa respectively.

The 2010 programme was enhanced and included a local 'in-market immersion' experience, an extension of the international tour from three to four weeks, as well as a formal learning programme with the Penn State, SMEAL College of Business.

The programme was developed with the contribution of some of our stakeholders that are equally committed to and recognise the need for developing future leaders for our sector. Our key implementation partner for the ILDP is the Immersion Lab.

Ikusasa National Schools Project

The Ikusasa Schools Project aims to expose Grade 12 learners to career opportunities in the sector. The Western Cape pilot project which was run during the previous financial year, proved so successful that Ikusasa was rolled out nationally during 2009/2010. A total of 1 800 learners were recruited nationally to participate in the project.

By 11 December 2009, a total of 1 760 learners (97,7%) had completed their classroom training and were ready for the workplace experience component of the training. One of the highlights was the eagerness of a number of retailers to accommodate the Ikusasa learners at their businesses despite the unfavourable economic conditions

caused by the global recession. Clothing retailer Truworths employed 50 Ikusasa learners on a permanent basis even before training had been completed, praising the calibre and skills of learners who were interviewed.

As at 31 March 2010, 980 learners (75% of those who passed) had been placed on short and long-term contracts. Though the Ikusasa schools project for the period under review officially closed on 31 March 2010, the W&RSETA continues to monitor the progress of the learners who participated. The SETA is looking at further placement opportunities such as sponsored learning programme initiatives during the 2011/12 financial year.

eDeaf skills programmes – phase 2

eDeaf is a project that aims at training people who have hearing impediments so as to make it possible for them to find meaningful employment. The hearing impaired often struggle to find jobs, not due to a lack of ability but rather because they have not been able to access mainstream training.

In response to the NSDS stipulation that 4 % of all learners participating in skills development initiatives should be individuals with disabilities, W&RSETA in association with Shoprite Checkers launched eDeaf in 2008. A total of 40 learners were recruited.

eDeaf consists of four skills programmes. Learners initially complete a skills programme in sales on NQF Level 2 before they move on to the next skills programmes on NQF Levels 3 and 4. All but two learners completed the programme and currently there are 35 learners still on eDeaf.

The project officially ends on 31 September 2010 but registered during the period under review:

the SETA is investigating how and when it can be further expanded and/or improved for the next intake of learners in the following financial year.

The outlook is optimistic: eDeaf has broadened awareness of how a hearing impaired individual can contribute in the wholesale and retail sector and despite initial teething problems, more employers have shown an interest in participating in future projects. Through a process of trial and error and sensitisation of employers and their staff members, an ideal niche has been found for each eDeaf learner. Shoprite Checkers, which has employed all the learners, has reported that eDeaf learners excel in the goods receiving area – so much so that shrinkage has been reduced significantly.

Learning Programme (LP) 08/09

Launched in October 2008, the LP project aimed to train i) 1 000 employed (18.1) learners as well as 1 250 unemployed learners (18.2) by enrolling them on learnerships; ii) to train 1000 employed learners and 2000 unemployed learners by enrolling them on various skills programmes. Thus far, 2 157 learners registered for learnerships (71.8% completion rate) while 2 591 learners registered for skills programmes (72% completion rate).

Qualifications and Learning Programme (QLP)

The W&RSETA continues to develop new qualifications and learning programmes required by the sector. The General Education and Training: Wholesale and Retail Adult Education Training has been approved and registered by SAQA; The application for registration of this qualification as a learnership has been approved by the Department of Higher Education and Training.

The table below is a summation of the qualifications

registered during the period under review:

Qualifications	Qualification ID	Learnerships Title	Registration Number	Level
General Education and Training: Wholesale and Retail Adult Education Training	71750	General Education and Training : Wholesale and Retail Adult Education Training	27Q270030241201	1
Further Education Certificate: Wholesale and Retail Generic Management	63333	Further Education Certificate: Wholesale and Retail Generic Management	27Q270028321504	4
National Certificate: Wholesale and Retail Generic Management	63334	National Certificate: Wholesale and Retail Generic Management	27Q270029281625	5

Education and Training Quality

Assurance (ETQA)

The following have been the highlights of the ETQA department:

- A total of 4 760 learners received nationally recognised certificates ranging from basic retail, retail supervision through to Managing Own and Business Finances;
- A total of 57 skills programmes were approved;
- A total of 107 providers received accreditation, including re-accreditation; and
- A total of 568 assessors were registered, including re-registrations.

Organisational Re-alignment

In order to address the needs of the sector, the W&RSETA implemented a new organisational structure to improve delivery and enhance operational efficiency (Annexure B).

The Chief Officer for Qualifications and Research and the Marketing and Communications Executive were appointed in March 2010 and February 2010 respectively.

In order to facilitate proper implementation of projects, the SETA has established a Projects Support Office. This office assists the SETA to deliver on projects in a most effective and efficient way, using proper principles of project management.

The Board approved strategies to increase the national footprint of the W&RSETA. As a result, the Gauteng Regional Office was split into two, namely Gauteng North based in Tshwane and Gauteng South based in Johannesburg. Plans are underway towards the establishment of regional offices in Kimberley, Rustenburg and Polokwane respectively, which will result in the SETA being fully represented in all nine provinces of the country.

Future Outlook

The W&RSETA looks forward to the implementation of the Recognition of Prior Learning (RPL) conference which is planned for April 2010. The conference aims to bring together relevant stakeholders of the sector such as employers, labour, government, training providers and

academics, under one roof to discuss possible ways of implementing RPL programmes within the wholesale and retail sector.

The conference will create a platform that will enable all stakeholders to discuss the challenges that make it difficult for the RPL to be successfully implemented in the sector. The outcome will be the development of a practical blueprint that will be used by companies to facilitate the uniform implementation of the programme by the sector.

Challenges

Although there has been remarkable progress in addressing skills development in the sector, there are still many challenges that the SETA faces, such as the high learner drop-out rate. Furthermore, appropriate interventions for the informal sector, which employs 1.2 million people, remains a challenge.

Appreciation

Looking back and reflecting on the bigger picture, I am particularly proud that the W&RSETA has carried out its mandate of skills development in the wholesale and retail sector during the past ten years.

I would sincerely like to thank the W&RSETA staff for the spirit of commitment they have displayed in their work. The management team has been exceptionally enterprising in driving our effort to make a significant contribution in the sector.

Furthermore, I would like to thank the Board under the leadership of Mr. Ivan Molefe and Ms. Vikashnee Harbhajan, the Board Chairperson and Deputy Chairperson respectively, for providing strategic leadership and advice to management.

I would like to express my profound gratitude to all our stakeholders whose contribution and participation make it possible for the W&RSETA to be successful. In particular we thank the learners for their dedication and participation in our skills development initiatives.



Joel Dikgole
Chief Executive Officer

PERFORMANCE AGAINST NSDS OBJECTIVES



Senior Management Team: Ms. Daphne Matloa - *Chief Financial Officer*, Dr. Hennie Zwarts - *Chief Operating Officer*, Mr. Joel Dikgole - *Chief Executive Officer* and Mr. Andile Sipengane - *Chief Officer Qualifications and Research*

Reporting information required	Service-Level Agreement (SLA) Target	Actual achievement	Variance	Comments
Success indicator 1.1				
Skills development support national and sectoral growth, development and equity priorities.				
To update the Sector Skills Plan (SSP).	Submit SSP by 31 August 2009	SSP submitted to DHET	N/A	Submitted on time and accepted by DHET.
Success indicator 1.2				
Information on critical skills available to learners. Impact of information dissemination researched, measured and communicated in terms of raising entry, completion and placement of learners.				
Number of persons who carry out skills development facilitation in the use of the guide.	700	1 220	+520	A decision was taken to not only train SDFs but to include career guidance counsellors (teachers), with the approval of Department of Basic Education, on the Scarce and Critical Skills for the sector.
Success indicator 2.1				
By March 2010, employment equity targets of at least 80% of large firms and 60% of medium firms are supported by skills development. Impact on overall equity profile assessed.				
Number of large firms that received Workplace Skills Plan/Annual Training Report (WSP/ATR) Grants for 2009/10 financial year.	290	355	+65	The NSDS requires 80% of the SETA's baseline but our policy is to convince as many large organisations as possible to participate in the submission of WSP/ATRs during the 3 months provided.
Number of medium-sized firms that received Workplace Skills Plan/Annual Training Report grants for 2009/10 financial year.	545	771	+226	The NSDS requires 60% of the SETA's baseline but our policy is to convince as many medium-sized organisations as possible to participate in the submission of WSP/ATRs during the 3 months provided.
Success indicator 2.2				
By March 2010, skills development in at least 40% of small levy paying firms supported and the impact of the support measured.				
Number of small levy-paying firms supported by SETAs for 2009/10 financial year.	3 307	4 421	+1 114	The NSDS requires 40% of the SETA's baseline but our policy is to convince as many small organisations as possible to participate in the submission of WSP/ATRs during the 3 months provided.
Success indicator 2.5				
Annually increasing number of small Black Economic Empowerment (BEE) firms and BEE cooperatives supported by skills development. Progress measured through an annual survey of BEE firms and BEE cooperatives within the sector from the second year onwards. Impact of support measured.				
Number of small BEE firms and BEE cooperatives supported by skills development.	70	696	+626	The need identified in the sector, as in applications received from Regional Offices, exceeded the SLA target set on previous performance and we decided to allocate according to their requests rather than only trying to achieve our target.

Success indicator 2.7				
By March 2010, at least 700 000 workers have achieved ABET levels 1 – 4				
Number of workers registered for ABET levels.	1 000	911	-89	The target was exceeded because of learners who were registered in the previous year.
Number of workers that have achieved ABET levels.	500	362	-138	
Success indicator 2.8				
By March 2010, at least 125 000 workers assisted to enter and at least 50% successfully completed programmes, including learnerships and apprenticeships, leading to basic entry, intermediate and high level scarce skills. Impact of assistance measured.				
Number of workers who have entered learning programmes.	1 000	2 275	+1 275	The need identified in the sector, as in applications received from stakeholders, exceeded the SLA target and we decided to approve a project to address the need rather than only achieving our target.
Number of workers who have completed learning programmes.	500	3 136	+2 636	The target was exceeded because of learners who were registered in the previous year.
Success indicator 3.2				
By March 2010, at least 2 000 non-levy paying enterprises, non-governmental organisation (NGOs), community-based organisations (CBOs), and community-based cooperatives supported by skills development. Impact of support on sustainability measured with a targeted 75% success rate.				
Number of non-levy paying organisations supported by SETAs (NGOs, CBOs, Co-ops).	500	1 656	+1 156	This target was exceeded due to requests from stakeholders via a Discretionary Grant window of opportunity opened to stakeholders; the allocations made, exceeded the target.
Success indicator 4.1				
By March 2010, at least 125 000 unemployed people assisted to enter and at least 50% successfully complete programmes, including learnerships and apprenticeships, leading to basic entry, intermediate and high level scarce skills. Impact of assistance measured.				
Number of unemployed people who have entered learning programmes.	1 750	3 238	+1 488	The need identified in the sector via applications received from stakeholders exceeded the SLA target and we decided to allocate numbers to address the need rather than only achieving our target.
Number of unemployed people who have completed learning programmes.	2 300	2 988	+688	The target was exceeded due to the completion of learners from the previous financial year.
Success indicator 4.2				
100% of learners in critical skills programmes covered by sector agreements from Further Education and Training (FET) and Higher Education and Training (HET) institutions assisted to gain work experience locally or abroad, of whom at least 70% find placement in employment or self-employment.				
Number of learners assisted to gain workplace experience (FET and HET).	0	137	+137	The target on the SLA for this indicator is zero, however, the SETA decided to assist young graduates to obtain workplace experience, hence the numbers achieved.
Number of learners to become self-employment or employed.	0	205	+205	

Success indicator 4.3

By March 2010, at least 10 000 young people trained and mentored to form sustainable new ventures and at least 70% of new ventures in operation 12 months after completion of programme.

Number of young persons trained and mentored to form new ventures.	20	25	+5	The registering of learners on NVC is not a problem, but the completion and sustainability 12 months later is problematic.
Number of new ventures that are sustainable and in operation 12 months after completion of programme.	140	117	-23	This SLA target is based on the 2008/2009 registrations of NVCs. To ensure sustainability (still in operation 12 months after completion of training) is challenging.

Success indicator 5.1

By March 2010, each SETA recognises and supports at least five Institutes of Sectoral or Occupational Excellence (ISOEs) within public and private institutions and through Public Private Partnerships (PPPs) where appropriate, spread as widely as possible geographically for the development of people to attain identified critical occupational skills. Excellence is measured in the number of learners successfully placed in the sector and employer satisfaction ratings of their training.

Number of Institutions of Sectoral or Occupational Excellence recognised and supported by SETAs.	2	3	+1	Based on our policy we can identify an organisation participating in a project as an ISOE. We have selected 3 organisations as our ISOEs for special attention and assistance.
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Success indicator 5.2

By March 2010, each province has at least two provider institutions accredited to manage the delivery of the New Venture Creation qualification. 70% of new ventures still operating after 12 months will be used as a measure of the institutions' success

Number of institutions accredited to manage delivery of New Venture Creation qualifications.	3	4	+1	The number of accredited providers to train learners on the NVC programmes is related to the number of learners participating in the process rather than a set target on the SLA, and is linked to 4.3.
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Success Indicator 5.3

By March 2010, there are measurable improvements in the quality of the service delivery by skills development institutions and those institutions responsible for the implementation of the new National Qualifications Framework (NQF) in support of the NSDS.

To meet all SAQA performance audit requirements.	To comply with the criteria as per guidelines for the ETQAs	Score achieved 2,55	N/A	The maximum score achievable is 3, 0.
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SUCCESS STORIES



Members of the Projects Board Committee:

Mr. Mike Wilson, Mr. Ivan Molefe, Mr. Deon Strydom and Mr. Phillemon Sito

Ten years of success

Our sector employs approximately three (3) million people, split between two (2) million people employed in the formal sector and one (1) million in the informal sector, and contributes about 20% towards formal employment. It is undeniable that for any sector to flourish and be globally competitive, it requires a skilled workforce.

What is important to our SETA is the impact it makes on the advancement of the sector, and this is achieved through diverse and finely focused projects tailored to meet the real skills development needs of its stakeholders.

The following are some of the important achievements of the past ten-year period:

Highlights for the period (2000 – 2010)

- Unqualified audit reports by the Auditor-General for the past ten (10) years.
- Awarded the Good Practice in Skills Development award by Minister of Labour in 2008.
- Launched pre-learnership programme for people with disabilities. Minister of Labour hailed the project as ground-breaking and exemplary to SETAs and government.
- A total of 5 000 participating companies annually.
- Over R469 million was paid in grants to levy-paying small companies.
- Over R350 million was paid in grants to medium-sized companies.
- Over R770 million was paid in grants to large companies.
- 27 162 learners successfully completed learning programmes (learnerships and skills programmes).
- 1 198 learners were assisted to gain work experience through the Work Experience Employment Grant project.
- 741 students or graduates either found permanent employment or became self-employed.
- Over 870 BEE and SMME firms received skills development support.
- 5 169 community based organisations, NGOs, cooperatives, etc, were supported by the W&RSETA.
- 468 young persons were trained and mentored to form new ventures; and
- 189 new ventures are still in operation 12 months after their owners completed the programme.

International Leadership Development Programme (ILDP) Phase 2



The cream of the crop: ILDP 2010 candidates with W&RSETA CEO Mr. Joel Dikgole at the launch of the programme on 2 February 2010

Two of the success stories of the 2009 ILDP alumni are:



Linda Sithole

Mr. Linda Sithole from the Joshua Doore Group (JD Group) was appointed as the Chief Executive Officer of Morkels; a division of the JD Group.

"Being nominated to the ILDP programme was an honour, privilege and a vote of confidence both from the W&RSETA and my company. The programme fulfilled my expectations. We were exposed to and interacted with not only Canada's or USA's best leaders but some of the world's best experts in their fields. This experience gave me an opportunity to add more tools to my leadership tool box".



Vish Singh

Mr. Vish Singh, a candidate from the Smollan Group, was promoted from Regional Manager to Divisional Manager of one of the group's division.

"When my line manager informed me that I had been accepted for the first ever W&RSETA ILPD in North America, I was honoured as I already knew I would not only be representing myself but also my family, company and the rest of the wholesale and retail sector from our beautiful

country. The great news is that I have been promoted to Divisional Manager of Pioneer Foods, a division of the Smollan Group, while on the programme".

Participant feedback 2010 ILDP



Germinah Nyikana

"The ILDP has been a journey of self discovery and of learning about the retail sector and the world. I have learnt so much in this programme that words cannot describe and capture," Germinah Nyikana, Group Skills Development Manager at Clicks Group Limited.

Feedback from our ILDP North American partners

"The pleasure was all ours, it was refreshing to deal with a group of young professionals who are keen to adopt potential new methods and ideas to their own situations and with such enthusiasm," Frank S Keller of Cadillac Fairview Corporation.

Learner feedback - W&RSETA Operations Learnership

"W&RSETA has helped me get my qualification in Wholesale and Retail Operations L2 through a learnership at Shoprite Group. Where I am working, we are from different cultures and so I have learned to work with different people. I got nominated as one of the staff who gives good customer service and that shows that you must never take a customer for granted, always put them first. The learnership programme helped me to gain a qualification and also gave me an opportunity to be employed as I have now been appointed as admin-clerk. Thanks to the W&RSETA and Shoprite I have a job! Thank you." Faith Madubula, Grassroots learner.



Faith Madubula (right) with one of her colleagues

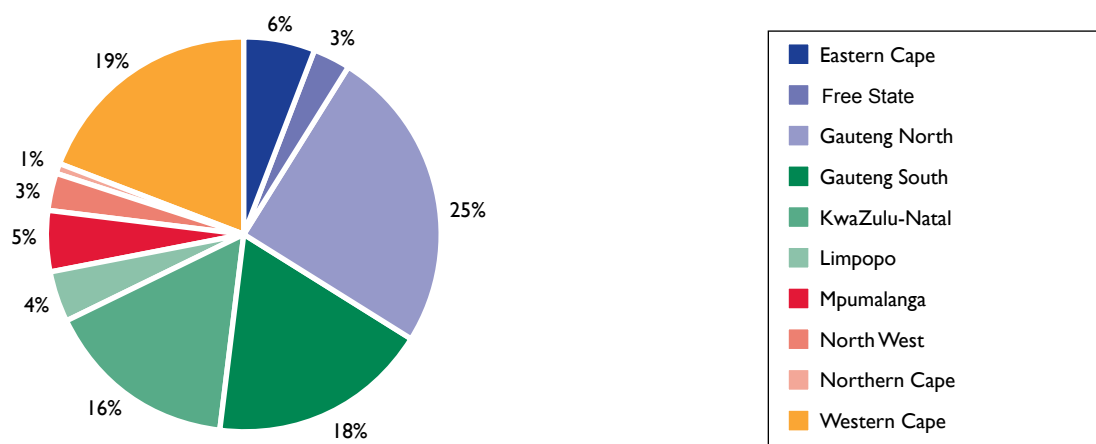
STATISTICS AT A GLANCE



Sisa Ngebulana – CEO of Billion Dollar Group; Ayanda Nogantsi – ILDP Graduate from Builders Warehouse and
Nivy Moodley – W&RSETA Board Member

Number of levy paying companies per region for 2009/10

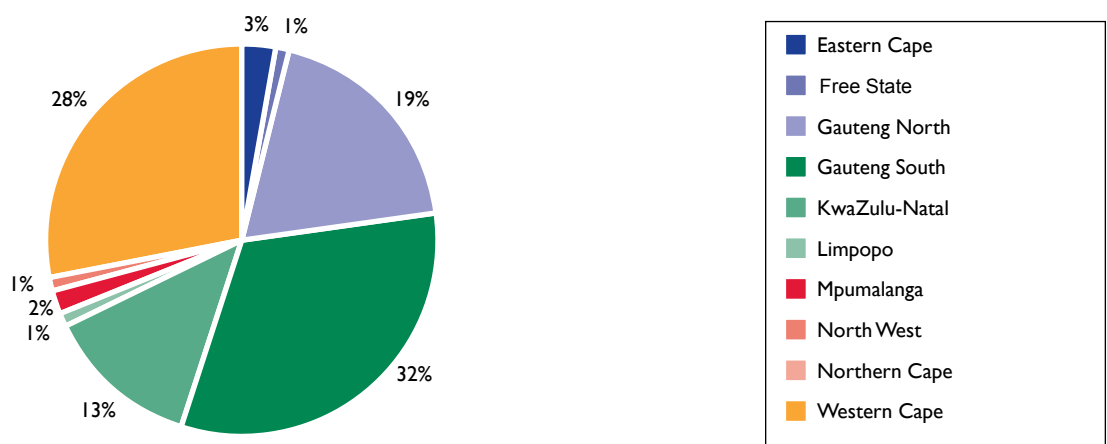
Number of levy paying companies per region for 2009/10



Regions	Small (0-49)	Large (150+)	Medium (50-149)	Grand total
Eastern Cape	529	17	74	620
Free State	293	6	46	345
Gauteng North	2 507	75	249	2 831
Gauteng South	1 741	111	221	2 073
KwaZulu-Natal	1 513	84	206	1 803
Limpopo	372	13	45	430
Mpumalanga	526	11	66	603
North West	314	6	29	349
Northern Cape	145	4	13	162
Western Cape	1 879	82	220	2 181
Grand Total	9 819	409	1 169	11 397

Levies received per region for 2009/10

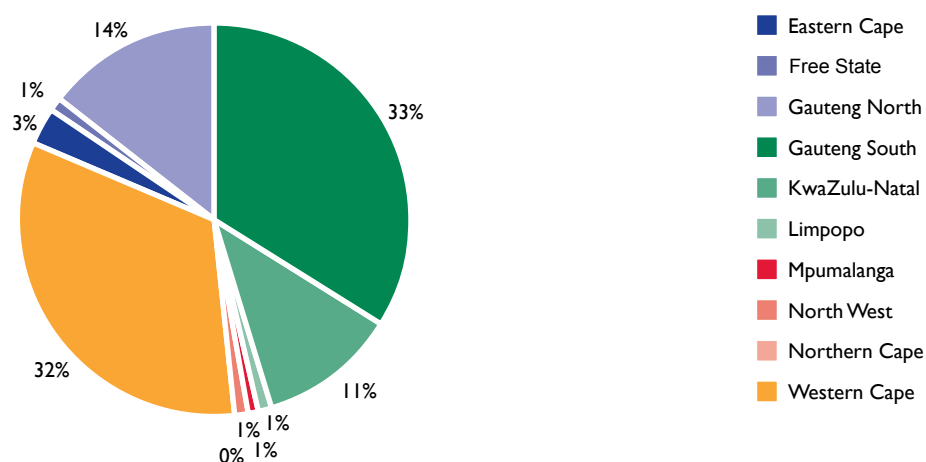
Levies received for 2009/10 per region



Organisation Regions	Small (0-49) (R'000)	Large (150+) (R'000)	Medium (50-149) (R'000)	Grand total (R'000)
Eastern Cape	7 699	2 007	2 774	12 480
Free State	3 399	763	1 417	5 579
Gauteng North	47 707	21 764	17 775	87 246
Gauteng South	35 495	94 060	17 802	147 357
KwaZulu-Natal	22 775	30 000	8 999	61 774
Limpopo	3 612	944	1 602	6 158
Mpumalanga	6 167	1 681	1 997	9 845
North West	3 799	623	1 051	5 473
Northern Cape	1 491	259	372	2 122
Western Cape	29 966	87 117	11 398	128 481
Grand Total	162 110	239 218	65 187	466 515

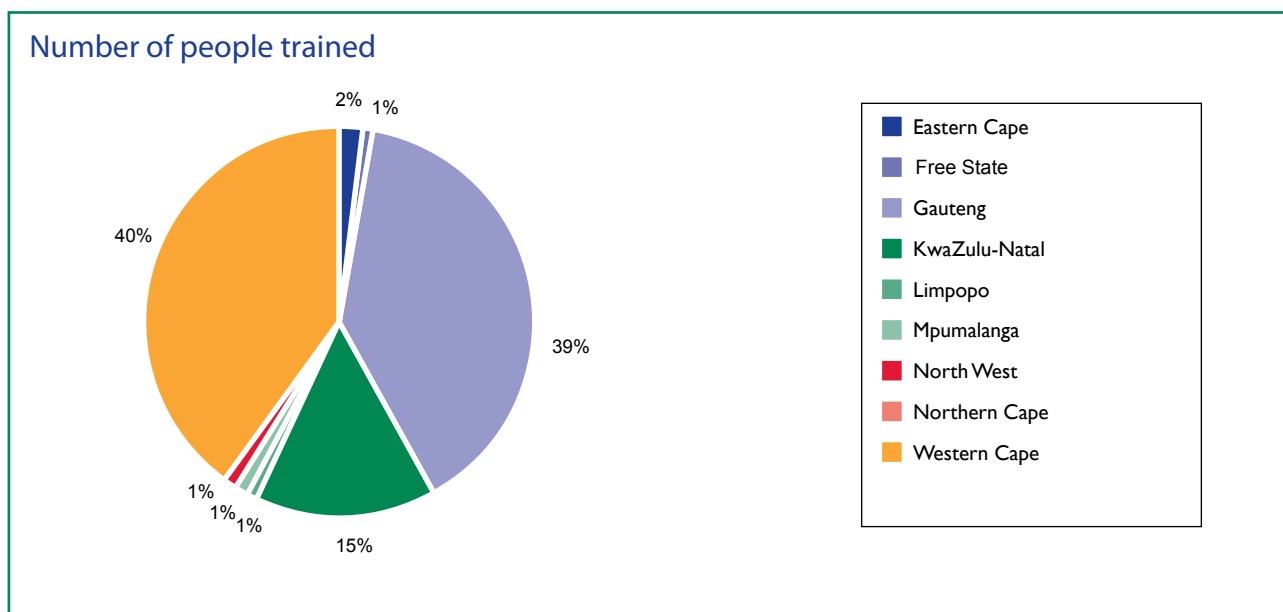
Grants paid per region for 2009/10

Grants paid for 2009/10 per region



Region	Small (0-49) (R'000)	Large (150+) (R'000)	Medium (50-149) (R'000)	Grand total (R'000)
Eastern Cape	3 234	1 265	1 570	6 069
Free State	1 024	473	656	2 153
Gauteng North	14 016	12 102	7 726	33 844
Gauteng South	11 593	58 194	8 684	78 471
KwaZulu-Natal	8 600	18 459	4 915	31 974
Limpopo	755	495	684	1 934
Mpumalanga	1 599	411	757	2 767
North West	991	363	471	1 825
Northern Cape	247	162	24	433
Western Cape	13 552	54 603	6 062	74 217
Grand Total	55 611	146 527	31 549	233 687

Number of people trained per region for 2009/10



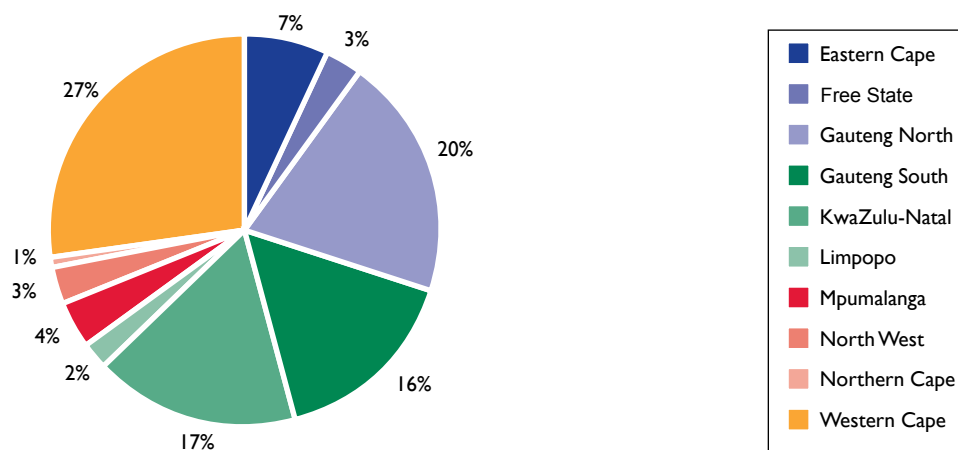
Region	Number of people trained
Eastern Cape	8 859
Free State	4 421
Gauteng North	152 836
Gauteng South	21
KwaZulu-Natal	57 671
Limpopo	4 385
Mpumalanga	3 922
North West	2 897
Northern Cape	1 273
Western Cape	153 759
Grand Total	390 044

Number of people trained per occupational class for 2009/10

Occupational class	Number of people trained
Clerical and administrative workers	47 993
Community and personal service workers	1 957
Elementary workers	29 707
Machinery operators and drivers	26 755
Managers	45 851
Professionals	7 366
Sales workers	221 876
Technicians and traders workers	8 539
Grand Total	390 044

Number of small companies supported for 2009/10

Number of small companies supported

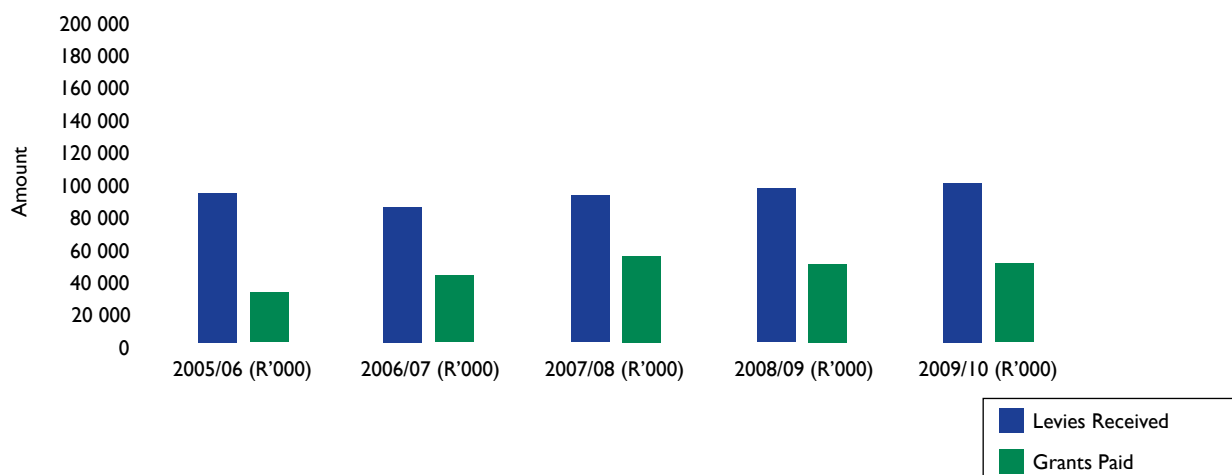


Region	Small (0-49)
Eastern Cape	313
Free State	128
Gauteng North	893
Gauteng South	697
KwaZulu-Natal	772
Limpopo	88
Mpumalanga	160
North West	120
Northern Cape	35
Western Cape	1 215
Grand Total	4 421

Mandatory levy income vs. Mandatory grants for 2009/10

Small Companies

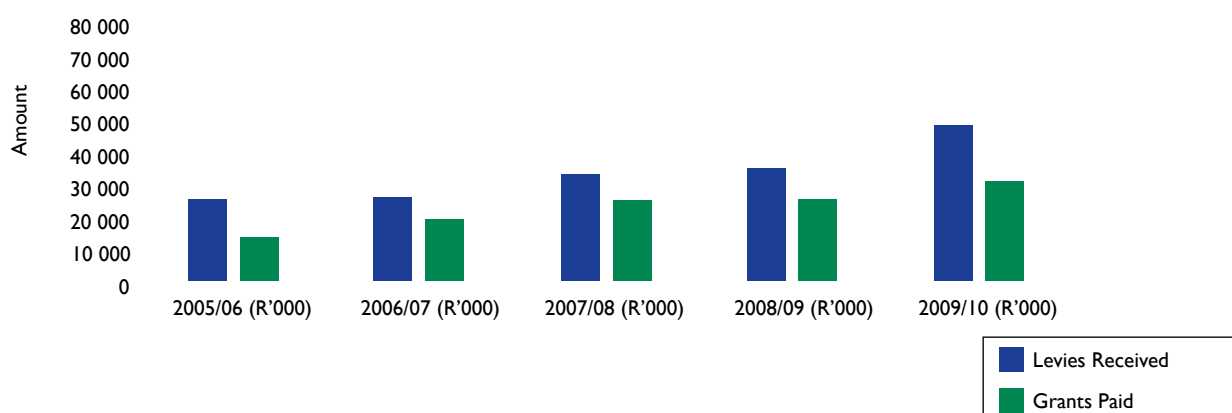
Levy vs Grants paid: Small Category



Category	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2008/09 (R'000)	2009/10 (R'000)
Levies received	94 627	86 316	93 592	98 207	101 411
Grants paid	32 398	42 869	55 077	49 736	55 530
%	34%	50%	59%	51%	55%

Medium Companies

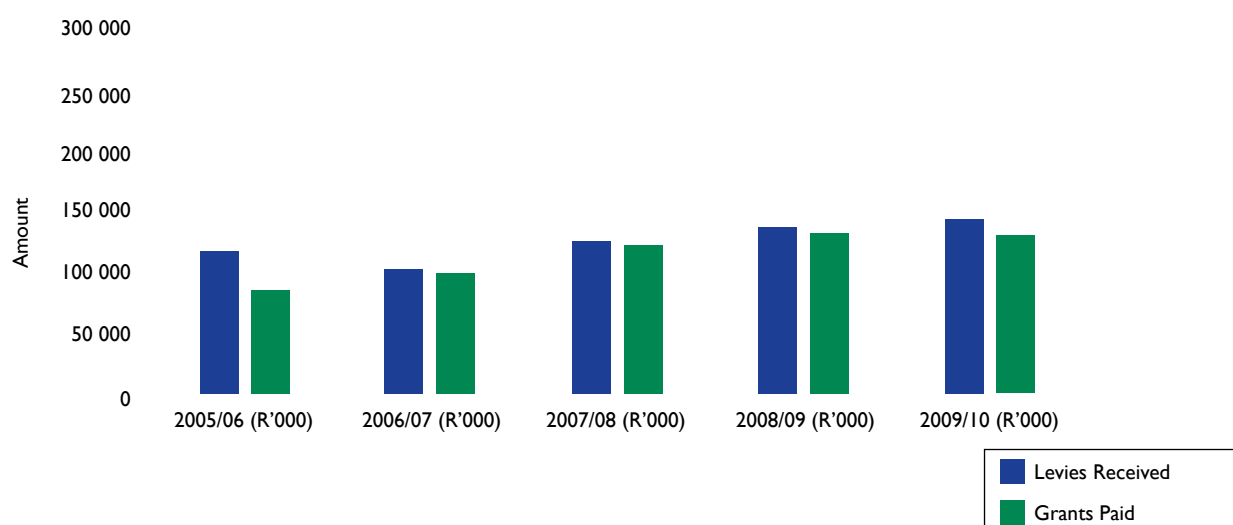
Levy vs Grants paid: Medium Category



Category	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2008/09 (R'000)	2009/10 (R'000)
Levies received	25 755	27 038	33 627	35 874	40 934
Grants paid	14 059	19 212	25 582	26 285	31 530
%	55%	71%	76%	73%	77%

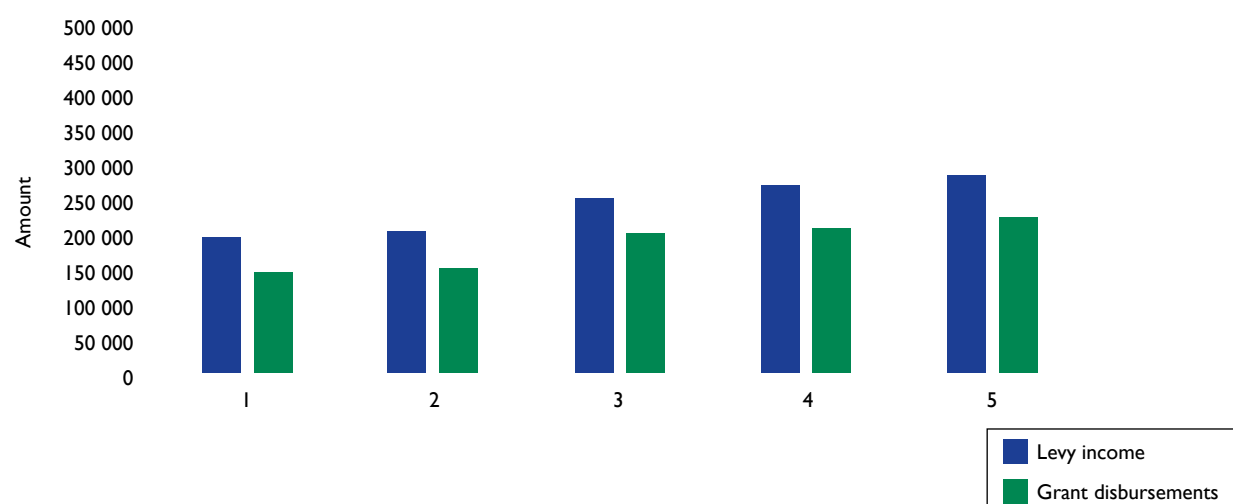
Large Companies

Levy vs Grants paid: Large Category



Category	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2008/09 (R'000)	2009/10 (R'000)
Levies received	119 216	106 747	126 000	139 283	149 227
Grants paid	88 338	102 034	124 032	135 018	146 295
%	74%	96%	98%	97%	98%

Total levies received and disbursed over 5 years



	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2008/09 (R'000)	2009/10 (R'000)
Levy income	197 393	211 925	253 219	273 364	291 572
Grant disbursements	148 455	155 596	204 691	211 040	233 687
Percentage of grant/ levy disbursements	75%	73%	81%	77%	80%
Number of levy paying companies	44 209	53 985	56 713	59 530	62 698

REPORT OF THE AUDIT COMMITTEE



Members of the Audit Committee of the Board: Mr. Protas Phili, Mr. Churchill Mrasi, Mr. Yaswant Gordhan, Mr. Pascalis Mokupo, Ms. Masesi Malope and Mr. Themba Zulu

We are pleased to present our report for the financial year ended 31 March 2010.

Audit Committee Members and Attendance

During the year under review, the audit committee met seven times (7) times. Four (4) of these were joint sessions with the Finance Committee for purposes of the approval of the Annual Financial Statements as well the Audit report for the 2008/09 Financial year.

The audit committee consists of the following members:

Name of Member	Status of the member	Date of Appointment	Number Meetings Attended
Pascal Mokupo	Independent External Member (Chairperson)	02 July 2008	7
Yaswant Gordhan	Independent External Member	02 July 2008	7
Churchill Mrasi	Board Member	10 October 2007	6
Themba Zulu	Board Member	10 October 2007	6
Masesi Malope	Independent External Member	02 July 2008	7
Protas Philo	Independent External Member	02 July 2008	6

Audit Committee responsibility

We report that we have adopted appropriate formal terms of reference in our charter in line with the requirements of Section 77 of the Public Finance Management Act, No. 1 of 1999 (PFMA) and Treasury Regulations 27.1.7 and 27.1.10 (b) and (c). We further report that:

- we conducted our affairs in compliance with the charter;
- monitored compliance to the PFMA;
- reported deficiencies and made appropriate recommendations to the Accounting Authority; and
- monitored the audit coverage and follow-ups on internal audit activities.

The effectiveness of internal control and risk management

The system of internal control applied by W&RSETA over financial and risk management is effective, efficient and transparent.

In line with the PFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This

is achieved by means of the risk management process, and the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditor, the Audit Report on the Annual Financial Statements and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations thereof. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

Evaluation of Financial Statements

We have:

- reviewed and discussed the audited annual financial statements to be included in the annual report with the Auditor-General South Africa and the Accounting Authority;
- reviewed the management report of the Auditor-General of South Africa and management's response thereto; and
- reviewed the W&RSETA's compliance with legal and regulatory provisions

Internal Audit

We are satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the W&RSETA audits.

Auditor-General South Africa

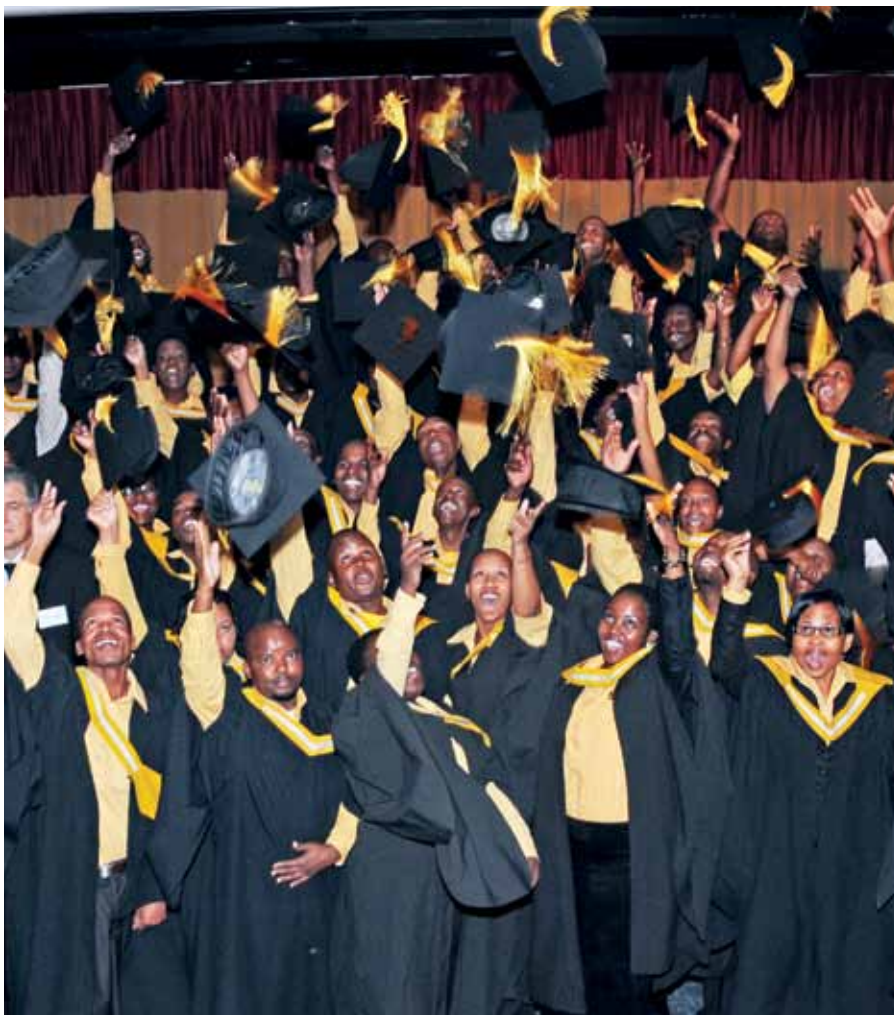
We have met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

We concur with and accept the Auditor-General of South Africa's report on the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted, read together with the report of the Auditor-General.



Pascal Mokupo
Chairperson of the Audit Committee

REPORT OF THE AUDITOR-GENERAL OF SOUTH AFRICA



2009 Builders Warehouse Graduates

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE WHOLESALE AND RETAIL SECTOR EDUCATION AND TRAINING AUTHORITY FOR THE YEAR ENDED 31 MARCH 2010

REPORT ON THE FINANCIAL STATEMENTS

Introduction

I have audited the accompanying financial statements of the Wholesale and Retail Sector Education and Training Authority (W&RSETA), which comprise the statement of financial position as at 31 March 2010, the statement of financial performance, the statement of changes in net assets and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 30 to 63.

Accounting Authority's responsibility for the financial statements

The accounting authority is responsible for the fair presentation of those financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and in the manner required by the Public Finance Management Act of South Africa (PFMA). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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 in the circumstances.

Auditor-General's responsibility

As required by section 188 of the Constitution of South Africa, section 4 of the Public Audit Act of South Africa (PAA) and section 14(6)(a) of the Skills Development Act of South Africa (SDA), my responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with International Standards on Auditing and General Notice 1570 of 2009 issued

in Government Gazette 32 758 of 27 November 2009. Those standards require that I comply with ethical requirements and plan to perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In my opinion, the financial statement present fairly, in all material respects, the financial position of the W&RSETA as at 31 March 2010 and its financial performance and its cash flows for the year then ended, in accordance with the SA Standards of GRAP and in the manner required by the PFMA.

Additional matter

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

Re-licensing

As indicated in the accounting authority's report, the SETAs were established for a five year period until 31 March 2010. However, this license was renewed by the Department of Higher Education and Training until 31 March 2011. A final decision with regard to the new SETA landscape is expected later this year.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the PAA and General Notice 1570 of 2009 issued in Government Gazette 32758 of 27 November 2009, I include below my findings on the report on predetermined objectives, compliance with the PFMA and the SDA, and financial management (internal control).

Findings

Predetermined objectives

No matters to report.

Compliance with laws and regulations

No matters to report.

INTERNAL CONTROL

I considered internal control relevant to my audit of the financial statements and the report on predetermined objectives and compliance with the PFMA and the SDA, but not for the purposes of expressing an opinion on the

effectiveness of internal control. The matters reported are limited to the deficiencies identified during the audit.

No matters to report.

Auditor - General.

Pretoria

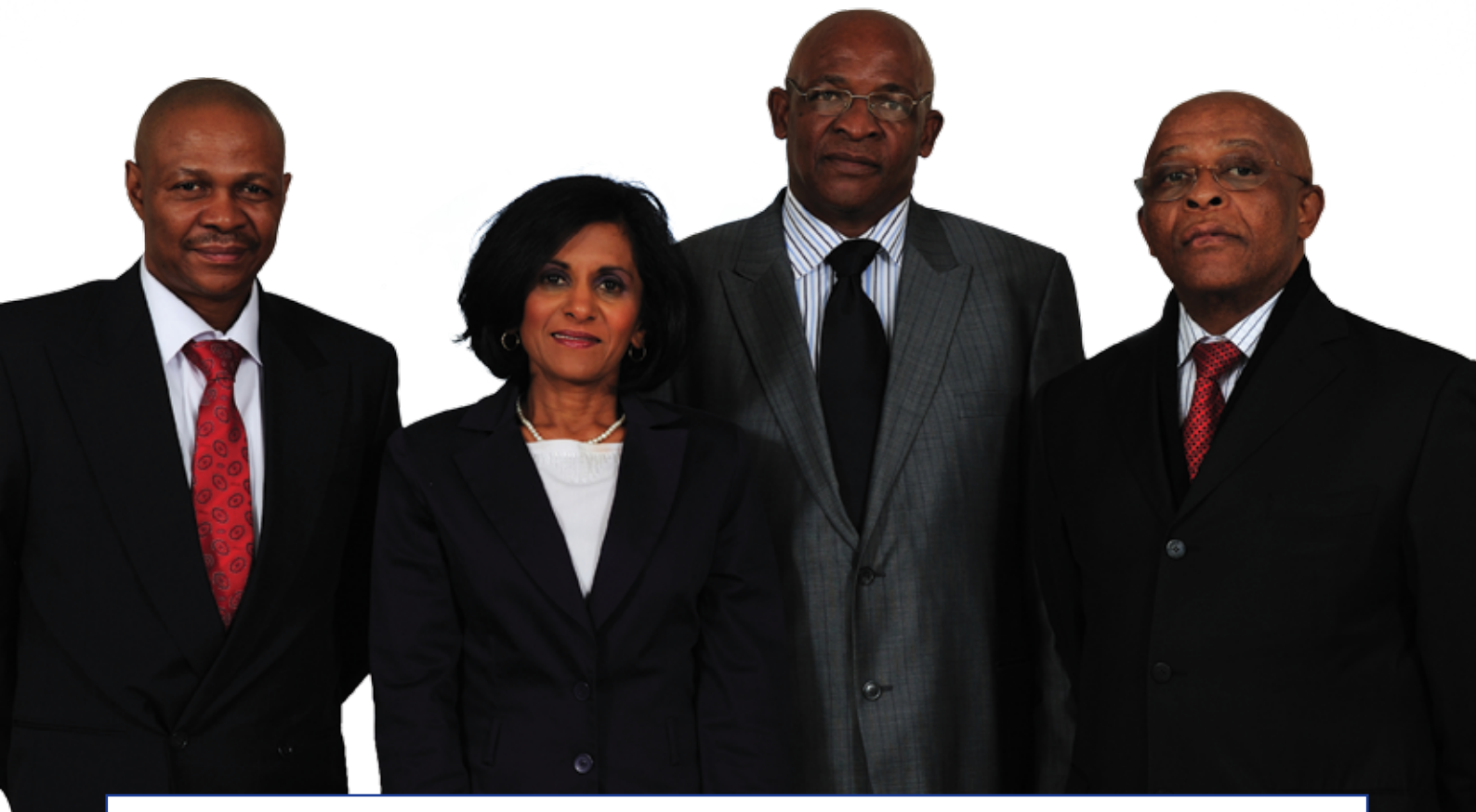
30 July 2010



A U D I T O R - G E N E R A L
S O U T H A F R I C A

Auditing to build public confidence

ANNUAL FINANCIAL STATEMENTS



Member of the Finance Board Committee:

Mr. Phillemon Sito, Ms. Nivy Moodley, Mr. Ivan Molefe and Mr. Thami Skenjana

Financial Statements

For the year ended 31 March 2010

Audited

The Annual Financial Statements for the year ended 31 March 2010, set out on page 30 to 63, have been approved by the Accounting Authority in terms of section 51(1) (f) of the Public Finance Management Act (MPFA), No. 1 of 1999 as amended on 31 May 2009, and signed on their behalf by:



Joel Dikgole
Chief Executive Officer



Ivan Molefe
Board Chairperson

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REPORT OF THE ACCOUNTING AUTHORITY

The 2009/10 financial year was filled with great anxiety amid questions of what the new SETA landscape would look like. We are, therefore, relieved and also encouraged by proposals gazetted by the Minister of Higher Education and Training Dr.Nzimande, to re-establish the W&RSETA for another five (5) years commencing on 1st April 2011 to 31st March 2016.

As the Accounting Authority, we have always been confident that we will continue to exist and service the needs of the wholesale and retail sector beyond the 2010/2011 financial year.

It is an honour to be entrusted once more with the responsibility of ensuring that skills development in the sector continues. We also appreciate the draft NSDS III framework that was proposed by the Minister of Higher Education and Training and was opened up for public debate. This can only mean that the outcome of this process will be a product based on what the country needs and in which the country had an input.

Skills development has always been about transformation and in particular improving skills within the sector resulting in better service and ultimately, the improvement of the country's Gross Domestic Product (GDP). W&RSETA has always been committed to this mandate and has always gone further to look beyond the obvious interpretation of the Service Level Agreement (SLA), in order to implement innovative programmes that enhance skills development.

The migration to Department of Higher Education and Training (DHET) is most welcome as we have always

had an affinity to educational institutions and we've gone further to engage them with a purpose of closing the gap between academic and workplace learning. We can thank the Minister for his philosophy of integrated learning at institutions of higher learning and workplaces. The SETA's Standards Generating Body (SGB) includes several academics from these institutions who contribute the expertise required for the development of relevant qualifications for the sector. This can only spell out our readiness for what is planned for the new era.

We have in past years, capacitated career guidance counsellors in schools to ensure that learners are exposed to careers in the wholesale and retail sector; furthermore, learners will become knowledgeable about scarce and critical skills that exist in the sector.

We've also run programmes for Grade 12 learners with a purpose to widen their scope in terms of careers in the wholesale and retail sector. The outcome of which was "employment" for these Learners during school holidays to gain practical experience.

The International Leadership Development Programme (ILDLP) is one of our flagship projects congruent with the Minister's philosophy. Candidates operating at middle and senior management levels with the potential to operate at a higher level are selected to participate in an intensive leadership development programme. During the past two years, a core group of 37 candidates have successfully completed the programme and are now poised to make a significant contribution in the sector and have also committed to form an alumni organisation which will promote skills development in the sector.



Members of the Board: Front Row – Mr. Mike Wilson, Ms. Vikashnee Harbhajan (Deputy Chairperson), Mr. Joel Dikgole (CEO), Mr. Ivan Molefe (Chairperson), Ms. Nivy Moodley.
Back Row – Ms. Martha Shingange (Board Secretariat), Mr. Thami Skenjana, Mr. Churchill Mrasi, Mr. Deon Strydom, Mr. Themba Zulu, Mr. Fachmy Abrahams, Mr. Mike Tau and Mr. Pillemon Sito

SETA Performance

For the year under review, there was concern about the effects of the economic meltdown on the sector. We did notice a decline in the number of levy paying companies, albeit not a very significant number.

The introduction of the Training Lay off Scheme was greatly welcomed as we believed this could stem the closure of some companies. However by close of the financial year, we had had no response from the sector.

In terms of performance against the Service Level Agreement with the Department of Labour (DoL), the SETA exceeded all the targets with the exception of Adult basic education (ABET) and New venture Creation (NVC) respectively.

Financial performance also improved and we believe we can still do more for our sector in terms of increasing participation of small organisations such that maximum payouts are made in terms of Mandatory Grants.

In terms of Discretionary Grant disbursements, the SETA has done a lot to improve in this area by revising its delivery model to accelerate a reduction of cash reserves. Additional resources and infrastructure has been set up to help resolve the challenge of low cash disbursements.

Levy Income

Levies received for the year are R467m. This is a 6% increase compared to R437m for the 2008/09 financial year. This increase is mainly due to the average salary increases in the sector even though the number of levy paying companies decreased by 15% from 11 380 to 11 324.

Mandatory Grants

During the year under review Mandatory grants have increased by 10% from R211m (2008/09) to R234m for the 2009/10 financial year. Whilst we are pleased with this performance, we will continue to implement new strategies to ensure that the 4000 non participating small organisations are encouraged to participate. We would like to thank those small and medium companies who came on board this year as we noted some increase in these categories, of 2% and 3% respectively.

Discretionary Grants

We are pleased to report that total disbursements of R148m were recorded for the year under review. This performance represents a 78% improvement compared to the R83m disbursed in the previous financial year. The main challenge the SETA faces is the high dropout rate of learners on learnerships and the poor up-take of programmes offered to the sector.

As at the end of the financial year, there were no companies that had applied for grants from the R100m Training Lay-off scheme which was approved by the Board. The scheme was launched by President Jacob Zuma in the face of the economic downturn in 2009.

In order to improve the implementation of projects, we have taken measures to improve the delivery model and have also identified new innovative projects relevant for the sector. Furthermore, in order to address the challenge of the ABET, the SETA has successfully registered an NQF1 General Education and Training Certificate for Adult Basic Education that includes wholesale and retail electives.

Overall, there has been a good performance with regard to our total grant disbursements (Mandatory and Discretionary) in that we are recording a 23% increase better than the previous year (R381m - 09/10; R294m - 08/09). The SETA had budgeted a deficit of R164m based on the approval to roll over funds into the new year. The intention was to increase the disbursements for discretionary projects.

Administration Expenses

During the year under review, actual administration expenses were R52m against the 10% administration allocation of R56m. The SETA thus spent 93% of the statutory 10%. The administration expenditure increased by 12% from R46m to R52m. This increase is due to the new organisational structure that was approved by the Board, over and above the normal salary and inflation related increases. Marketing and communication expenditure also increased to cater for activities aimed at creating awareness of SETA performance and promoting new learning initiatives.

Cash and Cash Equivalents

Cash and cash equivalent balances as at for the end of year under review amounted to R904m. Discretionary reserves balances amounted to R825m. Of this amount R589m (65%) had been committed to projects that are currently being implemented. Subsequent to year end, R107m of commitments were written back due to low uptake in some projects and others being finalised.

Corporate Governance

As the Accounting Authority, we have ensured sound governance in terms of running the affairs of the SETA. We have also ensured that the laid down regulatory, legislative, financial and any other relevant prescripts were complied with. Evidence of this was already alluded to in our report earlier, where we also demonstrated that our administrative costs have stayed within the prescribed 10% as per the Skills Development Levies Act.

At the end of the 2009/10 financial year, the SETA applied to the National Treasury to have the surplus funds rolled over into the 2010/11 year for which permission was granted.

The Audit Committee which includes four external members also performed oversight function to ensure that all the necessary checks and balances are in place.

The relocation of SETAs from the Department of Labour to the Department of Higher Education and Training also provides opportunities for integration of learning

and opportunities for accelerating the development of qualifications from level six (6) to level ten (10). The launch of the new Quality Council for Trades and Occupations (QCTO) is also a major development which will facilitate and streamline all the accreditation of service providers and the evaluation of skills programmes. All these initiatives will also enhance the alignment of workplace learning and formal education at institutions of higher learning. In addition, collaborative programmes with all Educational institutions where bigger projects targeting a bigger pool of learners can be initiated for meaningful impact. We plan to

fast track the development of qualifications for NQF levels 6 to 10 as required by the sector

Board Meetings for the 2009/10 Financial Year

The main Board met seven (7) times, (5 scheduled and 2 special) for the 2009/10 financial year. In addition, there were other sub-committee meetings held as per the schedule of meetings-refer to Annexure A on page 65 of the annual report.

Schedule of Board Fees paid during the 2009/2010 financial period.

	Name of Board Member	Note	2009/10 Amount (R)	2008/09 Amount (R)
1	I. Molefe – Chairperson		92 064	63 600
2	V. Harbhajan – Deputy Chairperson		79 896	55 600
3	T. Skenjana		47 040	31 900
4	T. Zulu		35 616	29 700
5	C. Mrasi		41 664	34 800
6	P. Sito		53 760	51 000
7	F. Abrahams /A Kriel	1 & 2.1	30 140	15 000
8	M. Tau		47 040	27 600
9	D. Strydom		42 792	33 600
10	M. Wilson / N Kehl	1&2.2	30 894	33 000
11	N. Moodley	1 & 2.3	16 800	-
12	L. Kgosana	2.4	7 848	26 900
13	R. Vaphi	2.5	15 456	-
14	G. Mabote	2.6	8 064	11 700
15	N. Kettlele	2.7	4 032	-
	Total meeting attendance fees		498 218	414 400
	Total travel expenses		307 758	203 935
	Total Board Expenses for the 2009/10 financial year		805 976	618 335

Notes:

- Fees paid directly to member's organisation.
- Changes on the Board:
 - A. Kriel resigned in August 2009 and F. Abrahams was appointed;
 - N. Kehl resigned and M. Wilson was appointed in October 2009 as a replacement;
 - N. Moodley was appointed in October 2009 to replace G. Mabote who resigned in October 2009.
 - L. Kgosana resigned from the Board in July 2009 and was replaced by R. Vaphi;
 - R. Vaphi resigned in January 2010 and N. Kettlele was appointed in February 2010.
 - See note 2.3. above.
 - See note 2.5 above.
- The Board and Subcommittees are required to meet quarterly in a year (i.e. at least 4 times) however in certain instances additional meetings had to be scheduled to address urgent or critical SETA matters. This resulted in the increase of fees as well as travel costs for the Board in general.

Remuneration of the Audit Committee (External members)

	Name of Committee Member	2009/10 Amount (R)	2008/09 Amount (R)
1	P. Mokupo (Chairperson)	41 000	29 000
2	M. Malope	38 500	22 000
3	P. Phili	33 000	22 000
4	Y. Gordhan	38 500	27 500
5	C. Mrasi	6 048	5 400
6	T. Zulu	6 048	5 400
	Total attendance fees	151 000	100 500
	Total travel claims	8 839	5 171
	Total paid	159 839	105 671

The Audit Committee had seven (7) meetings this year compared to five (5) in the past year. The additional meetings were for the approval of the Annual Financial Statements and the Audit report for the 2008/09 financial year.

Remuneration for Senior Management

	2009/10 Amount (R)	2008/09 Amount (R)
Chief Executive Officer – T.J. Dikgole		
Basic Salary	1 296 915	1 128 820
Bonus	260 578	207 943
Medical Aid and Provident Fund	108 614	98 595
Travel Allowance	120 000	120 000
Total	1 786 107	1 555 358
Chief Operating Officer – J.H. Zwarts		
Basic Salary	731 912	674 615
Bonus	158 136	137 684
Medical Aid and Provident Fund	81 286	72 374
Travel Allowance	120 000	120 000
Total	1 091 334	1 004 673
Chief Financial Officer – D.M. Matloa		
Basic Salary	758 534	680 000
Bonus	143 880	130 007
Medical Aid and Provident Fund	60 970	54 870
Travel Allowance	50 400	50 400
Total	1 013 784	915 277
Chief Officer Qualifications & Research - A. Sipengane		
Basic Salary	67 342	
Bonus		
Medical Aid and Provident Fund	3 367	
Travel Allowance		
Total	70 709	

NB. A Sipengane was employed as from 1 March 2010.

Conclusion

We are grateful for the contributions the Department of Labour (DoL) made to SETAs during the past 10 years by establishing a solid foundation for skills development in South Africa.

We also salute the honourable Minister, Mr Membathisi Mdladlana for his leadership and the vision he championed to ensure SETAs play a critical role in the economic development of our country. We remember the “skills revolution” he usually referred to in his speeches. The skills revolution is still on and the battle can only be won when every South African can read and write and, most importantly, is empowered with skills to participate meaningfully in the economic development of our country.

As W&RSETA, our sights are set on taking this revolution in the sector to the next level and are aiming to deliver qualifications up to NQF 10 level. This is both challenging and exciting.

Soccer World Cup Tournament

In response to a call to support the soccer world cup tournament and the South African soccer team, the SETA

procured T-Shirts to be worn by its personnel on every Friday. The total cost of these was R46 000 funded from our Marketing and Communications budget.

Events Subsequent to the Statement of Financial Position

The Accounting Authority is not aware of any other matter or circumstances arising since the end of the financial year not otherwise dealt with in the Financial Statements that will have a significant effect on the operations or the financial position of the SETA.

Secondly, we would also like to highlight the fact that we have implemented the Generally Recognised Accounting Principle 1 (GRAP 1) requirement where we report actual revenue and expenditure against budgeted revenue and expenditure. The application is shown in notes 23 and 24 of the Annual Financial Statements.



Ivan Molefe
Chairperson of the Board



Joel Dikgole
Chief Executive Officer

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2010

	Note	2009/10 R'000	2008/09 R'000
REVENUE			
Skills Development Levy: income	2	466 515	437 382
Skills Development Levy: penalties and interest		4 132	2 855
Other losses	4	(213)	-
TOTAL REVENUE		470 434	440 237
EXPENDITURE			
Employer grant and project expenses	5	(381 474)	(293 897)
Administration expenses	6	(52 308)	(45 795)
TOTAL EXPENDITURE		(433 782)	(339 692)
SURPLUS/(DEFICIT) FROM OPERATIONS		36 652	100 545
Interest Income	3	60 854	77 364
NET SURPLUS/(DEFICIT) FOR THE YEAR	1	97 506	177 909

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2010

	Note	2009/10 R'000	2008/09 R'000
ASSETS			
Non-current assets		3 002	3 791
Property, plant and equipment	7,1	2 953	3 707
Intangible Assets	7,2	49	84
Current assets		910 527	777 396
Inventory	13	20	20
Accounts receivable from exchange transactions	8	3 030	5 377
Accounts receivable from non exchange transactions	9	3 304	2 365
VAT receivable		-	1 029
Cash and cash equivalents	10	904 173	768 605
TOTAL ASSETS		913 529	781 187
LIABILITIES			
Current liabilities		84 460	49 624
Accounts payable from exchange transactions	11,1	47 341	37 846
Accounts payable from non exchange transactions	11,2	34 894	10 025
Funds Advanced by National Skills Fund	12	-	34
Provisions	14,1	2 225	1 719
NET ASSETS		829 069	731 563
CAPITAL AND RESERVES		829 069	731 563
Administration reserve		3 002	3 264
Employer grant reserve		1 631	1 150
Discretionary reserve		824 436	727 149
TOTAL NET ASSETS AND LIABILITIES		913 529	781 187

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2010

	Notes	Administration reserve R'000	Employer grant reserve R'000	Discretionary reserve R'000	Unappropriated surplus R'000	Total R'000
Balance at 1 April 2008		3 102	217	549 808	-	553 127
Net surplus per Statement of Financial Performance		-	-	-	177 909	177 909
Allocation of unappropriated surplus		8 820	62 276	106 813	(177 909)	-
Excess reserves transferred to Discretionary reserve		(8 658)	(61 343)	70 001		-
Balance at 31 March 2009		3 264	1 150	726 622	-	731 036
Errors (Prior Period Errors)	20			527		527
Excess reserves transferred to Discretionary reserve						-
Balance at 31 March 2009 restated		3 264	1 150	727 149	-	731 563
Errors (Prior Period Errors)				-		-
Net surplus per Statement of Financial Performance		-	-	-	97 506	97 506
Transfer to capitalisation reserve					-	-
Allocation of unappropriated surplus	1	5 352	59 092	33 062	(97 506)	-
Excess reserves transferred to Discretionary reserve		(5 614)	(58 611)	64 225		-
Balance at 31 March 2010		3 002	1 631	824 436	-	829 069

Administration Reserve consists of the carrying value of Property, Plant and Equipment.

The Employer Grant Reserve is a mandatory grant provision for newly registered member companies participating after the legislative cut-off date.

This is noted under contingencies in note 16.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

	Note	2009/10 R'000	2008/09 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS			
Cash receipts from stakeholders		533 858	515 700
Levies		471 311	439 449
Penalties & Interest		3 709	2 978
Interest received from short-term investments		58 838	73 273
		-	
PAYMENTS			
Total Payments		(397 481)	(342 633)
Mandatory Grants		(229 453)	(215 799)
Discretionary/Project payments		(122 625)	(79 186)
Compensation of employees		(27 421)	(25 060)
Unappropriated surplus paid to National Treasury		-	-
Suppliers and other		(18 977)	(20 878)
NSF Grants Paid	12	(34)	(725)
VAT Receipts/(Payments)		1 029	(985)
Net cash inflow from operating activities	15	136 377	173 067
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of intangible assets		(56)	(84)
Purchase of property, plant and equipment		(753)	(1 138)
Proceeds from disposal of property, plant and equipment		-	-
Property, plant and equipment additions from assets previously not recorded		-	269
Net cash outflow from investing activities		(809)	(953)
Net increase in cash and cash equivalents		135 568	172 114
Cash and cash equivalents at beginning of year		768 605	596 491
Cash and cash equivalents at end of year	10	904 173	768 605

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

1. Basis of preparation

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

The annual financial statements have been prepared in accordance with Statements of General Accepted Accounting Practice and the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) as amended, including any interpretations of such Statements issued by the Accounting Practices Board, with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board replacing the equivalent GAAP Statement as follows:

Standard of GRAP

GRAP 1: Presentation of financial statements

GRAP 2: Cash flow statements

GRAP 3: Accounting policies, changes in accounting estimates and errors

Replaced Statement of GAAP

AC101: Presentation of financial statements

AC118: Cash flow statements

AC103: Accounting policies, changes in accounting estimates and errors

The recognition and measurement principles in the above GRAP and GAAP Statements do not differ or result in material differences in items presented and disclosed in the financial statements. The implementation of GRAP 1, 2 & 3 has resulted in the following significant changes in the presentation of the financial statements:

1.1 Terminology differences:

Standard of GRAP

Statement of financial performance
Statement of financial position
Statement of changes in net assets
Net assets
Surplus/deficit for the period
Accumulated surplus/deficit
Contributions from owners
Distributions to owners
Reporting date

Replaced Statement of GAAP

Income statement
Balance sheet
Statement of changes in equity
Equity
Profit/loss for the period
Retained earnings
Share capital
Dividends
Balance sheet date

1.2 The cash flow statement can only be prepared in accordance with the direct method.

1.3. Specific information such as:

- (a) receivables from non-exchange transactions, including taxes and transfers;
- (b) taxes and transfers payable; and
- (c) trade and other payables from non-exchange transactions must be presented separately on the statement of financial position.

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

Paragraph 11 – 15 of GRAP 1 has not been implemented due the fact that the local and international budget reporting standard is not effective for this financial year. Although the inclusion of budget information would enhance the usefulness of the financial statements, non-disclosure will not affect the objective of the financial statements.

The following GRAP standards have been approved and have been applied in the preparation of the financial statements.

GRAP 9 - Revenue from Exchange

GRAP 12 - Inventories

GRAP 13 - Leases

GRAP 14 - Events after the reporting date

GRAP 17 - Property Plant and Equipment

GRAP 19 - Provisions, Contingent Liabilities and Contingent Assets

GRAP 23 - Revenue from Non-exchange Transactions (Taxes and Transfers)

GRAP 100 - Non-current Assets held for Sale and Discontinued Operations

GRAP 102 - Intangible Assets

The principal accounting policies adopted in the preparation of these financial statements are set out below and are, in all material respects, consistent with those of the previous year, except as otherwise indicated.

The annual financial statements have been prepared on the historical cost basis except where adjusted for present/fair values as required by the respective accounting standards.

1.5 Judgements made by Management

In the application of the SETA's accounting policies management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on past experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

2. Currency

These financial statements are presented in South African Rand since that is the currency in which the majority of the entity transactions are denominated.

3. Revenue recognition

Revenue is measured at fair value of the consideration received or receivable. Revenue is recognised when it is probable that future economic benefits will flow to the enterprise and these benefits can be measured reliably.

The accounting policy for the recognition and measurement of skills development levy income was amended on the basis of a revised interpretation of the the Skills Development Act, Act No 97 of 1998 and the Skills Development Levies Act, Act No 9 of 2001.

The accounting policy now recognises revenue on the receipt of the funds from the Department of Higher Education and Training in the bank account of the SETA or upon allocation of the income, whichever comes first.

The accounting policy is consistent with previous year's policies and disclosures.

3.1 Levy income

In terms of section 3(1) and 3(4) of the Skills Development Levies Act (the Levies Act), 1999 (Act No. 9 of 1999) as amended, registered member companies of the SETA pay a skills development levy of 1% of the total payroll cost to the South African Revenue Services (SARS), who collects the levies on behalf of the Department of Higher Education and Training (DHET). Companies with an annual payroll of less than R500 000 are exempted in accordance with section 4 (b) of the Levies Act as amended, effective 1 August 2005.

80% of skills development levies are paid over to the SETA (net of the 20% contribution to the National Skills Fund).

Skills Development Levy transfers are recognised when it is probable that future benefits will flow to the SETA and these benefits can be measured reliably. This occurs when the Department of Higher Education and Training (DHET)

either makes a payment or an allocation, whichever comes first, as required by Section 8 of the Skills Development Act, 1999(Act No. 9 of 1999).

Revenue is adjusted for inter-SETA transfers due to employers changing from one SETA to another. Such adjustments are separately disclosed as inter-SETA transfers. The amount of the inter-SETA adjustment is calculated according to the most recent Standard Operating Procedure issued by the Department of Higher Education and Training.

When a new employer is transferred to the SETA, the levies transferred by the former SETA are recognised as revenue and allocated to the respective category to maintain its original identity.

3.2 Interest and penalties

Interest and penalties on the skills development levy are recognised when received.

3.3 Funds allocated by the National Skills Fund for Special Projects

Funds transferred by the National Skills Fund (NSF) are accounted for in the financial statements of the SETA as a liability until the related eligible special project expenses are incurred, when the liability is extinguished and revenue recognised.

3.4 Government grants and other donor income

Conditional government grants and other conditional donor funding received are recorded as deferred income when they become receivable and are then recognised as income as and when the conditions are met. Unconditional grants received are recognised when the amounts have been received.

3.5 Investment income

Interest income is accrued on a time proportion basis, taking into account the principal outstanding and the effective interest rate over the period to maturity.

4. Grants and project expenditure

A registered employer may recover a maximum of 50% of its total levy payment as a mandatory grant (excluding interest and penalties) by complying with the criteria in accordance with the Skills Development Act, 1998 SETA Grant Regulations regarding monies received and related matters (the SETA Grant Regulations).

4.1 Mandatory grants

Grants equivalent to 50% of the total levies contributed by employers to the SETA during the corresponding financial period, if the employer meets the criteria in the SETA Grant Regulations.

4.2 Discretionary grant and project expenditure

A SETA may, out of surplus monies and in accordance with criteria as defined in the SETA Grant Regulations, allocate funds to employers and other associations or organisations. The criteria for allocating funds are approved by the SETA Board. Where necessary, it can be required of interested employers, associations or organisations to complete and submit a funding application for consideration and approval by the SETA.

A SETA may allocate discretionary grants to employers who have submitted an application for a discretionary grant in the prescribed form within the agreed upon cut-off period.

Project expenditure comprises:

- costs that relate directly to the specific project;
- costs that are attributable to project activity in general and can be allocated to the project; and
- such other costs as are specifically chargeable to the SETA under the terms of the contract.

Such costs are allocated using methods that are systematic and rational and are applied consistently to all costs having similar characteristics.

Discretionary grant and project costs are recognised as expenses in the period in which they are incurred.

4.3 Retrospective Adjustments by SARS

The SETA refunds amounts to employers in the form of grants, based on information from SARS. Where SARS retrospectively amends the information on levies collected, it may result in grants that have been paid to certain employers that are in excess of the amount the SETA is permitted to have granted to employers. A receivable relating to the overpayment to the employer in earlier periods is raised at the amount of such grant overpayment, net of bad debts and provision for irrecoverable amounts.

5. Irregular and fruitless and wasteful expenditure

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation, including:

- The PFMA, as amended
- The Skills Development Act (the Act), 1998 (Act No. 97 of 1998) as amended

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

All irregular, fruitless and wasteful expenditure is charged against the respective class of expense in the period in which it is incurred.

6. Property, plant and equipment

Property, plant and equipment is stated at cost less any subsequent accumulated depreciation and adjusted for any impairments. Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight line method. Useful lives are reviewed annually as required.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

The gain or loss on disposal of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount and are taken into account in determining operating surplus.

The SETA has reviewed the residual values used for the purposes of depreciation calculations in light of the amended definition of residual value. The review did not highlight any requirement for an adjustment to the residual values used in the current or prior periods. Residual values are reviewed annually.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses or reversals.

Item	Range
- IT equipment	3-6 years
- Office furniture and equipment	10 years
- Office equipment	5 years
- Leasehold improvements	Depreciated over the period of the leasehold property

6.1 Intangible Assets

Intangible assets are stated at cost less any subsequent accumulated depreciation and adjusted for any impairments. Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight line method. Useful lives are reviewed annually as required.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

The gain or loss on disposal of intangible is determined as the difference between the sale proceeds and the carrying amount and are taken into account in determining operating surplus.

The SETA has reviewed the residual values used for the purposes of depreciation calculations in light of the amended definition of residual value. The review did not highlight any requirement for an adjustment to the residual values used in the current or prior periods. Residual values are reviewed annually.

The following rates are used for the amortisation of intangible assets.:

- Intangible Assets 2 years

7. Leasing

Finance leases consistent with the definition set out in the Treasury Regulations refer to a contract that transfers the risks, rewards, rights and obligations incident to ownership to the lessee and is recorded as a purchase of equipment by means of long-term borrowings. All other leases are classified as operating leases.

Payments made under operating leases (leases other than finance leases) are charged to the Statement of Financial Performance on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

8. Provisions

Provisions are recognised when the SETA has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be estimated reliably. Long-term provisions are discounted to net present value.

8.1 Provision for employee entitlements

The cost of employee benefits is recognised during the period in which the employee renders the related service. Employee entitlements are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to reporting date.

Termination benefits are recognised and expensed only when the payment is made.

SETA employees are members of a Defined Contribution scheme and thus no provision for post retirement benefits is made.

9. Grants

9.1 Mandatory grant payments

A liability is recognised for mandatory grant once the specific criteria set out in the SETA Grant Regulations and any additional criteria as approved by the SETA Board has been complied with by member companies. The liability is measured at the net present value of the expected future cash outflow as determined in accordance with the Act. This measurement involves an estimate, based on the amount payable on approved Work Skills Plans.

9.2 Discretionary grant payments

Accruals are made for costs incurred under approved projects at year-end. Projects are separately disclosed under 'approved and contracted for' and those 'approved but not yet contacted for'.

10. Financial instruments

Recognition

Financial assets and financial liabilities are recognised on the SETA's Statement of Financial Position when the SETA becomes a party to the contractual provisions of the instrument.

All "regular way" purchases and sales of financial assets are initially recognised using trade date accounting.

Measurement

Financial instruments are initially measured at fair value.

Financial assets

The SETA's principal financial assets are accounts receivable and cash and cash equivalents.

Accounts and other receivables

Accounts and other receivables are measured at amortised cost using the effective interest rate method. Impair losses are recognised in an allowance account where the carrying value exceeds the present value of estimated future cashflows discounted at the original effective interest rate.

Cash and cash equivalents

Cash and cash equivalents are measured at fair value.

Financial liabilities

The SETA's principal financial liabilities are accounts and other payables. All financial liabilities are measured at amortised cost, comprising original debts less principal payments and amortisations.

Accounts and other payables do not bear interest.

Gains and losses on subsequent measurement

Gains and losses arising from a change in the fair value of financial instruments, are included in net surplus or deficit in the period in which it arises.

Derecognition

A financial asset or a portion thereof is derecognised when the SETA realises the contractual rights to the benefits specified in the contract, the rights expire, and the SETA surrenders those rights or otherwise loses control of the contractual rights that comprise the financial asset. On derecognition, the difference between the carrying amount of the financial asset and the sum of the proceeds receivable and any prior adjustment to reflect the fair value of the asset that had been reported in the net assets is included in net surplus or deficit for the period.

A financial liability or a part thereof is derecognised when the obligation specified in the contract is discharged, cancelled, or expires. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs and the amount paid for it is included in net surplus or deficit for the period.

Fair value considerations

The fair value at which financial instruments are carried at Statement of Financial Position date have been determined using available market values. Where market values are not available, fair values have been calculated by discounting expected future cashflows at prevailing interest rates. The fair values have been estimated using available market information and appropriate valuation methodologies, but are not necessarily indicative of the amounts the SETA could realise in the normal course of business. The carrying amounts of financial assets and liabilities with a maturity of less than one year are based on fair value due to the short-term trading cycle of these items.

Offsetting

Financial assets and financial liabilities are offset if there is an intention to realise the asset and settle the liability simultaneously and a legally enforceable right to set off exists.

11. Reserves

Net Assets are classified based on the restrictions placed on the distribution of monies received in accordance with the SETA Grant Regulations as follows:

- Administration reserve
- Employer grant reserve
- Discretionary reserve
- Unappropriated surplus

Employer levy payments are set aside in terms of the Act and the SETA Grant Regulations for the purpose of:

	2008/09 %	2007/08 %
Administration costs of the SETA	10	10
Mandatory Workplace Skills Grant	50	50
Discretionary grants and projects	20	20
Received by the SETA	80	80

In addition, contributions received from public service employers in the national or provincial spheres of government may be used to fund the SETA's administration costs.

Interest and penalties received from SARS as well as interest received on investments is utilised for discretionary grant projects.

Surplus funds in the administration and unallocated funds in the employer grant reserve are moved to the discretionary fund reserve. Provision is made for mandatory grants payable to newly registered member companies participating after the legislative cut-off date. This mandatory grants provision is defined as an Employer Grant Reserve.

12. Inventory

Inventories are stated as the lower of cost and net realisable value. Cost is determined on a first-in-first-out basis.

13. Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year and restated where there is a change in Accounting policy or correction of errors.

14. Taxation

No provision has been made for taxation, as the SETA is exempt from income tax in terms of Section 10 of the Income Tax Act, 1962 (Act 58 of 1962).

15. Related Party Transactions

Transactions are disclosed as other related party transactions where the SETA has in the normal course of its operations, entered into certain transactions with entities either related to the Department of Labour or which had a nominated representative serving on the SETA Accounting Authority.

Transactions are disclosed as "other related party transactions" where Inter-SETA transactions arise due to movement of employers from one SETA to another.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

1. Allocation of net surplus for the year to reserves:

			Administration reserve	Employer grants reserve	Discretionary reserve		
	Total per Statement of Financial Performance 2008/09 R'000	Total per Statement of Financial Performance 2009/10 R'000	Administration reserve R'000	Mandatory skills grant R'000	Discretionary grants R'000	Projects R'000	Total discretionary R'000
Total revenue	517 601	531 288	57 660	292 779	115 863	64 986	180 849
Skills development levy: income							
Admin levy income (10%)	54 615	57 873	57 873	-	-	-	-
Grant levy income (70%)	382 767	408 642	-	292 779	115 863	-	115 863
Skills Development Levy: penalties and interest	2 855	4 132	-	-	-	4 132	4 132
Investment income	77 364	60 854	-	-	-	60 854	60 854
Other income	-	(213)	(213)	-	-	-	-
Total expenses	339 692	433 782	52 308	233 687	-	147 787	147 787
Administration expenses	45 795	52 308	52 308	-	-	-	-
Employer grants and project expenses	293 897	381 474	-	233 687	-	147 787	147 787
Net (deficit)/ surplus allocated to discretionary reserve	177 909	97 506	5 352	59 092	115 863	(82 801)	33 062

FOR THE YEAR ENDED 31 MARCH 2009

		Administration reserve	Employer grants reserve	Discretionary reserve			
Total per Statement of Financial Performance 2007/08	Total per Statement of Financial Performance 2008/9	Administration reserve	Mandatory skills grant	Discretionary grants	Projects	Total discretionary	
R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Total revenue	451 762	517 601	54 615	273 316	109 451	80 219	189 670
Skills development levy: income							
Admin levy income (10%)	49 810	54 615	54 615	-	-		
Grant levy income (70%)	348 832	382 767	-	273 316	109 451		109 451
Skills Development Levy: penalties and interest from non exchange	2 664	2 855	-	-	-	2 855	2 855
Investment income	50 446	77 364	-	-	-	77 364	77 364
Other income	10	-	-	-	-	-	
Total expenses	345 145	339 692	45 795	211 040	-	82 857	82 857
Administration expenses	43 189	45 795	45 795	-	-	-	-
Employer grants and project expenses	301 956	293 897	-	211 040	-	82 857	82 857
Net (deficit) /surplus allocated to discretionary reserve	106 617	177 909	8 820	62 276	109 451	(2 638)	106 813

2. Skills Development Levy Income

The total levy income per the Statement of Financial Performance is as follows:

Levy income: Administration

Levies received

Levies received from SARS

Inter-SETA transfers in

Inter-SETA transfers out

Levy income: Employer Grants

Levies received

Levies received from SARS

Inter-SETA transfers in

Inter-SETA transfers out

Levy income: Discretionary Grants

Levies received

Levies received from SARS

Inter-SETA transfers in

Inter-SETA transfers out

3. Interest Income

Interest income

Accrued

Received

4. Other losses

Impairment loss

5. Employer Grant and Project Expenses

Mandatory grants

Project expenditure / Discretionary funds

2009/10 R'000	2008/09 R'000
57 873	54 615
57 873	54 615
57 878	54 591
(5)	217
-	(193)
292 779	273 316
292 779	273 316
291 921	273 140
1 613	1 089
(755)	(913)
115 863	109 451
115 863	109 451
115 659	109 398
538	435
(334)	(382)
466 515	437 382
60 854	77 364
2 433	4 449
58 421	72 915
60 854	77 364
(213)	-
(213)	-

233 687	211 040
147 787	82 857
381 474	293 897

17,1

6. Administration Expenses

	2009/10 R'000	2008/09 R'000
Depreciation and Amortisation	1 385	1 060
Operating lease rentals (minimum lease payments)	3 463	3 359
Buildings	3 205	3 179
Plant, machinery and equipment	258	180
Maintenance, repairs and running costs	218	67
Property and buildings	152	54
Other	66	13
Research and development costs	94	-
Advertising, marketing and promotions, communication	2 202	698
Consultancy and service provider fees	5 061	5 613
Legal fees	876	830
Cost of employment	29 122	25 078
Travel and subsistence	2 225	1 416
Staff training and development	825	825
Remuneration to members of the accounting authority	1 058	780
External auditor's remuneration	1 481	661
Audit fees	1 481	661
Bad debts written off	5	
Allowance for doubtful debts	(922)	420
Other	5 428	4 988
Other expenses	3 463	3 258
Telephone & Data Lines	1 025	975
Insurance Premiums	397	302
Postage & Couriers	388	357
Cleaning contract & services	86	80
Workshops	69	16
	52 521	45 795

6,1

6.1 Cost of employment

Salaries and wages	26 711	23 219
Basic salaries	22 246	20 016
Performance awards	4 317	3 076
Leave payments	144	113
Overtime payments	4	14
Social contributions	2 411	1 859
Medical aid contributions	798	690
Provident Fund contributions	845	652
UIF	115	106
Insurance	374	336
Other salary related costs	279	75
	29 122	25 078
Average number of employees	96	91

Refer to the report by the Accounting Authority for disclosure concerning the emoluments of members of the accounting authority, the Chief Executive Officer, the Chief Operating Officer and the Chief Financial Officer.

7.1 Property, plant and equipment

Year ended 31 March 2010

Leasehold Improvements
Computer equipment
Office furniture and fittings
Office equipment

Balance at end of period

Made up as follows:

- Owned assets

Year ended 31 March 2009

Leasehold Improvements
Computer equipment
Computer software
Office furniture and fittings
Office equipment

Balance at end of period

Made up as follows:

- Owned assets

	Restated	Restated
Cost	Accumulated depreciation/ impairment	Closing carrying amount
R'000	R'000	R'000
1 250	(1 210)	40
2 870	(1 597)	1 273
2 592	(1 414)	1 178
737	(275)	462
7 449	(4 496)	2 953
7 449	(4 496)	2 953
1 250	(1 164)	86
3 390	(1 709)	1 681
-	-	-
2 659	(1 112)	1 547
540	(147)	393
7 839	(4 132)	3 707
7 839	(4 132)	3 707

Property, plant and equipment of R3 036 000 (2009: R3 707 000) at 31 March 2010 is stated at cost less accumulated depreciation and impairment losses. Estimates are used in the determination of the useful lives, residual values and the expected pattern of consumption of the future economic benefits embodied in the assets.

Movement summary 2010

Movement summary 2010				Restated		Restated	Restated
	Carrying amount 2009	Additions	Disposals at cost	Depreciation charge	Accumulated Depreciation on Disposals	Impairment loss	Carrying amount 2010
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Leasehold improvements	84	-	-	(45)	-	-	39
Computer equipment	1 677	523	(361)	(774)	361	(153)	1 273
Office furniture and fittings	1 555	32	-	(349)	-	(60)	1 178
Office equipment	391	198	-	(126)	-	-	463
Balance at end of period	3 707	753	(361)	(1 294)	361	(213)	2 953

Movement summary 2009				Restated		Restated	Restated
	Carrying amount 2008	Additions	Disposals at cost	Depreciation charge	Accumulated Depreciation on Disposals	Impairment loss	Carrying amount 2009
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Leasehold improvements	132	45	-	(93)	-	-	84
Computer equipment	1 079	962	-	(364)	-	-	1 677
Office furniture and fittings	1 759	29	-	(233)	-	-	1 555
Office equipment	126	102	-	163	-	-	391
Balance at end of period	3 096	1 138	-	(527)	-	-	3 707

7.2 Intangible assets

Year ended 31 March 2010

Intangible Assets

Cost	Accumulated amortisation/ impairment	Closing carrying amount
R'000	R'000	R'000
525	(476)	49

Year ended 31 March 2009

Intangible Assets

469	(385)	84
-----	--------	----

Movement summary 2010

Year ended 31 March 2010

Intangible Assets

Carrying amount 2009	Additions	Disposals	Depreciation/ Amortisation charge	Impairment losses (recognised)/ reversed	Carrying amount 2010
R'000	R'000	R'000	R'000	R'000	R'000
84	56	-	(91)	-	49

Movement summary 2009

Year ended 31 March 2009

Intangible Assets

Carrying amount 2008	Additions	Disposals	Depreciation/ Amortisation charge	Depreciation/ Amortisation charge	Carrying amount 2009
R'000	R'000	R'000	R'000	R'000	R'000
6	84	-	(6)	-	84

8. Accounts receivable from exchange transactions

Deposits
Interest receivable
Staff debtors
Other debtors

2009/10 R'000	2008/09 R'000
416	235
2 433	4 450
105	86
76	606
3 030	5 377

9. Accounts receivable from non exchange transactions

		2009/10 R'000	2008/09 R'000
Inter-SETA debtors	21	1 800	1 393
Employer receivable		1 873	2 263
Allowance for doubtful debts		(369)	(1 291)
		3 304	2 365

10. Cash and cash equivalents

	2009/10 R'000	2008/09 R'000
Cash at bank and in hand	47 428	28 129
Cash at bank	47 416	28 123
Cash on hand	12	6
Short-term investments/instruments	856 745	740 476
Cash and cash equivalents at end of year	904 173	768 605

As required in Treasury Regulation 31.2, National Treasury approved the banks where the bank accounts are held. The weighted average interest rate on short-term bank deposits was 6.50% (2009: 9.50%).

The Skills Development Act Regulations state that a SETA may, if not otherwise specified by the Public Finance Management Act, invest the moneys in accordance with the investment policy approved by the relevant SETA.

Treasury Regulation 31.3 requires that, unless exempted by the National Treasury, the SETA as a public entity that is listed in Schedule 3A of the Act must invest surplus funds with the Corporation for Public Deposits.

As the SETA was exempted by the National Treasury from the requirement of Treasury Regulation 31.3 to invest surplus funds with the Corporation for Public Deposits, surplus funds were invested in line with an investment policy as required by Treasury Regulation 31.3.5.

In terms of the PFMA, all surplus funds as at year end may be forfeited to National Treasury should an application for retention of surplus funds be denied. We submitted an application on 31 May 2010 to the Department of Labour for the retention of surplus funds.

11. Accounts payable**11.1 FROM NON-EXCHANGE TRANSACTIONS**

		2009/10 R'000	2008/09 R'000
Skills development grants payable - mandatory		20 107	19 178
Skills development grants payable - discretionary			
Project creditors		8 904	4 616
Inter-SETA payables	21	1 128	1 124
Amounts payable to Small Companies	11,3	17 040	11 783
Employer payable		162	1 145
		47 341	37 846

11.2 FROM EXCHANGE TRANSACTIONS

Service provider fees outstanding
Sundry payables
Trade creditors
Other - accrued expenses

2009/10 R'000	2008/09 R'000
-	-
34 894	10 025
887	1 167
34 007	8 858
34 894	10 025

11.3 Amounts payable to Small Companies

Opening carrying amount
Amounts incorrectly received as Skills Development Levies
Change in estimate

Closing carrying amount

2009/10 R'000	2008/09 R'000
11 783	9 403
-	-
5 257	2 380
17 040	11 783

12. Funds advanced by National Skills Fund:

Opening balance
Interest received
Paid to NSF
Closing balance

2009/10 R'000	2008/09 R'000
34	759
-	34
(34)	(759)
-	34

13. Inventory

Consumables

2009/10 R'000	2008/09 R'000
20	20
20	20

14. Provisions

	Employee bonus provision	2009/10 R'000	2008/09 R'000
14,1 Open carrying amount	1 719	1 719	1 758
Amounts utilised	(3 581)	(3 581)	(1 799)
Change in estimate	4 087	4 087	1 760
Closing carrying amount	2 225	2 225	1 719
14,2 Current	2 225	2 225	1 719
Total	2 225	2 225	1 719

The bonus provision is calculated using the cost of employment, and is based on individual performance.

15. Reconciliation of net cash flow from operating activities to net surplus/(deficit)

	2009/10 R'000	2008/09 R'000
Net surplus/(deficit) as per Statement of Financial Performance	97 506	177 909
Adjusted for non-cash movements:		
Depreciation and Amortisation	1 385	1 060
(Profit)/loss on disposal of property, plant and equipment	213	-
Impairment losses on property, plant and equipment recognised/(reversed)	-	(269)
Bad debts write off	5	-
Increase/(decrease) in provision for doubtful debts	(922)	411
Increase/(decrease) in provisions relating to employment	1 557	(39)
Adjusted for working capital changes:		
Movement on NSF Fund	(34)	(725)
(Increase)/decrease on inventories	-	(15)
(Increase)/decrease on payables from non exchange transaction	9 495	(2 127)
(Increase)/decrease on payables from exchange transaction	23 813	3 477
Increase/(decrease) on receivables from non exchange transactions	(17)	(895)
(Increase)/decrease on receivables from exchange transaction	2 347	(4 735)
Decrease in VAT receivable	1 029	(985)
Cash generated from/(utilised in) operations	136 377	173 067

16. Contingent liabilities

There is litigation over a claim for VAT of R219 000 by a company for which VAT was not indicated on the invoice. Litigation has been ongoing for over 2 years.

An Employer Grant Reserve of R1,63m which is a mandatory grant provision for newly registered member companies participating after the legislative cut-off.

17. Commitments

17.1 Discretionary reserve

Of the balance of R824 245 000 available in the Discretionary reserve at the end of March 2010, R588 848 000 was allocated to projects. The R588 848 000 is made up of R364 659 000, approved and contracted for under skills priorities as set out below. A further amount of R224,189million included in R588.848million, was approved before year-end but had not yet been contracted for. This is set out in note 17.2 below.

	Notes	Opening balance 2008/09 R'000	Approved by Accounting Authority 07/08 R'000	Adjustment	Utilised R'000	Opening balance 2009/10 R'000	Approved by Accounting Authority 09/10 R'000	Adjustment R'000	Utilised R'000	Closing balance 09/10 R'000
JIP		7 184			(623)	6 561			518	6 043
Capacity building Unions		1 736			(523)	1 213			50	1 163
Critical skills shortages		1 022			-	1 022			-	1 022
Learnerships		18 650		(15)	(14 442)	4 193			1 115	3 078
Investors In People		1 849			(558)	1 291			227	1 064
Discretionary Grant		5 549			(52)	5 497			1	5 496
New Venture Creation-Massmart		1 666			(28)	1 638			6	1 632
Pick & Pay		3 070		1 190	(159)	4 101			90	4 011
Score		2 261			-	2 261			1 435	826
Boxer		3 379			(1 382)	1 997			921	1 076
SDF Training & Capacitation		5 420			-	5 420			6	5 414
ABET		15 381			(2 250)	13 131			643	12 488
Learning Programmes (L/Ships & Skills Prog)		37 601			(11 827)	25 774			7 009	18 765
Workplace Experience & Employment Grant		2 691			-	2 691			-	2 691
New Venture Creation		2 604			(145)	2 459			1 050	1 409
Workplace Experience - Scarce & Critical Skills WEEG		12 516			(4 338)	8 178			2 769	5 409
Fedcrow		394			(350)	44			-	44
QMS		819			(310)	509			58	451
Voucher SMME		2 651			(1 147)	1 504			-	1 504
SEDA New Venture Creation (SMME)		4 560	456		(3 091)	1 925			735	1 190
Pilot Assessor Training (ETQA)		581			(287)	294			294	-
Grassroots Learnership		1 080		274	(691)	663			370	293
Edcon Learnership		8 851			(32)	8 819			6 248	2 571
SSP 2008/2009 Update		-	1 263		(667)	596			-	596
WSP/ATR 2008/2009 for SMEs		-	6 270		(4 611)	1 659			-	1 659

Learning Programs 0809 (LP0809) (2) ABET 2008/2009 Skills Programme Matrix Project Thabo Mbeki Development Programme Phase 2 International Leadership Development Program eDeaf Skills Programme Project Smoolan Special Project Craft SMMME Development Project New WSP and OFO code rollout 2008/2009 Scarce and Criticl Skills guide 2009 WVSP/ATR project 2009/2010 New venture creation 2009/10 Scarce and Critical Skills Guide Project Update 2009/10 SMMME Voucher Training System Kha ri Gude Abet BEE Baseline study Triple L Academy ABET AAT Project Non-sponsored Learnership Shoprite Retail Skills Project 2009 Ikusasa National Project eDeaf Skills Programme Project 2 Free State DPW New Venture Creation International Leadership Development Program 2 WRSETA Training Layoff Scheme CTFL Training Layoff scheme WRSETA and CTFL WRSETA and FASSET Learning Programme 2010/2011 WSP/ATR 2010/2011 Project Regional projects Limpopo Regional Projects Western Cape Regional Projects Gauteng South Regional projects Gauteng North Regional Projects NCFSNW Regional Projects Eastern Cape Regional Projects KZN Regional Projects	-	82 839	19 933	(19 218)	83 554				46 810	36 744
	-	17 554		(899)	16 655				1 008	15 647
	-	251		(29)	222				-	222
	-	8 008		-	8 008				5 258	2 750
	-	3 309		(3 143)	166				1 059	-
	-	1 946		(1 466)	480				424	329
	-	7 896		(2 475)	5 421				2 253	3 168
	-	2 037		(857)	1 180				1 008	172
	-	861		(211)	650				4	646
	-	2 310		(4)	2 306				339	1 967
	-	14 385		(85)	14 300				4 786	9 514
	-	4 075		(1)	4 074				23	4 051
									666	2 196
									2 682	48 372
									-	748
									122	28
									2 263	11 437
									1 110	3 410
									37	88
									19 437	10 262
									9 977	5 237
									3 281	2 348
									4 040	4 037
									10 200	3 536
									100 000	99 547
									20 000	20 000
									5 000	3 000
									10 000	10 000
									100 654	100 591
									8 000	7 944
									11 762	11 762
									14 761	9 324
									27 657	22 953
								38 484	28 008	
								2 629	298	
								5 106	3 471	
								4 210	2 027	
								26 654	23 117	
5,1	141 516	153 460	21 382	(75 901)	240 457	496 178	-	147 787	588 848	

17.2 *Approved but not contracted for*

The following projects were approved in 2009/10 but were not contracted for:

Learning Programme 10/11

W&R SETA Training Layoff Scheme

CTFL Training Layoff Scheme

New Venture Creation

R'000
100 591
99 547
20 000
4 051
224 189

The above projects are included in note 17.1 above.

17.3 *Operating Leases*

Total of future minimum lease payments under non-cancellable leases:

Not later than one year

Later than one year and not later than five years

2009/10 R'000	2008/09 R'000
2 944	3 018
-	2 590
2 944	5 608

The operating lease relates to photocopier machines and office accommodation . The lease agreements for office accommodation will expire between 2010 and 2012. No provision was made for an option to renew the leases on expiry. The rentals escalate annually by 10% on the anniversary dates. The lease agreement for the photocopier machines were entered into effective 31 July 2004 and will expire on 1 September 2009. The rental has no escalation clause.

18. **Material losses through criminal conduct, irregular, fruitless and wasteful expenditure**

Fruitless and wasteful expenditure

No material losses were incurred as a result of criminal conduct. In addition, no amounts were spent irregularly or through wasteful action.

19. **Financial instruments**

In the course of the SETA operations it is exposed to interest rate, credit, liquidity and market risk. The SETA has developed a comprehensive risk strategy in terms of TR 28.1 in order to monitor and control these risks. The risk management process relating to each of these risks is discussed under the headings below.

	Floating rate		Fixed Rate			Non-interest bearing		TOTAL R'000
	Amount R'000	Effective interest rate	Amount R'000	Weighted average effective interest rate %	Weighted average period for which the rate is fixed in years	Amount R'000	Weighted average period until maturity in years	
Year ended 31 March 2010								
Assets								
Investments								-
Loans								-
Cash	904 173	6,50%				-		904 173
Accounts receivable						-		-
Total financial assets	904 173	-	-		-	-	-	904 173
Liabilities								
Borrowings								-
Accounts payable						(47 341)		(47 341)
Bank overdraft								-
Total financial liabilities	-	-	-	-	-	(47 341)	-	(47 341)
Year ended 31 March 2009								
Total financial assets	768 605					2 365		770 970
Total financial liabilities	-		-			(37 846)		(37 846)
	768 605		-			(35 481)		733 124

Credit risk

Financial assets, which potentially subject the SETA to the risk of non performance by counter parties and thereby subject to credit concentrations of credit risk, consist mainly of cash and cash equivalents, investments and accounts receivable. The SETA manages to limit its treasury counter-party exposure by only dealing with well-established financial institutions approved by National Treasury. The SETA's exposure is continuously monitored by the accounting authority.

The SETA does not have any material exposure to any individual or counter-party. The SETA's concentration of credit risk is limited to the wholesale and retail industry in which the SETA operates. No events occurred in the wholesale and retail industry during the financial year that may have an impact on the accounts receivable that has not been adequately provided for. The SETA is exposed to a concentration of credit risk, as significant amounts is owed by the South African Revenue Services (SARS). This concentration of risk is limited as SARS is a government entity of sound reputation.

Liquidity risk

The SETA manages liquidity risk through proper management of working capital, capital expenditure and actual vs forecasted cash flows and its cash management policy. Adequate reserves and liquid resources are also maintained.

Market risk

The SETA is exposed to fluctuations in the employment market for example sudden increases in unemployment and changes in the wage rates. No significant events occurred during the year that the SETA is aware of.

Fair values

The SETA's financial instruments consist mainly of cash and cash equivalents, account and other receivables, and account and other payables.

No financial asset was carried at an amount in excess of its fair value and fair values could be reliably measured for all financial instruments.

The following methods and assumptions are used to determine the fair value of each class of financial instruments:
Cash and cash equivalents

The carrying amount of cash and cash equivalents is at fair value due to relatively short-term maturity of these financial assets.

Accounts receivable

The carrying amount of accounts receivable, net of allowance for bad debt, is at amortised cost due to the relatively short-term maturity of these financial assets. Interest is levied at the prescribed rate as determined by the Act should employers pay the Skills Development Levy late. The interest is transferred to the SETA via the Department of Labour.

Accounts payable

The carrying amount of account and other payables is at amortised cost due to the relatively short-term maturity of these financial liabilities.

20. ERRORS

Estimated useful lives for non-current assets were made during the financial year. As a result of the revision in estimated useful lives, the carrying amount of assets increased by R527 000. This amount was credited to reserves.

The impact of prior year error on the financial statements is summarised below:

		2008/09 Restated R'000's	Prior Year Error R'000's	2008/09 Original R'000's
Discretionary reserves		727 149	527	726 622
Accumulated depreciation	7.1	4 132	(527)	4 659

21. Related party transactions

The Department of Higher Education and Training (DHET) is the executive authority of the Wholesale & Retail SETA. The Wholesale & Retail SETA received an amount of R475 million from the Department of Labour during the financial year under review. This amount was for skills development levies, interest and penalties collected by SARS on behalf of the Department of Higher Education and Training.

The amount of levies from non-leviable small companies included in total levies was R5.257 million.

Transactions with other SETAs, Inter-SETA transactions and balances arise due to the movement of employers from one SETA to another. During the current year, the Wholesale & Retail SETA received R 1 264 million from other SETAs and transferred R2 057 million to other SETAs. At year end, R1,8 million was receivable and R1 128 million was payable from and to other SETAs respectively.

The balances at year-end included in receivables and payables are:

Receivables

	2009/10 R'000 Amount of the transaction	2009/10 R'000 Amount receivable	2008/09 R'000 Amount of the transaction	2008/09 R'000 Amount receivable
	1 264	1 800	1 305	1 382
AGRI SETA	176	30	85	25
BANKSETA	-	-	17	-
CETA	38	-	18	-
CHIETA	53	-	-	3
CTFL	-	-	356	20
ESETA	-	5	-	-
ETDP	39	-	-	-
FASSET	7	7	32	16
FIETA	-	-	3	49
FOODBEV	44	6	-	49
H&WSETA	73	5	-	12
ISETT	13	7	-	7
MAPPP	-	-	-	36
MERSETA	342	44	399	57
PSETA	-	10	-	1
SASSETA	2	-	-	-
SERVICES	475	1 550	305	954
TETA	-	39	-	21
THETA	-	8	-	41

Payables

	2 057	1 128	1 289	872
AGRI SETA	8	16	242	70
BANKSETA	1	-	13	-
CETA	116	23	49	16
CHIETA	3	-	-	53
CTFL	21	-	407	-
ESETA	-	-	1	-
ETDP	69	-	-	24
FASSET	37	-	145	-
FOODBEV	127	213	105	92
H&W SETA	-	182	-	73
ISETT	-	-176	67	13
MAPPP	36	64	3	-
MERSETA	77	723	8	441
MQA	-	11	-	-
SASSETA	76	26	154	5
SERVICES	1 431	29	-	337
TETA	21	14	-	-
THETA	-	1	-	-

Net Balance

(794)	672	16	510
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Related party	Transaction type	Amount of the transaction 2009/10	Amount of the transaction 2008/09	Amount receivable/ (payable)
Payables		-	590	-
SACCAWU	Project	-	240	-
Fedcrow	Project	-	350	-
Other Public Entities				
Telkom		(15)	-	(887)
Total		(15)	590	(887)

The above transactions occurred under terms that were no less favourable than those available in similar arm's length transactions.

The amounts outstanding are unsecured and will be settled by the incurring of qualifying expenditure by the related party creditors. No guarantees have been given or received.

No expense has been recognised in the period for bad or doubtful debts in respect of amounts owed by the related parties.

22. Renewal of licences

The Wholesale & Retail SETA submitted an application for a re-establishment licence for the period 1 April 2009 to 31 March 2015 prior to the end of the previous financial year.

The re-establishment licence for the period was granted during the financial year 2009/2010 and expires 31 March 2011.

With effect from 1 November 2009, the Executive Authority for all SETAS together with that of the W&RSETA was transferred to the Department of Higher Education & Training.

23. Statement of financial performance – Comparison to budget for the year ended 31 March 2010

	Note	ACTUAL 2009/10 R'000	BUDGET 2009/10 R'000	Variance Favourable (unfavourable)
REVENUE				
Skills Development Levy: income	23.1.1	466 515	411 920	54 595
Skills Development Levy: penalties and interest		4 132	-	4 132
Other income	4	(213)	-	(213)
		-	-	
TOTAL REVENUE		470 434	411 920	58 514
EXPENDITURE				
Employer grant and project expenses	23.1.2	(381 474)	(596 172)	214 698
Administration expenses	23.1.4	(52 308)	(52 449)	(141)
TOTAL EXPENDITURE		(433 782)	(648 621)	214 839
SURPLUS/(DEFICIT) FROM OPERATIONS		36 652	(236 701)	273 353
Interest Income	23.1.3	60 854	72 600	(11 746)
NET SURPLUS/(DEFICIT) FOR THE YEAR		97 506	(164 101)	261 607

23.1 NOTES

- 23.1.1 Better than anticipated increases in remuneration resulted in a 13% favourable variance on levy income.
- 23.1.2 There was a low uptake by stakeholders on R 240 million budgeted for regional projects, thus a significant favourable variance on grants expenditure of R 215 million.
- 23.1.3 The reduction in interest rates resulted in lower interest income in spite of higher cash balances. As a result of the above, the actual outcome was a surplus of R 97 506 million instead of a deficit of budgeted deficit of R 164 million.
- 23.1.4 Actual administration expenditure was 9% of levy income compared to the budgeted 10%.

24. Reconciliation of budget surplus/(deficit) with the deficit in statement of financial performance

Net Surplus per statement of financial performance

Fair value adjustments:

Impairment Loss

Increases/(decreases) in provisions

Depreciation

Other Variances:

Levy income

Mandatory & Discretionary Grants

Administration Expenditure

Interest Income

Net Surplus/(deficit) per approved budget

97 506

213

922

1 385

(58 727)

(214 698)

(2 448)

11 746

(164 101)

25. Statement of Financial Position Events

Subsequent to the year-end, a review of closed balances on project commitments of R 588 848 million as shown in note 17.1 above indicated that R 107 million will need to be written back.

On 30 April 2010, the Government gazetted a proposed new landscape for the SETAS. In the gazette, it is proposed that the W&RSETA continues to exist. It is also promised that the W&RSETA absorbs the motor vehicle and petrol retail sectors.

An application to retain funds was submitted to treasury on 31 May 2010. the application was granted on 16 July 2010.

ANNEXURES



BEE Training Providers Certification Ceremony

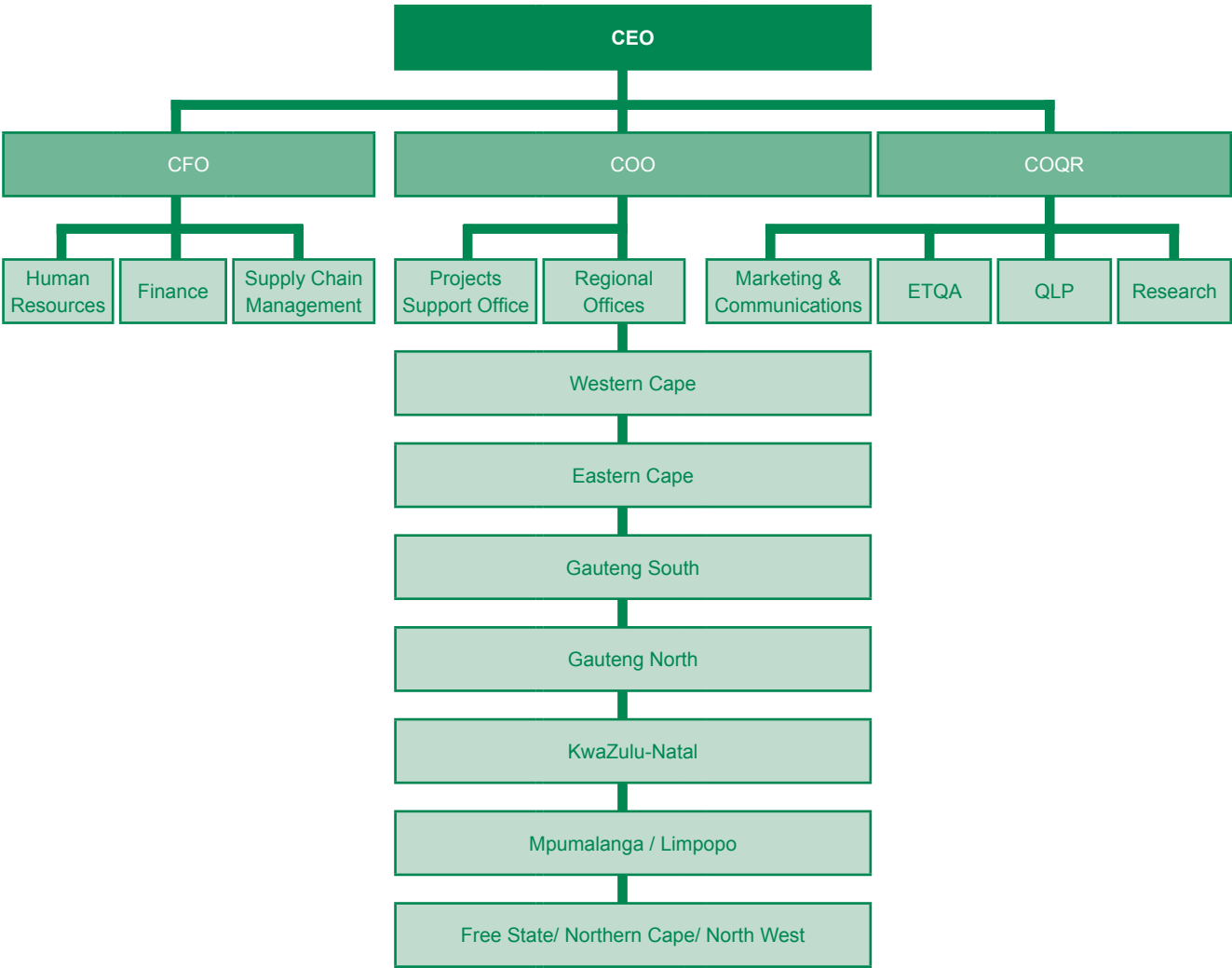
A. SCHEDULE OF BOARD MEETINGS

Board Member	Constituency	Board	Executive Committee	Finance Board Committee	Joint Finco/Audit	Audit Board Committee	Core Functions Board Committee	Projects Board Committee	Remuneration Board Committee
Number of Schedules Meetings		7	4	3	3	4	5	5	6
I Molefe (Chairperson)	SACCAWU - Labour	7	4	3	3	-	-	5	-
V Harbhajan (Deputy Chairperson)	Host - Employer	7	4	3	3	3		5	
G Mabote*	RA – Employer	1	-	1	2	-	-	-	-
N Kehl*	RA – Employer	2					3	2	
M Wilson**	RA – Employer	4	-			-	1	1	-
N Moodley**	RA – Employer	4		1			1		
C Mrasi	Host – Employer	7	-		3	3	3	-	4
D Strydom	FTA – Employer	7					3	4	
T Skenjana	EMOSA – Employer	7	4	3	3	-	-	-	-
A Kriel***	SACTWU – Labour	2							
F Abrahams	SACTWU – Labour	4	-	-	-	-	1	-	-
L Kgosana****	FEDCRAW – Labour	1					1		
R Vaphi*****	FEDCRAW – Labour	4	-	-	-	-	1	-	-
N Kettlele	FEDCRAW – Labour	2							
P Sito	ECCAWUSA – Labour	5	-	3	3	-	4	5	-
T Zulu	HOTELICCA – Labour	7			3	3			5
M Tau	SACCAWU – Labour	7	2	-	-	-	3	-	3

Legend

- * Resigned from the Board in October 2009
- * Resigned from the Board in October 2009
- ** Nominated to the Board in October 2009 to replace N Kehl
- ** Nominated to the Board in October 2009 to replace G Mabote
- *** Resigned from the Board in August 2009 and was replaced by F Abrahams
- **** Resigned from the Board I July 2009 and was replaced by R Vaphi
- ***** Resigned from the Board in January 2010 and was replaced by N Kettlele

B. ORGANISATIONAL STRUCTURE



C. ORGANISATIONAL LEVELS, SALARY BANDS AND JOB TITLES

Occupational Level	Salary Bands	Job Titles
Senior Management	R850 000 – R999 000	Chief Executive Officer Chief Operations Officer Chief Financial Officer Chief Officer: Qualifications & Research
Executive Management	R600 000 – R700 000	Human Resources, Finance, Supply Chain Management, Marketing and Communications, Projects
Middle Management	R300 000 – R500 000	Regional Managers, Research, ETQA, Qualifications and Learning Programmes, Tender and Contracts, IIP/ Learning and Development
Project Team Leaders and Project Specialists	R300 000 – R400 000	Gauteng North, Gauteng South, Western Cape and KwaZulu-Natal
Coordinator Level	R200 000 – R300 000	Regional Coordinators, CEO Relations Officer, Qualifications Specialist, Quality Assurer, Projects Coordinator, Learning Programme Specialist and Accountants
Officer/PA Level	R165 000 – R220 000	Human Resources, Procurement, Marketing and Communications, Personal Assistants, Tender and Contracts and ETQA.
Administrator and Receptionists	R100 000 – R165 000	Departmental Administrators, Projects Administrators, Systems Administrators, and Assistant Accountants.
Office Support	Under R100 000	Office Assistants

NB: The above table is used as a guide and therefore does not represent actual employee salaries

D. STAFF DEMOGRAPHICS

Employment Profile by Gender

Gender	Statistics
Female	61
Male	29
Total	90

* People with disabilities: 3 females, 1 male

Employment Profile by Race

Race	Statistics
Black	73
Asian	4
Coloured	7
White	6
Total	90

E. LEARNERSHIPS CERTIFIED

LEARNERSHIPS CERTIFIED 2004 - 2010									
Employed Learners (18.1)	NQF Level	2004	2005	2006	2007	2008	2009	2010	Grand Total
National Certificate: Retail and Wholesale Process	2	28	878	343	73	405	29	1	1 757
National Certificate: Retail Shop Floor Practices	2	-	-	-	154	345	72	5	576
National Certificate: Wholesale and Retail Credit Control	4	-	-	-	-	1	1	-	2
National Certificate: Wholesale and Retail Distribution	2	-	-	-	-	85	29	106	220
National Certificate; Wholesale and Retail Operations Supervision	4	-	-	-	29	97	143	256	525
National Certificate: Wholesale and Retail Sales Practices	3	-	-	-	-	58	35	-	93
National Certificate: Wholesale and Retail Operations	2	-	-	-	-	-	99	208	307
National Certificate: Retail and Wholesale Sales and Service Technology	4	16	238	105	1	47	15	14	436
National Certificate: Wholesale and Retail Operations Management	5	12	25	13	-	12	-	14	76
TOTAL		56	1 141	461	257	1 050	423	604	3 992

Employed Learners (18.2)	NQF Level	2004	2005	2006	2007	2008	2009	2010	Grand Total
National Certificate: Retail and Wholesale Process	2	26	1204	483	82	485	13	2	2 295
National Certificate: Retail Shop Floor Practices	2	-	-	-	341	431	78	-	850
National Certificate: Wholesale and Retail Credit Control	4	-	-	-	-	3	1	-	4
National Certificate: Wholesale and Retail Distribution	2	-	-	-	-	62	26	53	141
National Certificate; Wholesale and Retail Operations Supervision	4	-	-	-	41	179	157	167	544
National Certificate: Wholesale and Retail Sales Practices	3	-	-	-	-	63	44	1	108
National Certificate: Wholesale and Retail Operations	2	-	-	-	-	-	195	271	466
National Certificate: Retail and Wholesale Sales and Service Technology	4	20	326	112	2	52	18	-	530
National Certificate: Wholesale and Retail Operations Management	5	1	19	6	1	6	-	-	33
TOTAL		47	1 549	601	467	1 280	532	494	4 970

Total Learners (18.1 and 18.2)	NQF Level	2004	2005	2006	2007	2008	2009	2010	Grand Total
National Certificate: Retail and Wholesale Process	2	54	2082	826	155	890	42	3	4 052
National Certificate: Retail Shop Floor Practices	2	-	-	-	495	776	150	5	1 426
National Certificate: Wholesale and Retail Credit Control	4	-	-	-	-	4	2	-	6
National Certificate: Wholesale and Retail Distribution	2	-	-	-	-	147	55	159	361
National Certificate: Wholesale and Retail Operations Supervision	4	-	-	-	70	276	300	423	1 069
National Certificate: Wholesale and Retail Sales Practices	3	-	-	-	-	121	79	1	201
National Certificate: Wholesale and Retail Operations	2	-	-	-	-	-	294	479	974
National Certificate: Retail and Wholesale Sales and Service Technology	4	36	564	217	3	99	33	14	966
National Certificate: Wholesale and Retail Operations Management	5	13	44	19	1	17	-	14	108
TOTAL		103	2 690	1 062	724	2 330	955	1 098	8 962

F. SECTOR INDUSTRY CODES

Wholesale

SETA Code	SIC Code	Trade Category
27	61000	Wholesale and commission trade, except for motor vehicles and motorcycles.
27	61100	Wholesale trade on a fee contract basis.
27	61220	Wholesale trade in food, beverages and tobacco.
27	61310	Wholesale trade in textile, clothing and footwear.
27	61391	Wholesale trade in household furniture requisites and appliances.
27	61392	Wholesale trade in books and stationery.
27	61393	Wholesale trade in precious stones, jewellery and silverware.
27	61394	Wholesale trade in pharmaceutical, toiletries and medical equipment.
27	61420	Wholesale trade in metal and metal ore.
27	61430	Wholesale trade in construction material, hardware, plumbing and heating equipment.
27	61501	Office machinery and equipment including computers.
27	61509	Other machinery.
27	61901	General wholesale trade.
27	61909	Other wholesale trade not elsewhere classified.

Retail

SETA Code	SIC Code	Trade Category
27	62000	Retail trade, except for motor vehicles and motorcycles; repairs of personal and household goods.
27	62110	Retail trade in non-specified stores with food, beverage and tobacco dominating.
27	62190	Other retail trade non-specified stores.
27	62201	Retail trade in fresh fruit and vegetables.
27	62202	Retail trade in meat and meat products.
27	62203	Retail trade in bakery products.
27	62204	Retail trade in beverages (bottle stores).
27	62209	Other retail trade in food, beverages, and tobacco, not elsewhere classified.
27	62311	Retail of non-prescribed medicine and pharmaceutical products other than by pharmacists.
27	62321	Retail trade in men's and boy's clothing.
27	62322	Retail trade in ladies' and girls' clothing.
27	62323	Retail trade in general outfitters and by dealers in piece goods, textile, leather, and travel accessories.
27	62324	Retail trade in shoes.
27	62330	Retail trade in household furniture appliances, articles and equipment.
27	62340	Retail trade in hardware, paints and glass.
27	62391	Retail trade in reading matter and stationery.
27	62392	Retail trade in jewellery, watches and clocks.
27	62393	Retail trade in sports goods and entertainment requisites.
27	62399	Retail trade by other specified stores.
27	62400	Retail trade in second-hand goods in store.
27	63122	Retail sale of used motor vehicles.
27	63311	Sale of tyres.

The following activities, included under wholesale and retail in the Standard Classification of All Economic Activities do not form part of W&RSETA.

SETA Code	SIC Code	Trade Category
27	6121	Wholesale trade in agriculture raw material and livestock.
27	6141	Wholesale trade in solid, liquid, and gaseous fuels and related products.
27	62310	Specified retail trade in prescribed pharmaceutical, medical and orthopaedic goods.
27	6251	Retail trade via mail-order houses.
27	6252	Retail trade via stalls and markets.
27	6259	Other retail trade not in stores.
27	626	Repair of personal and household goods.
27	631	Sale of motor vehicles other than used motor vehicles.
27	632	Maintenance and repair of motor vehicles.
27	633	Sale of motor vehicle parts and accessories other than tyres.
27	634	Sale, maintenance and repair of motorcycles and related parts and accessories.
27	635	Retail sale of automotive fuel.
27	641	Hotels, camping sites and other provision of short-stay accommodation.
27	642	Restaurant, bars and canteens.

G. ACRONYMS

ABET	Adult Basic Education and Training
AIDS	Acquired Immune Deficiency Syndrome
ASGISA	Accelerated and Shared Growth Initiative of South Africa
ATR	Annual Training Report
BEE	Black Economic Empowerment
CBO	Community Based Organisation
CEO	Chief Executive Officer
COO	Chief Operations Officer
CO-OPS	Cooperatives
COQR	Chief Officer for Qualifications and Research
DHET	Department of Higher Education and Training
DoL	Department of Labour
EEA	Employment Equity Act
ETQA	Education and Training Quality Assurance
Exco	Executive Committee
GDS	Growth and Development Summit
HR	Human Resources
HIV	Human Immune Virus
ISDF	Independent Skills Development Facilitator
IT	Information Technology
JIP	Joint Implementation Plan
JIPSA	Joint Initiative for Priority Skills Acquisition
MoU	Memorandum of Understanding
NGO	Non-Governmental Organisation
NQF	National Qualifications Framework
NSDS	National Skills Development Strategy
NSF	National Skills Fund
NVC	New Venture Creation
OBE	Outcome Based Education
QMR	Quality Monitoring Report
QMS	Quality Management Systems
SAQA	South African Qualifications Authority
SCM	Supply Chain Management
SDA	Skills Development Act
SDF	Skills Development facilitator
SEDA	Small Enterprise Development Agency
SETA	Sector Education and Training Authority
SGB	Standards Generating Body
SLA	Service Level Agreement
SP	Service Provider
SMME	Small, Medium and Micro Enterprises
SSP	Sector Skills Plan
W&RSETA	Wholesale and Retail Sector Education and Training Authority
WSP	Workplace Skills Plan

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