

2014/15

ANNUAL REPORT

*"Professionalising
the Wholesale and Retail Sector"*



higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA





Hon. Minister Dr. Blade Nzimande



Hon. Deputy Minister Mduzuzi Manana

PRESENTATION OF THE 2014/15 W&RSETA ANNUAL REPORT TO THE MINISTER OF HIGHER EDUCATION AND TRAINING, DR. BE NZIMANDE

Dear Honourable Minister

On behalf of the Board and Management, it is with great pleasure to present the 2014/15 Annual Report of the Wholesale and Retail SETA as prescribed by Section 55 of the Public Finance Management Act No. 1 of 1999, Chapter 28 of the Treasury Regulations of 2001 and the Skills Development Act No. 97 of 1998. These pieces of legislation require the public entity to submit to the Executive Authority, the National Treasury and the Auditor-General South Africa and for tabling to the Parliament of South Africa, the following documents for the year under review:

- The Annual Report on the activities of the public entity;
- The audited Annual Financial Statements; and
- The Auditor - General's Report on the audited Annual Financial Statements.


The Annual Report reflects the strides made by the W&RSETA to contribute towards the Minister's vision of post school education and training in giving effect to the economic growth of South Africa.

During the 2014/15 financial year, the W&RSETA achieved 83.3% of the Service Level Agreement targets with the Department of Higher Education and Training.

The achievements reflected in this Annual Report would not have been possible without the strategic leadership of the officials in the Ministry and the Department to which we are most grateful.

We commit to accelerating our efforts in the ensuing financial year to ensure that skills development remains a reality in the Wholesale and Retail Sector.

Yours in skills development,


Ms. Pearl Maphoshe

Chairperson: W&RSETA Board



Mr. Joel Dikgole

Chief Executive Officer

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PART A

GENERAL INFORMATION

Registered Name of the Public Entity

Wholesale and Retail Sector Education and Training Authority (W&RSETA)

Registration Number of the Entity

27/W&RSETA/1/04/11

Other Relevant Numbers

Not Applicable

Registered Office Address

1303 Heuwel Avenue
Riverside Office Park
Cnr. Lenchen South & Heuwel Avenue
Centurion
Pretoria
Republic of South Africa, 0167

Postal Address

Private Bag X106, Centurion, 0046

Contact Telephone Numbers

Tel: 012 622 9500

Call Centre: 0860 270 027

Email Address

wrseta@wrseta.org.za

Website Address

www.wrseta.org.za

External Auditors Information

Auditor General South Africa (AGSA)

P O Box 446, Pretoria, 0001

Bankers' Information

ABSA: P.O. Box 7725, Johannesburg

Rand Merchant Bank: P.O. Box 786273, Sandton

Nedbank: P.O. Box 1007, Johannesburg

Standard Bank: P.O. Box 61344, Marshalltown

SECTOR INDUSTRY CODES

| | | | |
|-------|--|-------|--|
| 61000 | Wholesale and Commission Trade, except for motor vehicles and motor cycles | 62321 | Retail trade in men's and boys' clothing |
| 61100 | Wholesale trade on a fee or contract basis | 62322 | Retail trade in ladies' and girls' clothing |
| 61220 | Wholesale trade in food, beverages and tobacco | 62323 | Retail trade by general outfitters and by piece goods, textiles, leather and travel accessories |
| 61310 | Wholesale trade in textiles, clothing and footwear | 62324 | Retail trade in shoes |
| 61391 | Wholesale trade in household furniture requisites and appliances | 62330 | Retail trade in household furniture, appliances, articles and equipment |
| 61392 | Wholesale trade in books and stationery | 62340 | Retail trade in hardware, paints and glass |
| 61393 | Wholesale trade in precious stones, jewellery and silverware | 62391 | Retail trade in reading matter and stationery |
| 61394 | Wholesale trade in pharmaceuticals, toiletries and medical equipment | 62392 | Retail trade in jewellery, watches and clocks |
| 61420 | Wholesale trade in metal and metal ores | 62393 | Retail trade in sports goods and entertainment requisites |
| 61430 | Wholesale trade in construction material, hardware, plumbing and heating equipment | 62399 | Retail trade by other specialised stores |
| 61501 | Office machinery and equipment including computers | 62400 | Retail trade in second-hand goods in stores |
| 61509 | Other machinery | 63122 | Retail sale of used motor vehicles |
| 61901 | General wholesale trade | 63310 | Sale of new parts and accessories |
| 61909 | Other wholesale trade not elsewhere classified | 63311 | Sale of tyres |
| 62000 | Retail trade, except for motor vehicles and motor cycles, repair of personal and household goods | 65000 | Selling and retail of new plastic bags and plastic products |
| 62110 | Retail trade in non-specialised stores with food, beverages and tobacco dominating | 65001 | Selling of garage equipment |
| 62190 | Other retail trade in non-specialised stores | 65002 | Retail of baby clothing |
| 62201 | Retail trade in fresh fruit and vegetables | 65003 | Selling of wooden doors |
| 62202 | Retail trade in meat and meat products | 65004 | Retailing of beauty products |
| 62203 | Retail trade in bakery products | 65005 | Sale of marine equipment and everything to do with boats |
| 62204 | Retail trade in beverages (bottle stores) | 65006 | Retail of packing materials |
| 62209 | Other retail trade in food, beverages and tobacco not elsewhere classified | 61510 | Sale of new parts and accessories excluding the retail sale of new motor vehicle parts and accessories |
| 62311 | Retail of non-prescribed medicines and pharmaceutical products other than by pharmacists | 63500 | Retail sale of automotive fuel |

Employed learners

| Learnership | NQF Level | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | Grand Total |
|---|-----------|------------|------------|------------|------------|------------|-----------|--------------|--------------|--------------|--------------|
| General Education and Training Certificate: Adult Basic Education and Training | 1 | - | - | - | - | - | - | - | - | 156 | 156 |
| National Certificate: Service Station Operations | 2 | - | - | - | - | - | - | - | 18 | 0 | 18 |
| New Venture Creation | 4 | - | - | - | - | - | - | - | 1 | 0 | 1 |
| National Certificate: Business Administration Services | 3 | - | - | - | - | - | - | - | 1 | 0 | 1 |
| National Certificate in Management | 3 | - | - | - | - | - | - | - | 35 | 0 | 35 |
| Diploma Accounting Technician | 5 | - | - | - | - | - | - | - | 1 | 0 | 1 |
| Wholesale and Retail Operations Management | 5 | 0 | 15 | 1 | 0 | 14 | 0 | 1 | 1 | 0 | 32 |
| National Certificate: Retail Shop Floor Practices | 2 | 98 | 478 | 217 | 68 | 6 | 0 | 1 | 0 | 0 | 868 |
| National Certificate: Wholesale and Retail Sales Practice | 3 | 75 | 14 | 8 | 72 | 2 | 0 | 1 | 18 | | 190 |
| National Certificate: Wholesale and Retail Operations Supervision | 4 | 58 | 196 | 43 | 299 | 258 | 0 | 374 | 298 | 144 | 1 670 |
| National Certificate: Wholesale and Retail Distribution | 2 | 0 | 57 | 74 | 90 | 297 | 73 | 224 | 401 | 222 | 1 438 |
| National Certificate: Wholesale and Retail Merchandising Operations | 2 | 0 | 0 | 0 | 9 | 16 | 0 | 152 | 120 | 150 | 447 |
| National Certificate: Wholesale and Retail Operations | 2 | 0 | 0 | 0 | 149 | 250 | 9 | 402 | 595 | 221 | 1 626 |
| National Certificate: Wholesale and Retail Chain Store Operations | 2 | 0 | 0 | 18 | 19 | 129 | 13 | 293 | 565 | 275 | 1 312 |
| National Certificate: Wholesale and Retail Buying and Planning | 5 | 0 | 0 | 0 | 0 | 6 | 0 | 10 | 12 | 0 | 28 |
| National Certificate: Wholesale and Retail – Retail Sales | 3 | - | - | - | - | - | - | 79 | 59 | 20 | 158 |
| Further Education and Training Certificate: Wholesale and Retail Generic Management | 4 | 0 | 0 | 0 | 0 | 19 | 0 | 35 | 46 | 72 | 172 |
| National Certificate: Wholesale and Retail SME Operations | 2 | - | - | - | 0 | 0 | 0 | 10 | 17 | 21 | 48 |
| National Certificate: Wholesale and Retail Wholesale Sales | 3 | - | - | - | 0 | 0 | 1 | 24 | 83 | 20 | 128 |
| National Certificate: Stock Control Retail Outlet | 3 | - | - | - | 0 | 0 | 0 | 0 | 41 | 10 | 51 |
| National Certificate: Wholesale and Retail Cosmetic | 3 | - | - | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| National Certificate: Wholesale and Retail Visual Merchandising | 3 | - | - | - | 0 | 0 | 0 | 16 | 15 | 14 | 45 |
| National Certificate: Wholesale and Retail Generic Management | 5 | - | - | - | 0 | 0 | 0 | 24 | 4 | 8 | 36 |
| National Certificate: Informal and Small Business Practice | 3 | - | - | - | - | - | - | - | - | 10 | 10 |
| National Certificate: Wholesale and Retail Stock Control in a distribution centre | 3 | - | - | - | - | - | - | - | 1 | 1 | 2 |
| Total | | 231 | 760 | 361 | 706 | 997 | 96 | 1 646 | 2 332 | 1 338 | 8 467 |

LEARNERSHIPS CERTIFIED

Unemployed learners

| Learnership | NQF Level | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | Grand Total |
|---|-----------|------------|------------|------------|------------|--------------|------------|--------------|--------------|------------|---------------|
| Wholesale and Retail Operations Management | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - | 0 |
| National Certificate in Retail Shop Floor Practices | 2 | 51 | 438 | 43 | 15 | 0 | 0 | 0 | 2 | - | 549 |
| National Certificate: Wholesale and Retail Sales Practice | 3 | 21 | 24 | 3 | 30 | 2 | 0 | 0 | 0 | - | 80 |
| National Certificate: Wholesale and Retail Operations Supervision | 4 | 37 | 95 | 37 | 146 | 193 | 25 | 59 | 55 | 73 | 720 |
| National Certificate: Wholesale and Retail Distribution | 2 | 0 | 15 | 28 | 11 | 120 | 1 | 181 | 207 | 18 | 581 |
| National Certificate: Wholesale and Retail Merchandising Operations | 2 | 0 | 0 | 0 | 148 | 485 | 170 | 606 | 546 | 207 | 2 162 |
| National Certificate: Wholesale and Retail Operations | 2 | 0 | 0 | 0 | 392 | 389 | 51 | 1 438 | 615 | 144 | 3 029 |
| National Certificate: Wholesale and Retail Chain Store Operations | 2 | 0 | 0 | 57 | 42 | 664 | 116 | 362 | 513 | 164 | 1 918 |
| National Certificate: Wholesale and Retail Buying and Planning | 5 | 0 | 0 | 0 | 0 | 2 | 0 | 14 | 0 | - | 16 |
| National Certificate: Wholesale and Retail – Retail Sales | 3 | 0 | 0 | 0 | 0 | 63 | 0 | 213 | 85 | 53 | 414 |
| Further Education and Training Certificate: Wholesale and Retail Generic Management | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 5 | 37 | 11 | 53 |
| National Certificate: Wholesale and Retail SME Operations | 2 | - | - | - | 2 | 2 | 0 | 644 | 31 | - | 679 |
| National Certificate: Wholesale and Retail Wholesale Sales | 3 | - | - | - | 0 | 0 | 125 | 22 | 141 | 22 | 310 |
| National Certificate: Stock Control Retail Outlet | 3 | - | - | - | 0 | 0 | 0 | 8 | 107 | 27 | 142 |
| National Certificate: Wholesale and Retail Cosmetic | 3 | - | - | - | 0 | 0 | 0 | 2 | 0 | - | 2 |
| National Certificate: Wholesale and Retail Visual Merchandising | 3 | - | - | - | 0 | 0 | 0 | 6 | 42 | - | 48 |
| National Certificate: Wholesale and Retail Generic Management | 5 | - | - | - | 0 | 0 | 0 | 150 | 1 | 85 | 236 |
| National Certificate: Informal and Small Business Practice | 3 | - | - | - | - | - | - | - | 31 | 23 | 54 |
| National Certificate: Wholesale and Retail Stock Control in a distribution centre | 3 | - | - | - | - | - | - | - | - | 1 | 1 |
| General Education and Training Certificate: Adult Basic Education and Training | 1 | - | - | - | - | - | - | - | - | 13 | 13 |
| National Certificate in Management | 3 | - | - | - | - | - | - | - | 2 | - | 2 |
| National Certificate: Service Station Operations | 2 | - | - | - | - | - | - | - | 27 | - | 27 |
| New Venture Creation | 4 | - | - | - | - | - | - | - | 46 | - | 46 |
| Contact Centre Support | 2 | - | - | - | - | - | - | - | 4 | - | 4 |
| Retail and Wholesale Processes | 2 | - | - | - | - | - | - | - | 11 | - | 11 |
| Retail and Wholesale Sales and Services Technology | 4 | - | - | - | - | - | - | - | 2 | - | 2 |
| Total | | 109 | 572 | 168 | 786 | 1 920 | 488 | 3 710 | 2 505 | 841 | 11 099 |

| ACRONYM | MEANING | ACRONYM | MEANING |
|----------|---|---------|--|
| AAT(SA) | Association of Accounting Technicians South Africa | MICTSET | Media, Information, Communication and Technology Sector Education and Training Authority |
| ABET | Adult Basic Education and Training | NGO | Non-governmental Organisations |
| AET | Adult Education and Training | NQF | National Qualifications Framework |
| AQP | Assessment Quality Partner | NSDS | National Skills Development Strategy |
| ATR | Annual Training Report | NSFAS | National Student Financial Aid Scheme |
| BEE | Black Economic Empowerment | NVC | New Venture Creation |
| BRICS | Brazil, Russia, India, China and South Africa | PFMA | Public Finance Management Act |
| CBO | Community-based Organisations | PIVOTAL | Professional Vocational Technical and Academic Learning |
| CEO | Chief Executive Officer | PSDF | Provincial Skills Development Forum |
| CTFL | Clothing, Textile, Footwear and Leather | QCTO | Quality Council for Trades and Occupations |
| DC | Distribution Centre | QMB | Quality Management Body |
| DEDaT | Department of Economic Development and Tourism | RMDP | Retail Management Development Programme |
| DG | Discretionary Grants | RPL | Recognition of Prior Learning |
| DHET | Department of Higher Education and Training | SADDT | South African Disability Development Trust |
| DUT | Durban University of Technology | SAQA | South African Qualifications Authority |
| EE | Employment Equity | SDF | Skills Development Forum |
| ETQA | Education and Training Quality Assurance | SEDA | Small Enterprise Development Agency |
| FET | Further Education and Training | SME | Small and Micro Enterprises |
| FMCG | Fast-moving Consumer Goods | SMME | Small, Medium and Micro Enterprise |
| GIBS | Gordon Institute of Business Science | SETA | Sector Education and Training Authority |
| HET | Higher Education and Training | SIC | Sector Industry Classification |
| HIV/AIDS | Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome | SLO | Skills Liaison Officer |
| ILD | International Learnership Development Programme | SMME | Small, Medium and Micro Enterprises |
| ILO | International Labour Organisation | SMS | SETA Management System |
| ISDF | Independent Skills Development Facilitator | SOE | School of Excellence |
| IT | Information Technology | SSETA | Services Sector Education and Training Authority |
| JOI | Job Opportunity Index | SSP | Sector Skills Plan |
| MerSETA | Manufacturing, Engineering and Related Services Sector Education and Training Authority | TVET | Technical Vocation Education and Training |
| | | UYAP | Unemployed Youth Assistance Programme |
| | | WRLC | Wholesale and Retail Leadership Chair |
| | | W&R | Wholesale and Retail |
| | | W&RSETA | Wholesale and Retail Sector Education and Training Authority |
| | | WEEG | Workplace Experience and Employment Grant |
| | | WSP | Workplace Skills Plan |

STRATEGIC OVERVIEW

Vision

We are the premier authority in skills development, exceeding stakeholder expectations in the Wholesale and Retail Sector.

Mission

To develop a skilled and capable workforce in the Wholesale and Retail Sector, thereby contributing to the sustainable socio-economic development and growth of the country.

Strategic Goals

- To create a culture of lifelong and workplace learning;
- To address historic imbalances with a focus on class, race, gender, geographical locations and disability, in the development of people in the W&R sector;
- To facilitate funded and accessible training to meet the sector needs; and
- To align with national development strategies in line with the requirements of government to foster skills development in the Wholesale and Retail (W&R) sector for productivity and employment.

Values

- We place high value in the members of the W&RSETA team.
- We continually treat each other with respect and dignity.
- We support each other in action, word and behaviour.
- We optimise strong ethics, integrity and trustworthiness.
- We care for each other and are sensitive about feelings, concerns, frustrations and limitations.

We are honest with each other and are prepared to engage openly and frankly on differences.

- We thrive on positive and constructive feedback.
- We are zealously co-responsible and accountable for the team's efforts.
- We respect the unique contribution that each individual makes and recognise that "I" cannot be fully "me" without "you."
- We give each other space and accept the responsibility for the impact of our actions in the team.
- We positively affirm our confidence in each individual's ability to deliver excellently.
- We make time to regularly interact and reflect meaningfully on what is really important.

Guiding Principles

In terms of our guiding principles, the W&RSETA accepts, promotes and gives effect to the applicable legislation and to our vision, mission and objectives by adhering to the following principles:

- Encourage and promote the International Labour Organization's (ILO) Decent Work Agenda;
- Apply non-discriminatory employment practices;
- Be fair and equitable in all dealings with and treatment of stakeholders, suppliers and vendors;
- Develop and implement best business practices;
- Encourage adherence to the sectoral determination within the W&R sector; and
- Foster sound corporate governance principles as outlined in King III.

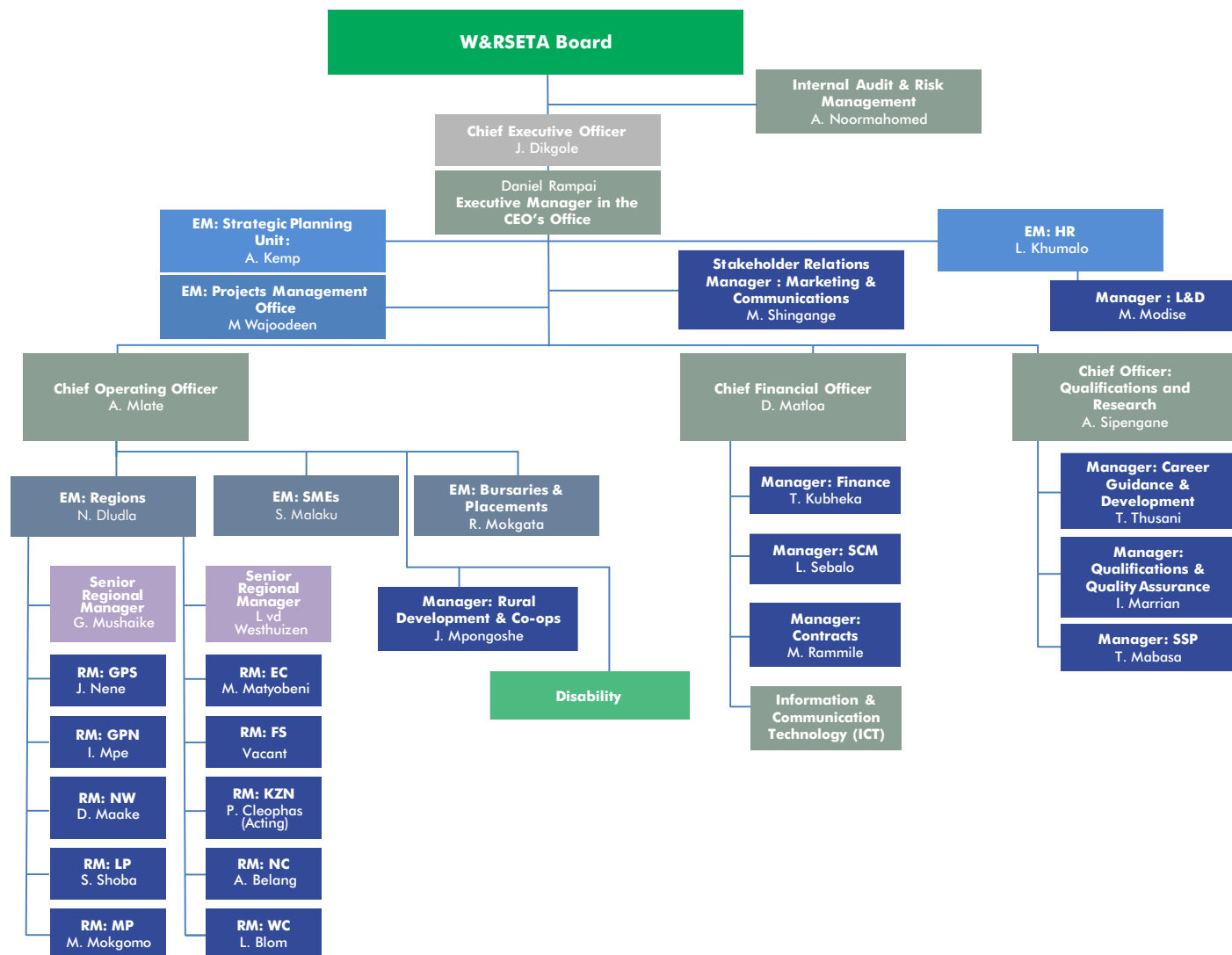
The Skills Development Act (SDA) , 1998, makes provision for the establishment of Sector Education and Training Authorities (SETAs) for each national economic sector as determined by the Minister in terms of section 9 of the SDA.

The SDA establishes the framework within which SETAs must operate. It stipulates the composition and functions of SETAs and determines the minimum requirements in how they should be constituted.

The W&RSETA is governed by the following legislative frameworks:

- Skills Development Act, 1998;
- Skills Development Levies Act, 1999;
- Public Finance Management Act, 1999; and
- Regulations regarding the establishment of the SETA; and
- National Treasury Regulations.

ORGANISATIONAL STRUCTURE



It gives me great pleasure to deliver my report as the Chairperson after my appointment to the Board of the W&RSETA in July 2014.

The 2014/2015 financial year will undoubtedly go down in history as a year of significant achievements for the Wholesale and Retail Sector Education and Training Authority. It is the year that the W&RSETA became a game changer in skills development through the implementation of innovative programmes which live up to its vision of being "the premier authority in skills development in the Wholesale and Retail Sector."

Highlights of Achievements

During the year under review, the Board enhanced its track record of sound corporate governance by providing strategic leadership to the organisation as required by the Public Finance Management Act, 1999, other relevant legislation and codes of good practice.

It is also with great pleasure to report the W&RSETA's performance of 83.3% against the Annual Performance Plan and 78,3 % on the Service Level Agreement with the Department of Higher Education and Training respectively. This is a remarkable improvement from the previous year when the SETA achieved 61% of the SLA targets and 63% of the APP.

In addition, the SETA's performance demonstrates the Wholesale and Retail Sector's contribution to the government's programmes and skills development initiatives that seek to achieve an equitable, non-racial, and non-sexist democratic South Africa.

Ms. P.N. Maphoshe
Chairperson: W&RSETA Board



CHAIRPERSON'S FOREWORD

Footprint at TVET Colleges

The SETA supports the vision of the Minister to reach out to all citizens of the country, regardless of their geographical location, with an emphasis on those in far-flung rural areas and previously disadvantaged areas.

Following the significant launch of the KwaZulu Natal Retail Schools of Excellence project by the Minister of Higher Education and Training, Dr. BE Nzimande at the Esayidi TVET College on 12 August 2014, 500 learners were enrolled at the Esayidi, Mthashana, Majuba and Thekwini TVET colleges.

The Retail Schools of Excellence project is a collaborative initiative between five KZN based large retailers, the Durban University of Technology and four KwaZulu-Natal TVET colleges. The objective of this initiative is to professionalise the Sector and capacitate the colleges to deliver Wholesale and Retail programmes.

These centres of excellence also restores the TVET college esteem of being able to produce students that meet the scarce and critical skills demands of the industry. The project also advocates collaboration between institutions learning and industry. We are pleased that the project's objectives have been met and plans are afoot to roll it out nationally in the new financial year. The pilot project has registered a 90% success rate in the Learnership offered and several unemployed learners have been offered employment by the respective employers who were instrumental in ensuring this initiative is a success and the first of its kind in the sector.

During the year under review, the SETA expanded its reach beyond the ten regional offices and has established three additional offices at the South West Gauteng TVET College Dobsonville Campus (Gauteng), Esayidi TVET College, Enyenyenzi Campus (Port Shepstone, KwaZulu-Natal) and Central Johannesburg College Parktown Campus (Johannesburg, Gauteng).

Another major milestone is the launch of the first ever Retail Simulation Centres which have also been supported and sponsored by the large retailers in order to equip students with the skills and practical experience that meet the requirements of the Wholesale and Retail Sector. Retail Simulation Centres have been established at the College of Cape Town (Crawford, Western Cape), Gert Sibande (Standerton, Mpumalanga) and Vuselela (Klerksdorp, North-West) TVET colleges.

These innovations contribute to improved prospects of employment for the graduates and promote the creation of self-employment opportunities.

Stakeholder Interaction

The Board of the W&RSETA considers stakeholder engagement as critical in guiding and informing strategic decision-making on the implementation of skills development in the Sector.

In 2014/15, the Board hosted stakeholder sessions in KwaZulu Natal and Western Cape with the objective of interacting with stakeholders to understand the challenges that they encounter in implementing various programmes.

The Board's intention is to continue with these interactions in the ensuing year.

Report of the Auditor-General

During the year under review, the SETA obtained a qualified opinion on the discretionary grant commitments. The Auditor General reported that the financial statements of the public entity were materially misstated, as the public entity did not accurately determine all amounts meeting the definition of a contractual commitment. (Refer to Report of the AG on pages 90 to 93)

It is important to note that the SETA received an unqualified report on Predetermined Objectives which were assessed for validity, accuracy and completeness.

The Auditor-General confirms that there were no material findings on the usefulness and reliability of the reported performance information for the following programmes:

- Programme: 4.2 Increasing access to occupation – directed programmes, leading to intermediate and high-level learning
- Programme: 4.6 Encouraging and supporting cooperatives, small enterprises worker-initiated, NGO and community training initiatives.

The Board is committed to provide the necessary leadership and support to Management to ensure that all the findings of the Auditor-General are adequately addressed. Furthermore, the Board will ensure that Management develops a robust action plan which will be monitored and audited regularly in order to achieve a clean audit in the new financial period.

Challenges

One of the immediate challenges the SETA will be confronted with is the development of relevant learning programmes which must be innovative including the national rollout of the Retail Schools of

Excellence at TVET colleges which has been a resounding success in KZN. Increasing the number of retailers who will partner with the SETA to establish new Schools of Excellence will be a major challenge; however, the SETA plans to leverage on existing partnerships to address this challenge.

Another challenge faced by most SETAs mainly revolves around clarity on the new SETA landscape which still needs to be announced by the Minister of Higher Education and Training. Whilst the Board is cognisant of the unfolding process, there are concerns that the delay in finalising the landscape is creating instability amongst staff especially those in critical positions who are unsure if the SETA's licence will be renewed.

Future Outlook

The new financial year presents exciting opportunities for the wholesale and retail sector to increase our collaboration with institutions of higher learning to produce learners who are fully equipped with the scarce and critical skills in order to meet the requirements of the Wholesale and Retail Sector.

Graduate placement remains one of our main priorities to ensure that young people who have graduated with qualifications which address the scarce and critical skills are offered internships in order to reduce unemployment and boost the economic growth of our sector and country.

Another priority for the Sector is transformation. We are aware of the disparities that still exist in the Sector and as a SETA we will endeavour to influence transformation through programmes such as the ILDP and RMDP.

We look forward to the finalisation of the new SETA landscape with great anticipation as it will allow the W&RSETA to continue to contribute to the Government's human resources development agenda.

CHAIRPERSON'S FOREWORD

Acknowledgements / Appreciation

My fellow Board members continue to be a source of inspiration and admiration. These are the colleagues who are committed to better the lives of the millions employed in the wholesale and retail sector and young people who seek to enter the Sector. We have also had the privilege to witness the tangible benefits of decisions that are taken in the boardroom as exemplified by several graduations and events the SETA has initiated during this year under review. Thank you for your commitment to making skills development a reality.

On behalf of the Board, I would like to express our gratitude to the staff under the astute leadership of the Chief Executive Officer, Mr. Joel Dikgole and his executive team for the outstanding work that the W&RSETA team accomplishes on a daily basis.

Their commitment to creating skills development opportunities for the employed youth and many prospective entrants to the Sector is commendable.

I also wish to extend our gratitude to the Department of Higher Education and Training under the stewardship of the Minister for the continuous support of the SETA's initiatives and guidance in implementing our mandate. We appreciate the Minister, Deputy Minister and the Director-General for making time in their demanding schedules to honour the invitations when we celebrate key milestones of the SETA and the sector.

Their support does not only encourage us as a SETA, but most importantly demonstrates an appreciation of their commitment to skilling the Wholesale and Retail Sector.

Our stakeholder companies continue to be the backbone of our skills development initiatives and we

commend their commitment to contribute to the Minister's vision on post-school education and training which is to "turn every workplace into a training space."

Tribute

It is befitting that as the W&RSETA we pay tribute to our late former Board member, Mr. Petrus Mmopo Madisa, who sadly passed away in April 2015. He is remembered for his passion for the education of workers and contribution to sound corporate governance within the Board of the W&RSETA.

May his soul rest in eternal peace.

Conclusion

As we approach the last year of the National Skills Development Strategy III, we roll up our sleeves even higher to work towards leaving a lasting legacy of a skilled and competent wholesale and retail workforce.

We are not oblivious to the challenges that we face, but we have every confidence that with the support of our stakeholders will be able to manage these challenges which are insurmountable.



Ms. Pearl Maphoshe

Chairperson: W&RSETA Board

“Together we will move South Africa forward, through the provision of quality and affordable post-school education and training”

~ Dr. BE Nzimande, Minister of Higher Education and Training, 2014 Budget Vote speech.

I believe these are the words that motivate all stakeholders and role players to contribute in skills development in the Wholesale and Retail Sector.

Partnerships and collaborations in the Sector have grown stronger in magnitude and impact each year and are worth celebrating.

Perspective of the Organisation

The W&RSETA has discharged its statutory obligations as prescribed by applicable legislation. In line with the reporting requirements of the Department Higher Education and Training, the SETA submitted all relevant reports including the 2015/16 Strategic Plan, the three-year Medium Term Expenditure Framework, the 2014/15 Sector Skills Plan Update and the 2013/14 Annual Report.

The SETA also submitted quarterly performance reports to the Department of Higher Education and Training.

The SETA continues to be in a sound financial position with a net asset balance of R810 million compared to R828 million for 2013/14 and has sufficient cash reserves to meet its future financial obligations.

Mr. T.J. Dikgole

Chief Executive Officer



CHIEF EXECUTIVE OFFICER'S OVERVIEW

During the year under review, the SETA's income increased by 9,2% from R823,9 million to R894 million. Mandatory Grant and Discretionary Grant expenditure increased by 3% from R619 million to R640 million.

In line with the National Treasury requirements, the SETA has submitted a business case to the Minister of Higher Education and Training for the roll-over of surplus funds amounting to R128 million from the year under review. These funds will be allocated to bursaries for the 2015 bursary beneficiaries and will guarantee funding to enable them to complete their studies which will in turn benefit the Wholesale and Retail Sector by addressing the shortage of much needed scarce and critical skills.

During the year under review, the SETA employed the 46 graduates who were on internship programmes with the SETA for a year. The employment of the interns, who are ready to contribute their skills to the SETA, will strengthen the capacity of the SETA to serve its stakeholders effectively and efficiently.

We also believe that through the employment of these young people we have contributed to addressing the plight of unemployed graduates in the country.

Although the capacity in the Finance department was negatively impacted by the resignation of experienced staff members in critical positions before year-end, I am happy to report that the vacancies have been filled. The new staff members have been properly inducted and are addressing the backlogs.

The SETA is embarking on the recruitment of additional and permanent Skills Development Facilitators to replace the Independent Skills Development Facilitator (ISDF) model that the SETA has implemented for several years to assist small retailers with the completion of Workplace Skills Plans and Annual

Training Reports. The new model will, in our view, further enhance the capacity of the SETA to increase the participation of stakeholders, particularly small retailers, in several skills development initiatives.



Graduation ceremonies for the P&L Hardware (Limpopo), Boxer Superstores (KwaZulu-Natal) and CapaCiti (Western Cape) and Amahlathi cooperatives (Eastern Cape) learners.



The Supply Chain Management processes and procedures are in place to ensure compliance with the procurement system. This is evident from the number of audit findings which have decreased from the previous year.

Regrettably, during the year under review, the SETA received a qualified audit opinion on the commitment register which resulted in financial misstatements.

Management has developed a detailed action plan to address the audit findings that were raised during the 2014/15 financial year. The plan also addresses internal control deficiencies and leadership oversight gaps that were identified by the Auditor-General.

Management will also review all business processes and internal controls, and implement a quality management system in order to enhance these processes. Furthermore, Management will fast track the development of the new IT contracts management system to improve the accuracy and management of contracts.

Achievements for the Year

It is always humbling, yet gratifying to witness learners complete their programmes and graduate from the SETA's learning programmes.

During the year under review, the SETA certificated 2 179 employed and unemployed learners on various Learnership programmes and was honoured to be invited to their graduation ceremonies.

Another milestone achieved by the W&RSETA was the graduation of 140 learners from 14 Amahlathi cooperatives in the Eastern Cape. This milestone was celebrated on 19 March 2015 in Stutterheim, Amahlathi Municipality.

During the year under review, collectively with our stakeholders we have achieved 41 of the 48 performance targets agreed to in the Service Level Agreement with the Department of Higher Education and Training.

The following are some of the key achievements for the 2014/15 financial year:

International Leadership Development Programme (ILDP)

The flagship prestigious ILDP continues to grow in stature, and most importantly, impact.

The graduation of 43 delegates from the 2014 intake culminated in a total of 198 senior managers and executives who have completed the ILDP. The ILDP has recorded a total of 45 promotions, including to senior and director levels within the Sector. Since completing the programme, many ILDP graduates have been provided with additional responsibilities within their companies to prepare them for the next level of leadership.



"ILDP is truly world-class programme and through the vision, is paving the way for the transformation of the sector."
Venessa Chetty (JD Group),
2014 ILDP Graduate

"The RMDP has bridged the academic gap in my 22-year career in retail. The Programme has highlighted how as a manager I can influence the course of the business"
Patsy Moodley, 2014 RMDP Graduate

We reflect with a great sense of achievement the strides that the W&RSETA has made in addressing the shortage of skilled managers within the Sector.

The Retail Management Development Programme, which was initiated to address this challenge, has resulted in the training of 711 junior managers / supervisors and team leaders.

CHIEF EXECUTIVE OFFICER'S OVERVIEW

Through these interventions, the W&RSETA is developing a pipeline of future leaders in the Wholesale and Retail Sector. The W&RSETA's first PhD bursary beneficiary, Dr. Sedick Arendse, received his doctorate in May 2014. This is a very proud achievement for the W&RSETA and the Sector at large and demonstrates that indeed we are professionalising the Sector. Furthermore, this is a motivation to our employees, particularly to the youth, that there are greater possibilities for career advancement and educational growth in Retail.

We congratulate Dr. Arendse and look forward to his contribution to the Sector.



Dr. Sedick Arendse, the first PhD bursary graduate of the W&RSETA addressing the SETA's AGM in October 2014

Rural Community Development

We have also noticed an increase in the initiatives for previously marginalised provinces including the Eastern Cape, Northern Cape and North West. During the year under review, the SETA initiated various projects to benefit unemployed youths, graduates, small businesses and cooperatives.

In the Eastern Cape and Mpumalanga, we have collaborated respectively with the Jalamba and KwaNdebele Royal Mgibe II traditional councils to implement learning programmes that will equip 255

young people with existing businesses with skills that will contribute to the upliftment of their communities. Learners who operate businesses focusing on health and beauty, felting, piggery, screen printing, photography and meat retailing have been enrolled in the Informal Small Business Practice Learnership NQF level 3. They will receive a monthly stipend which they will invest into their businesses. North West stakeholder companies heeded the SETA's call for partnerships to address youth unemployment. There were 30 companies which collectively enrolled 485 young people in various Learnership programmes and have committed to employ at least 60% of the learners on completion of the programme. We are indeed making strides towards contributing to sustainable rural communities.



Beneficiaries from the KwaNdebele Royal Mgibe II during a project session

Community Retail Development Programme (CRDP)

The W&RSETA has embarked on an exciting project in partnership with the Tshwane Community Business Forum to train 400 entrepreneurs and capacitate 20 unemployed graduates in the Tshwane Municipality. The informal, small, micro businesses and cooperatives that will benefit from this intervention range from youth-owned, women-owned businesses as well as businesses owned by disabled people.



Some of the beneficiaries of the ITUP during a training session conducted at Esayidi TVET College

The project is aimed at ensuring the growth and sustainability of these small businesses to encourage their competitiveness and that they contribute to local economic growth through creating employment, reducing poverty and advancing social cohesion in the Tshwane townships.

The unemployed graduates will be capacitated to render business support to assist 400 entrepreneurs to operate their businesses more effectively. Mentors and coaches will also be appointed to assist these companies.

This project, which will be completed in May 2016, has been allocated a R6 million investment. This project not only addresses goal 4.6 of the National Skills Development Strategy III but will also

contributes to Gauteng's township revitalisation programme and the City of Tshwane's local economic development objectives.

One of the most significant collaborations in the previous year was the joint initiative with the Department of Small Business Development (DSBD) that brought about the launch of the Informal Traders Upliftment Project (ITUP). The ITUP is part of the DSBD's multi-million rand strategy on informal businesses as part of the National Business Upliftment Strategy (NIBUS).

One thousand Spaza shops, hawkers and local traders have been registered for the project which focuses on providing skills and infrastructure support for existing informal traders.

The following are some of the key achievements for the 2014/15 financial year:

- 398 861 employees in the Sector were trained;
- W&RSETA recorded its first PhD graduate from the bursary
- Minister of Higher Education and Training launched the groundbreaking KwaZulu-Natal Retail Schools of Excellence;
- The first 3 retail simulation centres were opened at TVET colleges;
- 18 learners from NGOs and NPOs registered on learning programmes;
- 208 learners from cooperatives in the Free State registered on skills programmes.

CHIEF EXECUTIVE OFFICER'S OVERVIEW

Organisational Challenges

Fast tracking the successful implementation of the new contracts management system will be prioritised as it will improve the operational effectiveness and efficiency of the Commitment Register.

Furthermore, the strengthening of internal control systems and leadership oversight will be prioritised to address the findings of the Auditor-General.

Whilst 2014/15 has been one of the W&RSETA's most successful years, the organisation still needs to increase participation of small retailers and will continuously develop strategies to ensure that small retailers, which are crucial in the Sector, play a pivotal role of stimulating the economic growth which our country is in desperate need of.

Future Plans and Actions of the Organisation

The 2015/16 financial year, being the last year in the implementation of the third NSDS, presents exciting opportunities to complete the many innovative projects that were initiated in the period under review.

Our focus will be around the following areas:

- Establishment of the outstanding retail simulation centres with the SETA launching centres in the remaining provinces;
- Continuing to implement the strategy to reduce the high cash reserves during the year under review;
- Accelerating the implementation of programmes for SMMEs to strengthen the gains that have been made in supporting this sub-sector.
- Aligning the SETAs programmes, processes and systems with stakeholders' training cycle.

Acknowledgements / Appreciation

Sir Isaac Newton said, "If I have seen further, it is by standing on the shoulders of giants." Such words ring true for the management and staff of the W&RSETA. We have the privilege of standing on the shoulders of our highly esteemed Board under the leadership of Ms. Pearl Maphoshe. The Board has provided us with the strategic leadership and support that enables the W&RSETA to remain an excellent organisation.

The W&RSETA employs men and women who are committed and passionate about skills development in our sector and the country. These are the foot soldiers of skills development. They rise to every challenge that we are faced with in our daily endeavours to contribute to making skills development a reality in the wholesale and retail sector. Colleagues, thank you for your unwavering support and commitment.

On behalf of the management team and staff, I would like to thank the SETA Coordination team of the Department of Higher Education and Training under the stewardship of the Director-General for leadership and guidance throughout the year which contributed to the W&RSETA. This ensures that the SETA continues to make a meaningful impact in executing its mandate of skills development.



Mr. TJ Dikgole

Chief Executive Officer

Statement of Responsibility and confirmation of accuracy of the Annual Report for the financial year ended 31 March 2015

To the best of my knowledge and belief, I confirm the following:

All information provided and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor-General. The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the South African Standards of Generally Recognised Accounting Practice (SA GRAP), the requirements of the Public Finance Management Act of South Africa, 1999 and the Skills Development Act, 1998. The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The accounting authority, which is responsible for establishing, and implementing a system of internal controls, has been designed to provide a reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements. The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resource information and financial affairs of the entity for the financial year ended 31 March 2015.



Mr. Joel Dikgole

Chief Executive Officer



Ms. Pearl Maphoshe

Chairperson: W&RSETA Board



PART B

PERFORMANCE INFORMATION



The Auditor-General has conducted audit procedures on the performance information of the Wholesale and Retail Sector Education and Training Authority (W&RSETA) for the selected programmes as per the Auditor's report as set out on pages 25 to 39 for usefulness and reliability, compliance with laws and regulations and internal controls.

The reliability of the information in respect of the selected programmes is assessed to determine whether it adequately reflects the facts.

There were no material findings on the W&RSETA annual performance report for the selected programmes concerning the usefulness and reliability of the information.

Refer to page 90 to 93 of the Auditor-General's Report, included in Part E: Financial Information.

SITUATIONAL ANALYSIS

Service Delivery Environment

The SETA has increased its national footprint in line with the call by the Minister to establish its presence in rural areas and townships. To this end, the SETA has developed a comprehensive strategy to ensure maximum benefit of its presence at identified sites.

The SETA has collaborated with the Durban University of Technology and KwaZulu-Natal based TVET colleges to establish retail schools of excellence around KwaZulu-Natal. This ground breaking initiative not only ensures the SETA's presence at the colleges, but has also provided the SETA with an opportunity to collaborate meaningfully with institutions of learning in the provision of skills development.

This successful initiative is currently being implemented in other provinces. The SETA has opened offices at the South West Gauteng, Central Johannesburg and Esayidi TVET colleges.

Organisational Environment

W&RSETA has remained stable during the period under review. The organisational restructuring process that commenced in the previous year was completed during the 2014/15 financial year. The process has resulted in operational efficiencies particularly in the implementation of skills development initiatives in the various provinces of the country.

Key Policy Developments and Legislative Changes

The Executive Authority did not introduce new Acts, Bills or Regulations during the period under review.

Performance against NSDS III and SLA targets in the Strategic Plan 2014/15

| A SKILLED AND CAPABLE WORKPLACE | | | | | | |
|--|--|--|--|---|----------|--|
| Outputs | SLA Targets | Performance Indicator | 2013/14 Achievements | 2014/15 Achievements | | |
| | | | | Actual | Variance | Comments |
| Goal 4.1: Establishing a credible institutional mechanism for skills planning | | | | | | |
| NSDS Outcome 4.1.1: The national need, in relation to skills development, is researched, documented and communicated to enable effective planning across all economic sector | | | | | | |
| 4.1.1.2 | Updated Sector Skills Plan (SSP) approved by the W&RSETA Board SSP submitted to DHET by the due date. | Updated Sector Skills Plan (SSP) approved by the W&RSETA Board and submitted to DHET by the due date. | The final 2013/2014 SSP update was submitted to DHET on 15 November 2013 | The final 2014/2015 SSP update was submitted to DHET on 30 September 2014 | Nil | Achieved |
| NSDS Goal 4.2: Increasing access to occupation-directed programmes, leading to intermediate and high-level learning. | | | | | | |
| NSDS Outcome 4.2.1:Middle-level skills needs are identified and addressed in all sectors | | | | | | |
| 4.2.1.2 | 2 800 learners enrolled in NQF 2-4 Learnership programmes. Level 2: 18.2 = 1 000 | 8 400 learners enrolled in NQF 2 to 4 learnership programmes over 3 years 1 400– (18.2) Unemployed per year 1 400– (18.1) Employed per year | 1 524 | 1 980 | 980 | Achieved: Overachievement is due to registration of PIVOTAL programmes by the organisations. |

STRATEGIC OUTCOME-ORIENTED GOALS

| Outputs | SLA Targets | Performance Indicator | 2013/14 Achievements | 2014/15 Achievements | | |
|---------|---------------------|-----------------------|----------------------|----------------------|----------|--|
| | | | | Actual | Variance | Comments |
| | Level 3: 18.2 = 400 | | 1 093 | 2 028 | 1 628 | Achieved: Overachievement is due to registration of PIVOTAL programmes by the organisations. |
| | Level 3: 18.1 = 900 | | 1 978 | 1 151 | 251 | Achieved: Overachievement is due to registration of PIVOTAL programmes by the organisations. |
| | Level 4: 18.1 = 500 | | 1 469 | 952 | 452 | Achieved: Overachievement is due to registration of PIVOTAL programmes by the organisations. |

| Outputs | SLA Targets | Performance Indicator | 2013/14 Achievements | 2014/15 Achievements | | |
|---------|--|---|----------------------|----------------------|----------|--|
| | | | | Actual | Variance | Comments |
| | 1 680 learners complete learning programmes: | 5 040 learners complete learnership programmes in NQF2-4 programmes over 3 years: | | | | |
| | Level 2: 18.2 – 600 | 840- (18.2) complete per year 840- (18.1) complete per year | 5 655 | 695 | 95 | Achieved: Overachievement due to previous years' registrations from PIVOTAL programmes and other projects. |
| | Level 3: 18.2 – 240 | | 2 057 | 231 | -9 | |
| | Level 3: 18.1 – 540 | | 469 | 540 | 0 | Achieved |
| | Level 4: 18.1 – 300 | | 418 | 390 | 90 | Achieved: Overachievement due to |

STRATEGIC OUTCOME-ORIENTED GOALS

| Outputs | SLA Targets | Performance Indicator | 2013/14 Achievements | 2014/15 Achievements | | |
|---------|--|--|----------------------|----------------------|----------|---|
| | | | | Actual | Variance | Comments |
| | | | | | | previous years' registrations from PIVOTAL programmes and other projects. |
| | 500 Learners in rural areas registered in learnership programmes | Implement learnership programmes for 1 500 unemployed learners in Rural Areas over 3 years | 1 488 | 766 | 266 | Achieved: Overachievement is due to registrations from PIVOTAL programmes and other rural projects. |
| | 250 learners completed learnership programmes | 250 learners in rural areas complete their learnership per year | 537 | 641 | 391 | Achieved: Overachievement due to previous years' registrations from PIVOTAL programmes and other rural projects. |
| | 300 learners placed on internships from FETs in Wholesale & Retail organisations | 900 Learners from FETs placed in internships with Wholesale and Retail Organisations over 3 years (300 learners per year) | 241 | 312 | 12 | Achieved: Increased number of Wholesale and Retail organisations |

| Outputs | SLA Targets | Performance Indicator | 2013/14 Achievements | 2014/15 Achievements | | |
|---|---|---|----------------------|--|--|--|
| | | | | Actual | Variance | Comments |
| | | | | | | opened their workplaces for TVET's interns. |
| | 300 employed learners registered on RPL learnership programmes | 1 300 employed Learners registered on RPL learnership programmes over 3 years | 386 | 848 | 548 | Achieved: The registrations were as a result of increased uptake in PIVOTAL allocations for 2014-2015. |
| | 150 learners completed RPL learnership programmes | 650 employed learners complete their RPL learnership programmes Year 1 – 150 Year 2 – 250 Year 3 – 250 | N/A | 440 | 290 | Achieved: Overachievement due to previous registrations from PIVOTAL programmes and other projects. |
| NSDS Outcome 4.2.2: 10 000 Artisans per year qualify with relevant skills and employment | | | | | | |
| 4.2.2.1 | 200 learners registered on artisan learning programmes based on the SSP research 150 (18.1) 50 (18.2) | 900 Artisans to be registered on artisans programmes based on the SSP research over 3 years | 829 | 564 18.1 = 354 18.2 = 210 | 364 18.1 = 204 18.2 = 160 | Achieved: Overachievement is due to high demand for artisan |

STRATEGIC OUTCOME-ORIENTED GOALS

| Outputs | SLA Targets | Performance Indicator | 2013/14 Achievements | 2014/15 Achievements | | |
|---|---|---|----------------------|---------------------------------------|-------------------------------------|--|
| | | | | Actual | Variance | Comments |
| | 120 learners completed artisan programmes 80 (18.1) 40 (18.2) | Artisans complete their programmes: Year 1 – 120 (18.1 = 80/18.2 = 40) Year 2 – 180 (18.1 = 120/18.2 = 60) Year 3 – 240 (18.1 = 150/18.2 = 90) | N/A | 212 18.1 = 90 18.2 = 122 | 92 18.1 = 10 18.2 = 82 | programmes in the W&R sector. Achieved: Overachievement is due to high demand for artisan programmes in the W&R sector. |
| NSDS Outcome 4.2.3: High-level national scarce skills need are being addressed by work-ready graduates from Higher Education Institutions | | | | | | |
| 4.2.3.2 | 890 employed learners registered at HETs -500 on NQF 5 | 2 670 employed learners registered at HETs over a 3 year period (890 learners per year) | N/A | 48 | -452 | Not Achieved: PIVOTAL applications did not yield sufficient employed learners to enter for an HET NQF 5 qualification. |

| Outputs | SLA Targets | Performance Indicator | 2013/14 Achievements | 2014/15 Achievements | | |
|---------|--|---|----------------------|----------------------|----------|---|
| | | | | Actual | Variance | Comments |
| | -350 on RMDP NQF 6 | | N/A | 386 | 36 | Achieved: The advert yielded more suitable applicants than expected. |
| | -40 on ILDP NQF 7 | | 39 | 48 | 8 | Achieved: The advert yielded more suitable applicants than expected. |
| | 378 employed learners complete learning at HETs -300 on NQF 5 | 378 employed learners completed programmes at HETs per year | 0 | 98 | -202 | Not Achieved : NQF 5 target not achieved due to low registrations in 2013-2014 |
| | -210 on RMDP NQF 6 | | 0 | 298 | 88 | Achieved: The advert yielded more suitable applicants than expected. |
| | -38 on ILDP NQF 7 | | 0 | 48 | 10 | Achieved: The advert yielded more suitable applicants than expected. |

STRATEGIC OUTCOME-ORIENTED GOALS

| Outputs | SLA Targets | Performance Indicator | 2013/14 Achievements | 2014/15 Achievements | | |
|---|--|---|----------------------|----------------------|----------|---|
| | | | | Actual | Variance | Comments |
| NSDS Outcome 4.2.3: High-level national scarce skills need are being addressed by work-ready graduates from Higher Education Institutions | | | | | | |
| | 1 048 beneficiaries awarded full bursaries at universities on programmes that address scarce skills | 1 048 Unemployed beneficiaries awarded full bursaries at universities over 2 years on programmes addressing scarce skills | 1 745 | 1 315 | 267 | Achieved: Overachievement due to continuing students with NSFAS and Careerwise with an additional intake for the Retail Business Management Diploma. |
| | 1 000 new beneficiaries awarded full bursaries at FETs and/or HETs | 1 000 beneficiaries registered with full bursaries at Universities and/or FETs (New Bursaries) | 434 340 | 1 413 | 413 | Achieved: Overachievement was through a new intake at the beginning of 2015. |
| | 433 Unemployed beneficiaries awarded full bursaries at FETs on programmes that address scarce skills | 433 Unemployed beneficiaries registered with full bursaries at FETs over 2 years on programmes addressing W&R scarce skills | 990 | 497 | 64 | Achieved: Overachievement due to improved stability of the NSFAS FET |

| Outputs | SLA Targets | Performance Indicator | 2013/14 Achievements | 2014/15 Achievements | | |
|---------|---|--|----------------------|----------------------|----------|--|
| | | | | Actual | Variance | Comments |
| | | | | | | bursars. There was a lower dropout rate than previous years. |
| | 500 graduates are placed in workplaces to gain workplace experience | 2 500 graduates will be sponsored by the SETA for placement to gain workplace experience | 450 | 874 | 374 | Achieved: Overachievement due to a high placement of learners through the PIVOTAL grants. |
| | 1 000 Unemployed FET graduates placed in W&R companies for workplace experience | 1 000 Unemployed FET graduates per year placed in Wholesale & Retail companies for workplace experience over 3 years | 767 | 1129 | 129 | Achieved: Overachievement due to placement of graduates at government departments more especially the Free State provincial government. |

STRATEGIC OUTCOME-ORIENTED GOALS

| Outputs | SLA Targets | Performance Indicator | 2013/14 Achievements | 2014/15 Achievements | | |
|--|--|---|----------------------|----------------------|----------|---|
| | | | | Actual | Variance | Comments |
| | 2 candidates register for MBA/Masters qualifications with W&R focus | 6 candidates register for MBA/Masters degree with a W&R focus over the next 3 years (2 candidates per year) | 11 | 2 | 0 | Achieved |
| | 2 candidates register for doctoral (Phd or D) studies with retail specialisation | 6 Candidates register for doctoral degrees with retail specialisation over the next 3 years (2 candidates per year) | 3 | 2 | 0 | Achieved |
| NSDS Outcome 4.2.4: Relevant research, development and innovation capacity is developed, and innovative research projects established | | | | | | |
| 4.2.4.1 | 4 research studies conducted and published on website and research publication | Implementation of 4 research projects per year to support the SSP update and relevant impact studies | 10 | 7 | 3 | Achieved: Overachievement is partly due to ILDP research papers. |
| NSDS Goal 4.3: Promoting the growth of the public FET College system that is responsive to sector, local, regional and national skills needs and priorities | | | | | | |
| NSDS Outcome 4.3.2: Partnership between DHET, SETAs, employers, private providers and public FET colleges are resulting in increased capacity to meet industry needs throughout the country | | | | | | |
| 4.3.2.2 | 4 SOEs established | Established 4 schools of excellence (SOE) per year in FET colleges over 3 years. | N/A | 4 | 0 | Achieved |

| Outputs | SLA Targets | Performance Indicator | 2013/14 Achievements | 2014/15 Achievements | | |
|---|---|---|----------------------|----------------------|----------|---|
| | | | | Actual | Variance | Comments |
| | 9 FET colleges awarded extension of scope to deliver W&R qualifications | Expand the delivery of Wholesale and Retail qualifications to FET colleges over 3 years (9 colleges per year) | N/A | 9 | 0 | Achieved |
| NSDS Goal 4.5: Encouraging better use of workplace-based skills development | | | | | | |
| NSDS Outcome 4.5.1: Training of employed workers addresses critical skills, enabling improved productivity, economic growth and the ability of the workforce to adapt to change in the labour market | | | | | | |
| 4.5.1.1 | 500 employed learners registered on skills programmes addressing scarce/critical skills | 1 500 employed learners registered on programmes that are addressing scarce/critical skills identified in the SSP over the next 3 years. (500 learners per year) | 1 389 | 607 | 107 | Achieved: Overflow of PIVOTAL programmes and other special project, has resulted in overachievement of the target |
| | 300 employed learners complete skills programmes | 300 employed learners complete their skills programmes per year. | Nil | 302 | 2 | Achieved: Overachievement due to the nature of the programmes. Some skills programmes with only 3 unit standards. |

STRATEGIC OUTCOME-ORIENTED GOALS

| Outputs | SLA Targets | Performance Indicator | 2013/14 Achievements | 2014/15 Achievements | | |
|---|--|--|-----------------------------------|----------------------|----------|---|
| | | | | Actual | Variance | Comments |
| | 500 employed workers from W&R registered organisations to register on NF 1 learnership (AET) | 1 500 Learners to register on a NQF 1 Learnership Qualification (AET) over a 3 year period (500 employed learners per year) | 1 247 649 (18.1) 598 (18.2) | 481 | -19 | Not Achieved: Under-achievement due to low uptake from PIVOTAL allocations and the AET special project. |
| | 200 employed workers complete NQF 1 learnership (AET) | 200 learners completed NQF 1 qualification (AET) per year. | Nil | 344 | 44 | Achieved: Overachievement is due to previous years' registrations resulted in the increased completion rate |
| NSDS Goal 4.6: Encouraging and supporting cooperatives, small enterprises, small enterprises, worker - initiated, NGO and community training initiatives | | | | | | |
| NSDS Outcome 4.6.2: cooperatives supported with skills training and development expands and contributes to sector economic and employment growth | | | | | | |
| | 20 cooperatives register learners on skills programmes | Implement a project for 60 coops to registered learners on skills programmes over 3 years 20 coops per year | 57 | 14 | -6 | Not Achieved: Target not met due to low registrations by year-end. |

| Outputs | SLA Targets | Performance Indicator | 2013/14 Achievements | 2014/15 Achievements | | |
|---------|--|---|----------------------|----------------------|----------|---|
| | | | | Actual | Variance | Comments |
| | 6 000 small and medium W&R companies assisted to submit Annexure 2 | SMME participation in skills planning process. Assist 6 000 to 8 000 companies over the next 3 year period through the use of independent skills development facilitators to complete and submit the new Annexure 2 (WSP/ATR/PIVOTAL) | 7 106 | 5 199 | -801 | Not achieved: Target not met due to delayed start of the project. |
| | 5 000 levy paying companies are paid mandatory grants | 5 000 levy paying companies benefit from mandatory grants in year 1 6 000 Levy paying companies benefit from mandatory grants in year 2 7 000 Levy paying companies benefit from mandatory grants in year 3 | 5 160 | 4 104 | -896 | Not achieved: Under-achievement is due to Annexure 2 submission target not met. |
| | 3500 levy paying SMME and | 15 000 SMME companies, including informal traders benefit from skills development initiatives over 3 years | 4 475 | 2 379 | -1 121 | Not achieved: Target not met due to low uptake from the advert. |

STRATEGIC OUTCOME-ORIENTED GOALS

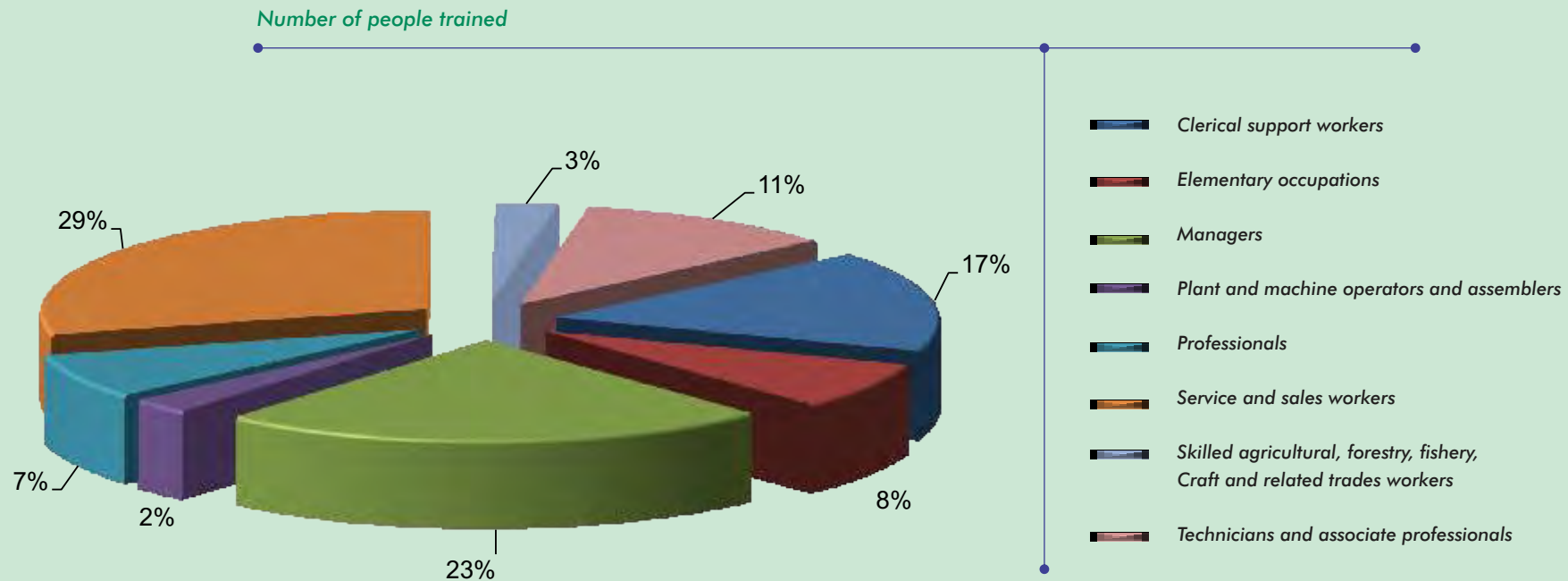
| Outputs | SLA Targets | Performance Indicator | 2013/14 Achievements | 2014/15 Achievements | | |
|--|---|---|----------------------|----------------------|----------|---|
| | | | | Actual | Variance | Comments |
| | 1 500 NLP micro and informal traders benefit from skills development programmes | | Nil | 1 571 | 71 | Achieved: Over-achievement is due to interest and participation by informal traders in the ITUP project. |
| NSDS Outcome 4.6.2: Workers, NGO and community-based education programmes are supported and their impact measured and reported on | | | | | | |
| 4.6.3.1 | 1 000 trade union members registered on learning programmes | Training for 1 000 trade union members over the next 3 years (1 000 Union officials registered on learning programmes per year) | 362 | 1 000 | 0 | Achieved |
| | 400 trade union members complete their learning programmes | 400 union members complete their learning programmes per year | Nil | 408 | 8 | Achieved: Overachieved from previous registrations by members of 5 participating union organisations. |

| Outputs | SLA Targets | Performance Indicator | 2013/14 Achievements | 2014/15 Achievements | | |
|---|--|---|----------------------|----------------------|----------|--|
| | | | | Actual | Variance | Comments |
| | Learners from 9 NGOs registered on learning programmes in year 1 | Learners from 27 NGOs registered on learning programs over 3 years. (9 NGOs per year) | Nil | 18 | 9 | Achieved: The advert yielded and increased number of applications than expected. |
| NSDS Goal 4.8: Building career and vocational guidance | | | | | | |
| NSDS Outcome 4.8.1: Career paths are mapped to qualifications in all sectors and sub-sectors and are communicated effectively, contributing to improved relevance of training and greater mobility and progression | | | | | | |
| 4.8.1.1 | Career guidance is provided in 250 Schools and/or Colleges and/or Universities | Career guidance conducted in 250 schools/colleges/ universities per year | 413 | 524 | 274 | Achieved: Career guidance initiatives resulted in an increased number of schools/TVET's/HET's being visited in 2014-2015. |
| 4.8.1.2 | Qualifications management body develops, aligns and submits 4 qualifications to QCTO | Development and re-curriculation of 12 qualifications aligned to QCTO requirements over 3 years | 8 | 4 | 4 | Achieved: The overachievement was due to the development and re-curriculation of existing qualifications in support of SOE project. |

PERFORMANCE OVERSIGHT STATISTICS

Number of people trained per occupational class for 2014/15

| Occupational class | Number of people trained* |
|---|---------------------------|
| Clerical support workers | 19 665 |
| Elementary occupations | 8 957 |
| Managers | 27 475 |
| Plant and machine operators and assemblers | 3 012 |
| Professionals | 8 534 |
| Service and sales workers | 34 749 |
| Skilled agricultural, forestry, fishery, craft and related trades workers | 3 112 |
| Technicians and associate professionals | 13 164 |
| Grand Total | 118 668 |

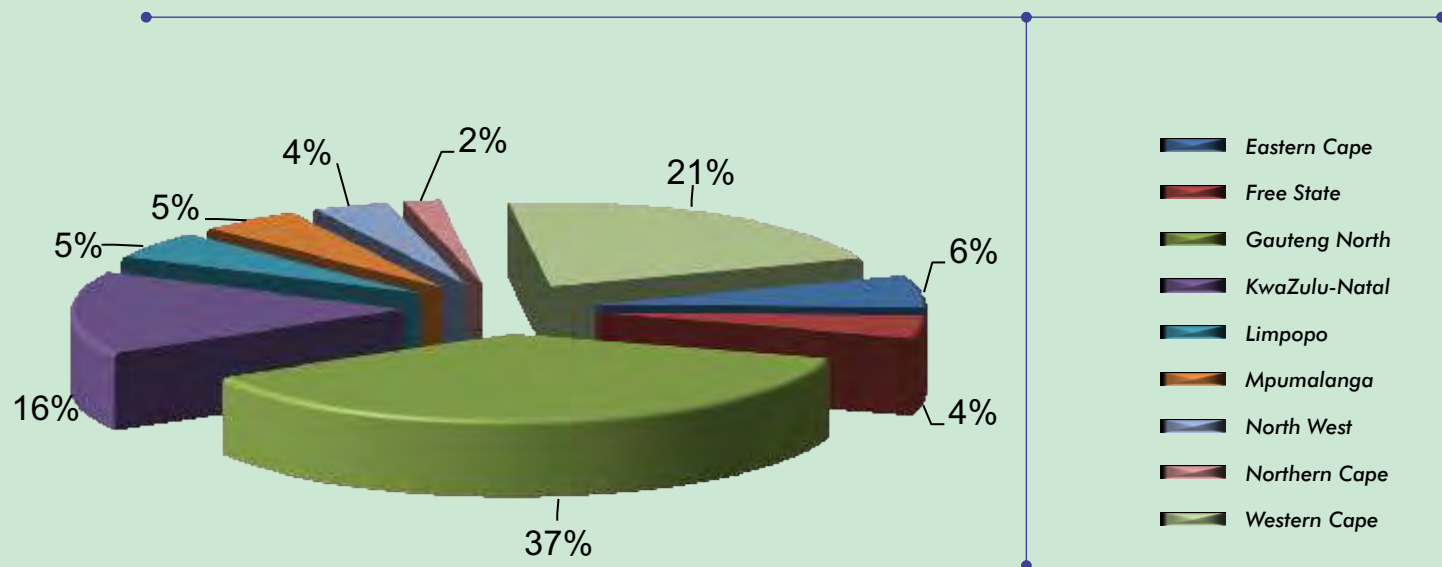


*As per the Annexure 2 submissions for the 2014/15 financial year.

Number of people trained per region for 2014/15

| Region | Number of people trained* |
|--------------------|---------------------------|
| Eastern Cape | 24 200 |
| Freestate | 17 013 |
| Gauteng North | 146 595 |
| KwaZulu-Natal | 62 729 |
| Limpopo | 20 764 |
| Mpumalanga | 19 705 |
| North West | 14 865 |
| Northern Cape | 7 226 |
| Western Cape | 85 764 |
| Grand Total | 398 861 |

Number of people trained



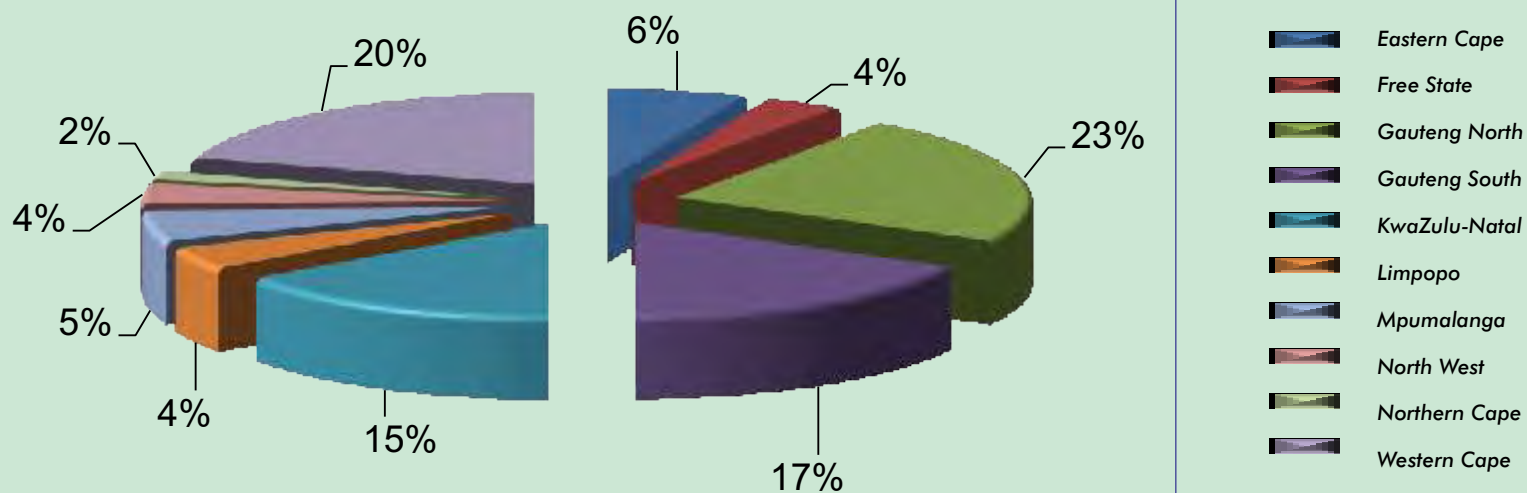
**As per the Annexure 2 submissions for the 2014/15 financial year.*

PERFORMANCE OVERSIGHT STATISTICS

Number of levy paying companies per region for 2014/15

| Organisation Regions | Small (0-49) | Large (150+) | Medium (50-149) | Grand total |
|----------------------|---------------|--------------|-----------------|---------------|
| Eastern Cape | 801 | 39 | 103 | 943 |
| Free State | 462 | 15 | 41 | 518 |
| Gauteng North | 3 015 | 92 | 324 | 3 431 |
| Gauteng South | 2 147 | 146 | 247 | 2 540 |
| KwaZulu-Natal | 1 841 | 95 | 301 | 2 237 |
| Limpopo | 494 | 19 | 80 | 593 |
| Mpumalanga | 713 | 21 | 72 | 806 |
| North West | 479 | 7 | 54 | 540 |
| Northern Cape | 213 | 4 | 15 | 232 |
| Western Cape | 2 615 | 123 | 291 | 3 029 |
| Grand Total | 12 780 | 561 | 1 528 | 14 869 |

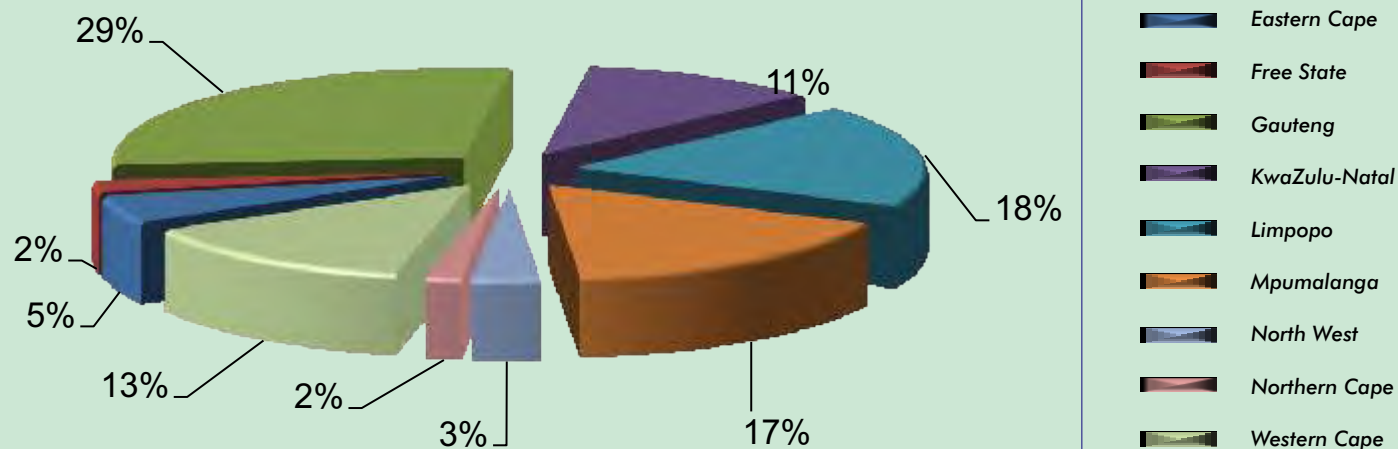
Number of levy paying companies per region for 2014/15



Number of Small companies supported

| Region | Small (0-49) |
|--------------------|--------------|
| Eastern Cape | 117 |
| Free State | 49 |
| Gauteng | 680 |
| KwaZulu-Natal | 266 |
| Limpopo | 442 |
| Mpumalanga | 395 |
| North West | 74 |
| Northern Cape | 40 |
| Western Cape | 316 |
| Grand Total | 2 379 |

Number of Small companies supported



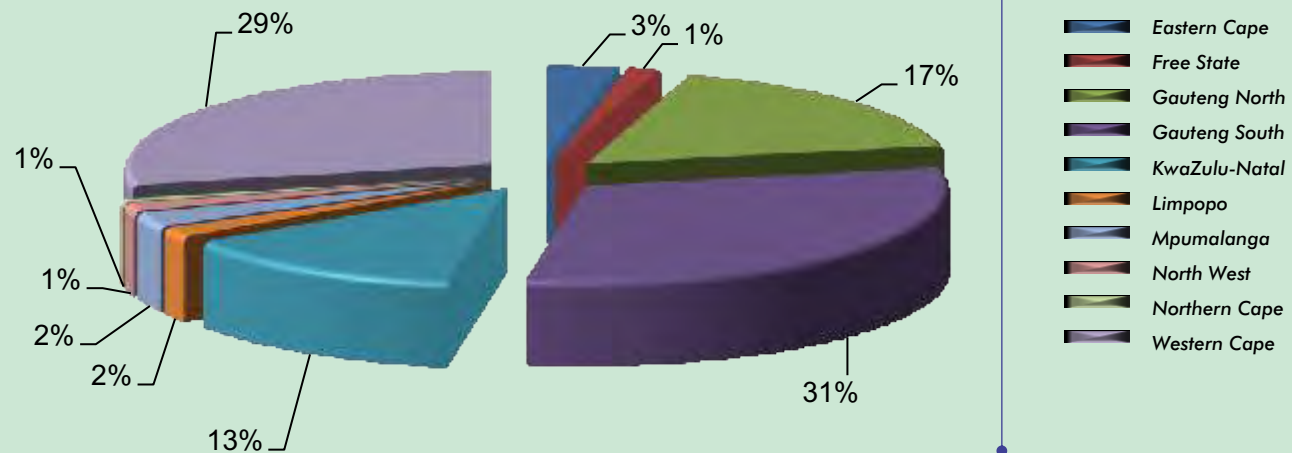
SUMMARY OF FINANCIAL INFORMATION

Revenue Collection

Levies received per region for 2014/15 - 80%

| Region | Small (0-49) | Large (150+) ('000) | Medium (50-149) ('000) | Grand total ('000) |
|--------------------|----------------|---------------------|------------------------|--------------------|
| Eastern Cape | 14 080 | 6 978 | 5 345 | 26 404 |
| Free State | 7 204 | 2 281 | 2 117 | 11 638 |
| Gauteng North | 66 780 | 42 517 | 33 192 | 142 490 |
| Gauteng South | 55 994 | 167 238 | 29 538 | 252 771 |
| KwaZulu-Natal | 33 319 | 52 977 | 19 285 | 105 580 |
| Limpopo | 7 842 | 2 070 | 3 652 | 13 564 |
| Mpumalanga | 13 595 | 2 867 | 3 787 | 20 249 |
| North West | 8 210 | 974 | 2 741 | 11 926 |
| Northern Cape | 3 291 | 294 | 812 | 4 398 |
| Western Cape | 50 164 | 160 350 | 24 402 | 234 915 |
| Grand Total | 260 515 | 438 547 | 124 872 | 823 934 |

Levies received for 2014/15 per region

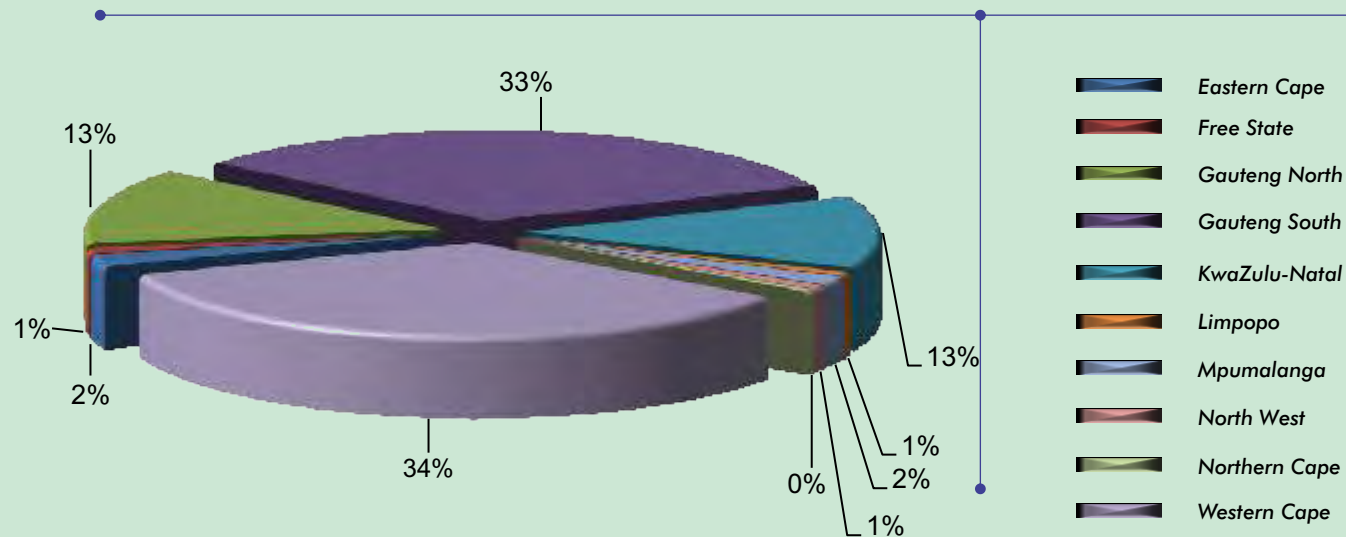


Programme Expenditure

Mandatory Grant Expenditure for 2014/15 - 20%

| Region | Small (0-49) | Large (150+) ('000) | Medium (50-149) ('000) | Grand total ('000) |
|--------------------|---------------|---------------------|------------------------|--------------------|
| Eastern Cape | 1 300 | 1 043 | 672 | 3 016 |
| Free State | 430 | 502 | 343 | 1 276 |
| Gauteng North | 4 529 | 8 649 | 5 712 | 18 890 |
| Gauteng South | 3 576 | 38 613 | 3 597 | 45 787 |
| KwaZulu-Natal | 3 039 | 11 781 | 2 966 | 17 786 |
| Limpopo | 245 | 386 | 319 | 951 |
| Mpumalanga | 1 167 | 536 | 513 | 2 216 |
| North West | 594 | 193 | 367 | 1 154 |
| Northern Cape | 403 | 64 | 161 | 629 |
| Western Cape | 6 435 | 37 388 | 4 606 | 48 430 |
| Grand Total | 21 720 | 99 158 | 19 258 | 140 136 |

Grants Expenditure for 2014/15 per region



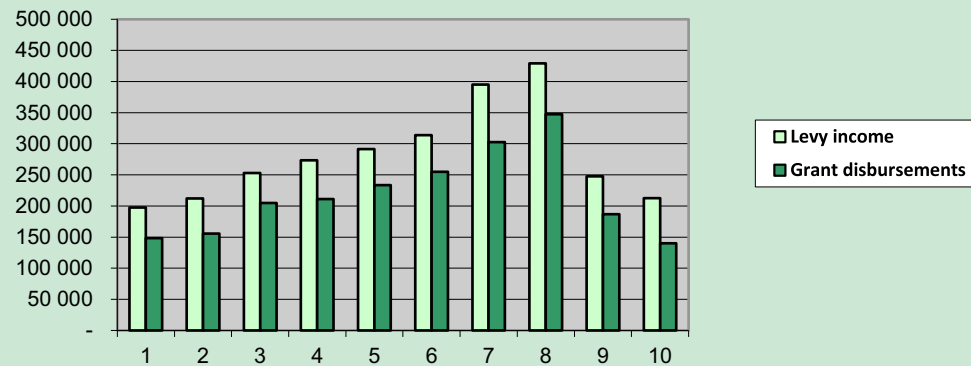
SUMMARY OF FINANCIAL INFORMATION

Revenue vs Expenditure

Levy income vs Grant expenditure

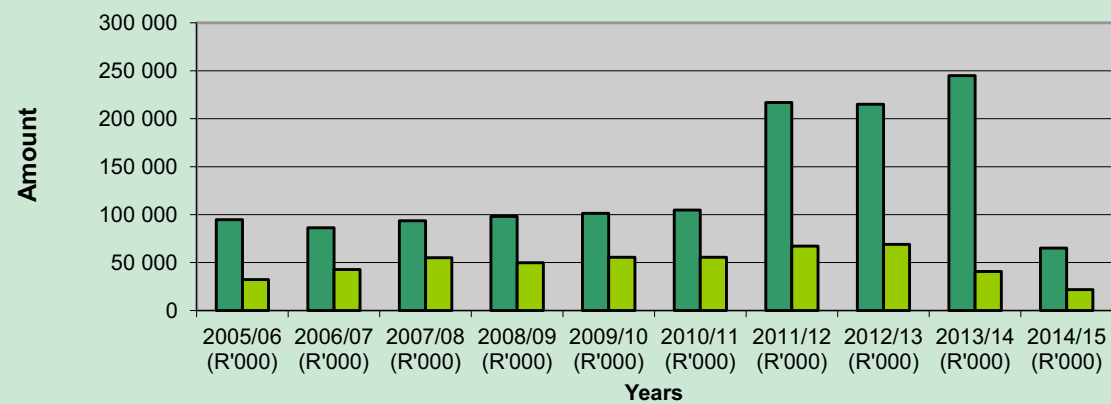
| | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | (R'000) | (R'000) | (R'000) | (R'000) | (R'000) | (R'000) | (R'000) | (R'000) | (R'000) | (R'000) |
| Levy income | 197 393 | 211 925 | 253 219 | 273 364 | 291 572 | 314 011 | 396 523 | 429 006 | 247 471 | 215 616 |
| Grant disbursements | 148 455 | 155 596 | 204 691 | 211 040 | 233 687 | 254 716 | 302 783 | 347 159 | 186 644 | 140 136 |
| Percentage of grant/ levy disbursements | 75% | 73% | 81% | 77% | 80% | 81% | 76% | 81% | 75% | 65% |
| Number of registered companies | 44 209 | 53 985 | 56 713 | 59 530 | 62 698 | 65 411 | 71 238 | 75 052 | 77 268 | 82 246 |

Additional targets archived



Levies vs Grants paid : Small category - 20%

| Category | 2005/06 (R'000) | 2006/07 (R'000) | 2007/08 (R'000) | 2008/09 (R'000) | 2009/10 (R'000) | 2010/11 (R'000) | 2011/12 (R'000) | 2012/13 (R'000) | 2013/14 (R'000) | 2014/15 (R'000) |
|-----------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-----------------|
| Levies received | 94 627 | 86 316 | 93 592 | 98 207 | 101 411 | 104 709 | 216 827 | 215 048 | 244 859 | 65 129 |
| Grants paid | 32 398 | 42 869 | 55 077 | 49 736 | 55 530 | 55 511 | 67 081 | 69 047 | 40 640 | 21 720 |
| % | 34% | 50% | 59% | 51% | 34% | 53% | 31% | 32% | 17% | 33% |

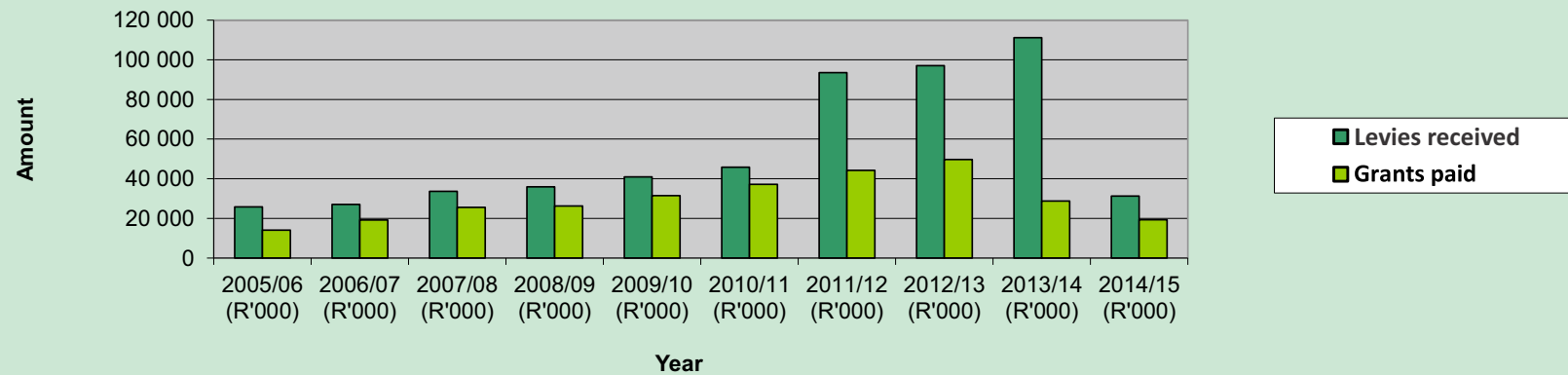


■ Levies received
■ Grants paid

SUMMARY OF FINANCIAL INFORMATION

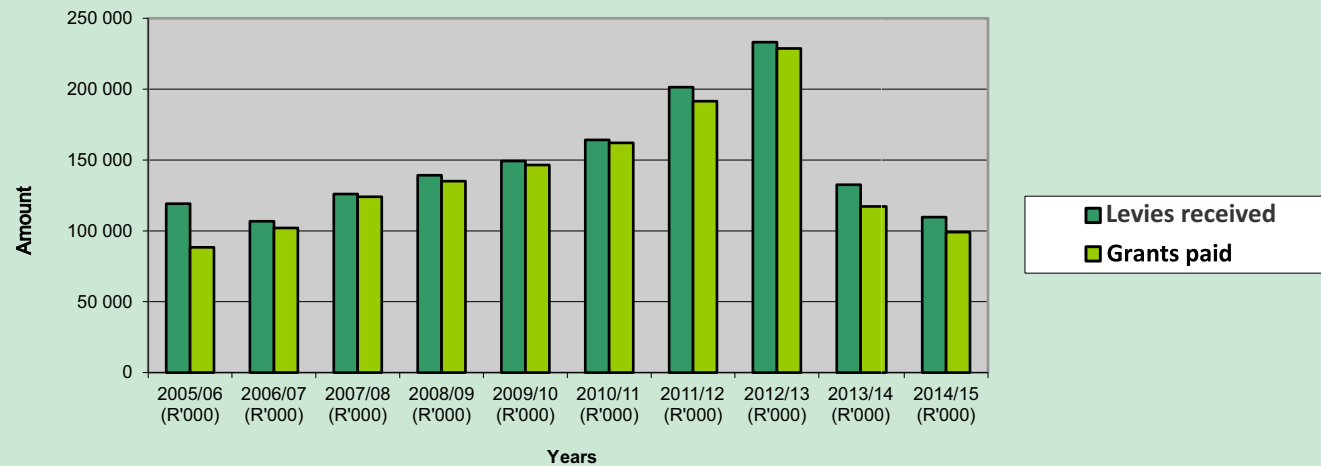
Levies vs grants paid: Medium category - 20%

| Category | 2005/06 (R'000) | 2006/07 (R'000) | 2007/08 (R'000) | 2008/09 (R'000) | 2009/10 (R'000) | 2010/11 (R'000) | 2011/12 (R'000) | 2012/13 (R'000) | 2013/14 (R'000) | 2014/15 (R'000) |
|-----------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Levies received | 25 755 | 27 038 | 33 627 | 35 874 | 40 943 | 45 819 | 93 481 | 97 034 | 111 182 | 31 218 |
| Grants paid | 14 059 | 19 212 | 25 582 | 26 285 | 31 530 | 37 125 | 44 262 | 49 726 | 28 782 | 19 258 |
| % | 55% | 71% | 76% | 73% | 77% | 81% | 47% | 51% | 26% | 62% |



Levies vs grants paid: Large category - 20%

| Category | 2005/06 (R'000) | 2006/07 (R'000) | 2007/08 (R'000) | 2008/09 (R'000) | 2009/10 (R'000) | 2010/11 (R'000) | 2011/12 (R'000) | 2012/13 (R'000) | 2013/14 (R'000) | 2014/15 (R'000) |
|-----------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Levies received | 119 216 | 106 747 | 126 000 | 139 283 | 149 227 | 164 112 | 201 394 | 233 179 | 132 546 | 109 631 |
| Grants paid | 88 338 | 102 034 | 124 032 | 135 018 | 146 527 | 162 079 | 191 446 | 228 755 | 117 221 | 99 158 |
| % | 74% | 96% | 98% | 97% | 98% | 99% | 95% | 98% | 88% | 90% |





PERFORMANCE INFORMATION – PROGRAMMES

Programmes / Projects

The W&RSETA implements projects that are aligned to its strategic plan, that address the skills development requirements of the Wholesale and Retail Sector and which contribute to government's various policies to combat poverty and unemployment.

The year 2014/5 was a ground breaking year for the W&RSETA with the implementation of new innovative projects that advance the collaboration between the SETA, institutions of learning and the Sector.

TVET College Extension of Scope / Retail Simulations Centres

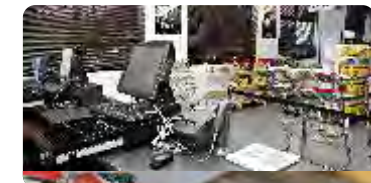
Whilst this project was initiated before the promulgation of the White Paper on the Post School Education System, it addresses one of the main pillars of the White Paper which is to position TVET colleges as institutions of choice.

This project is aimed at capacitating colleges to deliver W&RSETA programmes with a two-pronged purpose of fostering collaboration between institutions and the Sector and to produce graduates that meet the needs of the industry.

Highlights and Impact

Whilst this project commenced in 2012, significant strides were made during the year under review. During October 2014 - February 2015, the W&RSETA launched the first three retail simulation centres in three provinces across the country.

W&RSETA retail simulation centres at College of Cape Town, Gert Sibande and Vuselela TVET Colleges



PERFORMANCE INFORMATION – PROGRAMMES

These centres, established at the College of Cape Town (Western Cape), Gert Sibande (Mpumalanga) and Vuselela (North-West) TVET colleges, will provide practical experience on retail practices to ensure that colleges produce suitably qualified and experienced graduates.

Makro and Spar Lowveld have collaborated with the W&RSETA to equip the centres with the merchandise required for the simulated learning environments at the College of Cape Town and Gert Sibande TVET College, respectively. The involvement of the Sector will go a long way to secure the workplace experience that is required by graduates and possible employment on completion of programmes.

The colleges will deliver four learnerships on W&R Operations, Chain Store, Helpdesk and Merchandising, as well as seven skills programmes for the following occupations:

Store Person, Shelf Packer, Cashier, Driver, Stockroom Clerk, FMCG Merchandiser and help desk.

2014/15 International Leadership Development Programme (ILDP)

The W&RSETA's flagship learning programme, the International Leadership Development Programme, in its sixth year has benefited 191 young leaders from various Wholesale and Retail companies who are positioning retail as a career of choice. This project is aimed at accelerating the development of talented and high potential senior / executive managers who have been identified to assume the next level of leadership within their companies.

ILDP exposes leaders to best practices in Wholesale and Retail through exposure to best global companies, thought leadership as well as leading local and international faculty on the functional areas of retail and leadership.

Highlights and Impact

There were 49 candidates selected for the 2014/15 ILDP and 43 successfully completed the programme.

Nine delegates were promoted during the programme and six had career progressions.

The SETA requires that delegates are promoted two to three years after completing the ILDP.

For the 2015 programme, 48 candidates have been selected.



Top students from the 2014 ILDP

2014/15 Retail Management Development Programme (RMDP)

The W&RSETA recognised the shortage of skilled middle managers through research which culminated in the Sector Skills Plan and implemented the Retail Management Development Programme (RMDP) to address this challenge.

In 2014/15, 350 students, of which 150 were women, were enrolled in the programme. There were 304 students who successfully completed the 2014 RMDP and graduated during March and April 2015.

Highlights and Impact

The programme was launched in 2012 and has benefited 711 junior managers/ supervisors/ team leaders from the sector. As a feeder programme to the International Leadership Development Programme, 7 graduates from the RMDP were accepted on the 2014 ILDP and 367 delegates have been enrolled in the 2015/16 Retail Management Development Programme.



One of the groups from the 2014 RMDP

Rural and Cooperatives Development

The W&RSETA is cognisant of the importance of developing rural and previously underprivileged communities in our country. This priority has been high on the agenda of government. The aim is to equip rural communities to become active participants of the economy through sustainable job creation and to retain young people in their communities.

A strategic decision was taken to accelerate the W&RSETA's efforts in rural and cooperatives development undertaken in previous years in various provinces, and a department was established to focus solely on these areas.

The Rural Areas and Traditional Councils Project

These projects were implemented to benefit 515 learners from the Rharhabe Royal Kingdom (Eastern Cape), Batlokoa Traditional Council (Free State), Kwandebele Royal Mgibe II (Mpumalanga) and Jalamba Traditional Council (Eastern Cape) and Mhlontlo Local Municipality (Eastern Cape) through skills development. The learners were registered on the W&RSETA Informal Small Business Practice NQF Level 3 Qualification over a 12-month period. R22,8 million has been invested in this project.

Highlights and Impact

All 465 beneficiaries are already operating their own informal businesses ranging from hair and beauty salons, piggery, poultry, catering, brick-making and selling, to fresh produce, food preparation and selling, selling of second hand clothes, and airtime vending.

PERFORMANCE INFORMATION – PROGRAMMES

The businesses will be assisted to register with CIPC and the Commissioner of Revenue by the end of the project. It is the intention of the SETA to expand this project to the rest of the country to benefit other royal kingdoms and traditional councils.



Launch of the Rharhabe Royal Kingdom project in November 2014



Eastern Cape Rural Development Partnership Project

The Eastern Cape Rural Development Partnership Project is a joint initiative between W&RSETA, the Eastern Cape Office of the Premier, Eastern Cape TVET colleges and the University of Fort Hare. This initiative aims to create collaboration between government, the W&RSETA, the Wholesale and Retail Sector and institutions of learning to enrol learners on learnerships and provide workplace opportunities for unemployed learners and TVET college graduates.

The Eastern Cape TVET colleges participating in the project are King Hintsa, King Sabata Dalindyebo, Buffalo City, Lovedale, Ingwe and Eastcape Midlands.

There are 170 National Certificate Vocational graduates who will be enrolled in the National Certificate: W&R Operations NQF level Learnership, whilst 34 NCV hospitality graduates will be enrolled on the National Certificate: Fresh Meat Processing NQF level 3 Learnership.

Learners will receive 12-months workplace experience from W&R companies as part of the programmes' workplace preparation component.

The 70 NCV graduates will be enrolled in the National Certificate: W&R Generic Management NQF level 5 qualification with the University of Fort Hare and will undergo a 18-month workplace experience programme.

Highlights and Impact

The project will increase the pool of skilled employees for the W&R sector and the prospects of employment for unemployed youth, particularly from rural communities.

Mhlontlo Local Municipality Cooperatives Project

The W&RSETA responded to the call by Minister Nzimande to contribute to skilling the community of Mhlontlo Local Municipality in the Eastern Cape following the launch of the Umfundazwe, the Mhlontlo Local Municipality Trust Fund aimed at improving the education and skills of the youth to enable them to contribute to the development of their communities. Several SETAs, including the W&RSETA and other institutions within the DHET, implemented various projects to support the community.

The W&RSETA provided training for 33 beneficiaries from 11 cooperatives from the local municipality through skills programmes. These cooperatives operate businesses in the manufacturing and retailing of coffins, bricks, footwear and beadwork.

Highlights and Impact

All 33 learners were found competent and have confirmed that the intervention has assisted them to sustain their businesses.

Northern Cape Learnership Opportunities

The Northern Cape Learnership Opportunities project was initiated in line with one of the pillars of the National Skills Development Strategy on rural development with the aim of contributing to poverty alleviation while skilling the nation. There were 442 young people who were recruited from Northern Cape with a focus on rural communities and were enrolled in the W&R Operations Level 2, 3, and 4 qualifications respectively for a period of 12 months ending June 2015.

The SETA has invested R20 million towards the project.

Highlights and Impact

There were 158 learners who completed the programme at the end of the financial year under review. Sixty two of the learners who successfully completed their programmes have been employed permanently in the retail stores where they completed the practical component of their programmes.

Artisan Development

BASF Spray Painter Project

The collaboration with BASF Coatings Services (Pty) Ltd was aimed at addressing the shortage of artisans in the wholesale and retail sector and the country at large. Ten learners were enrolled in the National Certificate: Automotive Spray Painting NQF Level 2 - 4 at a budget of R1,7 million. The programme aims to develop new technical skills by providing learners with the knowledge and skills required to work in this specialised sector of the automotive industry which resides within both the wholesale and retail and spray painting sectors.

Highlights and Impact

Six of the learners have completed the three-year programme and have increased their prospects of employment as spray painters. Of significant importance is that all 10 learners, who are female, will be provided entry into the male dominated automotive industry. The six learners have been placed in various companies to obtain workplace experience for a period of two years before they can undergo trade tests to qualify as artisans.

PERFORMANCE INFORMATION – PROGRAMMES

The Clothing Bank

The Clothing Bank has established strategic partnerships with most of the major local clothing retailers to donate excess clothing which is used in the Enterprise Development Programme to teach unemployed mothers to run small retail trading businesses. The integral objective of The Clothing Bank initiative is to alleviate poverty particularly among single mothers by entrenching entrepreneurship to equip them with the skills to ensure sustainable small businesses.

W&RSETA partnered with The Clothing Bank to provide training to 287 women on the Informal Small Business Practice qualification at a cost of R10 million.

The learners were selected from a pool of women who voluntarily participated in The Clothing Bank's phase I of the project from the Cape Town, Paarl and Johannesburg sites.

The 24-month programme combines practical training with life skills, coaching and mentoring to develop self-confidence and the opportunity to practice and hone skills in a real business.

Highlights and Impact

There were 101 women who obtained the National Certificate: Informal Small Business Practice qualification and 79 of them were subsequently enrolled on a 12-month Women@Work mentorship programme. The SETA has enrolled a further 159 women in 2014/15 on the ISBP qualification as well as the International Computer Driver's License programme and will complete the programmes in March 2016. On completion of the entire programme, 287 women would have benefited from the 21-month project, and will be equipped with skills to run sustainable small businesses resulting in decent livelihoods for themselves.

Small Business Development

Bibi Cash & Carry SMME BEE Development

The objective of this unique project is to empower micro business owners in the Qwa Qwa rural area. In partnership with the Bibi Cash & Carry Academy, employees from small businesses were trained and mentored in order to improve the sustainability of their small enterprises. This project demonstrates the value that big business provides to developing small businesses. Learners were trained on the following unit standards at NQF level 3: Start-up a Small Business, Merchandise products in a retail business, Control cash in a small business and Build customer relations in an operational environment.

The SETA invested R333 000 towards this initiative.

Eastern Cape Liquor Outlet Support Project for Cooperatives and SMMEs

The W&RSETA has partnered with the Eastern Cape Liquor Board to support SMMEs with a specific focus on liquor outlets to provide learning programmes ranging from NQF levels 2-5.

This initiative aims to capacitate 530 Eastern Cape based liquor traders and employees with skills to operate their small businesses efficiently. The project will increase the level of competitiveness within the SMME sector thereby stimulating the economic growth of the province. The beneficiaries will receive training facilitated by the Eastcape Midlands TVET College.

Highlights and Impact

There were 530 learners who have been enrolled in the project which will be implemented at a budget of R1, 7 million. The initiative will provide much needed training to liquor traders, many of whom have not been in formal education for a very long time.

Collaboration with Provincial Governments

In an endeavour to address specific skills development challenges facing the different provinces of our country, the W&RSETA engages provincial governments to contribute to government's objective to respond to the developmental needs of communities, particularly rural areas.

Free State Office of the Premier TVET College Internship Placement Project

The W&RSETA has partnered with the Free State Office of the Premier to provide workplace experience to 700 unemployed TVET college students over a 18-month period. This initiative provides a structured workplace learning programme model for students who have completed theoretical training in disciplines that are relevant to the Wholesale and Retail and government sectors. Government departments will benefit from much needed administrative assistance from the young interns, whilst the interns will receive the practical workplace experience required to obtain their national diplomas.

The W&RSETA has allocated R42 million towards this project.

Highlights and Impact

There are 489 students who have been placed within government departments and Wholesale and Retail companies around the province. This unique project ensures that 700 unemployed graduates, who have been struggling to secure work placement in a province with very high poverty and unemployment rates, are provided with an opportunity to complete their studies whilst they earn a monthly stipend.



Free State Premier Mr. Ace Magashule with W&RSETA CEO and other officials during the official launch of the project

Northern Cape Office of the Premier Graduate Internship Project

The partnership between the Northern Cape's provincial government and the W&RSETA is aimed at providing TVET college graduates with the workplace experience needed to obtain their national diplomas in Wholesale and Retail related qualifications. This 18-month project was implemented in collaboration with urban and rural TVET colleges. There were 100 learners placed within various companies in the province.

Highlights and Impact

The project assists learners with practical workplace experience that will improve their prospects of employment in the Wholesale and Retail Sector. The learners have welcomed the exposure to the retail environment and appreciate the stipend which many of them use to support their families. Companies are also impressed by the level of commitment and enthusiasm displayed by the learners. The project will be completed in December 2015.

PERFORMANCE INFORMATION – PROGRAMMES

CapaCiti

The W&RSETA has participated in this project since 2011 in partnership with the Western Cape Government Department of Economic Development and Tourism, the Jobs Fund, City of Cape Town and the Insurance SETA (INSETA).

The objective of the CapaCiti project is to upskill and reskill unemployed young IT graduates and graduates from other fields to contribute to the IT skills needs of the province, and most importantly, to provide a pool of qualified and experienced professionals to address the scarcity of IT skills in the wholesale and retail sector.

Highlights and Impact

There were 25 young graduates who were selected for the 2015 intake and will be enrolled with the University of Cape Town's Graduate School of Business on the postgraduate programme in Business Analysis. The graduates will be placed at various Wholesale and Retail companies to gain workplace experience for a period of 12 months. Since its launch, companies that have participated and benefited from this initiative are the Foschini Group, Shoprite/Checkers, Pick 'n Pay, JD Group and Woolworths. This programme has an industry placement rate of over 95% with about 30 graduates trained as business analysts employed in the Wholesale and Retail Sector.

Youth Focus Project

The Youth Focus project is a collaborative initiative between W&RSETA, the Western Cape Government, the Wholesale and Retail Sector and Western Cape TVET colleges. The objective of this project is to provide an opportunity to 240 young people who have left the education system and have

matured beyond the point of return to the formal schooling system to continue to further their studies in order to secure decent employment. This initiative aims to substitute a life destined to crime and poverty, to one of prosperity life through education and training.

Highlights and Impact

There are 240 unemployed young people who have completed a bridging programme funded by the Western Cape Education Department, and will be enrolled on the National Certificate: Wholesale and Retail Operations NQF level 2 Learnership. The learners will receive theoretical training at the South Cape, College of Cape Town, Boland and Northlink TVET colleges and be placed with retail companies to gain workplace experience for a period of 12 months.

The project will be implemented at a cost of R11 million.

North West Unemployed Youth Project

This project was developed to provide 550 young people from the North West province with skills development opportunities through nationally recognised qualifications and workplace experience to prepare them for employment.

Highlights and Impact

There are 30 employers from the North West province who have enrolled 485 learners for learnership programmes which will be completed in February 2016.

The employers have committed to the requirement to employ at least 60% of the learners on completion of the programme.

Entrepreneurship

The W&RSETA is cognisant of the myriad of opportunities for self-employment in South Africa and has taken the initiative to develop young entrepreneurs who will contribute to stimulating the economic growth of the country.

Bardhal Eyethu Retail Operator Programme

W&RSETA has collaborated with Bardhal to upskill unemployed youths and create jobs through the Eyethu Retail Outlet model to contribute to reducing unemployment and developing entrepreneurs.

There were 124 learners enrolled in the New Venture Creation, NQF level 4 qualification with the Services SETA at an investment of R5 million. The learners were placed within AutoZone, Midas and Volkswagen for the workplace exposure component of the learnership.

The pilot project was implemented in Gauteng and the learners were recruited from Soweto and surrounding areas. On completion of the programme, 85% of learners will be provided with businesses or employed within the new ventures that will be established as part of the business model. The balance of the learners would be absorbed into Bardhal's South Africa's project team in various positions.

Highlights and Impact

Of the initial intake of 124 learners, 109 (88%) have completed their training. The new Eyethu Retail outlets are currently being rolled out and will be allocated to the learners.

Other learners who will to operate independently as Bardhal agents and distributors, will be identified. These learners will be trained on the cost of goods model and will be provided with a consignment of stock to market and sell. They will earn commission and will use their earnings to buy stock and resell it to a point where they are ready to operate their own businesses.

Career Guidance and Development

Providing learners with information and guidance to make informed decisions remains one of the SETA's main priorities. This is also important as the SETA has the opportunity to market wholesale and retail as a viable career proposition.

To this end, a dedicated department has been established to drive this important component of skills development. The department is responsible for developing and implementing a comprehensive career guidance strategy for learners in school, out-of-school youths and employees within the sector.

During the year under review, the SETA reached over 9 000 learners from 524 schools across the country with a focus on learners in rural areas. The number of schools increased from 413 in the 2013/14 financial year. Interventions undertaken include career expositions by other stakeholders including government departments and visits to interact directly with learners. The highlight of the year was participating in the annual Mandela Career Festival at the Sedibeng TVET College in the Vaal hosted by the Department of Higher Education and Training.

PERFORMANCE INFORMATION – PROGRAMMES

In addition, the W&RSETA has partnered with the South African Qualifications Authority (SAQA) to enhance career guidance initiatives. SAQA manages the NQF and Career Service, a comprehensive national multi-channel helpline that provides career information and advice to South Africans particularly those from poor and rural communities with limited or no access to information on careers. Through this partnership, SAQA distributes information on W&R programmes and provides capacity building to life orientation educators on career prospects in the wholesale and retail sector. Over 200 educators from the Western Cape, Mpumalanga, Free State and Northern Cape received training during the year under review.



W&RSETA participated in the Mandela Career Festival



Bursary Schemes

In 2011, the W&RSETA launched a bursary scheme to benefit underprivileged students studying Wholesale and Retail related programmes at universities and TVET colleges.

The objective of the scheme is to make education accessible to young people whilst addressing scarce and critical skills in the Wholesale and Retail Sector.

In addition, the SETA allocated bursaries to 7 MBA and 2 PhD students to complete their studies up to 2016.

Highlights and Impact

To date, the W&RSETA has allocated R220 million in bursaries to students at universities and TVET colleges. During the year under review, the SETA allocated 1 401 bursaries to students at 23 universities and 23 TVET colleges. The W&RSETA also made concerted efforts to supplement other programmes that aim to increase the number of skilled managers by allocating 377 bursaries to students studying Retail Business Management programmes at universities and universities of technology.

The first beneficiary of a PhD bursary from the W&RSETA was awarded his doctorate in May 2014 after completing his thesis titled "Implementing a deliberate creativity framework to enhance retail business performance" at North West University.



W&RSETA signed a Memorandum of Agreement with Tshwane University of Technology committing to collaborate to promote wholesale and retail as an attractive field of study

Research Agenda

Research forms an integral part of the SETA's mandate. It informs strategic priorities that the SETA should focus on in planning, implementing and evaluating skills development initiatives in the wholesale and retail sector. The Sector Skills Plan emanates from research conducted by the SETA.

The following research projects were completed during the 2014/15 financial year:

Sector Skills Plan (SSP) 2014/15

The Sector Skills Plan is the blueprint for the sector which informs the supply and demand of skills and the demographic composition of sector. This document informs the strategic priorities including scarce and critical skills for the sector and is updated on an annual basis. A critical component of the research which informs the SSP is the update on the labour market information.

Monitoring and Evaluation Tool Development

The purpose of this study was to inform the development of the W&RSETA's integrated monitoring and evaluation tool aligned with the government policy framework and performance information requirements. It is intended to monitor the efficiency and effectiveness of the SETA's processes, outputs and outcomes of programmes implemented to achieve the objectives of the NSDS III.

PERFORMANCE INFORMATION – PROGRAMMES

The Economic Impact of the South African Retail Industry

This research study was conducted to understand the economic impact and contribution of the South African Retail Sector. Furthermore, the purpose of the study was also to determine the change drivers in the Wholesale and Retail Sector and their impact on skills development.

e-Learning System for Skills Training in the Sector

With technological advancement in recent years, the use of e-Learning to access education is undoubtedly growing at a fast pace. Research was conducted to identify an e-Learning system that would be appropriate and effective for the SETA to consider implementing.

Skills Audit and a Critical Review of the Sub-sector Skills Analysis

A skills audit was conducted to determine the current as well as future skills requirements of the Wholesale and Retail Sector.

The Nature of the Existing and Emergent Cooperatives

The W&RSETA has been supporting various cooperatives as stipulated in the NSDS III. However, it became imperative to conduct research into this sector. This research study was undertaken to determine the regional location of existing cooperatives and to identify support and skills interventions that are required by existing and emerging cooperatives.

ILDP Action Learning Projects

An important component of the International Leadership Development Programme (ILDP) is the

research on sector challenges. The group is divided into syndicates and allocated a research topic based on a topical industry issue. They are then required to develop a business case including drawing insights from interactions with leading companies during the international study tour component of the programme.

The following research topics were conducted by the 2014 ILDP group:

- Informal and SMME retailers in South Africa;
- e-Business developments and skills requirements in the retail sector;
- Omni-Channel - transforming the retail sector for the next generation consumer/customer;
- Expansion of a South African retailer's activities into Africa;
- Opportunities to create supply chain efficiencies without compromising on quality in a South African context;
- Optimising productivity in a unionised environment;
- Why are foreign traders (e.g. Somalis, Pakistanis and Chinese) more successful than South Africans in small business retailing? Lessons for South African retailers; and
- Strategies for developing retailing as a career of choice.

Qualifications Development

The W&RSETA has the important task of developing qualifications that address the developmental needs of the sector. One of the SETA's main priorities is to professionalise the wholesale and retail sector which can only be achieved by implementing programmes that address scarce and critical skills as well as educational gaps at higher levels.

The W&RSETA's Qualifications Management Body (QMB) which comprises representatives from the stakeholder companies, institutions of learning and organised labour is responsible for the development of qualifications to ensure that these qualifications meet the needs of role-players involved in the implementation of skills development in the W&R Sector.

During the year under review, the QMB developed the following qualifications which are awaiting registration by the Quality Council of Trades and Occupations (QCTO):

- Store Person NQF Level 2
- Retail Buyer NQF Level 5
- Retail Supervisor NQF Level 4
- Retail Manager General (Retail Chain Store Manager) NQF Levels 4 & 5.

The SETA continues to collaborate with and capacitate TVET colleges in the delivery of the W&RSETA programme as part of one of the imperatives of the NSDS III which is to improve access to learning particularly at previously underprivileged communities. In 2014/15, the W&RSETA extended scope to Umfolozi, Mnambithi, Umgungundlovu, King Sabata, Ekurhuleni West, Northlink, South Cape, Elangeni and Boland TVET colleges to deliver W&R programmes.



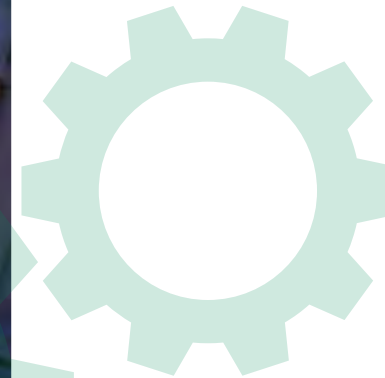
PART C

GOVERNANCE

BOARD MEMBERS

From front to back; left to right - Mr Joel Dikgole (CEO) and Ms Pearl Maphoshe (Chairperson), Ms Margaret Bango, Mr Phillemon Sito, Ms Carin Strydom, Mr Thami Skenjana (Ministerial Appointee), Mr Nat Kettlele, Mr Ezekiel Setei (Alternate member), Mr Mike Tau, Mr Sibusiso Busane (Ministerial Appointee), Ms Xolile Titus (Alternate member), Mr Isaac Motaung, Mr Reggie Sibiya (Alternate member), Mr Michael Lawrence and Mr Ivan Molefe

Absent: Ms Patricia Pillay, Ms Sizakele Moloko, and Ms Abieda Abrahams





FINANCE COMMITTEE



PROJECTS COMMITTEE



REMUNERATION COMMITTEE



GOVERNANCE & STRATEGY COMMITTEE



EXECUTIVE COMMITTEE

GOVERNANCE

Introduction

Corporate governance embodies processes and systems by which public entities are directed, controlled and held accountable. In addition to legislative requirements based on a public entity's enabling legislation, and the Companies Act, corporate governance is applied through the precepts of the Public Finance Management Act (PFMA), Act No. 1 of 1999 and run in tandem with the principles of the King's Report on Corporate Governance.

Parliament, the Executive Authority (DHET) and the Board of the W&RSETA are responsible for corporate governance.

Portfolio Committees

The W&RSETA was not required to appear before the Portfolio Committee on Higher Education and Training during the year under review.

Executive Authority

The Department of Higher Education and Training (DHET) is the executive authority of the W&RSETA. In line with the reporting requirements, the SETA submitted the following reports to the Executive Authority for approval during the period under review:

- 2015/16 Strategic Plan: 14 November 2014
- 2015 Sector Skills Plan: 30 September 2014;
- Quarterly Performance Reports; and
- 2013/14 Annual Report: 30 August 2014

The Accounting Authority / Board

The W&RSETA Board was appointed by the Minister of Higher Education and Training and assumed

office on 1 April 2011 for a five-year term up to the 31 March 2016. During the year under review, the Minister appointed a new Chairperson, who also serves on the Board as a Ministerial Appointee.

The Role of the Board

The Board provides strategic leadership on the management of the SETA and executes its oversight role as articulated in the W&RSETA Constitution, as required by the Skills Development Act, the Public Finance Management Act and other relevant legislation.

Board Charter

The Board has developed a Charter which governs its primary role of oversight and is aligned to the Constitution. The Charter addresses key governance matters, amongst others, the framework of governance principles, composition of the Board, the role, function, fiduciary and statutory duties of the Board, governance structures, meetings, powers and delegation of authority.

In line with the requirements of the PFMA, the Board approved the Strategic Plan for the 2014/15 financial year and monitored the SETA's performance through monthly reports to the Executive Committee of the Board and quarterly reporting to the Board.

The Board also reviewed the SETA's Policies, in line with the annual review schedule. In managing the organisation's institutional risks, the Board ensured that risk profiling was conducted and that the appropriate systems and controls were implemented to mitigate risks.

Composition of the Board

The Constitution of the W&RSETA prescribes the membership of the Board which comprises of 15 members. There are 12 members, with an equal representation, are appointed from organised business and organised labour organisations. The Minister also appoints three members who serve as ministerial appointees one of whom serves as the Chairperson.

Composition of the Board

The W&RSETA Board comprises of 15 members:

Six members represent organised labour and six members represent organised business. three members, including the Chairperson, are ministerial appointees.

| Name | Designation (in terms of Board Structure) | Date Appointed | Date Resigned | Qualifications | Area of Expertise | Board Directorships | Other Committees or Task Teams | No. of Meetings Attended |
|---------------------------|---|----------------|---------------|---|--|--|---|--------------------------|
| Ms Nozipho Pearl Maphoshe | Chairperson (Ministerial Appointee) | 1 July 2014 | Active | <ul style="list-style-type: none"> • Masters (Education and Planning) | <ul style="list-style-type: none"> • HR • Procurement • Facilities Management | <ul style="list-style-type: none"> • Masscash Board • University of Zululand Council Serves on Knowledge Resources Board | <ul style="list-style-type: none"> • Executive Council of the University of Zululand • Chairperson of the HR & Remuneration Committee of the University of Zululand • Advisory Committee of the HR Management Department at University of Johannesburg | 4 |
| Mr Thami Skenjana | Ministerial Appointee | April 2011 | Active | <ul style="list-style-type: none"> • Matric • Sales • Marketing | <ul style="list-style-type: none"> • Enterprise • Cooperative development | <ul style="list-style-type: none"> • SANCOC Enterprise Development • SASCE • BUSA | <ul style="list-style-type: none"> • Ministerial Worker Education Technical Task Team • Institute of Directors South Africa: Remuneration Committee Forum • NEDLAC Chambers & Task Teams | 6 |
| Mr Sibusiso Busane | Ministerial Appointee | August 2012 | Active | <ul style="list-style-type: none"> • Grade 12 • Assessor • Advanced project management | Small business development | N/A | N/A | 6 |

Composition of the Board

| Name | Designation (in terms of Board Structure) | Date Appointed | Date Resigned | Qualifications | Area of Expertise | Board Directorships | Other Committees or Task Teams | No. of Meetings Attended |
|--------------------|---|----------------|---------------|--|--|--|--|--------------------------|
| Mr Ivan Molefe | Board Member | April 2011 | Active | • Grade 10 | Labour relations | N/A | N/A | 6 |
| Mr Mike Tau | Board Member | April 2011 | Active | • Grade 10 | • Education and training • Negotiations • Public management • Dispute resolution. | • COSATU CEC • SACCAWU 2nd Deputy President • Ditsela Board, | • Shoprite / Checkers Skills and Training Committee • SACCAWU Central Executive and National Executive Committees • COSATU Education Committee | 6 |
| Ms Patricia Pillay | Board Member | April 2011 | Active | • MAP • Bachelor of Social Science • LLB.Honours | • Legal, • Regulatory • Governance | Rainbow Fairy Trading | | 3 |
| Ms Carin Strydom | Board Member | April 2011 | Active | • B.Com (Law) • MBA (Cum Laude) • Intermediate Diploma in Business Studies | • Fuel retail industry • Corporate banking • Business management | • Fuel Retailers Association • Petroland Developments CC • Sasol Somerset West Trust | Training Committee – FRA | 4 |
| Mr Peter Madisa | Board Member | April 2011 | Deceased | • Diploma in Education • Advanced Labour Relations certificate | Labour relations | N/A | N/A | 5 |
| Mr Nat Kettlele | Board Member | April 2011 | Active | • Essential Security Law Certificate • Joint Matriculation Board (Matric) | • Labour relations • Collective bargaining • Legal representation | FEDCRAW | N/A | 6 |
| Mr Phillemon Sito | Board Member | April 2011 | Active | • Bachelor of Arts | | N/A | N/A | 4 |

Composition of the Board

| Name | Designation (in terms of Board Structure) | Date Appointed | Date Resigned | Qualifications | Area of Expertise | Board Directorships | Other Committees or Task Teams | No. of Meetings Attended |
|--------------------|---|----------------|---------------|---|---|--|---|--------------------------|
| Mr Isaac Motaung | Board Member | August 2012 | Active | <ul style="list-style-type: none"> • B. Proc (Attorney) • Higher Diploma Tax Law • B.A. Honours Human Resources | <ul style="list-style-type: none"> • Tax Law • Labour Relations • Labour Law • Corporate Governance • Retirement Scheme Investment • Medical Aid Investments • Governance, social and ethics • Human Resources • Agriculture and farming | <ul style="list-style-type: none"> • Pick 'n Pay – until 28 February 2015 • Boxer Retail • Advisor to the CEO of the Pick 'n Pay Group of Companies | <ul style="list-style-type: none"> • Trustee – Pick 'n Pay Ackerman Foundation • Trustee – Pick 'n Pay Medical Aid Scheme • Social and Ethics Committee (Pick 'n Pay Group of Companies) • Saint Benedict's College | 4 |
| Ms Abieda Abrahams | Board Member | April 2011 | Active | <ul style="list-style-type: none"> • National Diploma: Education and Training • National Diploma: Clothing Management | Education and skills development training | N/A | N/A | 0 |
| Ms Sizakele Moloko | Board Member | April 2011 | Active | <ul style="list-style-type: none"> • B.A. Honours • Higher Diploma: Tourism Development • Diploma: Human Resources Development and Management • Diploma: Financial Management • Diploma: Project Management • Junior Secondary Teachers certificate • Programme Evaluator • Accredited Assessor • Accredited Moderator | <ul style="list-style-type: none"> • Education and Training, • Small Business Development • Mentoring and Coaching | <ul style="list-style-type: none"> • Lincolnwood • Gooderson Leisure • Market Demand | <ul style="list-style-type: none"> • World Ventures • KZN NPO Advisor Committee • KZN Substance Abuse Committee • Ekasi Spaza Shop Advisory Board • EMOSA | 6 |

Composition of the Board

| Name | Designation (in terms of Board Structure) | Date Appointed | Date Resigned | Qualifications | Area of Expertise | Board Directorships | Other Committees or Task Teams | No. of Meetings Attended |
|---------------------|---|----------------|---------------|--|---|---|--------------------------------|--------------------------|
| Mr Michael Lawrence | Board Member | April 2011 | Active | <ul style="list-style-type: none"> Higher Diploma in Education (Post Graduate) Bachelor of Science (Actuarial) | <ul style="list-style-type: none"> Governance Strategy Change management | <ul style="list-style-type: none"> Martin & East (Pty) Ltd Zebra Surfacing (Pty) Ltd Isidima Civils (Pty) Ltd Prokura Diesel Services (Pty) Ltd M&M Consulting Tresso Trading 954CC MTU-SA (Pty) Ltd | N/A | 6 |
| Ms Margaret Bango | Board Member | October 2012 | Active | Diploma in General Nursing | <ul style="list-style-type: none"> Small business and women development | <ul style="list-style-type: none"> Ipelegeng Consortium Tizawell Pty Ltd Kathorus Chamber of Commerce and Industry NPC Wilat - South Africa NPC | N/A | 3 |

Committees

| COMMITTEE | No. of Meetings Held | No. of Members | Members |
|------------------------|----------------------|----------------|---|
| Executive Committee | 11 | 5 | Pearl Maphoshe Patricia Pillay Ivan Molefe Michael Lawrence Phillemon Sito |
| Finance Committee | 3 | 4 | Michael Lawrence Sizakele Moloko Phillemon Sito Nat Ketlele |
| Remuneration Committee | 6 | 4 | Mike Tau Nat Ketlele Margaret Bango Isaac Motaung |
| Audit Committee | 6 | 6 | Pascal Mokupo Mathukana Mokoka Yaswant Gordhan Collen Weapond Carin Strydom Peter Madisa |
| Projects Committee | 5 | 4 | Ivan Molefe Sizakele Moloko Abieda Abrahams Isaac Motaung |
| Governance & Strategy | 3 | 4 | Patricia Pillay Margaret Bango |

The Risk Management

The Risk Management Committee of the W&RSETA is an internal management structure chaired by the Chief Executive Officer and is required to meet on a quarterly basis. The Committee which reports to the Audit Committee of the Board identifies potential risks within the organisation and ranks these according to the impact that they have on the organisation. The Committee also develops a Risk Management Implementation Plan which serves to mitigate risks. The Risk Management Implementation Plan is developed to give effect to the implementation of the Risk Management Policy and Strategy.

Internal Control

The organisation has put systems in place to ensure the integrity of its internal control processes. The Project Management System (PPO) was established to ensure that there is regular reporting on projects' progress. Project Managers update the system on a weekly basis. This information is used for reporting to management.

The organisation also uses a Supply Chain System (RFP), to manage the procurement process value chain. This allows for approvals at different stages, depending on the value of the goods or services being procured.

Plans to launch a new IT system are at an advanced stage. The new system seeks to integrate the organisation's IT needs. The Enterprise Requirement Planning (ERP) system will serve as a single IT hub for the entire organisation, and will streamline all internal processes within the organisation.

The Audit Committee has complied with its responsibilities as stipulated under Section 51 of the Public Finance Management Act, Act No.1 of 1999, as amended. Furthermore, the Audit Committee has regulated its affairs and discharged its responsibilities in accordance with its formal terms of reference.

Internal Controls System

Members of the Audit Committee are satisfied that the system of internal controls is adequately designed to cover organisational, financial and operational risks. The control system provides reasonable, but not absolute assurance that the entity's assets are safeguarded, transactions are authorised and recorded properly and that material errors and irregularities are either prevented or detected, on time. These controls are monitored throughout the organisation by management and employees with the necessary delegation of authority and segregation of duties.

Based on the review of effectiveness and detailed reports provided by the internal audit, the members of the AC is aware of some weaknesses or deficiencies in the organisation's system of internal controls.

Audit Committee

| Name | Qualifications | Internal or External | Date Resigned | No. of Meetings Attended |
|-----------------------------|---|-----------------------|---------------|--------------------------|
| Mr Pascalis Mokupo | · CA (Lesotho) | External Audit Member | Active | 7 |
| Mr Yaswant Gordhan | · CA (SA) · Masters of Science (Business Administration) | External Audit Member | Active | 5 |
| Ms Mathukana Mokoka | · CA(SA) | External Audit Member | Active | 6 |
| Adv Johannes Collen Weapond | · Bachelor of Law (B.luris) · Bachelor of Laws (LLB) · BTech: Policing · BTech Computation · Honours (B. Com Honours: - Information Technology) · Diploma in Education · Diploma in Fraud Management · Diploma in Compliance · Diploma in Business Management · Certificate in Executive Development | External Audit Member | Active | 7 |

GOVERNANCE

Compliance with Laws and Regulations

The organisation's environment and mandate are governed by various legislation and regulations. The W&RSETA's Strategic Plan and Annual Performance Plans must be aligned to the National Skills Development Strategy (NSDS), which is an overarching strategy, which governs the SETA's mandate for delivery.

The SETA's operations are also governed by the Public Finance Management Act (PFMA).

National Treasury has published regulations, which govern the Supply Chain Management and the procurement of services by the SETA. These regulations are mandatory and therefore place an obligation on the SETA to ensure its compliance with the applicable regulations.

Fraud and Corruption

The W&RSETA has implemented measures to ensure that fraud and corruption is eliminated within the organisation. A declaration of interest by all staff members is one of the mechanisms put in place to reduce incidents of fraud and corruption. A Fraud Prevention Policy is in place and is posted on the W&RSETA website for easy access by staff and members of the public. The SETA has also published posters with a whistle blower telephone number to report acts of fraud, corruption, crime and misuse of organisational resources. These posters are mounted in all W&RSETA offices across the country.

In addition, the W&RSETA website displays the Fraud Hotline number to allow members of the public and staff to report any acts of impropriety by employees.

Minimising Conflict of Interest

Management and staff of the W&RSETA are required to conduct themselves with high levels of integrity having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, with regard to matters relating to the business conduct, including the company's standing as a public entity.

To minimise and manage conflict of interest, management is required to declare interest at each meeting. In addition, members of the Tender Evaluation and Adjudication Committee are required to declare any conflict of interest before evaluating tenders. The good governance practices in this regard extend beyond legislative provisions and are considered in all instances where a conflict of interest is considered.

Also, on an annual basis, all staff members are required to complete a declaration of interest form to declare their interests.

Code of Conduct

The SETA emphasises the expectation of proper conduct of its staff and has developed a set of values which guide the conduct of individual staff members.

In addition, the HR Policy includes the SETA's Code of Conduct which every employee is required to acknowledge by signing.

The policy also prescribes the disciplinary measures applicable for the violation of the Code of Conduct.

Health, Safety and Environmental Issues

The W&RSETA has developed an Occupational Health Safety (OHS) Strategy for the well-being and safety of its employees. The strategy incorporates the main safety requirements to ensure that all the SETA's offices appoint a first aider, safety representative and an evacuation zone marshal.

Board Secretary

The Board Secretariat function is performed internally within the Office of the Chief Executive Officer. This function is responsible for the sound administrative management of the governance structure and provides the following services:

- Recording of all meetings;
- Scheduling Board meetings;
- Distributing reports and important notices to the Board;
- Distributing Board packs to the Board;

- Interacting with Board stakeholders;
- Arranging training for new Board Members; and
- Advising the Board on legislation and regulations which have a bearing on the functions of the Board.

The Board Secretary upholds the highest level of integrity as enshrined in the King III Report on Good Corporate Governance.

Social Responsibility

The W&RSETA is cognisant of its corporate social responsibility towards the communities within which it operates. A culture has been inculcated within the organisation and the SETA undertakes various projects and participates in initiatives that promote social responsibility.

During the year under review, the SETA participated in the International Mandela Day with staff performing acts of goodwill towards the underprivileged and carried out environmental cleaning campaigns.

In addition, the SETA donated IT equipment to three schools from disadvantage communities: the Loboli Secondary in Sekhukhune (Limpopo), Doornpoort Primary in Pretoria (Gauteng) and Bafedile Secondary School in Hamanskraal (Gauteng). Each school received three computers and a printer. These are some of the schools that the SETA visited during career guidance roadshows where the dire need for IT equipment for these schools was identified.

REPORT OF THE AUDIT COMMITTEE

REPORT OF THE AUDIT COMMITTEE (AC) ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

Background

The Audit Committee (AC) is a sub-committee of the Wholesale and Retail SETA ("W&RSETA") Board and consists of six 6 members. The overall objective of the committee is to assist the W&RSETA Board with its responsibility of ensuring that adequate systems and controls are in place. It also ensures that assets are safeguarded; assesses the going concern status; reviews financial information and the preparation of Financial Statements

The committee also assists W&RSETA in fulfilling its responsibility of risk management by ensuring that Management identifies significant risks associated with the environment within which the W&RSETA operates and develops a framework for managing these risks. The Risk Management Strategy, incorporating Fraud Prevention Plan covering strategic, operational and financial risks, has been developed accordingly and is reviewed on a yearly basis by the committee.

The committee meets quarterly in a year and the Chief Executive Officer, Chief Financial Officer, Chief Audit Executive, Internal Auditors and External Auditors attend these meetings by invitation. The Audit Committee is an advisory committee and not an Executive Committee and as such, it neither performs any management functions nor assumes any management responsibilities. Its role is that of an independent and objective adviser and it operates as an overseer, making recommendations to the W&RSETA Board for final approval.

The Audit Committee has complied with its responsibilities as stipulated under Section 51 of the Public Finance Management Act, Act No.1 of 1999, as amended. Furthermore, the committee has regulated its affairs and discharged its responsibilities in accordance with its approved formal terms of reference.

Internal Controls System

Members of the committee have noted that the effectiveness of the system of internal control needs improvement. Management has given an undertaking to address the findings and recommendations for improvement. The control system provides reasonable, but not absolute assurance, that the entity's assets are safeguarded, transactions are authorised and recorded properly and that material errors and irregularities are either prevented or detected on time. These controls are monitored throughout the organisation by Management and employees with the necessary delegation of authority and segregation of duties.

Based on the review of the reports provided by the Internal Audit and the External Auditors, the members of the committee are aware of some weaknesses and deficiencies in the organisation's system of internal controls and will monitor Management's commitment to address these in the ensuing year.

Risk Management

A Risk Management Strategy, incorporating a Fraud Prevention Plan, is in place. The effectiveness and relevance of these plans are assessed regularly given the dynamic environment within which the W&RSETA operates.

Risks identified as significant to the W&RSETA are regularly evaluated and included in the risk register and discussed at the Risk Management Committee which reports to the Audit Committee.

Internal Auditing

The Chief Audit Executive is responsible for the management and coordination of the internal audit function. The Audit Committee (AC) recommended the appointment of Sizwe Ntsaluba Gobodo as part of the co-sourced internal audit model. The Chief Audit Executive reports administratively to the Chief Executive Officer and functionally to the Audit Committee (AC). The role of the internal audit is to provide support to Management and the committee in discharging their responsibilities per the approved Internal Audit Charter, including the PFMA, and Treasury Regulations.

The internal audit function provides independent and objective evaluation of the organisation's system of internal control and any significant business risks and exposure are brought to the attention of Management and the committee.

From the combined assurance point of view, the Audit Committee placed reliance on reports

provided by all assurance providers for the period under review. Without necessarily apportioning any blame, the committee placed assurance on the report of the outsourced service provider; particularly on the audit of commitments which forms the basis of the qualification by the Auditor-General for the year under review. Furthermore, during the interim reporting by the AG where challenges regarding commitments were raised, the committee requested Management to address the findings before final submission of the draft financial statements to the AG.

Finance Division

Although there were resignations of senior people in the finance division, the committee was assured by Management that such vacancies will be addressed in the ensuing year.

Annual Financial Statements

The Audit Committee has:

- Reviewed and discussed with management the Management Report from the Auditor-General SA (AGSA);
- Reviewed the appropriateness of accounting policies and practices;
- Reviewed the adjustments to the annual financial statements arising from the audit; and
- Reviewed and discussed with management the audited annual financial statements and recommends its approval by the Accounting Authority.

REPORT OF THE AUDIT COMMITTEE

The AC concurs with and accepts the conclusions of the AGSA on the audited annual financial statements.



Mr. P Mokupo

Chairperson of the Audit Committee

30 July 2015



Pascal Mokupo
Chairperson: Audit Committee

W&RSETA, to the best of its knowledge, Information and belief has taken reasonable steps to comply with applicable legislation, including procedures and codes of governance in the financial year ending 2015.

The regulatory framework (applicable legislation, policies, procedures and codes of governance) which in the opinion of the Audit Committee (AC) of the W&RSETA, is material to the operations of the W&RSETA and enables the W&RSETA to effectively execute its mandate, can be accessed on the W&RSETA website.



Mr P. Mokupo

Chairperson of the Audit Committee

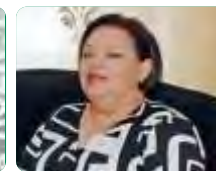
30 July 2015



PN Maphoshe- Chairperson

Chairperson of the W&RSETA

30 July 2015





PART D

HUMAN RESOURCE MANAGEMENT



HUMAN RESOURCE MANAGEMENT

INTRODUCTION

Human Resource Management (HRM) is an expression of an organisation's belief in the employee element of its success. Therefore, HRM is the implementation of a strategy to drive innovation, productivity and/or share price through mobilising the workforce towards excellence.

The W&RSETA Human Policy Framework is a guiding document which is in line with current legislation to regulate the employer-employee relations. As part of best practice, the W&RSETA conducts annual policy review sessions with staff to ensure that all the gaps are addressed.

Human Resources Operational Plan

During the year 2014-15, an HR Operational Plan was approved by the Remuneration Committee (REMCO) and is underpinned by the following pillars:

- Recruitment and Selection
- Performance Management
- Employment Equity
- HR Policy Reviews
- Talent Management Forum/ Investors in People (TMF/IiP)
- Learning and Development.

The W&RSETA has finalised the structural review which commenced in the previous financial year. The process included the establishment of new business units such as Internal Audit and Risk Management; Strategic Planning Unit; Small and Micro Enterprises; Rural Development and Cooperatives; Career Guidance and Development and two regional pillars, namely Coastal and Inland. These units were set up to enhance the SETA's service delivery to its stakeholders.

In addition, the SETA has established offices at three TVET colleges in line with the DHET strategy to increase the SETA's footprint at previously underprivileged communities, particularly rural areas and townships. Offices have been opened at two TVET colleges in Gauteng and one in KwaZulu-Natal.

Recruitment and Selection

As a result of the restructuring process, the staff complement as at 31st March 2015 had increased to 180.

This increase has allowed the SETA to absorb 45 graduates that were employed as interns as part of the W&RSETA Graduate and Workplace Experience project.

As part of the Youth Development Initiative and in an endeavour to contribute to job creation, the SETA succeeded in smoothing the transition by exposing the graduates to various workplace coaching programmes to prepare them for the world of work. The employment of these graduates as full-time employees in October 2014 brought along a wealth of theoretical knowledge from their various qualifications ranging from HR, IT, accounting, economics, retail and business management, and operations management. The SETA is also piloting the TVET College Intern Policy and one intern has been placed within the HR department.

Performance Management and Balanced Scorecards

In line with the HR Policy, the SETA developed an annual assessment plan and conducted a balanced scorecard review where for the first time, the SETA implemented a 360 degree performance rating system. This included individual, business unit and the SETA scorecards. The 5-month process, aimed at aligning the key performance indicators with the organisational objectives, was completed in July 2014. Recommendations to improve the current balanced scorecards were highlighted as part of the process and have been implemented.

Employment Equity and Reporting

In complying with legislation, the W&RSETA submitted the Employment Equity report to the Department of Labour on 15 January 2015. The report includes EEA2 (demographics) and EEA4 (income differentials).

HR Policy Reviews

Two annual policy review sessions were held for all staff for the 2014/15 period. All the policy proposals were submitted to REMCO for consideration.

Talent Management Forum/Investors in People (TMF/IiP)

The SETA's Investor in People (IiP) licence expired and could not be renewed after the IiP SA licensee lost the licence in 2012. The new licence holder, Awakening Excellence Pty Ltd, was engaged to conduct diagnostics and produce a comprehensive report in April 2014.

The report revealed several gaps that must be addressed by the organisation. As part of the measures to address the gaps, the Talent Management Forum was revamped to facilitate the implementation of the IiP action plan.

Learning and Development

The W&RSETA 2014/15 WSP/ATR was submitted on 29 April 2015 and was subsequently approved by the ETDP SETA. This was followed by the implementation of annual personal development plans. The learning and development interventions included among others: monitoring and evaluation, team and executive coaching, career guidance, HR skills audit and learning pathways as well as individual short term courses for staff members.

In addition, the SETA as a learning organisation has entered the second phase of piloting the Employee Bursary Scheme (EBS). During 2014/15, 11 staff members received bursaries to further their studies at a cost of R136 808. Bursaries to the value of R184 991 to benefit 15 staff members have been approved for the ensuing financial year.

2015/16 Preview

Priorities for the 2015/16 financial year include the submission of the WSP/ATR and implementation of personal development plans, implementing a management development programme for the management team, and filling vacant positions.

HUMAN RESOURCES OVERSIGHT STATISTICS

Human Resource Oversight Statistics

Below is the statistical information on the overall performance and status of the organization which include remuneration, reward, training costs, employment equity and disciplinary matters.

Personnel costs by salary band

| Level | Personnel Expenditure (R'000) | % of Personnel Expenditure to Total Personnel Cost (R'000) | Number of Employees | Average Personnel Cost per Employee (R'000) |
|----------------------|-------------------------------|--|---------------------|---|
| Senior management | 8381 | 18.68 | 6 | 1396.83 |
| Executive management | 6532 | 14.56 | 6 | 1088.62 |
| Middle management | 11 654 | 25.98 | 18 | 647.45 |
| Team leaders | 2887 | 6.44 | 11 | 481.24 |
| Coordinator level | 4672 | 10.41 | 21 | 186.87 |
| Officer/PA level | 3239 | 7.22 | 26 | 154.26 |
| Administrator level | 6033 | 13.45 | 79 | 81.78 |
| Office support level | 1460 | 3.26 | 13 | 112.44 |
| TOTAL | 44859 | 100 | 180 | 3956.47 |

Performance Rewards

| Level | Performance Rewards (R'000) | Personnel Expenditure (R'000) | % of Performance Rewards to Total Personnel Costs (R'000) |
|----------------------|-----------------------------|-------------------------------|---|
| Senior management | 0 | N/A | N/A |
| Executive management | 0 | N/A | N/A |
| Middle management | 0 | N/A | N/A |
| Team leaders | 0 | N/A | N/A |
| Coordinator level | 0 | N/A | N/A |
| Officer/PA level | 0 | N/A | N/A |
| Administrator level | 0 | N/A | N/A |
| Office support level | 0 | N/A | N/A |
| TOTAL | 0 | N/A | N/A |

Training Costs

| Business Unit | Personnel Expenditure (R'000) | Training Expenditure (R'000) | Training Expenditure as a % of Personnel Costs | Number of Employees | Average Training Cost per Employee |
|---------------|-------------------------------|------------------------------|--|---------------------|------------------------------------|
| Head office | R 39 027 | R 38 | 0,1% | 43 | R 884 |
| Regions | R 5 832 | R 26 | 1,4% | 45 | R 578 |
| Total | R 44 859 | R 64 | 0,5% | 88 | R 1 471 |

Employment and Vacancies

| Level | No. of Employees | Approved Posts | Vacancies | % of Vacancies |
|----------------------|------------------|----------------|-----------|----------------|
| Senior management | 6 | 6 | 0 | 0 |
| Executive management | 6 | 6 | 0 | 0 |
| Middle management | 18 | 20 | 2 | 0,44 |
| Team leaders | 7 | 7 | 0 | 0 |
| Coordinator level | 26 | 29 | 3 | 0,87 |
| Officer/PA level | 21 | 22 | 1 | 0,22 |
| Administrator level | 83 | 83 | 0 | 0 |
| Office support level | 13 | 13 | 0 | 0 |
| TOTAL | 180 | 186 | 6 | 1,53 |

Employment Changes

| Level | Employment at Beginning of Period | Appointments | Terminations | Employment at End of the Period |
|----------------------|-----------------------------------|--------------|--------------|---------------------------------|
| Senior management | 4 | 3 | 1 | 6 |
| Executive management | 5 | 1 | 0 | 6 |
| Middle management | 17 | 4 | 3 | 18 |
| Team leaders | 5 | 2 | 0 | 7 |
| Coordinator level | 22 | 9 | 5 | 26 |
| Officer/PA level | 8 | 14 | 1 | 21 |
| Administrator level | 32 | 54 | 3 | 83 |
| Office support level | 13 | 0 | 0 | 13 |
| TOTAL | 106 | 87 | 13 | 180 |

HUMAN RESOURCES OVERSIGHT STATISTICS

Reasons for Staff Leaving

| Reason | Number | % of Total Number of Staff Leaving | Reasons for Leaving |
|----------------------|-----------|------------------------------------|--|
| Senior management | 1 | 16 | Retired (1) |
| Executive management | 0 | 0 | |
| Middle management | 3 | 16 | Resignation(1) dismissals (2) |
| Team leaders | 0 | 0 | |
| Coordinator level | 5 | 20 | Resignations (4) dismissal (1) |
| Officer/PA level | 1 | 5 | Resignation (1) |
| Administrator level | 3 | 4 | Resignations (3) |
| Office support level | 0 | 0 | |
| TOTAL | 13 | 7.22 % | Resignations (9) and dismissals (3) retired (1) |

Equity Target and Employment Equity Status

| Level | Male | | | | | | | |
|----------------------|-----------|-----------|----------|----------|----------|----------|----------|----------|
| | African | | Coloured | | Indian | | White | |
| | Current | Target | Current | Target | Current | Target | Current | Target |
| Senior management | 3 | 3 | 0 | 0 | 1 | 1 | 0 | 0 |
| Executive management | 2 | 2 | 0 | 0 | 1 | 1 | 0 | 0 |
| Middle management | 11 | 11 | 0 | 0 | 0 | 0 | 0 | 0 |
| Team leaders | 2 | 2 | 1 | 1 | 0 | 0 | 0 | 0 |
| Coordinator level | 8 | 8 | 2 | 2 | 1 | 1 | 0 | 0 |
| Officer/PA level | 2 | 2 | 0 | 0 | 0 | 0 | 0 | 0 |
| Administrator level | 22 | 22 | 0 | 0 | 0 | 0 | 0 | 0 |
| Office support level | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 50 | 50 | 3 | 3 | 3 | 3 | 0 | 0 |

Equity Target and Employment Equity Status

| Level | Female | | | | | | | |
|----------------------|------------|------------|----------|----------|----------|----------|----------|----------|
| | African | | Coloured | | Indian | | White | |
| | Current | Target | Current | Target | Current | Target | Current | Target |
| Senior management | 2 | 2 | 0 | 0 | 0 | 0 | 0 | 0 |
| Executive management | 2 | 2 | 0 | 0 | 0 | 0 | 1 | 1 |
| Middle management | 5 | 5 | 1 | 1 | 0 | 0 | 1 | 1 |
| Team leaders | 1 | 1 | 0 | 0 | 0 | 0 | 1 | 1 |
| Coordinator level | 14 | 14 | 1 | 1 | 1 | 1 | 1 | 1 |
| Officer/PA level | 16 | 16 | 0 | 0 | 1 | 1 | 2 | 2 |
| Administrator level | 59 | 59 | 2 | 2 | 0 | 0 | 0 | 0 |
| Office support level | 13 | 13 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 112 | 112 | 4 | 4 | 2 | 2 | 6 | 6 |

| Level | Disabled Staff | | | |
|----------------------|----------------|----------|----------|----------|
| | Male | | Female | |
| | Current | Target | Current | Target |
| Senior management | 0 | 0 | 0 | 0 |
| Executive management | 0 | 0 | 0 | 0 |
| Middle management | 0 | 0 | 1 | 1 |
| Team leaders | 0 | 0 | 0 | 0 |
| Coordinator level | 0 | 0 | 0 | 0 |
| Officer/PA level | 0 | 0 | 0 | 0 |
| Administrator level | 1 | 1 | 3 | 3 |
| Office support level | 0 | 0 | 0 | 0 |
| TOTAL | 1 | 1 | 4 | 4 |

HUMAN RESOURCES OVERSIGHT STATISTICS

Health, Safety and Environmental Issues

The W&RSETA has developed an Occupational Health Safety (OHS) Strategy for the well-being and safety of its employees. The strategy incorporates the main safety requirements to ensure that all the SETA offices appoint a first aider, a safety representative and an evacuation zone marshal.

Code of Conduct

Staff induction includes a comprehensive discussion of the code of conduct. Each employee is taken through the W&RSETA Code of Conduct in detail and is required to confirm understanding by signing a copy of the document. This is accompanied by a declaration form which ensures that all staff members declare any conflict of interest.

Social Responsibility

The SETA has undertaken a number of community related projects during the period under review. One of the significant initiatives was in support of the national Mandela Day on the 18th July 2014 where all staff from head office and regional offices heeded the call by President Zuma to “clean South Africa.” Staff identified surrounding areas for clean-up and engaged in other acts of giving back to the community by donating to charities and serving those less fortunate or who need care.

Donations of pre-used IT equipment were made to three underprivileged schools. Each school received three computers and a printer. A further 13 organisations were recommended as beneficiaries of various assets including furniture and IT equipment as at the 31st March 2015 in line with the W&RSETA's Asset Disposal Policy.

PART E

FINANCIAL STATEMENT 2014/15

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REPORT OF THE AUDITOR - GENERAL

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE WHOLESALE AND RETAIL SECTOR EDUCATION AND TRAINING AUTHORITY

Introduction

1. I have audited the financial statements of the Wholesale and Retail Sector Education and Training Authority (W&RSETA) set out on pages 101 to 140, which comprise the statement of financial position as at 31 March 2015, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Skills Development Act of South Africa, 1998 (Act No. 97 of 1998) (SDA), and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Basis for qualified opinion

Discretionary grant commitments

6. The financial statements of the public entity were materially misstated, as the public entity did not accurately determine all amounts meeting the definition of a contractual commitment, in accordance with section 1 of the Sector Education and Training Authorities (SETAs) Grant Regulations regarding monies received by a SETA and related matters, issued in terms of the SDA. Consequently, contractual discretionary grant commitments as disclosed in note 18.1 to the financial statements stated at R759,920 million were overstated by R35,492 million. Additionally, there was a resultant impact on the provision for uncommitted funds due to the National Skills Fund, surplus for the period and the accumulated discretionary grant reserves, due to the amount of discretionary grant commitments forming part of the calculation of the provision for uncommitted funds.

Qualified opinion

7. In my opinion, except for the effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the W&RSETA as at 31 March 2015 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the PFMA and SDA.

Emphasis of matter

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

Restatement of corresponding figures

9. As disclosed in note 23 to the financial statements, the corresponding figures for 31 March 2014 have been restated as a result of an error discovered during 31 March 2015 in the financial statements of the public entity at, and for the year ended, 31 March 2014.

Additional matter

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

SETA re-licencing

11. In April 2011, the Minister of Higher Education extended the licences of the SETA's for an additional period of five years expiring on 31 March 2016. As at the date of this report, the Minister has not yet made a pronouncement on renewal of the SETA licences beyond 31 March 2016.

Report on other legal and regulatory requirements

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PPA) and the

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

Predetermined objectives

13. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2015:

- Programme: 4.2 Increasing access to occupation – directed programmes, leading to intermediate and high-level learning on pages 25 to 34.
- Programme: 4.6 Encouraging and supporting cooperatives, small enterprises worker-initiated initiatives, NGO and community training initiatives on pages 36 to 39.

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

15. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes.

I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPI).

REPORT OF THE AUDITOR - GENERAL

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

17. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following programmes:

- Programme: 4.2 Increasing access to occupation – directed programmes, leading to intermediate and high-level learning
- Programme: 4.6 Encouraging and supporting cooperatives, small enterprises worker-initiated, NGO and community training initiatives.

Additional matters

18. I draw attention to the following matters:

Achievement of planned targets

19. Refer to the annual performance report on pages 25 to 39 for information on the achievement of the planned targets for the year.

Adjustment of material misstatements

20. We identified material misstatements in the annual performance report submitted for auditing in respect of the reported performance information of programme 4.6: Encouraging and supporting cooperatives, small enterprises worker-initiated initiatives, NGO and community training initiatives. As management subsequently corrected the misstatements I did not raise any material findings on the reliability of the reported performance information.

Compliance with legislation

21. I performed procedures to obtain evidence that the public entity had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Annual financial statements

22. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 55(1)(a) of the PFMA. Material misstatements of the exempt employer provisions and the cash flow statement identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements of discretionary grant commitments, and the resultant impact on the NSF transfer provision, surplus for the period and the accumulated discretionary grant reserves, resulted in the financial statements receiving a qualified audit opinion.

Expenditure management

23. The accounting authority did not take effective steps to prevent irregular expenditure, as required by section 51(1)(b)(ii) of the Public Finance Management Act.

Internal control

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

Leadership

25. Inadequate project management with regard to managing and monitoring discretionary grant commitments contracts, inadequate contract expiry management and related change requests, linked to the accurate updating of the commitments register, resulted in material misstatement of the commitment balance.
26. Inadequate oversight by executive management and the accounting authority in the areas of financial reporting to ensure accurate financial information, as indicated by the material misstatements identified and corrected, as well as the uncorrected material misstatement of discretionary grant commitments which resulted in the financial statements receiving a qualified audit opinion.
27. Action plans for implementation of the audit recommendations were not adequate and did not address risks with regard to the entire control environment. As a result, there was a recurrence of material audit findings relating to discretionary grant commitments.

Financial and performance management

28. The entity did not have adequate controls that provide for the maintenance of accurate and complete information that supports the reported financial information contained in the financial statements. Furthermore, the commitments register prepared by the finance department is not aligned to the status of the projects as per the records in the projects department.
29. Daily and monthly processing and reconciling of transactions relating to financial reporting were not fully effective and adequate. Existing internal controls and review measures were not adequate to ensure that financial information reported was accurate and complete.

Other reports

Investigations

30. At the entity's request, an independent consulting firm performed an investigation covering the period November 2011 to March 2012. The investigation was initiated based on allegations that the contracted provider did not achieve the objectives and deliverables of the project as agreed with W&RSETA, which resulted in the public entity not receiving value for money from the training provided. The investigation was concluded in March 2012 and was subsequently handed over to the South African Police Service (SAPS).
31. At the entity's request, an independent consulting firm performed an investigation covering the period May 2010 to June 2010. The investigation was initiated based on allegations that a contracted training provider issued fraudulent certificates to learners. The investigation was concluded in June 2010. The matter was also referred to the SAPS.
32. At the entity's request, an independent consulting firm performed an investigation covering the period 15 November 2014 to 13 February 2015. The investigation was initiated based on allegations of an employee who defrauded employers by recovering National Student Financial Aid Scheme (NSFAS) bursary refunds for his own benefit directly from employers. The investigation was concluded on 13 February 2015 and resulted in criminal proceedings being instituted against the employee.

Auditor - General

Pretoria

31 July 2015



Auditing to build public confidence

STATEMENT OF RESPONSIBILITY

STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

The Annual Financial Statements for the year ended 31 March 2015, set out on pages 97 to 136, have been approved by the Accounting Authority in terms of section 51(1) (f) of the Public Finance Management Act (PFMA), No 1 of 1999 as amended, and are signed on their behalf by:



TJ Dikgole-Chief Executive Officer



PN Maphoshe- Chairperson

REPORT OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

EXECUTIVE SUMMARY

The Accounting Authority of the Wholesale and Retail SETA has the pleasure of presenting the 2014/15 Annual Report which highlights achievements of the predetermined strategic objectives for the year under review. We confirm that we have applied our collective mind to the preparation and presentation of this report which we believe fairly presents the financial and non-financial performance of the SETA. Furthermore, we confirm that we have complied with all the requirements of the relevant prescripts and legislative framework.

In the past two years, the SETA has focussed on establishing partnerships and collaborations with TVET colleges and universities in line with the White Paper on Post School Education and Training. We are pleased to report that this objective was realised in the establishment of the first ever Retail Schools of Excellence in Kwa-Zulu Natal in partnership with four TVET colleges and the Durban University of Technology.

These Retail Schools of Excellence were officially launched by the Honourable Minister Dr Blade Nzimande in August 2014.

Additionally, during the year under review, we launched three Retail Simulation Centres in the Western Cape, Mpumalanga and another one in North West. We are encouraged by the overwhelming response from our retailers who supplied stock and electronic cash registers for the centres. This initiative will enhance teaching and learning in the TVET colleges and heralds a new era in retail education and training.

We are also inspired by the great enthusiasm of the TVET colleges for embracing these initiatives. Their preparedness to be capacitated by the SETA in delivering retail qualifications and to experience the practical side of retail will ensure that the lecturers' scope of knowledge of the subject matter is enhanced. These institutions have demonstrated their commitment by overseeing the set-up of the centres in the respective colleges.

In line with the Minister's request to establish offices in the TVET colleges, we are excited to report that the SETA has opened two offices in Gauteng and one in KZN, respectively. These offices will be central in

promoting wholesale and retail related programmes and career guidance support to the students who will also be encouraged to enrol for occupationally based qualifications.

PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

During the year under review, the W&RSETA recorded a significant improvement in the performance against predetermined objectives by achieving 40 out of 48 targets as per the Annual Performance Plan. This represents a 83,3% achievement.

The 48 targets include 23 targets which are reflected in the Service Level Agreement (SLA) signed with the Director-General of Higher Education and Training. It is important to note that 18 of these SLA targets have been achieved.

Although the SETA did not achieve 8 of the 48 targets in the APP, it should however be noted that significant progress had already been made on these targets which will be achieved in full in the new year.

We acknowledge the contribution of our stakeholders who partnered with the SETA in achieving the targets. This collaboration also added impetus to this achievement.

We will continue to serve as a catalyst to encourage more partnerships wherever possible.

FINANCIAL PERFORMANCE

Highlights of the W&RSETA's financial performance

- Total revenue increased by 8% from R819 million in 2013/14 to R894 million in the current year. Levy income constitutes 92% of total revenue.
- Total expenditure increased by 22% from R708 million in 2013/2014 to R912 million in the current financial period.
- The net result is a deficit of R18k (R111 million (surplus) - 2013/2014)
- Cash and Cash Equivalents as at year end was at R1.1 billion which is a 13% increase compared to the previous financial year (2013/14 : R956 million).

The 2014/15 Annual Financial Statements are prepared on the going concern basis as an indication that the SETA is financially sound and viable.

REPORT OF THE ACCOUNTING AUTHORITY

BOARD MEETINGS

The following is a schedule of remuneration to Board members or constituent organisations for all the meetings and various activities in line with the National Treasury guideline category S as approved by the Minister of Higher Education and Training:

Report of the Auditor-General

During the year under review, the SETA obtained a qualified opinion on the Discretionary Grant commitments. The Auditor-General reported that the financial statements of the public entity were materially misstated, as the public entity did not accurately determine all amounts that meet the definition of a contractual commitment. (Refer to Report of the Auditor-General on pages 90 to 93)

It is important to note that the SETA received an unqualified report on Predetermined Objectives which were assessed for validity, accuracy and completeness.

The Auditor-General confirms that there were no material findings on the usefulness and reliability of the reported performance information for the following programmes:

- Programme: 4.2 Increasing access to occupation-directed programmes, leading to intermediate and high-level learning
- Programme: 4.6 Encouraging and supporting cooperatives, small enterprises, worker-initiated, NGO and community training initiatives.

The Board is committed to provide the necessary leadership and support to Management to ensure that all the findings of the Auditor-General are adequately addressed. Furthermore, the Board will ensure that Management develops a robust action plan which will be monitored and audited regularly in order to achieve a clean audit in the new financial period.

BOARD REMUNERATION SCHEDULE

| | NAME OF MEMBER | NOTE | 2014/15 | 2013/14 |
|----|---|------|------------------|------------------|
| 1 | PN Maphoshe - Chairperson (Ministerial Appointee) | 1 | 217 229 | - |
| 2 | I Molefe | | 316 871 | 207 802 |
| 3 | T Skenjana - Ministerial appointee | | 139 723 | 143 559 |
| 4 | P Sito | | 246 510 | 211 376 |
| 5 | A Abrahams (SACTWU) | 2 | 122 664 | 34 852 |
| 6 | M Tau | | 314 255 | 275 491 |
| 7 | N Kettlele | | 252 975 | 209 322 |
| 8 | P Pillay(SARC) | 2 | 108 382 | 98 210 |
| 9 | P Madisa | | 282 784 | 187 197 |
| 10 | C Strydom | | 203 954 | 189 857 |
| 11 | S Moloko | | 317 295 | 234 453 |
| 12 | M Lawrence | | 385 849 | 233 674 |
| 13 | I Motaung (Pick n Pay) | | 178 459 | 76 933 |
| 14 | S Busane - Ministerial appointee | | 157 643 | 133 093 |
| 15 | M Bango | | 160 952 | 141 427 |
| 16 | M Mentz | 3 | 17 920 | 7 395 |
| 17 | X Titus | 3 | 31 872 | - |
| 18 | S van Rensburg (SACTWU) | 3 | 3 777 | - |
| 19 | R Sibiya | 3 | 39 232 | - |
| 20 | M Masoabi | | 3 584 | - |
| 21 | E R Seitei | | 10 752 | - |
| 22 | T Mazwai - former Chairperson (Ministerial Appointee) | 4 | - | 334 554 |
| | Board Remuneration | | 3 512 682 | 2 719 194 |

Notes

1. Newly appointed in the current financial year
2. Funds paid directly to nominating Associations
3. Alternate Board members
4. Resigned during the 2013/14 financial year

AUDIT COMMITTEE BOARD FEE SCHEDULE

| | NAME OF COMMITTEE MEMBER | NOTE | 2014/15 | 2013/14 |
|---|---|----------|------------------|------------------|
| 1 | P Mokupo | 1/4 | 256 886 | 167 744 |
| 2 | Y Gordhan | | 61 470 | 64 859 |
| 3 | M Mokoka | 3 | 109 901 | 83 484 |
| 4 | C Weapond | 4 | 177 580 | 74 806 |
| | Audit Committee Remuneration | | 605 837 | 390 892 |
| | Total remuneration of member of the Accounting Authority | 6 | 4 118 519 | 3 110 786 |
| | Reimbursed disbursements | | 121 498 | 75 151 |
| | | | 4 240 017 | 3 185 937 |

Refer to note 6 in the Annual Financial Statement.

Notes

1. Chairperson also attends Board meetings per invitation and also served on the Ad-hoc committee for a special task assigned by the Board
2. Board Representative on the Committee – fees included in the Board Remuneration Schedule above
3. Also a member of the Risk Management Committee
4. Also served on Ad-hoc Committee for a special task assigned by the Board

REMUNERATION OF SENIOR MANAGEMENT

| Chief Executive Officer - TJ Dikgole (Mr) | 2014/2015 | 2013/2014 |
|---|------------------|------------------|
| Basic Salary | 2 191 701 | 2 027 900 |
| Cell phone and data allowance | 21 480 | 21 480 |
| Bonus | 323 595 | 223 383 |
| Medical Aid, Provident Fund, UIF and SDL | 193 670 | 179 999 |
| Travel Allowance | 120 000 | 120 000 |
| TOTAL | 2 850 447 | 2 571 762 |

REPORT OF THE ACCOUNTING AUTHORITY

REMUNERATION OF SENIOR MANAGEMENT

| *Executive Manager in the CEO's Office D. Rampai (Advocate) | 2014/2015 | 2013/2014 |
|---|----------------|-----------|
| Basic Salary | 594 530 | - |
| Cell phone and data allowance | 2 950 | - |
| Bonus | - | - |
| Medical Aid, Provident Fund, UIF and SDL | 36 461 | - |
| Travel Allowance | - | - |
| TOTAL | 633 941 | - |

*Appointment date – 3 November 2014

| *Chief Operating Officer - A. Mlate (Ms) - new appointment | 2014/2015 | 2013/2014 |
|--|----------------|-----------|
| Basic Salary | 557 388 | - |
| Cell phone and data allowance | 3 540 | - |
| Bonus | - | - |
| Medical Aid, Provident Fund, UIF and SDL | 44 055 | - |
| Travel Allowance | - | - |
| TOTAL | 604 982 | - |

*Appointment date – 3 November 2014

| Chief Financial Officer - D. Matloa (Ms) | 2014/2015 | 2013/2014 |
|--|------------------|------------------|
| Basic Salary | 1 335 328 | 1 233 766 |
| Cell phone and data allowance | 7 080 | 7 080 |
| Bonus | 142 116 | 116 404 |
| Medical Aid, Provident Fund, UIF and SDL | 95 703 | 88 793 |
| Travel Allowance | - | 8 400 |
| TOTAL | 1 580 227 | 1 454 442 |

| Chief Officer Qualifications & Research - A Sipengane (Mr) | 2014/2015 | 2013/2014 |
|--|------------------|------------------|
| Basic Salary | 1 173 723 | 1 091 835 |
| Cell phone and data allowance | 7 080 | 7 080 |
| Bonus | 156 82 | 96 659 |
| Medical Aid, Provident Fund, UIF and SDL | 773 660 | 53 645 |
| Travel Allowance | - | - |
| TOTAL | 1 411 289 | 1 263 072 |

| Chief Audit Executive - A. Noormahomed (Mr) - New post | 2014/2015 | 2013/2014 |
|--|----------------|-----------|
| Basic Salary | 508 816 | - |
| Cell phone and data allowance | 2 950 | - |
| Bonus | - | - |
| Medical Aid, Provident Fund, UIF and SDL | 38 507 | - |
| Travel Allowance | - | - |
| TOTAL | 550 273 | - |

*Appointment date – 3 November 2014

| *Chief Operating Officer - JH Zwarts (Dr) - Retired | 2014/2015 | 2013/2014 |
|---|----------------|------------------|
| Basic Salary | 327 424 | 1 209 446 |
| Cell phone and data allowance | 3 570 | 14 280 |
| Bonus | 185 797 | 169 231 |
| Medical Aid and Provident Fund | 30 432 | 102 610 |
| Travel Allowance | 30 000 | 120 000 |
| Termination leave | 116 057 | - |
| TOTAL | 693 280 | 1 615 567 |

*Retired on 30 June 2014

Note: Bonus payments are for the previous year, but paid out in the subsequent financial year

REPORT OF THE ACCOUNTING AUTHORITY

TRIBUTE

We pay tribute to the former Chief Operating Officer, Dr Hennie Zwarts who retired at the end of the financial period after 15 years of excellent service with the SETA. Dr Zwarts was one of the first employees when the W&RSETA was established in 2000 and was instrumental in the setting up of the organisation. We salute him for his contribution in championing skills development in the Sector. His career in retail which spans more than 30 years attests to him being a true retailer at heart who understood the dynamics and challenges of the Wholesale and Retail Sector.

BEREAVEMENT

The Board is saddened by the sudden passing of our Board Member, colleague and friend, Mr. Peter Madisa. A dedicated member of the W&RSETA Board nominated by NUMSA, Mr. Madisa also served on both the Audit and the Governance committees.

We will sorely miss him for the valuable and insightful contributions he made in the W&RSETA over the years.

THE NEW SETA LANDSCAPE

The W&RSETA's licence is due for review in line with the conclusion of the third National Skills Development Strategy at the end of March 2016. The Minister of Higher Education and Training is yet to make a pronouncement on the new SETA landscape.

STATEMENT OF FINANCIAL PERFORMANCE

| | Note | Mar-15 R'000 | Mar-14 R'000 |
|--|------|------------------|------------------|
| REVENUE | | | |
| Non-exchange transactions | | | |
| Skills Development Levy transfer | 2 | 823 934 | 766 674 |
| Skills Development Levy penalties and interest | | 18 030 | 10 853 |
| Exchange transactions | | | |
| Investment income | 3 | 52 281 | 41 473 |
| Other income | 4 | 15 | 85 |
| Total Revenue | | 894 260 | 819 085 |
| EXPENSES | | | |
| Employer grant and project expenses | 5 | (644 494) | (617 661) |
| Administration expenses | 6 | (96 702) | (79 699) |
| National Skills Fund Transfer | 7 | (170 729) | (10 542) |
| Total Expenses | | (911 925) | (707 902) |
| NET (DEFICIT) / SURPLUS FOR THE YEAR | 1 | (17 665) | 111 183 |

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STATEMENT OF FINANCIAL POSITION

| | Note | Mar-15 R'000 | Mar-14 R'000 |
|---|------|------------------|-----------------|
| ASSETS | | | |
| Non-current Assets | | | |
| Property, plant and equipment | 8,1 | 2 339 | 1 640 |
| Intangible assets | 8,2 | - | 2 |
| | | 2 339 | 1 642 |
| Current Assets | | | |
| Accounts receivable from non - exchange transactions | 9 | 5 236 | 14 824 |
| Accounts receivable - Other | 10 | 5 354 | 1 671 |
| Inventory | 11 | 90 | 113 |
| Cash and cash equivalents | 12 | 1 100 392 | 956 984 |
| | | 1 111 073 | 973 592 |
| Total Assets | | 1 113 411 | 975 234 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables from non-exchange transactions | 13 | 31 242 | 57 609 |
| Trade and other payables from exchange transactions | 13 | 87 669 | 35 266 |
| Project funding received in advance | 14 | 10 150 | - |
| Provisions | 15 | 173 947 | 54 290 |
| | | 303 008 | 147 165 |
| NET ASSETS | | 810 404 | 828 069 |
| Funds and Reserves | | | |
| Administration reserve | | 2 339 | 1 642 |
| Employer grant reserve | | 856 | 1 494 |
| Discretionary reserve | | 807 209 | 824 933 |
| TOTAL FUNDS AND RESERVES | | 810 404 | 828 069 |

STATEMENT OF CHANGES IN NET ASSETS

| | Notes | Administration Reserve R'000 | Employer Grant Reserve R'000 | Discretionary Reserve R'000 | Unappropriated surplus R'000 | Total R'000 |
|---|-------|---------------------------------|------------------------------------|--------------------------------|------------------------------------|----------------|
| Balance as at 1 April 2013 | | 2 074 | 1 663 | 713 149 | - | 716 886 |
| Net surplus as per Statement of Financial Performance | | - | - | - | 111 183 | 111 183 |
| Allocation of unappropriated surplus | 1 | 20 079 | 60 827 | 40 819 | (121 725) | - |
| Prior period error | 23,2 | - | - | (10 542) | 10 542 | - |
| Excess reserves transferred to Discretionary reserve | | (20 511) | (60 996) | 81 507 | - | - |
| Balance at 31 March 2014 (Restated) | | 1 642 | 1 494 | 824 933 | - | 828 069 |
| Net surplus per Statement of Financial Performance | | - | - | - | (17 665) | (17 665) |
| Allocation of unappropriated surplus | 1 | 11 157 | 75 480 | (104 302) | 17 665 | - |
| Excess reserves transferred to Discretionary reserve | | (10 460) | (76 118) | 86 578 | - | - |
| Balance at 31 MARCH 2015 | | 2 339 | 856 | 807 209 | - | 810 404 |

An amount of R2 339 000 (2014:R1 642 000) is retained in the administration reserve equal to the carrying value of Property, plant and equipment.

An amount of R856 000 (2014:R1 494 000) is disclosed in the employer grant reserve refer to note 17.2 for details.

CASH FLOW STATEMENT

| | Note | Mar-15 R'000 | Mar-14 R'000 |
|---|------|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts | | | |
| Cash receipts from stakeholders | | 887 286 | 796 348 |
| Levies | | 809 611 | 741 936 |
| Project Funding received in advance | | 10 150 | - |
| Penalties and Interest | | 18 030 | 10 853 |
| Insurance claims | | 15 | 85 |
| Investment income | | 49 481 | 43 474 |
| Payments | | (742 439) | (721 184) |
| Mandatory grants | | (167 655) | (209 669) |
| Discretionary grants/Project payments | | (455 470) | (416 380) |
| National Skills Fund Transfer | | (32 161) | - |
| Compensation of employees | | (39 815) | (37 018) |
| Suppliers and other | | (47 340) | (58 117) |
| Net cash inflow from operating activities | 16 | 144 847 | 75 164 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Purchase of Property, plant and equipment & Intangible assets | 8 | (1 440) | (506) |
| Net cash outflow from investing activities | | (1 440) | (506) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Net increase in cash and cash equivalents | | 143 407 | 74 658 |
| Cash and cash equivalents at beginning of year | 12 | 956 984 | 882 326 |
| Cash and cash equivalents at end of year | 12 | 1 100 392 | 956 984 |

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Statement of Financial Performance

| | Note | Approved budget R'000 | Actual amounts on comparable basis R'000 | Difference between Approved Budget and Actual R'000 |
|--|------|--------------------------|--|---|
| REVENUE | | | | |
| Non-exchange transactions | 27,1 | 936 136 | 841 964 | 94 172 |
| Skills Development Levy transfer | | 936 136 | 823 934 | 112 202 |
| Skills Development Levy penalties and interest | | - | 18 030 | (18 030) |
| Exchange transactions | 27,2 | 30 000 | 52 296 | (22 296) |
| Investment income | | 30 000 | 52 281 | (22 281) |
| Other income | | - | 15 | (15) |
| Total Revenue | | 966 136 | 894 260 | 71 876 |
| EXPENSES | | | | |
| Employer grant and project expenses | 27,3 | (699 934) | (644 494) | (55 440) |
| Administration expenses | 27,4 | (91 677) | (96 702) | 5 025 |
| National Skills Fund Transfer | 27,5 | - | (170 729) | 170 729 |
| Total Expenses | | (791 611) | (911 925) | 120 314 |
| NET SURPLUS / (DEFICIT) FOR THE YEAR | | 174 525 | (17 665) | 192 190 |

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ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

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

1. BASIS OF PREPARATION

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. The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations of such standards issued by the Accounting Standards Board.

2. CURRENCY

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

3. REVENUE RECOGNITION

3.1 Revenue from non-exchange transactions

Non-exchange revenue transactions result in resources being received by the W&RSETA, usually in accordance with a binding arrangement. When the W&RSETA receives resources as a result of a non-exchange transaction, it recognises an asset and revenue in the period that the arrangement becomes binding and when it is probable that W&RSETA will receive economic benefits or service potential and it can make a reliable measure of the resources transferred.

Where the resources transferred to W&RSETA are subject to the fulfilment of specific conditions,

it recognises an asset and a corresponding liability. As and when the conditions are fulfilled, the liability is reduced and revenue is recognised. The asset and the corresponding revenue are measured on the basis of the fair value of the asset on initial recognition. Non-exchange revenue transactions include the receipt of levy income from the Department of Higher Education, income from the National Skills Fund, and grants from the national government.

3.2 Levy income

The accounting policy for the recognition and measurement of skills development levy income has been amended on the basis of a revised interpretation of the Skills Development Act, Act No 97 of 1998 as amended and the Skills Development Levies Act, Act No 9 of 1999 as amended.

Skills Development Levy (SDL) transfers are recognized when it is probable that future economic 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 an allocation or payment, which ever comes first, to the Seta, as required by Section 8 of Skills Development Levies Act, 1999 (Act no 9 of 1999). The new policy is effective from 1st April 2007.

In terms of section 3(1) and 3(4) of the Skills Development 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 cost 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). The Seta was not in a position to verify that SARS has collected all potential skills levy income.

Levy income is recognised on the accrual basis

Revenue is adjusted for interSeta transfers due to employers changing Seta's. Such adjustments are separately disclosed as interSeta transfers. The amount of the interSeta adjustment is calculated according to the most recent Standard Operating Procedure issued by the department. Skills Development Levy (SDL) transfers are recognised on an accrual basis when it is probable that future economic benefits or service potential will flow to the SETA and these benefits can be measured reliably. This occurs when the department makes an allocation to the W&RSETA, as required by Section 8 of the Skills Development Levies Act, 1999 (Act No. 9 of 1999) as amended.

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.

3.3 Interest and penalties

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

3.4 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.

Property, plant and equipment acquired for NSF Special Projects are capitalised in the financial statements of the Seta, as the Seta controls such assets for the duration of the project. Such assets may however only be disposed of in terms of agreement and specific written instructions by the NSF.

3.5 Government grants and other donor income

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

3.6 Revenue from exchange transactions

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

3.6.1 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 employer grant (excluding interest and penalties) by complying with the grant criteria in accordance with the Skills Development Act, 1998 as amended and Seta Grant Regulations regarding monies received and related matters (The Seta Grant Regulations).

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

Mandatory grants

The grant expenditure is recognised when the employer has submitted an application for a grant in the prescribed form within the legislated cut-off period and the application has been approved. Grants are equivalent to 20% of the total levies contributed by employers to the Seta during the corresponding financial period.

Discretionary 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 allocates discretionary grants to employers who have submitted an application for a discretionary grant in the prescribed form within the agreed upon cut-off period. Discretionary grant expenditure is recognised as expenses in the period in which they are incurred, in which the conditions are met.

Project expenditure comprises:

- costs that relate directly to the specific contract;
- costs that are attributable to contract 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.

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 as the amount of such grant overpayment, net of bad debts and provision for irrecoverable amounts.

Unconditional grants disbursed towards National Skills Fund (NSF) for Further Education and Training (FET) college infrastructure development

In terms of Skills Development Circular No. 08/2013, Setas are required to contribute funds towards the NSF for FET college infrastructure development. Funding agreements between the NSF and each individual SETA outline the details of the Seta's contribution as per the Skills Development Circular. There are no conditions or restrictions for the Seta and the funding is not refundable.

The FET college infrastructure development payment is treated as a non exchange transaction and is recognised as an expense in the period that the payment is incurred or when the funding becomes payable by the Seta as outlined in the funding agreement, whichever occurs first.

A contractual obligation is triggered on the date that the funding agreement is signed and a liability is recognised to the extent of the amount outstanding.

5. IRREGULAR, 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 Public Finance Management Act, Act no. 1 of 1999,
- 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 and fruitless and wasteful expenditure is recognised against the respective class of expense in the period in which they are 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 costs of the assets over their estimated useful lives, using the straight line method.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Property, plant and equipment (owned and leased) are stated at cost less any subsequent accumulated depreciation and adjusted for any impairments. Depreciation is calculated on the straight line method to write off the cost of each asset to estimated residual value over its estimated useful life.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (i.e. impairment losses are recognised.) Gains and losses on disposal of Property, plant and equipment are determined as the difference between the sale proceeds and the carrying amount and are taken into account in determining operating surplus.

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 profit.

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 historical 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.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at year-end, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

Useful lives of Property, plant and equipment

The Seta reviews the estimated useful lives of Property, plant and equipment at the end of each annual reporting period for the carrying values of Property, plant and equipment .

Management determined, consistent with the prior year, that the useful life of assets should not be limited by the Seta's establishment. Management's determination of useful life also impacts the determination of the residual value of assets.

The following useful lives are used in the calculation of depreciation:

| | |
|-------------------------------|-------------------|
| Computer equipment | 3 years |
| Office furniture and fittings | 10 years |
| Leasehold improvements | Duration of lease |
| Office equipment | 5 years |

The Seta has reviewed the residual values used for the purposes of depreciation calculations. 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.

6.1. Intangible assets

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

The estimated useful lives, residual values and amortisation method are reviewed at each year-end, with the effect of any changes in estimates accounted for on a prospective basis.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (i.e. impairment losses are recognised.)

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

Useful lives of Intangible assets

The Seta reviews the estimated useful lives of intangible assets at the end of each annual reporting period for the carrying values of intangible assets .

The following useful life is used in the calculation of amortisation

| | |
|-------------------|---------|
| Computer software | 2 years |
|-------------------|---------|

The Seta has reviewed the residual values used for the purposes of depreciation / amortisation 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.

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 incidental to ownership to the lessee and is recorded as a purchase of equipment by means of long-term borrowing. 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.

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 the Statement of Financial Position date. Provisions included in the Statement of Financial Position are provisions for leave (based on the current salary rates) and termination benefits.

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

No provision has been made for retirement benefits as the Seta does not provide for retirement benefits for its employees.

9. GRANTS AND PROJECTS

Mandatory and discretionary Grant Payments

A liability is recognised for grant payments once the specific criteria set out in the Seta Grant Regulation has been complied with by member companies and it is probable that the Seta will approve the payment. 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 of levies received.

Discretionary Projects

No provision is made for projects approved at year-end, unless the service in terms of the contract has been delivered. Where a project has been approved, but has not been accrued for or provided for, it is disclosed as approved and allocated for future projects in the Notes to Annual Financial Statements. Commitments are disclosed where the Seta has, in the normal course of its operations, entered into a contractual agreement with entities related to project expenses which are yet due for payment.

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.

Financial Assets

Investments are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value or net of transaction cost except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets can be classified into the following specified categories: financial assets as at fair value through profit or loss (FVTPL), held to maturity investments, available for sale (AFS) financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All financial assets of the Seta were categorised as loans and receivables.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest will be immaterial.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate, a shorter period.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance

account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the surplus or deficit.

Financial Liabilities

Financial liabilities are classified as either financial liabilities at Fair Value Through Profit or Loss (FVTPL) or other financial liabilities.

Account and other payables do not bear interest and are stated at their nominal value.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

All financial liabilities of the Seta were classified as other financial liabilities.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised costs using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period.

11. RESERVES

Net Assets are classified based on the restrictions placed on the distribution of monies received in accordance with the Regulations issued in terms of the Skills Development Act, 1998 (Act 97 of 1998) as follows:

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

Employer levy payments are set aside in terms of the Skills Development Act and the regulations issued in terms of the Act, for the purpose of:

| | 2014/15 | 2013/14 |
|--|---------|---------|
| | % | % |
| Administration costs of the Seta | 10,5 | 10,5 |
| Employer grant fund levy | 20 | 20 |
| Discretionary grants and projects | 49,5 | 49,5 |
| Received by the Seta | 80 | 80 |
| Contribution to the National Skills Fund | 20 | 20 |
| | 100 | 100 |

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 reserves are moved to the discretionary fund reserve. Provision is made in mandatory grant reserve for newly registered companies, participating after the legislative cut-off date.

12. COMPARATIVE FIGURES

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

13. 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).

14. VALUE-ADDED TAXATION

The Revenue Laws Amendment Act 2003 (Act no 45 of 2003) commenced on 22 December 2003. Previously the definition of enterprise placed Setas listed in schedule 3A within the scope of VAT. The amendment Act however, has amended this definition of enterprise and effectively places the public entity outside the scope of VAT effective 1 April 2005.

The amount reflected as VAT due to or from the South African Revenue Services is in accordance with the dispensation prescribed by the South African Revenue Service. In accordance with this, the Seta is therefore deregistered for VAT with effect 1 April 2005.

15. CONSUMABLE INVENTORY

Consumables are recognised as an asset on the date of acquisition and it is measured at the cost of acquisition. It is subsequently recognised in surplus or deficit as it is consumed. Subsequent to initial recognition, inventory is measured at lower of cost and current replacement cost.

1. ALLOCATION OF NET SURPLUS FOR THE CURRENT YEAR TO RESERVES

| | Total per Statement of Financial Performance March 2014 R'000 | Total per Statement of Financial Performance March 2015 R'000 | Administration Reserve R'000 | Employer Grants Reserve | Discretionary Reserve | | |
|---|---|--|------------------------------------|------------------------------------|----------------------------------|----------------------------------|------------------------------|
| | | | | Mandatory Skills Grant R'000 | Discretionary Grants R'000 | National Skills Fund R'000 | Total Discretionary R'000 |
| <i>Total Revenue</i> | 819 085 | 894 260 | 107 859 | 215 616 | 570 785 | - | 570 785 |
| Skills Development Levy transfer from non-exchange transactions: | | | | | | | |
| Levy transfer Administration (10.5%) | 99 692 | 107 844 | 107 844 | - | - | - | - |
| Levy transfer Employer Grants (69.5%) | 666 981 | 716 090 | - | 215 616 | 500 474 | - | 500 474 |
| Skills Development Levy penalties and interest from non-exchange transactions | 10 853 | 18 030 | - | - | 18 030 | - | 18 030 |
| Investment income | 41 473 | 52 281 | - | - | 52 281 | - | 52 281 |
| Other income | 85 | 15 | 15 | - | - | - | - |
| <i>Total Expenses</i> | 707 902 | 911 925 | 96 702 | 140 136 | 504 359 | 170 729 | 675 088 |
| Employer grants and project expenses | 617 661 | 644 494 | - | 140 136 | 504 359 | - | 504 359 |
| Administration expenses | 79 699 | 96 702 | 96 702 | - | - | - | - |
| National Skills Fund Transfer | 10 542 | 170 729 | - | - | - | 170 729 | 170 729 |
| <i>Net (deficit) / surplus per Statement of Financial Performance allocated</i> | 111 183 | (17 665) | 11 157 | 75 480 | 66 427 | (170 729) | (104 302) |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. SKILLS DEVELOPMENT LEVY TRANSFER FROM NON-EXCHANGE TRANSACTIONS

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

Levy transfer: Administration

Levies received

Levies received from DHET

Intersecta transfers in

Intersecta transfers out

Levy transfer: Employer grants

Levies received

Levies received from DHET

Intersecta transfers in

Intersecta transfers out

Levy transfer: Discretionary grants

Levies received

Levies received from DHET

Intersecta transfers in

Intersecta transfers out

Skills Development Levy: Penalties and Interest

| | Mar-15 R'000 | Mar-14 R'000 |
|--|-----------------|-----------------|
| | 107 844 | 99 692 |
| | 107 844 | 99 692 |
| | 108 635 | 99 482 |
| | 176 | 336 |
| | (967) | (125) |
| | 215 616 | 247 471 |
| | 215 616 | 247 471 |
| | 216 982 | 246 306 |
| | 332 | 1 380 |
| | (1 698) | (215) |
| | 500 474 | 419 510 |
| | 500 474 | 419 510 |
| | 503 454 | 419 164 |
| | 817 | 934 |
| | (3 796) | (588) |
| | 823 934 | 766 674 |
| | 18 030 | 10 853 |

3. INVESTMENT INCOME

Interest income
Accruals on bank deposits
Bank deposits

| Mar-15 R'000 | Mar-14 R'000 |
|-----------------|-----------------|
| 3 076 | 275 |
| 49 205 | 41 198 |
| 52 281 | 41 473 |

4. OTHER INCOME

Insurance claims

| Mar-15 R'000 | Mar-14 R'000 |
|-----------------|-----------------|
| 15 | 85 |
| 15 | 85 |

5. EMPLOYER GRANT AND PROJECT EXPENSES

Mandatory grants
Discretionary grants

| Mar-15 R'000 | Mar-14 R'000 |
|-----------------|-----------------|
| 140 136 | 186 644 |
| 504 359 | 431 017 |
| 644 494 | 617 661 |

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

6. ADMINISTRATION EXPENSES

| |
|--|
| Advertising, marketing and promotions, communication |
| Allowance for doubtful debts |
| Bad debts written off |
| Consultancy and service provider fees |
| Cost of employment |
| Depreciation / Amortisation |
| Legal fees |
| Loss on disposal of Property, plant and equipment |
| Maintenance, repairs and running costs |
| Operating lease rentals (minimum lease payments) |
| Buildings |
| Equipment |
| Remuneration to members of the accounting authority |
| Staff training and development |
| Travel and subsistence |
| QCTO Funding |
| External auditor's remuneration |
| Other |
| Cash impairments |
| Cleaning contract and Services |
| Insurance |
| Internal audit fees |
| Offsite storage |
| Other administration expenses |
| Postage & Courier |
| Printing & Stationery |
| Recruitment |
| Subscriptions |
| Telephone & Data lines |
| Water and electricity |
| Workshops |

6,1

| Mar-15 R'000 | Mar-14 R'000 |
|-----------------|-----------------|
| 2 738 | 2 728 |
| 6 152 | (1 370) |
| - | - |
| 7 983 | 6 758 |
| 44 859 | 40 035 |
| 682 | 1 145 |
| 156 | 124 |
| 10 | 6 |
| 272 | 116 |
| 10 855 | 10 429 |
| 10 263 | 9 887 |
| 592 | 542 |
| 4 119 | 4 169 |
| 64 | 335 |
| 2 887 | 3 163 |
| 2 228 | 1 235 |
| 1 929 | 1 531 |
| 11 769 | 9 294 |
| 1 024 | - |
| 31 | 61 |
| 1 541 | 1 530 |
| 2 050 | 1 685 |
| 884 | 188 |
| 1 903 | 2 142 |
| 168 | 192 |
| 457 | 276 |
| 1 481 | 430 |
| 52 | 386 |
| 1 306 | 1 407 |
| 805 | 770 |
| 67 | 226 |
| 96 702 | 79 699 |

6.1 Cost of employment

| |
|------------------------------|
| Salaries and wages |
| Basic salaries |
| Performance bonus |
| Leave |
| Social contributions |
| Medical aid Contributions |
| Provident Fund contributions |
| Unemployment Insurance Fund |
| WCA |
| Skills Development Levy |

| Mar-15 R'000 | Mar-14 R'000 |
|-----------------|-----------------|
| 41 497 | 36 760 |
| 35 891 | 29 926 |
| 5 714 | 5 658 |
| (108) | 1 175 |
| 3 361 | 3 276 |
| 1 393 | 1 143 |
| 1 556 | 1 440 |
| 146 | 128 |
| - | 54 |
| 266 | 511 |
| 44 859 | 40 035 |

Average number of employees

| | |
|-----|-----|
| 180 | 143 |
|-----|-----|

7. NATIONAL SKILLS FUND TRANSFER

| |
|-----------------------|
| Disbursed |
| Movement in provision |

| Mar-15 R'000 | Mar-14 R'000 |
|-----------------|-----------------|
| 32 161 | - |
| 138 568 | 10 542 |
| 170 729 | 10 542 |

Refer to Note 15.2 for more details on the movement in provisions

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

8.1 PROPERTY, PLANT AND EQUIPMENT

Year ended 31 March 2015

| |
|------------------------------------|
| Leasehold Improvements |
| Computer Equipment |
| Office furniture and fittings |
| Office Equipment |
| Project Assets- computer equipment |
| Project Assets- office equipment |
| Balance at end of year |
| Made up as follows: |
| - Owned assets |

| Cost R'000 | Accumulated depreciation R'000 | Closing carrying amount R'000 |
|---------------|--------------------------------------|----------------------------------|
| 592 | (573) | 20 |
| 3 600 | (2 258) | 1 341 |
| 2 440 | (1 854) | 586 |
| 870 | (664) | 207 |
| 265 | (85) | 180 |
| 6 | (1) | 5 |
| 7 772 | (5 434) | 2 339 |
| 7 772 | (5 434) | 2 339 |

Year ended 31 March 2014

| |
|------------------------------------|
| Leasehold Improvements |
| Computer Equipment |
| Office furniture and fittings |
| Office Equipment |
| Project Assets- computer equipment |
| Project Assets- office equipment |
| Balance at end of year |
| Made up as follows: |
| - Owned assets |

| Cost R'000 | Accumulated depreciation R'000 | Closing carrying amount R'000 |
|---------------|--------------------------------------|----------------------------------|
| 592 | (569) | 24 |
| 3 103 | (2 341) | 762 |
| 2 246 | (1 692) | 554 |
| 839 | (670) | 169 |
| 164 | (33) | 131 |
| - | - | - |
| 6 945 | (5 305) | 1 640 |
| 6 945 | (5 305) | 1 640 |

Movement Summary March 2015

| | Carrying amount 2014 R'000 | Additions R'000 | Disposals R'000 | Depreciation charge R'000 | Carrying amount Mar 2015 R'000 |
|------------------------------------|----------------------------------|--------------------|--------------------|------------------------------|--------------------------------------|
| Leasehold Improvements | 24 | - | - | (4) | 20 |
| Computer Equipment | 762 | 990 | (6) | (404) | 1 341 |
| Office furniture and fittings | 554 | 194 | - | (163) | 585 |
| Office Equipment | 170 | 150 | (4) | (109) | 206 |
| Project Assets- computer equipment | 131 | 101 | - | (52) | 180 |
| Project Assets- office equipment | - | 6 | - | (1) | 5 |
| Balance at end of year | <u>1 640</u> | <u>1 440</u> | <u>(10)</u> | <u>(732)</u> | <u>2 337</u> |

Movement Summary March 2014

| | Carrying amount 2013 R'000 | Additions | Disposals R'000 | Depreciation charge | Carrying amount 2014 R'000 |
|------------------------------------|----------------------------------|------------|--------------------|---------------------|----------------------------------|
| Leasehold Improvements | 443 | 24 | - | (443) | 24 |
| Computer Equipment | 410 | 613 | (17) | (244) | 762 |
| Office furniture and fittings | 743 | - | (1) | (188) | 554 |
| Office Equipment | 279 | 6 | - | (116) | 169 |
| Project Assets- computer equipment | 43 | 109 | - | (21) | 131 |
| Project Assets- office equipment | - | - | - | - | - |
| Balance at end of year | <u>1 918</u> | <u>752</u> | <u>(18)</u> | <u>(1 012)</u> | <u>1 640</u> |

Fully depreciated assets still in use

| | 2014/2015 R'000 | 2013/2014 R'000 |
|------------------------------------|--------------------|--------------------|
| Gross carrying value | | |
| Leasehold Improvements | 569 | 635 |
| Computer Equipment | 1 730 | 2 348 |
| Computer Software | 309 | - |
| Office furniture and fittings | 970 | 470 |
| Office Equipment | 420 | 388 |
| Project Assets- computer equipment | 16 | - |
| | <u>4 013</u> | <u>3 840</u> |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

8,2 INTANGIBLE ASSETS

Year ended 31 March 2015

Computer Software
Balance at end of year
Made up as follows:
- Owned assets

| Cost R'000 | Accumulated depreciation R'000 | Closing carrying amount R'000 |
|---------------|--------------------------------------|----------------------------------|
| 309 | (309) | - |
| 309 | (309) | - |
| 309 | (309) | - |

Year ended 31 March 2014

Computer Software
Balance at end of year
Made up as follows:
- Owned assets

| Cost R'000 | Accumulated depreciation R'000 | Closing carrying amount R'000 |
|---------------|--------------------------------------|----------------------------------|
| 325 | (323) | 2 |
| 325 | (323) | 2 |
| 325 | (323) | 2 |

Movement Summary March 2015

Computer Software
Balance at end of year

| Carrying amount 2014 R'000 | Additions R'000 | Disposals R'000 | Depreciation charge R'000 | Carrying amount 2015 R'000 |
|----------------------------------|--------------------|--------------------|------------------------------|----------------------------------|
| 2 | - | - | (2) | - |
| 2 | - | - | (2) | - |

Movement Summary March 2014

Computer Software
Balance at end of year

| Carrying amount 2013 R'000 | Additions | Disposals R'000 | Depreciation charge | Carrying amount 2014 R'000 |
|----------------------------------|-----------|--------------------|---------------------|----------------------------------|
| 156 | - | - | (154) | 2 |
| 156 | - | - | (154) | 2 |

9. ACCOUNTS RECEIVABLE FROM NON-EXCHANGE TRANSACTIONS

InterSeta debtors
Employer receivables

9,1

| Mar-15 R'000 | Mar-14 R'000 |
|-----------------|-----------------|
| 1 603 | 6 777 |
| 3 633 | 8 047 |
| <u>5 236</u> | <u>14 824</u> |

9,1 Employer Receivables

Overpayment to employers
Allowance for doubtful debts

Net effect of retrospective adjustments on affected employers

| Mar-15 R'000 | Mar-14 R'000 |
|-----------------|-----------------|
| 11 067 | 9 329 |
| (7 434) | (1 282) |
| <u>3 633</u> | <u>8 047</u> |

R11 067 000 (2014: R 9 329 000) was recognised as a receivable relating to the overpayment to the employers in earlier periods, as a result of inaccurate information received from SARS and DHET, and is based on the amount of such grant over payments. An amount of R7 434 000 (2014: R1 282 000) was provided for as doubtful debts. Also refer to Note 13 for Grant amounts owed to employers as a result of subsequent changes in levy information.

10. ACCOUNTS RECEIVABLE - OTHER

Deposits
Interest receivable
Staff debtors
Other debtors

| Mar-15 R'000 | Mar-14 R'000 |
|-----------------|-----------------|
| 556 | 382 |
| 3 076 | 275 |
| 99 | 60 |
| 1 623 | 954 |
| <u>5 354</u> | <u>1 671</u> |

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

| | | | |
|----|--|-------------------------|-------------------------|
| 11 | INVENTORY | Mar-15 R'000 | Mar-14 R'000 |
| | Consumables on hand | 90 | 113 |
| | | <u>90</u> | <u>113</u> |
| 12 | CASH AND CASH EQUIVALENTS | Mar-15 R'000 | Mar-14 R'000 |
| | Cash at bank and in hand | 16 028 | 138 657 |
| | Cash at bank | 16 014 | 138 630 |
| | Cash in hand | 14 | 28 |
| | Short term investments/instruments | 1 084 364 | 818 327 |
| | Cash and cash equivalents at end of year | <u>1 100 392</u> | <u>956 984</u> |

During the current year one of our Nedbank investments was exposed to African bank, as a result a realised cash loss of R1 024 000 (2014:Rnil) was incurred.

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 5.04% (2014: 4.64%).

The Skills Development Act Regulations state that a Seta may, if not otherwise specified by the Public Finance Management Act, invest monies 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 requirements 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.

An amount of R694 050 was deposited with ABSA bank which stood guarantee for the lease on the Head Office rented premises.

13 TRADE AND OTHER PAYABLES

From Non-Exchange transactions

Skills development grants payable - mandatory
Inter-seta payables
Employer Payable
Levy Creditors
Amounts payable to SARS

13,1

| Mar-15 R'000 | Mar-14 R'000 |
|-----------------|-----------------|
| 11 705 | 26 648 |
| 748 | 1 334 |
| 2 883 | 3 812 |
| 13 036 | 22 945 |
| 2 871 | 2 871 |
| 31 242 | 57 609 |

From Exchange transactions

Trade payables
Other- accrued expenses
Operating Leases
Employee benefits

| | |
|---------------|---------------|
| 65 061 | 16 172 |
| 8 253 | 8 545 |
| 912 | 1 545 |
| 13 443 | 9 004 |
| 87 669 | 35 266 |

13,1 Amounts payable to SARS

Amount incorrectly deposited by SARS

| Mar-15 R'000 | Mar-14 R'000 |
|-----------------|-----------------|
| 2 871 | 2 871 |
| 2 871 | 2 871 |

During 2011/2012 , an amount of R2 871 000 was erroneously deposited in the W&RSETA's bank account by SARS/DHET. As at 31 March 2015, the error was still not resolved by SARS/DHET.

14 PROJECT FUNDING RECEIVED IN ADVANCE

Opening balance
Receipts
Expenses
Closing balance

| Mar-15 R'000 | Mar-14 R'000 |
|-----------------|-----------------|
| - | - |
| 10 150 | - |
| - | - |
| 10 150 | - |

The amount of R10 150 000 (2014: Nil) is a contribution by the Department of Trade and Industry (DTI) towards the Informal Traders Upliftment Project (ITUP) which has a total budget of R20 300 000 which is funded 50% by DTI and 50% by W&R Seta.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

15 PROVISIONS

15,1 Amounts payable to small companies

| | Mar-15 R'000 | Mar-14 R'000 |
|--------------------|-----------------|-----------------|
| Opening balance | 43 748 | 35 851 |
| Change in estimate | (18 910) | 7 897 |
| Closing balance | 24 838 | 43 748 |

An amount of R24 838 000 (2014: R43 748 000) relates to levies incorrectly contributed by employers, and paid over by SARS and DHET, after being exempted from contributing to the Skills Development Levy due to legislation changes which came into effect from 1 August 2005. As SARS collects the levies on behalf of DHET, the responsibility to refund the levies to the employers remains with SARS.

15,2 National Skills Fund Transfer

| | Mar-15 R'000 | Restated Mar-14 R'000 | Mar-14 R'000 |
|--------------------|-----------------|-----------------------------|-----------------|
| Opening balance | 10 542 | - | - |
| Change in estimate | 138 568 | 10 542 | - |
| Closing balance | 149 110 | 10 542 | - |

As per the current approved Grant Regulations, the SETA is required to commit 95% of available discretionary grant funds. Where the SETA falls short of this threshold, the difference must be transferred to the National Skills Fund (NSF) no later than 1 October of the next financial year. For the current financial year, the SETA calculated that R138 568 000 (2014: R 10 542 000) potentially will be transferred to NSF. The transfer of this amount is subject to approval by the Department of Higher Education and Training (DHET).

During the current year, an amount of R32 161 000 (2014: Rnil) was transferred and paid over to NSF as approved by the department.

Refer to note 17.3 for further disclosure on this item

| | | |
|-------------------------|----------------|---------------|
| Total Provisions | 173 948 | 54 290 |
|-------------------------|----------------|---------------|

16 RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES TO NET SURPLUS

| | Mar-15 R'000 | Mar-14 R'000 |
|---|-----------------|-----------------|
| Net (Deficit) / Surplus as per Statement of Financial Performance | (17 665) | 111 183 |
| Adjusted for non-cash items: | | |
| Depreciation | 734 | 1 178 |
| Loss on disposal of Property, plant and equipment | 10 | 6 |
| Allowance for doubtful debts | 6 152 | (1 370) |
| Increase/(Decrease) in provisions | (18 910) | 7 897 |
| Increase/(Decrease) in NSF provisions | 138 568 | 10 542 |
| Realised cash impairment loss | (1 024) | - |
| Adjusted for working capital changes: | | |
| (Increase)/Decrease in receivables from non exchange transaction | 3 436 | 14 147 |
| (Increase)/Decrease in receivables - other | (3 683) | 1 540 |
| (Decrease)/Increase in payables from non exchange transaction | (26 368) | (68 437) |
| (Decrease)/Increase in payables - other | 53 424 | (1 488) |
| (Decrease)/Increase in Project Funding received in advance | 10 150 | - |
| (Increase)/Decrease in Inventory | 22 | (35) |
| Cash generated by operations | 144 847 | 75 164 |

17 CONTINGENCIES

17,1 Surplus Funds

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. A request for the accumulation of funds has been submitted to National Treasury through DHET for the retention of surplus funds. At the time of compiling the financial statements, no reply had been received.

17,2 First Time Employer registrations

The skills development legislation allows for an employer, registering for the first time, 6 months to submit an application for mandatory grants.

At the reporting date it is estimated that, as a result, additional mandatory grant expenditure of R856 000 (2014: R1 494 000) will be payable. The amount is contingent on the number of submissions received and approved.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

17,3 National Skills Fund Transfer

As per the approved Grant Regulations which provide that a SETA can submit a business case to request the Minister's approval for the SETA to carry over unspent discretionary grant funds. The SETA submitted a business case to the Minister and therefore the amount of R138 million disclosed in note 15.2 under provisions is a contingent liability pending the approval from the Minister.

18 COMMITMENTS

18,1 Commitments on approved projects

| | Mar-15 R'000 | Restated Mar-14 R'000 | Mar-14 R'000 |
|---|-----------------|-----------------------------|-----------------|
| Contractual and stakeholder commitments | 759 920 | 750 998 | 761 540 |

Contractual commitments are balances on contracts for work to be delivered on contracts-in -progress at the reporting date. The contracts are entered into with service providers and stakeholders for delivery of education , training and skills development projects.

18,2 Discretionary Reserve

Of the balance of R807 209 000 (2014: R824 933 000) available in the Discretionary reserve at the end of March 2015, R864 760 000 (2014: R819 380 000) represents approved and allocated projects and skills priorities as set out below. Of this amount, R759 920 000 (2014: R750 998 000) was contracted as at year end as per note 18.1 above. Amounts for expenses that have already been incurred, and therefore included in grant expenses in the Statement of Financial Performance, are also indicated.

| Projects | Opening balance R'000 | Approved by Accounting Authority R'000 | Write backs/Other adjustments R'000 | Utilised R'000 | Closing balance Mar 2015 R'000 |
|--|--------------------------|---|---|-------------------|--------------------------------------|
| | | | | | - |
| AET | - | 26 391 | - | 124 | 26 267 |
| Assessment Centres W&RSETA - QCTO Qualifications | 396 | - | - | 213 | 183 |
| Bardahl Eyethu Retail Operator Programme | 5 031 | - | (289) | 4 062 | 679 |
| BASF - Spray Painter Project | 338 | - | - | 258 | 80 |
| Bursary project | - | 62 460 | - | - | 62 460 |
| CapaCiti | 681 | 3 315 | - | 1 230 | 2 766 |
| Career Guidance 2014 | - | 2 500 | - | 2 247 | 253 |
| Career Guidance Strategy | 449 | 1 000 | (9) | 376 | 1 064 |
| CGCSA Summit 2014 | - | 1 065 | - | 1 064 | 1 |
| Community Retail and Development Project (CRDP) | - | 6 300 | - | - | 6 300 |
| CPUT-Retail Academy | - | 2 000 | - | - | 2 000 |
| CTFL Training Layoff scheme | 81 | - | (81) | - | - |
| Decade of the Artisan Programme | 500 | - | - | - | 500 |
| Development of W&R Qualification | 7 514 | - | - | 1 937 | 5 577 |
| DG 1112 | 32 345 | - | (21 000) | 10 367 | 979 |
| DG 1213 | 75 731 | - | (16 243) | 40 524 | 18 964 |
| Eastern Cape Rural Development Partnership Project | - | 13 068 | - | - | 13 068 |
| EC Liquor Outlet Support Project for Cooperatives and SMME's | - | 2 000 | - | 37 | 1 963 |
| e-learning for the skills training sector | 1 000 | - | (134) | 866 | - |
| FET & HET Extension of Scope | 4 472 | - | - | 1 652 | 2 820 |
| FRA Conference | - | 250 | - | - | 250 |
| FS - Bibi Cash and Carry SMME - BEE Development | 333 | - | - | 202 | 131 |
| FS - FS - Internships for FET Graduates | 5 107 | - | - | 1 164 | 3 943 |
| Good Practice Award | 2 601 | - | (878) | 1 721 | 2 |
| Graduate Placement | 78 731 | - | - | 42 162 | 36 569 |
| Graduate Placement- HET | - | 14 574 | - | 712 | 13 862 |
| Graduate Placement- TVET | - | 27 660 | - | 133 | 27 527 |
| ILDIP 2013 - 2014 | 22 | - | (3) | 11 | 8 |
| ILDIP 2014 - 2015 | 12 661 | 5 400 | - | 18 061 | - |
| ILDIP 2015 - 2016 | - | 22 447 | - | 1 650 | 20 797 |
| Impact Assessments | - | 4 000 | - | - | 4 000 |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

| | | | | | |
|---|---------|---------|-----------|--------|---------|
| Implementation and rollout plan of Career Guidance and Development Strategy | - | 1 000 | - | - | 1 000 |
| ITUP | 10 300 | - | 10 150 | 1 407 | 19 043 |
| KZN - SOE Learnerships | 14 513 | - | - | 8 914 | 5 599 |
| LP 10/11 EXTRA | 108 | - | - | (38) | 146 |
| Mhlontlo Cooperatives Project | 2 000 | - | 90 | 1 608 | 482 |
| Mitchell's Plain Bursary | - | 3 000 | - | - | 3 000 |
| Monitoring and Evaluation | 916 | - | (165) | 751 | - |
| Mthathshana FET Infrastructure Support | 50 000 | - | - | 50 000 | - |
| NC - Learnership Opportunities | 20 349 | - | (2 100) | 13 057 | 5 192 |
| NC - Office of the Premier Internships for FET Graduates | 5 483 | - | - | 3 751 | 1 732 |
| New Venture Creation | - | - | - | - | - |
| NGO/NPO | - | 1 075 | - | 45 | 1 030 |
| Non-sponsored Learning Programmes | 1 085 | - | - | 451 | 634 |
| North West Unemployed Youth Project | - | 23 059 | - | 6 729 | 16 330 |
| People with disabilities Project 2013 | 20 532 | - | - | 520 | 20 012 |
| Pivotal 2013/14-Additional | 190 251 | - | (36 000) | 72 423 | 81 828 |
| Pivotal 2014/2015 | - | 399 826 | (122 355) | 32 162 | 245 309 |
| Pivotal Discretionary Grants 2013/14 | 126 707 | - | (8 333) | 36 722 | 81 652 |
| Project Support office | 678 | - | 559 | 836 | 401 |
| Registered Cooperatives | - | 3 386 | (40) | - | 3 346 |
| Retail Business Management Diploma | 36 543 | 21 869 | - | 28 980 | 29 432 |
| Retail Chair | 9 023 | 2 000 | (2 000) | 3 968 | 5 055 |
| Retail Game | 750 | - | - | 672 | 78 |
| RMDP 2015-2016 | - | 18 014 | - | 8 598 | 9 416 |
| RMDP Project Phase (RMDP) III | 15 853 | 2 500 | - | 17 756 | 597 |
| RMDP Project Phase 2012 | 2 663 | - | (1 308) | 1 355 | - |
| Rural Areas Project-Rharhabe/Batlokwa | - | 12 336 | - | 5 757 | 6 579 |
| SADDT - Disabled Learners | 2 175 | - | (2 027) | 115 | 33 |
| Save It Township Retail Revitalization Programme | 3 660 | - | - | 1 728 | 1 932 |
| Sector Skills Plan (SSP) Annual Update | - | 1 183 | - | 6 | 1 177 |
| Skills audit and critical review of the sub-sector skills analysis | 1 000 | - | (167) | 833 | - |
| SMME Voucher Training Project 2012/13 | 21 771 | - | (17 662) | 3 794 | 315 |
| Special Bursary Project | 7 728 | - | - | 3 299 | 4 429 |
| SSP 2014/15 | 941 | - | - | 820 | 121 |
| The Clothing Bank | 12 016 | - | - | 4 333 | 7 683 |
| The economic impact of the SA retail industry | 504 | - | (504) | - | - |

| | | | | | |
|---|----------------|----------------|------------------|----------------|----------------|
| The nature of existing and emergent cooperatives | 608 | - | (234) | 374 | - |
| Traditional Councils Project (EC and Qwa Qwa) | - | 10 430 | - | 4 856 | 5 574 |
| Union Capacitation Project | 8 181 | - | - | 5 555 | 2 626 |
| W&R Registered Employer Organisation Project | - | 28 800 | - | 32 | 28 768 |
| W&R School of Excellence | 7 106 | - | - | 5 888 | 1 218 |
| W&RSETA Bursary Scheme - Careerwise | 3 159 | 38 998 | - | 36 494 | 5 663 |
| Waterberg Project | - | 4 193 | - | - | 4 193 |
| WC - Bakers for Youth Developmet and Sustainability | 581 | - | - | 180 | 401 |
| WSP 2014-2015 | 12 935 | - | (6 251) | 6 684 | - |
| WSP/ATR 2012-2013 | 1 268 | - | (1 243) | (200) | 225 |
| Youth Focus Project (YFP) | - | 11 868 | - | 2 371 | 9 497 |
| | - | - | - | - | - |
| Total | 819 380 | 777 965 | (228 227) | 504 359 | 864 760 |

The NSF transfer provision of R138 568 000 (2014: 10 542 000) as per note 15.1 has resulted in projects being over allocated by R57 551 000 (807 209 000 less R864 760 000). This R57 551 000 represents allocated projects which were not committed as at year end which will be transferred to NSF based on approval from DHET.

19 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

| Mar-15 | Mar-14 |
|---------------|---------------|
| R'000 | R'000 |
| 11 738 | 9 519 |
| 3 459 | 13 669 |
| 15 197 | 23 188 |

The operating leases relate to office accommodation for the head office and regional offices and also for the photocopier machines. Most of the lease agreements for office accommodation expire in 2016 and a few after 2016. Provision was made for an option to renew all the leases on expiry. The rentals escalate annually by an average of 9% on the anniversary dates. The lease for the photocopier machines expires in 2015 and has a zero escalation amount.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

20 MATERIAL LOSSES THROUGH CRIMINAL CONDUCT, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

20,1 Irregular Expenditure

Opening balance

Add: Irregular expenditure current year

Less: Amounts condoned

Irregular expenditure awaiting condonation

Analysis of expenditure awaiting condonation per age classification

Current year

Total

Details of Irregular Expenditure-Current Year

Incident

Omission of preference point system

Communication expenses

Non-submission of three quotes

Non-submission of bidding documents

Change of evaluation weighting criteria

Disciplinary steps taken/criminal proceedings

none

none

none

none

none

| Mar-15 R'000 | Mar-14 R'000 |
|-----------------|-----------------|
| - | 20 |
| 8 516 | - |
| (430) | (20) |
| 8 086 | - |
| | |
| - | - |
| - | - |
| | |
| 367 | - |
| 63 | - |
| 11 | - |
| 7 930 | - |
| 145 | - |
| 8 516 | - |

20,2 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure 2015: 87 000 (2014: 87 000).

20,3 Matters under investigation

An internal investigation revealed that two suppliers contracted to deliver skills training did not match the contractual obligations as set out in the contract. An amount of R4.380 million which was paid to the first supplier and the transaction is under litigation. The second supplier also contracted to deliver skills training, was paid R1 680 000 but did not meet the contractual obligations. This matter is under obligation as the supplier could not be located.

An investigation was conducted during the financial year. The investigation involved an employee who defrauded employers by recovering NSFAS bursary refunds for his own benefit directly from employers. The matter was referred to the SAPS. The amount involved is R580 000.

21 EVENTS AFTER REPORTING DATE

During the period between year-end and the approval of the annual financial statements, there were different board committee meetings which took place where decisions were made which impacted the status of the annual financial statements as at 31 March 2015. As these decision were evidence of conditions that existed as at financial year end, Note 18.2 has been adjusted accordingly where these decisions related to project closures and project write-backs.

22 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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 historical 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.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives of property, plant and equipment and intangible assets

The Seta reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each annual reporting period, refer note 7 for the respective carrying values. The Seta is currently established until 31 March 2016.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

23 PRIOR PERIOD ERROR

23,1 Commitments on approved projects

| | Restated Mar-14 R'000 | Mar-14 R'000 | Prior period error Mar-14 R'000 |
|---|-----------------------------|-----------------|---------------------------------------|
| Contractual and stakeholder commitments | 750 998 | 761 540 | (10 542) |

Contractual commitments are balances on contracts for work to be delivered on contracts-in -progress at the reporting date. The contractual commitments as at 31 March 2014 were adjusted based on a review of contracts in progress as at 31 March 2014.

23,2 Provision for National Skills Fund transfer

| | Restated Mar-14 R'000 | Mar-14 R'000 | Prior period error Mar-14 R'000 |
|---|-----------------------------|-----------------|---------------------------------------|
| Provision for National Skills Fund transfer | 10 542 | - | 10 542 |

Based on the adjustment of the prior year commitments as per note 23.1 above, R10 542 000 should have been provided in March 2014 as amounts payable to the National Skills Fund as per the revised interpretation of the Grant Regulations.

24 FINANCIAL INSTRUMENTS

In the course of the Seta operations it is exposed to 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.

Interest rate risk

The Seta manages its interest rate risk by effectively investing Seta surplus cash in term deposits with different financial institutions according to the Seta's investment policy.

The Seta's exposure to interest rate risk and the effective interest rates on financial instruments at reporting sheet date are as follows:

| | Floating rate | | Non-interest bearing | | Total R'000 |
|------------------------------------|------------------|----------------------------|----------------------|---|------------------|
| | Amount R'000 | Effective interest rate | Amount R'000 | Weighted average period until maturity in years | |
| Year ended 31 March 2015 | | | | | |
| <u>Assets</u> | | | | | |
| Cash | 1 100 392 | 5,04% | | | 1 100 392 |
| Accounts receivable | - | | 5 354 | | 5 354 |
| Total financial assets | 1 100 392 | | 5 354 | | 1 105 746 |
| <u>Liabilities</u> | | | | | |
| Accounts payable | - | | (87 669) | | (87 669) |
| Total financial liabilities | - | | (87 669) | | (87 669) |
| Year ended 31 March 2014 | | | | | |
| <u>Assets</u> | | | | | |
| Cash | 956 984 | 4,64% | - | | 956 984 |
| Accounts receivable | | | 1 671 | | 1 671 |
| Total financial assets | 956 984 | | 1 671 | | 958 655 |
| <u>Liabilities</u> | | | | | |
| Accounts payable | - | | (35 266) | | (35 266) |
| Total financial liabilities | - | | (35 266) | | (35 266) |

Financial instruments have not been discounted as they will all be settled or recovered within 3 months. Effect of discounting was considered and found not to be material.

Credit risk

Financial assets, which potentially subject the Seta to the risk of non-performance by counter parties consist mainly of cash and cash equivalents and accounts receivable.

The Seta limits 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.

Credit risk with respect to levy paying employers is limited due to the nature of the income received. 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. Accounts receivable are presented net of allowance for doubtful debt.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

The ageing of trade and other receivables:

| | 2014/15 | | 2013/14 | |
|-------------------------|--------------|------------|--------------|------------|
| | Gross | Impairment | Gross | Impairment |
| Not past due | - | - | - | - |
| Past due 0 - 30 days | 4 798 | - | 1 290 | - |
| Past due 31 - 180 days | - | - | - | - |
| Past due 181 - 270 days | - | - | - | - |
| More than 270 days | 556 | - | 382 | - |
| | 5 354 | - | 1 672 | - |

The ageing of cash and cash Equivalents:

| | 2014/15 | | 2013/14 | |
|--------------|-----------|------------|---------|------------|
| | Gross | Impairment | Gross | Impairment |
| Not past due | 1 100 392 | - | 956 984 | - |

Trade and other receivables are all considered for impairment. No impairment charge was raised in the current year (2014:Nil) as management, based on its review, is convinced that receivables are all collectable.

It is the policy of the SETA to raise a 100% impairment charge where management believes there is doubt about collectability.

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 such as 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 consists mainly of cash and cash equivalents, accounts and other receivables, and account and other payables. No financial instruments were carried at an amount in excess of its fair value. The following methods and assumptions are used to determine the fair value of each class of financial instrument:

Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Seta and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

Accounts receivable

The carrying amount of accounts receivable is net of allowance for any doubtful debt, estimated by the accounting authority based on prior experience. The carrying amount of these assets approximates their fair value.

Accounts payable

The carrying amount of account and other payables approximates fair value due to the relatively short-term maturity of these financial liabilities.

25 RELATED PARTY TRANSACTIONS

25,1 Transactions with stakeholders represented on the accounting authority

The SETA has, in the normal course of its operations, entered into certain transactions with entities which had a nominated representative serving on the SETA accounting authority. These transactions occurred under terms that were no less favourable than those available in similar arm's length transactions.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

| | | 2014/15 R'000 | 2014/15 R'000 | 2013/14 R'000 | 2013/14 R'000 |
|---------------------------------|---------------------|------------------------------|------------------|------------------------------|------------------|
| Type of transaction | | Transactions during the year | Amount Payable | Transactions during the year | Amount Payable |
| Union capacity building project | | | | | |
| SACCAWU | Discretionary grant | 629 | - | 3 175 | - |
| SACTWU | Discretionary grant | 539 | - | 1 413 | - |
| NUMSA | Discretionary grant | 2 080 | - | 404 | - |
| FEDCRAW | Discretionary grant | 1 433 | - | 215 | - |
| ECCAWUSA | Discretionary grant | 1 724 | - | 454 | - |
| | | 6 405 | - | 5 661 | - |

25,2 Remuneration of Key Management

The key management personnel (as defined by IPSAS 20, Related Party Disclosures) of the SETA are: the members of the accounting authority and the members of the senior management group.

The accounting authority consists of members appointed in terms of its constitution. The Chief Executive Officer attends meetings of the accounting authority but is not a member of the accounting authority. The aggregate remuneration of members of the Accounting Authority and the number of members receiving remuneration within this category, are:

| | 2014/15 R'000 | 2013/14 R'000 |
|------------------------|------------------|------------------|
| Aggregate remuneration | 4 119 | 4 169 |
| Number of persons | 15 | 15 |

The senior management group consists of the Chief executive officer, Chief Financial Officer, Chief Operating Officer and Chief Officer: Qualifications and Research. The aggregate remuneration of members of the senior management group and the number of managers receiving remuneration within this category are:

| | 2014/15 R'000 | 2013/14 R'000 |
|------------------------|------------------|------------------|
| Aggregate remuneration | 8 324 | 7 058 |
| Number of persons | 7 | 4 |

Refer to the report by the Accounting Authority for detail disclosure concerning the emoluments of members of the accounting authority, Chief Executive Officer, Chief Financial Officer, Chief Operations Officer and Chief Officer: Qualifications and Research and Chief Internal audit and Risk Officer.

26 NEW ACCOUNTING PRONOUNCEMENTS

At the date of authorisation of these financial statements, there are standards and interpretations in issue but not yet effective. These include the following standards and interpretations that are applicable to the Seta and may have an impact on future financial statements.

| | | Effective date | Expected impact |
|---------------|---------|-----------------------|---|
| Related party | GRAP 20 | 1 April 2014 | This standard prescribes the disclosure of information relevant to draw attention to the possibility that the entity's financial position and surplus/deficit may have been affected by the existence of related parties. It is not expected that this standard will significantly impact future disclosures. |

The following standards and interpretations have been published and are mandatory for the entity's accounting periods beginning on or after 1 April 2014 or later periods but are not relevant to its operations:

| | | Effective date | Expected impact |
|--|----------|-----------------------|---|
| Segment Reporting | GRAP 18 | 1 April 2016 | No significant impact on future disclosures |
| Transfer of Function between Entities Under Common Control | GRAP 105 | 1 April 2014 | No significant impact on future disclosures |
| Transfer of Function between Entities Not Under Common Control | GRAP 106 | 1 April 2014 | No significant impact on future disclosures |
| Mergers | GRAP 107 | 1 April 2014 | No significant impact on future disclosures |
| Service Concession Arrangements: Grantor | GRAP 32 | 1 April 2015 | No significant impact on future disclosures |
| Statutory Receivables | GRAP 108 | 1 April 2015 | No significant impact on future disclosures |

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

27 NOTES ON THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2015

- 27,1** Revenue from non-exchange transactions is below budget as the levy income budget was based on an allocation received from National Treasury and not based on levy trends from previous financial years.
- 27,2** Revenue from exchange transactions is above budget as funds not currently required were invested thereby earning investment income which makes up the most of revenue from exchange transactions.
- 27,3** Employer grants and project expenses are below budget since the budgeted mandatory grant expenditure was based on the allocation received from National Treasury and not on levy income trends from previous financial years. Also expenditure on discretionary grants and project expenses was below budget due to delays in allocation of Pivotal grants.
- 27,4** Administration expenditure is above budget. During the budget cycle, there were expenditure caps placed by National Treasury. Hence the admin budget was set at R91 677. However these caps were subsequently rescinded and to ensure accurate budget monitoring, the SETA spent R96 702 000 which is less than the R107 859 000 statutory admin budget.
- 27,5** National Skills Fund Transfer was over-spent as the item was not budgeted for. The payment of this amount is subject to approval by the Department of Higher Education and Training (DHET).

[illegible]

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