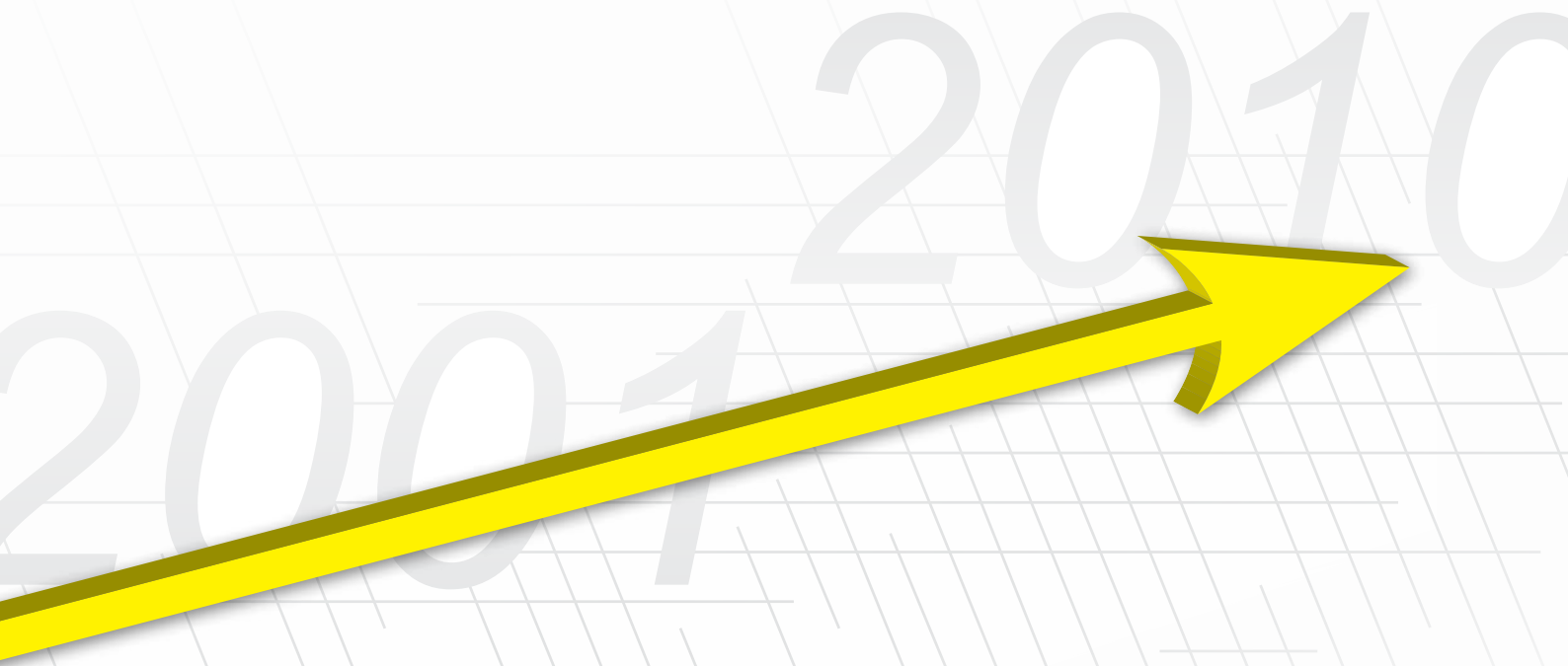




F A S S E T

Make the future count



Annual Report

1 April 2009 - 31 March 2010

Fasset is the Sector Education and Training Authority for Finance,
Accounting, Management Consulting and Other Financial Services.



FASSET CELEBRATES A DECADE OF HIGH-LEVEL SUSTAINABLE DELIVERY

Fasset is proud to be celebrating a decade of sustainable delivery. From humble beginnings, with Fasset operating from two offices in the South African Revenue Services (SARS) building in Randburg, using donated and borrowed equipment, within a period of only ten years, Fasset has emerged as one of South Africa's best performing Setas. One of the highlights of this period was Fasset's recognition by the Department of Labour (DoL), at the 2008 National Skills Conference, as South Africa's Top Performing Seta.

Solid foundations were laid in Fasset's first year of operation: infrastructure, Best Practice policies and procedures were implemented enabling Fasset to deliver on its mandate of uplifting skills within our sector.

Excellent systems, skills development initiatives, which are closely aligned to the National Skills Development Strategy (NSDS) and to skills needs within the sector, ongoing performance management, strong stakeholder support, a committed Management Board, and motivated and dedicated Fasset staff and delivery partners, has enabled Fasset to consistently deliver at a very high-level, throughout the period.

A trend-setter within the Seta fraternity, Fasset was the first Seta to be registered by DoL, the first to register a learnership, the first to register learners onto a learnership, the first to offer free lifelong learning, the first to gain National Skills Fund (NSF) funding for projects from school-level to postgraduate level, the first to form links with professional bodies, the first to approve international bodies as Quality Assurance Partners (QAPs), the first to support non-levy payers and it was also the first Seta to appoint a woman as CEO.

Six learnerships were registered in Year 1 (1 April 2000 to 31 March 2001). This increased to 22 in Year 5 (1 April 2004 to 31 March 2005) and to 23 in Year 10 (1 April 2009 to 31 March 2010). The development of the NQF Level-4 FET Debt Recovery Certificate is another highlight, as it is the first formal qualification to be introduced into the debt recovery industry and marks the beginning of attempts to formalise and professionalise the industry. The first tranche of 67 learners graduated from the Pilot Programme on 4th June 2009.

By the end of Fasset's second year of operation (1 April 2001 to 31 March 2002), 2 794 learners had already been signed onto Fasset learnerships. Since most of Fasset's learnerships are three-year learnerships, the first tranche of learners completed their learnerships in Year 4 (1 April 2003 to 31 March 2004). Some 1 749 learners completed their learnerships in Year 4.

As delivery gained momentum, the number of learners completing Fasset learnerships increased. By Year 5, 9 274 learners had completed Fasset learnerships, and by the end of Fasset's tenth year of operation, 19 240 learners had already completed Fasset learnerships. Fasset is particularly proud of its 100% placement rate on completion of learnerships throughout the period.

Also introduced in Year 1, Fasset's Development Projects continue to play an important role in opening up the sector to African, Indian and Coloured learners and to learners with disabilities. By Year 2, ten projects were approved and an amount of just over R13.5 million was allocated. By Year 5, thirty-nine projects had already been approved and just over R78.7 million in funding had been allocated. By the end of year 10 over R310 million in funding had been allocated, which includes additional NSF-funding for the Bonani and Thuthuka projects. Some sixty-two projects had been funded and over 11 000 learners had benefited.

The NSF-funded Thuthuka Project Eastern Cape, rolled out in Year 2, and extended to Limpopo and KwaZulu-Natal in Year 4 (1 April 2003 to 31 March 2004), is Fasset's largest NSF-funded project implemented during the period. The project was hailed by Minister of Labour, Membathisi Mdladlana, as "a Seta success story." The project concluded in December 2006. Over R139 million in NSF-funding was secured. Some 56 226 learners, educators, principals, and members of school governing bodies in participating provinces benefited.

Also Introduced in Year 2, free lifelong learning remains a flagship initiative. Attendance of these events has increased exponentially during the period. While some 1 496 delegates attended lifelong learning in Year 2, this increased to 3 954 in Year 5 and to 13 529 in Year 10. Collectively, over the past ten years 55 978 individuals have benefited.

While Service Level Agreement targets and performance against NSDS targets are generally used as the yardstick for measuring Seta performance, Fasset has always been very mindful of the fact that these numbers represent individuals whose lives have been changed for the better through learnerships and skills upliftment initiatives.

Fasset has always subscribed to the view expressed by motivational speaker, Dr. Rosemary Rossetti that: *"Success is sometimes best measured by spoonfuls. As we struggle with the changes in our lives, sometimes we are unaware of our accomplishments. Victories need to be celebrated, no matter how small the gain. It is critical that we look back from where we were days, weeks, months and years before so that we are aware of our achievements."*

ANNUAL REPORT OF FASSET

(Sector Education and Training Authority for Finance, Accounting, Management Consulting and Other Financial Services)

1 April 2009 to 31 March 2010



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**higher education
& training**
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Higher Education and Training
REPUBLIC OF SOUTH AFRICA



**Dr Bonginkosi
"Blade"
Nzimande**

Cheryl James



VISION

"To influence the effective operation of the labour market, through effective skills development, so as to ensure appropriate supply of competent labour necessary to compete in the global economy."

MISSION

- To improve the competence of employees and potential employees, thereby enhancing productivity in the sector
- To increase the level of investment in education and training in the sector and to optimise the return on the investment
- To encourage employers and employees to adopt a culture of lifelong learning
- To ensure the quality of training and education in the sector and to support the development of standards in line with the National Qualifications Framework (NQF) and to actively promote these standards
- To expand the provision of education and training in the sector through partnerships with public and private providers of education and training
- To enhance co-operation between the public and private sectors
- To support the objectives of the Employment Equity Act of 1998
- To enhance access to learning opportunities in the sector
- To position the sector as "the sector of career choice" for prospective learners and entrants into the labour market



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CHAIRMAN'S foreword



Mpuseng Moloji

HONOURABLE MINISTER, IT IS WITH PLEASURE THAT WE PRESENT TO YOU THE ANNUAL REPORT OF THE SETA FOR FINANCE, ACCOUNTING, MANAGEMENT CONSULTING AND OTHER FINANCIAL SERVICES (FASSET) FOR THE PERIOD 1 APRIL 2009 TO 31 MARCH 2010.

INTRODUCTION

The year under review was our tenth year of operation and the fifth year of Fasset's functioning in terms of the Department of Labour's NSDS II, which came into effect on 1 April 2006, and which has since been extended by the Minister of Higher Education and Training, Blade Nzimande to 31 March 2011. An overview of Fasset's functioning and performance against NSDS II is provided in Appendix A on page 83 of this Report.

Fasset remains firmly committed to meeting NSDS II targets, and our achievements during the year confirm that Fasset has met all of its NSDS II targets at the close of NSDS II.

FINANCIAL INFORMATION

Fasset was financed predominantly from skills development levies paid in accordance with the Skills Development Levies Act (SDLA)(Act 9 of 1999), as amended, comprising 1% of the salary and wage bill of employers in the sector. Levies were distributed in accordance with the determining legislation, i.e.:

- 20% of funds (paid to the South African Revenue Service (SARS) withheld by the National Skills Authority (NSA) for purposes of funding national skills development initiatives)
- 80% of funds paid to SARS transferred to Fasset, which funds may be used as follows:
 - 10% administrative costs
 - 70% available for grants

Members were able to access three grants during the period:

- Mandatory grants
 - Mandatory Grant (Combined Annual Training Report (ATR) 2008/09 and Workplace Skills Plan (WSP) 2009/10)
- Discretionary grants
 - Strategic Cash Grant (SCG) 2009/10
 - Learnership Cash Grant (LCG) 2009/10

Employers are able to claim back 50% of the Skills Development Levy (SDL) paid to SARS by way of a mandatory grant. To access the grant employers are required to submit a WSP for the upcoming year and a report on the implementation of training (ATR) in respect of the previous year. Discretionary grants are disbursed in line with sector priorities as defined in the Sector Skills Plan (SSP), which are approved by the Management Board at an annual strategic planning session.

All unclaimed funds, amounting to, R41 998 000 for the period under review, have been allocated to strategic projects identified by Fasset's Management Board. All budgeted income for 2009/10 has been spent or allocated to specific skills development projects for the sector. Generally Recognised Accounting Practice (GRAP) does not permit committed funds to be reported as a liability. This unfortunately creates a misconception that there are unspent funds. It is important to emphasise that 100% of budgeted funds have either been spent or allocated to approved projects, which are currently in progress and for which payment is only due on full completion of all deliverables. The finalisation of all deliverables can take up to four years, during which time the allocated funding is held in trust and is therefore, reflected in the Fasset bank accounts.

Fasset has spent this year's levy income and also paid for projects from funds set aside for that purpose, in the form of reserves. We specifically direct your attention to the deficit reflected in the Statement of Financial Performance, which confirms Fasset's ability to channel resources to where these are most needed for skills development, in a cost-effective manner and in accordance with the Public Finance Management Act (Act 1 of 1999) (PFMA).

The accelerated spending of both the current year's funds as well as the reserves is positive. Not only does it decrease the cash and cash equivalents but it also indicates an increase in the pace of delivery.

It is important to recognise that the quality of levy information received is beyond the control of the Accounting Authority. Fasset is making every effort to compensate for this.

Full financial details are provided on pages 35 to 81 of this Report.

GOVERNANCE

As the Management Board, we are custodians of public funds and have a fiduciary duty to ensure that we invest and manage those funds appropriately, enabling Fasset to meet the aims of skills development. Fasset is very pleased to report that the Seta has obtained an unqualified Audit Report for the tenth year in succession.

Fasset will continue to strive to position itself as the leader in corporate governance systems and structures within the public sector environment. In keeping with this philosophy, we have always adopted a conservative investment approach, in terms of cash on hand and the projects that we fund.

Assisted by internal auditors, the Management Board and Working Committees conducted a self-assessment of their performance to check whether their terms of reference are still relevant, and whether specific actions could be taken to make them even more effective. Performance was benchmarked against the King II Report on Corporate Governance. Fasset's Management Board and Working Committees will however, continue to monitor the operating environment, embracing Best Practices in corporate governance, as these evolve.

Although the King III Report on Corporate Governance only comes into effect on 1 March 2010, a presentation on King III has already been made to our Management Board. King III emphasises the importance of Management Boards managing both the brand and the organisation's reputation. This is something that our Management Board has done very successfully for the past ten years. There is however, an opportunity in the year ahead, to formalise this and to make this part of our strategy going forward.

There is also a strong emphasis in King III on effective leadership and the role of the Management Board in this regard. King III also emphasises the importance of proper risk management. Both of these areas have traditionally been areas of key strength for Fasset. We will however

continue to identify those areas of King III that can further enhance our governance structure and align our strategies with the latest best practice initiatives.

We are encouraged by the fact that the Auditor-General has undertaken its first ever full audit of predetermined objectives. This is in keeping with President Jacob Zuma's declaration in his State of the Nation Speech on the 11th February 2010, that there will be *"a new way of doing things in government."*

The new approach includes measuring the outcomes of the various departments through a performance monitoring and evaluation system. As a custodian of public funds we have always believed we are not only accountable for how funding is spent, but for the return on that investment (ROI). This aspect is emphasised in King III.

The Auditor-General's management letter states that nothing has come to their attention that causes them to believe that the reported information set out in the Annual Report is not fairly stated, in all material respects, in accordance with predetermined objectives.

FOCUS AND ACHIEVEMENTS


The year under review has been another very good and exciting year for Fasset. We continue to over-achieve against NSDS I and NSDS II targets and have met our one-year, five-year and ten-year NSDS targets. Details of Fasset's achievements appear in Appendix A on pages 82 to 87 of this Report.

During the year under review the pool of discretionary funding available to fund Developments Projects was smaller than in previous years. This was due to the recession which resulted in a decrease in interest income coupled with a stabilisation of our levy income. An increase in mandatory and discretionary grant payouts as well as increased lifelong learning spending also resulted in less funding being available for Development Projects. As a result some of our traditional beneficiaries have not received project funding, while others have received less funding than in the past. In some instances, new beneficiaries have come to the fore.

Important inroads have been made to develop a Financial Markets learnership and a Tax learnership for their respective professions. We urge our stakeholders to participate in the development process to ensure that the learnerships that are developed meet their needs.

Minister Blade Nzimande should be commended for extending the NSDS II for an additional year, allowing some "time" for the integration of Setas into the Department of Higher Education and Training, and ensuring continuity of delivery while the NSDS and Seta landscape is reviewed.

We are encouraged by the Minister's statement on 4th November 2009 that: *"The new Department of Higher Education and Training will take forward inclusive processes, with*



its social partners, to renew and refresh strategies, policies and institutions in order to strengthen the skills and human resources in the country.” We look forward to “actively pursuing collaborative relationships between the Setas, the NSF, universities – especially Universities of Technology and FETs in order to seek ways to release funds to grow the skills base.”

The Seta move from the Department of Labour (DoL) to the Department of Higher Education and Training (DHET) is likely to be a very good move from an integration perspective. Since the majority of our stakeholders come out of higher education institutions, links with Fasset and skills development have traditionally been very close. Going forward, we look forward to working very closely with the DHET and all associated stakeholders.

It is appropriate that we comment on our preference with regard to the Seta landscape post 2011. Based on Fasset’s consistent strong track record of delivery and the Seta’s responsiveness to the sector’s needs, our Management Board took the decision more than two years ago, that when Seta operating licenses expire, we believe it would be in our sector’s best interest if the status quo was maintained.

Many of the difficulties experienced in terms of Seta delivery emanate from systemic problems. Our Management Board believes Seta delivery could be impacted upon very negatively, if the Seta landscape was restructured significantly. If good performers were merged with poor performers, performance would be lowered to average performance at best. Centres of Excellence would be lost and delivery could be set back as much as 18 months.

It is the view of Fasset’s Management Board that Seta structures should remain unchanged. Addressing delegates at the Inter Seta Summit at Gallagher Estate in October 2009, our CEO, Cheryl James, urged *“the Seta family to assist one another as well as providers that are struggling as a result of poor systems, a lack of infrastructure, and weak corporate governance”*.

The importance of Seta stakeholders being involved in the NSDS III strategy as it unfolds, and in the future Seta landscape cannot be over emphasised. By being involved in the planning and upfront processes, Fasset, together with its stakeholders has an opportunity to leave behind a legacy. When the NSDS III ends, we will be able to say that we made a difference to that process of upskilling people going forward.

My second term as Chairperson has drawn to a close. I would like to express my gratitude to the Management Board. I have really enjoyed working with people who are passionate about skills development and committed to improving skills levels within the sector. I would also like to take this opportunity to welcome our new Chairman, Robert Capper, and new Management Board members, who will assume office in May 2010.

I have also enjoyed working with Fasset's Management Team. Consummate professionals, your passion for skills development, is unequalled.

It is important to recognise that our achievements would not have been possible without the ongoing commitment and support of all our stakeholders: organised business, organised labour, professional bodies, the Fasset staff, our service providers and the learners themselves. We thank each and every one of you for your exceptional commitment and hard work over the past year: this has played a pivotal role in ensuring Fasset's ongoing success.



MPUSENG MOLOI

Chairman

31 July 2010

CEO'S report

REPORT BY THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY
AND PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA.



Cheryl James

INTRODUCTION

The year under review, 1 April 2009 - 31 March 2010 has proved another very successful year with Fasset meeting all of its NSDS targets in terms of Service Level Agreements with the Department.

The Seta's move to the Department of Higher Education and Training (DHET) on 1 November 2009 is a very positive development and will hopefully address some of the systemic issues associated with NSDS II. The move is also important, given the professional nature of our sector and the fact that most people in the sector have a tertiary qualification. There has always been a strong link between our sector and universities and institutes of Higher Education, which has provided the academic component, while employers in the sector have provided the practical element required for professional registration. With the various parties now under one department and working closer together, this relationship will be strengthened even further.

The move will also bring about synergies between the Council for Higher Education (CHE), Umalusi and the Quality Council for Trades and Occupations (QCTO).

As one would expect, South Africa's worst recession in seventeen years has impacted on our sector. Although levy income has not increased, it has stabilised. One of the positive spinoffs has been an increase in participation rates at Fasset interventions. Lifelong learning is a very good barometer in this regard. Record attendance rates have been achieved this year.

Although some of our Small, Medium and Micro Enterprise (SMME) stakeholders may not have budget to spend on training, they nevertheless remain fully committed, to education and training. Given their close involvement with Fasset, even when the economy turns, they are likely to continue attending our lifelong learning interventions, hopefully, supplementing this with additional training as and when additional funds become available.

LEARNERSHIPS

As at 31 March 2010, Fasset had registered 23 learnerships.

Of the 39 082 learners registered on Fasset learnerships to date:

- 4 278 learners were signed on during the year under review
- 445 are 18.1 learners (previously employed)
- 3 833 are 18.2 learners (previously unemployed)
- 3 367 have already completed their learnership this year

Unfortunately, current NSDS reporting mechanisms do not allow Fasset to track all learners, who have completed their Fasset learnerships across different five year strategies. Fasset learnerships are typically of a three year duration. No provision has been made to record learners signed onto Fasset learnerships during NSDS I and completed in NSDS II. As a result, our completion rates in this report are skewed and reflect far lower completion rates than is actually the case. In total to date 19 240 learners have actually completed their learnerships.

During the course of the year the ICOSA's NQF Level 7 CIS Professional Post-graduate qualification was registered. In addition research has confirmed the need for a Financial Markets Learnership and a Tax Learnership. With the move to the QCTO, the qualifications need to be registered with the QCTO before work can commence on developing the learnerships. An application has been submitted and the learnerships are expected to take eighteen to twenty-four months to finalise.

The demographic profile of African, Coloured and Indian learners on Fasset learnerships continues to improve from 29% in Year 2, and 34% in Year 5, to 52% in Year 10.

Since 2004/5, Fasset has incentivised employers with 149 or fewer employees to sign African, Coloured, Indian or learners with disabilities onto learnerships by offering a Learnership Cash Grant (LCG). Some 259 applications in respect of 765 learners were received for the period ending 31 March 2010, compared to 330 applications received for 806 learners in the previous financial year. The LCG continues to impact positively on transformation efforts within the sector.

The 21 Memoranda of Understanding (MoUs) Fasset has with other Setas has facilitated the implementation of learnerships across sectors. There are currently 1 059 learners from other sectors on Fasset learnerships, of which 26 learners were registered during the period under review. Fasset employers have registered 931 learners on learnerships from other sectors.

QUALITY ASSURANCE

Quality Assurance Partners (QAPs) serve as agent ETQAs and are responsible for performing the Education and Quality Assurance (ETQA) functions for their qualifications on Fasset's behalf.

Pastel was accredited as a QAP in June 2009, bringing the number of accredited QAPs to six. It is the first time that Fasset has accredited a non-professional body as a QAP. Once Pastel has accredited a training centre, and uploaded it to the Fasset database, the training centre will automatically be accredited by Fasset.

QAP partners include the Association of Certified Chartered Accountants (ACCA), the Association of Accounting Technicians (AAT), the Chartered Institute of Management Accountants (CIMA), the Institute of Certified Bookkeepers (ICB) and the Institute of Chartered Secretaries and Administrators (ICSA).

Fasset has always enjoyed a good reputation for working with professional bodies in its sector. The Association of Certified Fraud Examiners (ACFE) had their qualification registered and put under Fasset's ETQA scope in January 2010.

With the launch of the QCTO on 23rd February 2010, the South African Qualifications Authority (SAQA) will no longer be responsible for the ETQA function as quality assurance responsibilities will rest with the QCTO. Although quality assurance may no longer form part of Setas legislated functioning, Fasset in partnership with QAPs, will continue to focus on quality assurance, providing the sector with a guarantee of quality.

The implementation of the new National Qualifications Framework Act means the NQF now has ten levels as opposed to eight. Fasset qualifications will be converted by SAQA, where necessary, when the level descriptors are finalised.

Fasset has always supported the launch of the QCTO and are part of the Transitional Task Team. Speaking at the QCTO launch Minister Blade Nzimande said: "The QCTO has a major contribution to make in the skills development arena and to our country. We have some very fine traditions in our skills development community which we must cherish and nurture, and we also have some bad habits which we must weed out. The QCTO should be able to distinguish those and act as a guide and a guardian as we strive to improve the quality of our skills development system and ensure the competence of learners who have been certified through the Occupational Qualifications Framework."

Fasset ETQA's annual assessor and moderator event was held at the Forum in Bryanston in December 2009. Some 28 delegates attended.

SKILLS PLANNING

Fasset received positive feedback from the DoL concerning the Seta's Sector Skills Plan (SSP) update for Year 10. Fasset's draft received approval, without a request for an amendment or further information.

During the year under review 1 906 Mandatory Grant applications were received and 1 811 applications were approved. In the previous financial year 1 954 grant applications were received and 1 894 applications were approved.

A breakdown of submissions appear in the table below:

Organisation Size	Number of Approved Mandatory Grants
0-49 employees	1 607
50-149 employees	139
150+ employees	65
Total	1 811

For the period 1 January 2009 to 31 December 2009, scarce skills were reported for the following occupations: accountants; general clerks; chief executives and managing directors; management and organisation analysts; personal assistants; bookkeepers; auditors, company secretaries; corporate treasurers; financial investment advisers and managers; receptionists and finance managers.

Since its inception, Fasset has incentivised employers to provide training in strategic areas by way of a Strategic Cash Grant (SCG). The SCG was applicable with respect to any black learners and / or learners with a disability: who were on any learnership registered with Fasset or any other Seta; were unemployed and funded on a bursary at a recognised institution or professional body in areas of study identified as a scarce skill; were being provided with workplace experience in scarce skills; where there was a skills transfer in scarce skills in a new venture within the sector; were employed by the organisation

and studying on a bursary at a recognised institution or professional body in areas of study identified as a scarce skill and/or was participating in Adult Basic Education and Training (ABET). In Year 10, 51 SCG applications were received in total. Some 45 applications were received in the previous financial year.

An analysis of Year 8 grant applications was undertaken, contributing to the trend research and series of reports on grant submissions. The number of Mandatory Grants approved by Fasset has increased steadily over the past eight years from 324 in Year 1 to 1 681 in Year 8. The percentage of available Mandatory Grants paid out has increased steadily from 50% in Year 1 to 81% in Year 8. Collectively, in Year 8, organisations that successfully submitted Mandatory Grants employed 72 254 people.

Fasset has deployed Fasset Skills Advisors (FSAs) since Year 2. FSAs maintain Fasset's presence in all nine provinces, advocating and encouraging participation in Fasset initiatives. Specific deliverables for the period ending 31 March 2010 included: providing employers with an update on Fasset activities and Fasset benefits and explaining the skills development structure to employers; providing employers with an explanation of Fasset learnerships; advising employers on where their skills needs/skills gaps may be appropriately met by learnerships; facilitating change in the registration of Skills Development Facilitators (SDFs) if required; meeting with the SDFs to complete the Mandatory Grant; updating employer details on the Fasset database; and ensuring that non-Skills Development Levy paying employers are assisted to become members of Fasset by completing or updating employer registration forms. These services were offered at no charge to employers. As of 1 April 2010, one-on-one visits to organisations will be scheduled where the SDF is newly appointed, or where the entity employs 50 or more staff. All other employers will receive telephonic assistance in completing the shortened Mandatory Grant application form.

Lifelong learning remains a flagship initiative for the Seta. Year 10 has proved Fasset's best year ever in terms of attendance. Some 13 529 delegates attended these interventions. Higher attendance figures can be attributed to the fact that more funding was available this year, enabling more delegates to attend the greater number of events that were offered. Over the past ten years, 55 978 delegates in total have participated in these interventions. Our free lifelong learning interventions enable small and medium-sized practitioners to remain upskilled. This training, which is offered at no cost to the employer, would otherwise be unaffordable for many of our SMME stakeholders. By attending Fasset's lifelong learning interventions, employees not only receive relevant training, but enjoy training provided by experts in the field.

Eleven lifelong learning events were held. For the first time, a Business Writing workshop was held as a two-day event. The following new subject areas were offered: Global Business Trends, Effective Client Services, Office Etiquette, Business Development and Marketing, Innovation and Creativity and the Organisation as a Site of Learning Excellence.

Regular favourites which were held included: Introduction to the Role of the SDF, Diversity in the Workplace, Complying with Changes in Legislation, Change Management and the annual Budget and Tax Update.

The first ever Fasset Disability Toolkit was launched in November 2009 in Durban, Cape Town, Pretoria and Johannesburg. Providing context for the toolkit launch, delegates were addressed by speakers involved in the employment of people with disabilities, such as employees, employers and specialists in recruiting people with disabilities.

ABET was introduced in Year 5 as our Management Board felt that although only 2.1% of employees in the sector required ABET, Fasset had an obligation to provide ABET to achieve redress. Our Management Board now believes the ABET project has run its course. ABET has, however, been retained as a SCG criteria for Year 11. Employers who would like to continue with ABET, are able to claim applicable expenses back via the SCG.

MARKETING COMMUNICATION

The media is monitored on an ongoing basis. During the year under review, fair and equitable media coverage was obtained in business publications, national and regional newspapers, community newspapers and web-based publications. Free publicity to the value of R2.17 million was obtained, marginally more than the R2.16 million obtained in the 2007/08, but less than the R2.93 million obtained in the 2008/09 financial year.

During the past financial year and advertising in the print media was on a decline worldwide. In previous years, Fasset has participated in a number of Seta and skills development surveys in regional and national newspapers. A number of these were cancelled due to a lack of advertising support. As a result, Fasset only participated in four surveys during the period. This in part accounts for the slight decline in publicity from the previous year, however, Fasset still received extensive media coverage during the year under review.

While Fasset editorial was published in a range of newspapers and business publications, the lion's share of free publicity was obtained in publications such as the Star Workplace/Star Workplace Report, the Skills Portal, Witness Job Guide and Achiever magazine. Learner success stories, Development Project successes, and opportunities to participate in Development Projects, proved particularly newsworthy, and enjoyed the widest coverage.

Strong media relationships ensure that Fasset remains the first port of call whenever journalists are looking for professional, informed, insightful and unbiased opinion on matters pertaining to skills development.

Fasset produced various publications during the course of the year, including, our quarterly newsletter, Facts (which was introduced in Year 1), a monthly e-zine, E-Facts, (introduced in Year 3), our bi-annual e-zine for learners, L-Facts (introduced in Year 6) and the 2008/09 Annual Report.

Our learner marketing campaign, launched in Year 10, has proved very successful. The campaign was devised to promote career awareness at learner level in areas of scarce skills; to provide information about the myriad of career options within the sector; and to provide information about Fasset-funded Development Projects, Fasset learnerships and other general information around the Fasset sector and the role of Setas. A combination of online and print advertising, partnerships, attendance at career exhibitions, viral campaigns, a dedicated learner section on the Fasset website, and distribution of information material was deployed.

Our advertising campaign targeted a far wider spectrum of youth-orientated media than in the past. Media included Career Planet (Fasset has an ongoing presence on the Career Planet's Home page, Finance Sector page, and Careers page), Careers Unlimited, Learnerships SA, The Village voice, the Mail and Guardian Youth supplement, Skills Talk, SA Career Focus, Free-4-All, as well as a variety of in-house university publications. As a direct result of our learner marketing campaign, many learners have contacted our Call Centre responding to advertisements that have appeared in youth publications. The Fasset sector seems to be the sector of career choice for an ever-increasing number of young South Africans.

A Fasset Career Guide was developed to further stimulate interest in careers in our sector. In addition, Fasset participated in the Gordon Institute of Business Science (GIBS) Career Expo, the Sci-Bono Finance Week, the Star Workplace Careers Expo, the Cape Argus Careers Expo, as well as the University of Fort Hare's Career Expo. Fasset has signed a Memorandum of Understanding with the Sci-Bono Discovery Centre. By working very closely with Sci-Bono, together with professional bodies and employers in our sector, we hope to persuade learners with the requisite skills in Mathematics and Accounting to make the Fasset sector their career sector of choice. In addition to participating in exhibitions, Fasset has also agreed to make career information and a career video available to schools, design a career matrix and develop case studies for school projects.

In the year ahead, we plan to introduce a social media campaign. We are investigating the feasibility of a presence on social media sites, where current learners will be able to talk about their experiences with Fasset. Brand ambassadors will also be deployed at universities.

Being a highly literate and a technologically advanced sector, the Fasset website, which was introduced in Year 3, remains a flagship mechanism for ongoing communication with our stakeholders. During the year under review 347 602 visitors visited our website. The average number of visitors on a monthly basis was 28 966, while the total number of visits was 892 574 and the average number of visits 74 381.

Despite the fact that Setas have a 'captive audience,' Fasset believes it is important, nevertheless, to delight our stakeholders by providing excellent service. In order to ascertain whether Fasset is meeting stakeholder needs and in a quest to highlight potential areas for improving services and delivery, Fasset commissioned its third Customer Satisfaction Survey. The survey focused primarily on member organisations satisfaction with service delivery. Professional bodies and training providers were also surveyed. For Fasset's 2009 Customer Satisfaction Survey, a scale measuring levels of expectation to Fasset's products and services was used where both perception and customer expectations were measured on a scale of 0-10 (0-4 being much worse than expected, 4-6 as expected and 7-10 much better than expected). The 2008 results were also retro-fitted to be comparable with the 2009 results. Overall FASSET showed a very good improvement on the Customer Satisfaction research compared to that of the results of 2008. Moreover, the results indicated that in all areas, Fasset stakeholders rated their expectations on Fasset's services and products as much better than expected.

Our Call Centre remains an essential element of our Customer Relationship Management Strategy and is an ongoing area of focus for maintaining excellent standards of service to our stakeholders. Monthly meetings continue to be held with the Call Centre supervisor to manage the quality of service and process. During the period under review some 18 729 calls were managed by the call centre.


The Standing Committee on Public Accounts (SCOPA) has requested that Fasset disclose all expenditure relating to the Soccer World Cup. Fasset, whilst participating in the spirit of this momentous occasion, did not incur any expenditure relating to the Soccer World Cup on either clothing or tickets during the current year. Subsequent to year end but before the Annual Financial Statements were authorised for issue, no expenditure was incurred on Soccer World Cup apparel or memorabilia.

DEVELOPMENT PROJECTS

Unclaimed grant monies are used to fund strategic projects, including Development Projects. These projects meet high skills needs within the sector as identified in Fasset's SSP. Development Projects seek to address the poor demographic profile within the sector, and as such, learners are in line with NSDS targets:

- 85% Black
- 54% Women
- 4% People with disabilities

Fasset continues to support fewer projects with larger amounts of money, concentrating on projects that provide maximum return on investment. Less discretionary funding was available than in previous years to fund Development Projects. R34.6 million in funding was allocated, (compared to almost R48.8 million in the previous year), bringing the amount allocated to Development Projects over the past ten years to over R310 million, including NSF-funding for the Bonani and Thuthuka extensions.



Fasset's Executive Committee (EXCO) approved funding for four projects: the Independent Regulatory Board for Auditors 2010 Public Practice Exam (PPE) Support Programme; the Phakamani Work Readiness Programme; the Bonani Work Readiness Programme and the Thusanani Work Readiness Programme.

Development Projects continue to play an important role in opening up access to the sector for Black learners and learners with disabilities. In 2009 Fasset funded 100 learners on the Phakamani Work Readiness Programme, delivered by Guarantee Trust Corporate Support Services (GTCSS). The programme targets unemployed matriculants and those with incomplete degrees or diplomas. Some 98 learners obtained their Certificate from the Association of Accounting Technicians (AAT).

Fasset funded 17 learners on the SciMathus Bridging Programme. Offered by the Institute of Mathematics and Science Teaching at the University of Stellenbosch, the ten-month bridging programme helped Black learners to improve their marks in Mathematics and Accountancy, so as to gain admission to higher education in the Economic and Management Sciences. Some 16 learners rewrote their matric Mathematics in 2009, of whom 13 obtained university exemption. Some 12 learners registered at tertiary institutions in 2010 to pursue qualifications in the Fasset sector.

The Bonani Work Readiness Programme, delivered by GTCSS remains a flagship project. Despite the recession, employers continue to recognise the importance of taking on these learners and training them up. It is very gratifying to note that Bonani had achieved a placement rate of 71% at 31 March 2010.

An employer, Ram Naidoo & Association, a Managing Member and SAIPA Chairperson: Johannesburg Regional Association is very passionate about the Bonani Work Readiness Programme. His firm has taken on at least two Bonani learners every year since 2002. Mr Naidoo says there is a compelling case for employing Bonani learners: "Bonani learners come into the firm with a qualification and a vision in mind. They also come in with a positive attitude. They come in with their careers in mind. Bonani learners are driven." Such is the calibre of our Development Project learners that an ever-increasing number of employers view Fasset learners as an integral part of their recruitment strategy.

Particularly gratifying is the recognition that our Development Projects are playing an important role in transforming learners' lives. Many project learners have expressed their appreciation by writing letters to Fasset or by writing poetry. Phelokazi Stuurman, a Cape Town based learner on the Bonani Work Readiness Programme, is a case in point. She was so inspired by the programme that she wrote a poem, which she recited at her graduation ceremony in May 2009:



*At first we were in the place of darkness
 In the shadows of the mountains
 Life's journey brought us to GT
 To follow a path of great opportunities
 Remarkable you are for transforming our dreams into reality
 GT a place of hope for the hopeless
 A river of knowledge
 A place where unity and affinity is encouraged
 Where friendship, love and understanding exists
 You have taught us, accomplishments are the success of life
 You taught us responsibility and allowed us to discover our potential*

*Thank you GT
 Thank you Fasset for governing our learning
 For teaching us the secrets of life
 For preparing us to face the future
 We have been truly empowered in a remarkable way*


*Unforgettable this experience has been
 Showing us that life is truly a guarantee and
 With trust one can triumph*

*Thank you GT, you are truly a Guaranteed Trust
 Thank you Fasset you are truly an asset.*



The Thusanani Work Readiness Programme held its first alumni function in October 2009. Thusanani learners continue to make their mark in workplaces throughout South Africa. Going forward, the alumni event will be an annual event. Project partners, Stanley Hutcheson & Associates, the University of Johannesburg and Deloitte are seeking to extend the project to other Setas. Fasset is providing assistance in this regard.

The Fasset-funded Thuthuka Repeat Qualifying Examination (QE) Part 1 Programme has proved very successful. Based on the success of the first tranche of learners, Fasset agreed to fund a project which would assist Thuthuka QE 1 Repeat Project learners, who had successfully passed the examination, to prepare for Part Two of the Qualifying



Exam. Candidates wrote Part II of the Qualifying Exam in November 2009. Fasset is particularly proud of the fact that two of the top ten candidates who successfully passed the QE 2 Exam, Munga Muvezwa and Mpho Mogoba were learners on both Fasset-funded projects.

As Fasset chalks up its first decade of operation, many Fasset Development Project learners, who were previously unemployed learners or graduates, are now in employment and are doing very well in their careers. Fasset has employed two former project learners. Fasset Communications & Marketing Assistant, Thabiso Sebashe, is a beneficiary of the Access College Project, funded in Year 1. Fasset Project Assistant, Bontle Monchusi is a beneficiary of the 2008 Thusanani Work Readiness Programme. Matlotlo Modisane, who provides Fasset with IT support, through Fasset's IT partner, Deloitte, is a beneficiary of the 2007 Thusanani Work Readiness Programme.

FASSET'S hall of fame

Department of Higher Education and Training Minister, Dr Bonginkosi Emmanuel "Blade" Nzimande greets Thuthuka learners at a donor thank you function earlier this year.



Bonani learners graduate.



Thusanani holds its first Alumni function.



FASSET BEST PRACTICE AWARDS

Fasset introduced the “Make Best Practice Count” awards in 2008. The Awards have been devised to recognise those organisations that have gone beyond compliance, establishing benchmarks for training and development for the sector and possibly the nation as a whole. Ernst & Young were declared the winner for the second year in succession at Fasset’s AGM and Annual Thank You Function.

THE ORGANISATIONAL FRAMEWORK

Fasset’s successes would not have been possible without a strong organisational infrastructure. The Management Board, plus the various Working Committees and a Management Team, enable Fasset to carry out its mandate in terms of the Skills Development Act.

MANAGEMENT BOARD

The Board’s responsibility has been expanded on in the Accounting Authority Report (see page 40). Other pertinent information relating to the Board is provided below:

Composition of the Board:

- one executive member
 - the Chief Executive Officer (CEO), who has no voting rights
- sixteen non-executive members, of which
 - four are trade union representatives
 - four are professional body representatives
 - eight are employer representatives

The Board meets quarterly to evaluate the Seta’s performance, assess risks and review strategic direction. During the period under review, the Management Board met on four occasions:

- 28 May 2009
- 10 September 2009
- 26 November 2009
- 11 March 2010

During the year under review, National Education, Health and Allied Workers Union (NEHAWU) representatives, Zola Williams and Witness Magoswana resigned. Witness Magoswana served on our Board since its inception. Nehawu has nominated two new representatives. We extend a warm welcome to Kate Hlongwane and Tshitso Thuntsi.

The Board is supported by seven Working Committees, as detailed in Appendix C (page 92). Committees are responsible for formulating policies and procedures. With the exception of the Audit Committee, Working Committee members are not remunerated for attendance at Committee meetings. They are, however, remunerated for out-of-pocket expenditure, such as travel.

One of Fasset's Audit Committee members is an expert on Internal Audit and Risk Assessment. All Audit Committee members, Board members and management, attended a training session on Internal Audit and Risk Assessment in February 2010.

Fasset has outsourced non-core activities, since its inception. IT and financial functions are outsourced to Deloitte until 31 March 2011 and OMA will serve as Fasset's internal auditors until 31 March 2011.

Audit Committee

Members of the Audit Committee are remunerated at a rate of R5 000 per scheduled meeting, as approved by the Management Board (May 2004). The Board also approved a remuneration rate, as per the Auditor-General rate, of R1 649.00 per hour for ad hoc meetings (this rate is reviewed on an annual basis based on the Auditor-General rate for audit partners).

The Audit Committee held four scheduled meetings during the period. Details of the Audit Committee members, the number of meetings attended, resignations, new appointments and the remuneration received appear in the Audit Committee Report (page 32 to 34).

Fasset has an Audit Committee Charter and an internal audit function. The Audit Committee has confirmed that Fasset maintains adequate internal control systems and that there were no material breakdowns in the functioning of the internal financial control systems during the year.

In terms of Fasset's Charter, Audit Committee members have to rotate every six years.

Management Team

During the year under review, Fasset's Management Team consisted of the CEO, the Chief Operating Officer (COO) and five professionals. The Management Team is tasked with implementing strategies and policies outlined in the legislation and agreed to by the Management Board. Specifically, the Management Team is responsible for:

- implementing core functions as defined by the SDA
- implementing strategies and policies
- implementing financial administration systems and accounting in terms of the budget
- maintaining and constantly re-evaluating the governance systems

- research
- dissemination of information
- maintaining the database and website
- performing all administrative functions necessary to ensure compliance with relevant legislation

Staffing

Fasset had a staff complement of 21 at year end. There was one new appointment during the year. No staff resigned during the period. There were two promotions during the period: Nomadlozi Buthelezi was promoted from Learnerships/ETQA Assistant to Learnerships/ETQA Officer, and Glodinah Moleko was promoted from Receptionist to Operations Assistant. A breakdown of the demographic profile and staffing positions is provided in Table 3 and in Appendix D on page 96.

Table 3: Staff profile for the period 1 April 2009-31 March 2010

Staff member	Position	Race	Gender	Date Joined
Farhana Bhamjee	Skills Planning Officer	Indian	Female	Oct-07
Nomadlozi Buthelezi	Learnerships/ETQA Officer	African	Female	Oct-03
Berlinda Chidi	Learnerships/ETQA Assistant	African	Female	Sep-08
Lauren Derman	Director of Skills Planning	White	Female	Apr-01
Natércia Faustino	Learnerships /ETQA Manager	White	Female	Mar-08
Cheryl James	Chief Executive Officer	White	Female	May-00
Nadine Kater	COO and Director of Learnerships/ETQA	Coloured	Female	Aug-00
Tania Lee	Projects Manager	Coloured	Female	Mar-04
Mando Mahlangu	Skills Planning Officer	African	Female	Nov-07
Annah Maseko	Office Attendant	African	Female	Sep-03
Bomkazi Mnombeli	Operations Officer	African	Female	Apr-08
Gugu Moetanalo	Operations Manager	African	Female	Jun-00
Glodinah Moleko	Operations Assistant	African	Female	May-08
Marelda Moodley	Marketing & Communications Manager	Indian	Female	Feb-09
Bontle Mochusi	Projects Assistant	African	Female	Aug-08
Nomandla Mtetwa	Receptionist	African	Female	Jun-09
Thandiswa Nduna	Skills Planning Assistant	African	Female	Apr-07
Naamochene Pillay	Skills Planning Senior Officer	Indian	Female	May-05
Desireé Rikhotso	Skills Planning Assistant	African	Female	Oct-05
Thabiso Sebashe	Marketing & Communications Assistant	African	Female	Sep-03
Pearl Thomo	Office Attendant	African	Female	Sep-05

Our Remuneration Policy is designed to establish and maintain competitive, fair, equitable and market-related compensation to attract, motivate and retain talented people. In line with this philosophy and due to the uncertainty surrounding the future Seta landscape beyond 2010 Fasset's Management Board introduced a special retention strategy. This strategy

was put in place to mitigate the risks of possibly losing staff during the transition period. The strategy included a 5 year NSDS linked performance bonus component as well as a specific severance package element. The performance bonuses, in line with this strategy, were paid out on 31 March 2010.

The composition of Fasset's Management Team is in line with the Seta's commitment to skills development and Employment Equity (EE), not only within the organisation, but within the sector as a whole. The occupational levels and grades, detailed in Table 4, below are aligned with the sector and reflect the organisation's commitment to meeting its human resource needs through clearly defining the roles and activities that would be required to fill all relevant positions.

Fasset has always benchmarked itself against best practice: HR policies not only meet, but exceed the Basic Conditions of Employment requirements.

Fasset has a strong focus on internal staff development. We participate as a member of Fasset in terms of workplace skills planning, and staff attend many of the lifelong learning training interventions that Fasset hosts. In addition, staff attend relevant interventions at private training providers and are also encouraged to further their education via degrees or diplomas.

Fasset is proud of its achievements in terms of its commitment to staff development and education and training. All 21 staff members employed during the year attended at least one training intervention. Some 25 training interventions, covering 7 areas, were attended during the year with financial fitness training being the most popular. In total, approximately R200 000 and 1 677 hours were spent on training.

Fasset has always encouraged all of its employees to improve their skills levels. We are very pleased to report that our Office Attendant, Pearl Thomo, completed ABET Level 4, and our COO, Nadine Kater completed her MBA during the period under review.

Table 4: Occupational levels and grades

Occupational Category	Job Title	Grade	Salary Bands Guaranteed cost to company
Senior Managers	CEO COO	E3 E2	R749 000 - R1331 000 R597 000 - R916 000
Professionals	Functional Directors Managers	DU DL	R597 000 - R 756 000 R345 000 - R 680 000
Skilled technical	Senior Officers Officers	CU CL	R252 000 - R362 000 R147 000 - R265 000
Clerks	Assistants Junior Assistants	BU BL	R118 000 - R168 000 R80 000 - R148 000
Elementary workers	Attendants	AU	R35 000 - R55 000

INVESTORS IN PEOPLE

Fasset was reassessed in July 2009 and has retained its status as an Investor in People.

A number of areas of good practice were identified including: people believed that they had equal opportunities to learn and develop; interviewees felt recognised for their contribution; people enjoyed the regular team and organisational meetings where they could offer suggestions and participate in decision making; interviewees received regular and constructive feedback; vision, mission and measurable objectives were developed and recorded; and learning was planned and effectively implemented.

Areas for further development include: implementing a mentoring system to retain talent and develop all staff members; and refined the calculation on Return on Investment (ROI) on learning and development and its impact on the organisation.

CORPORATE GOVERNANCE

This item is addressed in the Accounting Authority Report (page 40), but we can add that Fasset adheres to a comprehensive set of policies and procedures (see Table 5) designed and developed in accordance with Fasset's Constitution and in support of the SSP and the Business Plan. These contribute to the effectiveness of corporate governance strategies and are in accordance with the Public Finance Management Act (Act No 1 of 1999), as amended (PFMA).

Table 5: Fasset Policies and Procedures

	Policies	Internal Policies and Procedures
1	Appraisal and Succession Management Board and CEO Policy	Benefit Screen Policy
2	Audit Committee Charter	Call Centre Process and Procedure Manual
3	Business Continuity Plan	Confidentiality Agreement Temp
4	Code of Conduct	Confidentiality Agreement Staff
5	Discretionary Funding Policy	Document Management Policy
6	Financial Policy	LL, CPE and SDF Workshop Procedure
7	Fraud Prevention Plan	Employee Handbook and Induction Manual
8	Fraud Response Plan	Internal Meeting Policy
9	Grant Disbursement Policy	Management Board Election Process
10	HR Manual	Marketing and Communication Policy
11	Information Systems Policy	Materiality Framework 2009/10
12	Management Board and Committee Terms of Reference	Performance Management
13	Risk Management Framework	Temp Telephone Policy
14	Proatia Manuals: English, Afrikaans and Xhosa	Research Policy
15	Supply Chain Management Policy	

INTERNAL FINANCIAL CONTROL

Internal financial control focuses on critical risk areas, which are identified by Management and reviewed by the Audit Committee. The Management Team and the governing structures are confident that the standards that have been set and the systems of internal control and accounting control that have been implemented are adequate and ensure the integrity and reliability of the Financial Statements and accountability of Fasset's assets. These systems are monitored continuously throughout the year by both Management and Internal Audit.

The system of internal controls provides reasonable, as opposed to, absolute assurance. During the period under review, adequate accounting records were maintained. The external auditors are responsible for reporting on fair representation of the Annual Financial Statements and their report can be found on page 36.

RISK MANAGEMENT

An independent risk process is in place to enable Management to effectively identify, evaluate and assess risk. It is the Internal Auditor's responsibility to monitor the prescribed procedures: no unmitigated high-risk areas have been identified.

In compliance with Treasury Regulation requirements, the Internal Auditors have direct access to the CEO, the Audit Committee and the Management Board. Fasset's Code of Conduct ensures that ethical standards are adhered to at all times. The management of financial affairs has been undertaken in accordance with the Financial and Procurement Policies and Procedures which have been put in place and which comply with the King II Report on Corporate Governance. Fasset therefore complies with best practice and with all legislation in terms of compliance.

A Materiality Framework is also in place. No instances occurred during the year that required an implementation of the policy developed in the Materiality Framework.

In addition, it is a requirement that the Annual Financial Statements of public entities be audited by the Office of the Auditor-General and this has been done. The Auditor-General has completed the audit and issued the final report, which can be viewed on pages 36 to 38 of this Report.

CHALLENGES

Fasset faces a number of challenges in the year ahead including the uncertainty around NSDS III, the uncertainty around the future Seta landscape and uncertainty around the move to DHET. As far as the latter is concerned, while Setas have been reporting to the DHET since 1 November 2009, the real challenge from an operational perspective will arise when all staff, currently operating from DoL's offices, move office on 1 April 2010. Challenges are around uncertainties as to whether the necessary infrastructure will be in place.

Other challenges arise from issues such as whether the Seta mandate is actually correct, who should we be responsible for new ventures, and who should be responsible for ABET. These issues will need to be addressed in the NSDS III.

Irrespective of which Department Fasset reports to, and irrespective of which NSDS Fasset reports against, Fasset's decision making will always be informed by very good research. All of our strategic decisions are informed by very good research which provides confidence that what we do in terms of skills upliftment initiatives is fundamentally correct.

An ongoing challenge is that of poor school matric pass rates and poor university pass rates and continues to impact negatively on the work that we do, particularly since a proficiency in Mathematics and high-levels of literacy are prerequisites for entry into many careers within our sector. The Star newspaper published an article on 22nd February 2010 titled: "SA's trillion Rand Education Scandal." The article indicated that although expenditure on schooling has been increasing steadily over the past 15 years, the matric pass rate has declined since 2003. In 2009 only 60.6% of learners, who wrote matric, passed. Expressed differently, while 599 626 learners registered to write matric, only 334 718 passed, and only 109 697 of these obtained university exemption.

South Africa's low Mathematics and literacy levels are also a concern. As quoted in "The Toxic Mix, What's wrong with South Africa's schools and how to fix it", by Graeme Bloch, in 2002 the Human Sciences Research Council (HSRC) administered the international Trends in International Mathematics and Science Study (TIMSS) tests, for assessing proficiency in Mathematics and Science to a sample of Grade 8 learners. South Africa was at the bottom of the list. With an international average score of 467 for Mathematics and 474 for Science, South African pupils achieved a paltry 264 and 244 respectively.

In the Progress in Reading Literacy Study (2006) administered by the University of Pretoria, South African pupils were a full year older than those in other countries, yet they failed to perform. The test was written in home languages. South Africa was significantly lower than any other country assessed. The average South African score was 302 against an international average of 500.

While these results are bleak and will continue to impact on the development of skills in Fasset's sector, it is important to acknowledge that there are a number of recent developments, which should help to ameliorate the situation. Positive developments include the establishment of the National Education Evaluation and Development Unit, which will focus on measuring performance in the system at all levels, including national and provincial departments, districts and schools augurs well. The Extension of the Foundations for Learning Programme in all primary schools should also assist.

We are very encouraged by President Zuma's announcement in his State of the Nation address earlier this year that "from this year onwards, all grade 3, 6 and 9 students will write literacy and numeracy tests that are independently moderated." These tests will enable corrective action to be taken much earlier in the pipeline. In the longer term, these measures will hopefully translate into a large number and a higher calibre of learner and student being available to our sector.

We are also encouraged by the fact that Minister of Finance, Pravin Gordhan announced in his 2010 Budget Speech that: *"education spending remains our largest item of spending, giving meaning to our commitment that it is our number one priority. The total budget for education next year is R165 billion."*

The Department of Higher Education and Training has recently released its Strategic Plan 2010/11 to 2014/15 and Operational Plan for 2010/11. Fasset concurs with our Minister's contention that: *"Never before in the history of our democracy have we been better positioned to advance the vision of a truly comprehensive and differentiated post-school system, which is capable of contributing to the lives of individuals, to the economy and to broader society."*

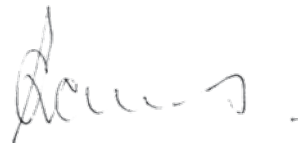
We welcome the structured interface between universities, colleges, Setas and other institutions, and firmly believe that this will indeed help to ensure that citizens are educated and trained to meet the economic and social needs of the country, and to support an inclusive growth path.

As a consequence of the recession, there are currently fewer job opportunities for young people entering the sector and fewer opportunities for promotion for those already in the sector. Fortunately, within every challenge there is always an opportunity. Compelled to remain in their positions for much longer, individuals are able to hone their skills, and are acquiring a far greater depth of experience than in the past. This bodes well for the future.

The Companies Act 2008, which is planned to come into effect during 2010, will also impact on the sector, and many auditing practices may no longer offer the audit function. This will impact on training opportunities. Professional accountants are, however, being compelled to view themselves as business partners. Many are offering value-adding services, which not only enable their practices to grow, but enables their clients to obtain more assistance at that professional level. As a consequence of these developments learners are being exposed to broader areas of business consulting. By broadening that skills base, opportunities are being created for the SMME sector to grow and flourish, not only in the Fasset sector, but in the rest of the economy.

CONCLUSION

Fasset's strong track record of delivery over the past decade is no accident. It is the direct result of hard work, perseverance, and a love of skills development. It is also the result of research into the sector's need and the willingness on the part of Fasset staff, learners and project beneficiaries to burn the midnight oil. Heeding President Zuma's call to make 2010, 'a year of action,' Fasset will try to raise the bar even higher, in Year 11, the final year of NSDS II.



CHERYL JAMES
CEO

AUDIT COMMITTEE report

REPORT ON THE AUDIT COMMITTEE IN TERMS OF REGULATIONS 27 (1) (10) (b) AND (c) OF THE PFMA OF 1999, AS AMENDED.

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

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The accompanying table shows persons who served as members of the Audit Committee during the period under review, and their attendance record of formal Audit Committee Meetings.

Table 6: Audit Committee members and attendance

Member	Meetings attended
Independent Members	
Judy Grobler	4 of 4
Sakhi Simelane (Chair)	4 of 4
Erna Swart	3 of 4
Bill Shellard	4 of 4
Board Members	
Mandi Olivier	3 of 4
Stadi Mngomezulu	3 of 4

AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee has adopted appropriate terms of reference as its Audit Committee Charter. The Charter is regularly updated and complies with principles of good governance and with the requirements of the PFMA. The Audit Committee is accountable to the Management Board and has an oversight function with regard to:

- Financial management
- Risk management
- Compliance with laws, regulations and good ethics, and
- Reporting practices.

The Audit Committee has satisfied its responsibilities for the year in compliance with its terms of reference.

REPORT ON THE OPERATIONS OF THE AUDIT COMMITTEE

During the period under review, the following activities were undertaken and demonstrate the commitment of the Audit Committee to achieving its mandate:

- Reviewed quarterly management accounts
- Reviewed and approved the Internal Audit Charter
- Updated the Audit Committee Charter
- Reviewed the risk analysis, as well as the internal audit coverage plans and budget
- Considered internal audit reports and made recommendations as appropriate
- Monitored progress with the internal audit coverage plans as well as Management's follow-up of matters requiring attention throughout
- Monitored compliance with Fasset policies and applicable legislation
- Conducted separate informal meetings with both internal and external audit
- Made provisions in Audit Committee Charter to address succession planning
- Conducted a self-assessment during the year. Results concluded that by far and large the Audit Committee is effective in the execution of their duties. Minor areas of improvement were identified.

The Effectiveness of Internal Control

The Audit Committee is satisfied that:

- The risk management process is in place and the major risks of Fasset are properly managed
- The internal control systems are effective.
- The Internal Auditors are operating objectively and independently
- Matters requiring Management attention have been adequately addressed.

Evaluation of Financial Statements

The Audit Committee has:

- Reviewed and discussed with the Auditor and Management the audited Annual Financial Statements to be included in the Annual Report
- Reviewed the Auditors' management letter and Management's response thereto
- Reviewed significant adjustments resulting from the audit

The Audit Committee concurs and accepts the conclusions of the Auditors on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements be accepted and read together with the report of the Auditor-General.



AS SIMELANE
Audit Committee Chairman

Audit Committee 2009/2010						
Member	Mandi Olivier	Judy Grobler	Sakhi Simelane	Stadi Mngomezulu	Bill Shellard	Erna Swart
Position	Management Board Member	Independent Member	Independent Chairman	Management Board Member	Independent Member	Independent Member
Formal Meetings						
21 May 2009	✓	✓	✓	✓	✓	-
24 July 2009	✓	✓	✓	✓	✓	✓
18 November 2009	-	✓	✓	✓	✓	✓
25 February 2010	✓	✓	✓	-	✓	✓
Meetings Attended	3	4	4	3	4	3
Remuneration during year for financial year ending 31 March 2010	R15 000	R20 000	R20 000	R15 000	R20 000	R15 000
Travel reimbursement	R795.60	-	R196.80	R1 297.40	R113.76	-


*** Committee fees paid to: South African Institute of Chartered Accountants (SAICA) iro M Olivier, National Treasury iro S Mngomezulu, Accounting Standards Board (ASB) iro E Swart**

Remuneration Rate

Formal meetings = R5 000.00 per meeting

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REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PREDETERMINED OBJECTIVES OF THE FINANCE, ACCOUNTING, MANAGEMENT CONSULTING AND OTHER FINANCIAL SERVICES SECTOR EDUCATION AND TRAINING AUTHORITY FOR THE YEAR ENDED 31 MARCH 2010

REPORT ON THE FINANCIAL STATEMENTS

Introduction

I have audited the accompanying financial statements of the Finance, Accounting, Management Consulting and other Financial Services Sector Education and Training Authority (FASSET), which comprise the statement of financial position as at 31 March 2010, and the statement of financial performance, statement of changes in net assets, statement of comparison of budget and actual amounts, and cash flow statement for the year then ended, and a summary of significant accounting policies, other explanatory information and the accounting authority's report.

Accounting authority's responsibility for the financial statements

The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and in the manner required by the Public Finance Management Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

As required by section 188 of the Constitution of South Africa and section 4 of the Public Audit Act of South Africa and section 14(6)(a) of the Skills Development Act, 1998 (Act No.97 of 1998), my responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with International Standards on Auditing and General Notice 1570 of 2009 issued in Government Gazette 32758 of 27 November 2009. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the FASSET as at 31 March 2010, and its financial performance, and its cash flows for the year then ended and its statement of comparison of budget and actual amounts in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and in the manner required by the Public Finance Management Act of South Africa.

Additional Matters

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

Re-licencing

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the PAA of South Africa and General Notice 1570 of 2009, issued in Government Gazette No. 32758 of 27 November 2009 I include below my findings on the report on predetermined objectives, compliance with the PFMA and financial management (internal control).

Findings

Predetermined objectives

No matters to report

Compliance with laws and regulations

No matters to report

INTERNAL CONTROL

I considered internal control relevant to my audit of the financial statements and the report on predetermined objectives and compliance with the PFMA, but not for the purposes of expressing an opinion on the effectiveness of internal control. The matters reported are limited to the deficiencies identified during the audit.

No matters to report.

Auditor - General

Pretoria

31 July 2010

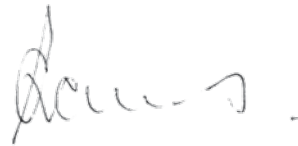


AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

**REPORT BY THE MEMBERS OF THE BOARD
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010**

The Annual Financial Statements for the year ended 31 March 2010, set out on pages 43 to 81 were approved by the Accounting Authority on 27 May 2010 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



CHERYL JAMES
Chief Executive Officer



MPUSENG MOLOI
Chairman

REPORT OF THE ACCOUNTING AUTHORITY FOR THE YEAR ENDED 31 MARCH 2010

Honourable Minister, it is with pleasure that the Accounting Authority presents to you the Annual Financial Statements of the Seta for Finance, Accounting, Management Consulting and Other Financial Services for the period 1 April 2009 to 31 March 2010.

Governance

As Fasset's Accounting Authority, it is the Management Board's responsibility to prepare Financial Statements that fairly present Fasset's financial position at 31 March 2010, and also the Financial Performance and Summary Cash Flow Activities for the year ending 31 March 2010. Once again, the Board of Fasset is of the opinion that appropriate Accounting Policies, supported by reasonable and prudent judgment and estimates, have been applied on a consistent, going concern basis and the Financial Statements comply with the Generally Recognised Accounting Practices (GRAP) and the Public Finance Management Act (Act No 1 of 1999) as amended.

With regard to systems and controls, these include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties. Further, the management of these financial affairs has been undertaken in accordance with the Financial and Procurement Policies which have been put in place, and which comply with the King II Code on Corporate Governance. In addition, all necessary structures, policies and procedures are in place in order to ensure compliance with the requirements of the PFMA. These include an independent Audit Committee, a Fraud Prevention Plan and Internal Auditors. Fasset therefore complies with best practice, and with all legislation with regard to governance, and this continues to be a crucial and very serious aspect of the functioning of the Seta.

Various additional responsibilities are incumbent on the Board, i.e. providing strategic direction to Fasset; determining strategies and policies; and managing performance against agreed strategies and business plans. In order for the Board to successfully implement its mandate, new Management Board members are thoroughly capacity built into the skills development and Fasset environments via a comprehensive induction and ongoing training programme. A process of self-assessment and discussion of performance by the Management Board has also been implemented and it is hoped that this will serve as an additional useful tool in ensuring effective functioning of the Board. This self-assessment process has also been implemented at Working Committee level and further ensures effective functioning of the Seta.

Going concern

The Accounting Authority is of the opinion that Fasset will continue as a going concern for the next 12 months. The following reasons form the basis for our conclusion:

- Fasset has met its budgetary requirements for the current year and will continue to do so in the next 12 months;
- Fasset has assessed all its legal opinions and does not consider that this will impact the going concern assumption.
- Setas current operating licenses expire on 31 March 2011.

NSDS

Fasset's achievements in terms of NSDS II targets are reflected in Appendix A on page 82.

Remuneration

In terms of Fasset's Policy, the Management Board is not remunerated. The remuneration of the CEO and COO, who are full-time employees, is reflected in Table 7 on page 42.



MPUSENG MOLOI
Chairman

Table 7: CEO and COO's Remuneration

	2009/2010	2008/2009
CEO's remuneration		
Pension	-	-
Medical	-	-
Allowances: Car & subsistence	42,000	48,000
Base Remuneration	1,258,643	1,123,750
Total Guaranteed Cost to Company	1,300,643	1,171,750
Non-Guaranteed (at risk) Remuneration	260,130	120,508
Total Guaranteed and Non-Guaranteed Remuneration	1,560,773	1,292,258
COO's remuneration		
Pension	-	-
Medical	-	-
Allowances: Car & subsistence	13,836	13,836
Base Remuneration	896,604	806,389
Total Guaranteed Cost to Company	910,440	820,225
Non-Guaranteed (at risk) Remuneration	182,090	85,356
Total Guaranteed and Non-Guaranteed Remuneration	1,092,530	905,581

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2010**

	Note	2009/10 R'000	Restated 2008/09 R'000
REVENUE			
Skills Development Levy transfer from non - exchange transactions	2	200 323	197 178
Skills Development Levy penalties and interest from non - exchange transactions		1 129	1 842
National Skills Fund income	14	6 352	9 770
Investment income	3	8 253	14 601
Other income	4	64	38
Total Revenue		216 121	223 429
EXPENSES			
Employer grant and project expenses	5	(220 096)	(192 207)
Administration expenses	6	(19 963)	(17 999)
National Skills Fund expenses	14	(6 352)	(9 770)
Total Expenses		(246 411)	(219 976)
NET (DEFICIT) / SURPLUS FOR THE YEAR	1	(30 290)	3 453

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2010**

	Note	2009/10 R'000	Restated 2008/09 R'000
ASSETS			
Non-Current Assets			
Property, plant and equipment	7	484	637
Intangible assets	8	14	44
Current Assets			
Accounts receivable from non - exchange transactions	9	608	295
Accounts receivable - Other	10	1 197	981
Cash and cash equivalents	11	94 128	129 256
Consumables		30	29
Total Assets		96 461	131 242
LIABILITIES			
Current Liabilities			
Trade and other payables from non - exchange transactions	12	42 345	40 298
Trade and other payables from exchange transactions	13	11 242	17 801
National Skills Fund received in advance	14	222	201
Total Liabilities		53 809	58 300
NET ASSETS		42 652	72 942
Funds and Reserves			
Administration reserve		498	681
Employer grant reserve		156	507
Discretionary reserve		41 998	71 754
TOTAL FUNDS AND RESERVES		42 652	72 942

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

	Note	Administration Reserve R'000	Employer Grant Reserve R'000	Discretionary Reserve R'000	Unappropriated surplus R'000	Total R'000
Balance at 1 April 2008		776	951	67 757	-	69 484
Implementation of Grap standards		5				5
Balance at 1 April 2009 as restated		781	951	67 757		69 489
Net surplus per Statement of Financial Performance		-	-	-	3 453	3 453
Allocation of unappropriated surplus	1	7 101	19 740	(23 388)	(3 453)	-
Excess reserves transferred to Discretionary reserve		(7 201)	(20 184)	27 385	-	-
Balance at 31 March 2009		681	507	71 754	-	72 942
Net deficit per Statement of Financial Performance		-	-	-	(30 290)	(30 290)
Allocation of unappropriated surplus	1	5 458	16 188	(51 936)	30 290	-
Excess reserves transferred to Discretionary reserve		(5 641)	(16 539)	22 180	-	-
Balance at 31 March 2010		498	156	41 998	-	42 652

An amount of R498 000 (2009:R681 000) is retained in the administration reserve equal to the carrying value of Property, plant and equipment and Intangible assets.
An amount of R156 000 (2009:R507 000) is disclosed in the employer grant reserve for newly registered member companies, participating after the legislative cut-off date.

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2010**

	Note	2009/10 R'000	Restated 2008/09 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating activities			
Cash receipts from stakeholders		201 057	203 301
Levies, interest and penalties received	2	201 452	199 020
Other cash receipts from stakeholders		(395)	4 281
Cash paid to stakeholders, suppliers and employees		(250 635)	(215 813)
Grants and project payments		(225 222)	(191 055)
Project payments for NSF		-	3 000
Special projects		(6 352)	(9 770)
Compensation of employees		(8 148)	(6 667)
Payments to suppliers and other		(10 913)	(11 321)
Cash utilised in operations	15	(49 578)	(12 512)
Interest received	3	8 162	14 388
Special projects	14	6 373	6 489
Net cash inflow from operating activities		(35 043)	8 365
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of Property, plant and equipment	7	(80)	(139)
Acquisition of Intangible assets	8	(5)	(47)
Net cash outflow from investing activities		(85)	(186)
Net (decrease) / increase in cash and cash equivalents		(35 128)	8 179
Cash and cash equivalents at beginning of year	11	129 256	121 077
Cash and cash equivalents at end of year	11	94 128	129 256

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 31 MARCH 2010**

	Note	Approved Original Budget 2009/10 R'000	Adjusted Budget 2009/10 R'000	Approved Final Budget 2009/10 R'000	Actual 2009/10 R'000	Favourable / (Unfavourable) variance 2009/10 R'000
REVENUE						
	25.1	202 430	(162)	202 268	200 323	(1 945)
	25.2	300	-	300	1 129	829
	25.3	10 000	(1 500)	8 500	8 253	(247)
		-	-	-	64	64
		212 730	(1 662)	211 068	209 769	(1 299)
EXPENSES						
	25.4	(191 199)	1 752	(189 447)	(220 096)	(30 649)
	25.5	(21 371)	(90)	(21 461)	(19 963)	1 498
		(212 570)	1 662	(210 908)	(240 059)	(29 151)
		160	-	160	(30 290)	(30 450)

FASSET does not budget for a surplus. The R1,60 000 shown as a surplus was budgeted as capital expenditure of which R84 000 was spent.
For details regarding the difference between budget and actual refer to Note 25

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

1. BASIS OF PREPARATION

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

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

2. REVENUE RECOGNITION

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

2.1 Levy income

Skills Development Levy (SDL) transfers are recognised 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 either makes an allocation or payment, whichever comes first, to the Seta, as required by Section 8 of the Skills Development Levies Act, 1999 (Act No. 9 of 1999), as amended. The new policy was effective from 1 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 collect the levies on behalf of the Department. Companies with an annual payroll cost less than R500 000 are exempted in accordance with section 4(b) of the Skills Development 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 (NSF)). The Seta was not in a position to verify that SARS has collected all potential skills levy income.

Revenue is adjusted for inter-seta transfers due to employers changing Setas. Such adjustments are separately disclosed as inter-seta transfers. The amount of the inter-seta adjustment is calculated according to the most recent Standard Operating Procedure issued by the Department.

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.

2.2 Interest and penalties

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

2.3 Funds allocated by the National Skills Fund for Special Projects

Funds transferred by the National Skills Fund (NSF) are accounted for in the financial statements of the Seta as a liability until the expenditure is incurred.

Revenue related to the NSF expenditure is recognised when it is incurred.

2.4 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.

3. GRANTS AND PROJECT EXPENDITURE

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

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. The grants are equivalent to 50% of the total levies contributed by the employer.

Discretionary Grant and Project Expenditure

A Seta may out of the surplus mandatory, admin or discretionary levies 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 project;
- costs that are attributable to project activity in general and can be allocated to the project; and
- such other costs as are specifically chargeable to the Seta under the terms of the contract.

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

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

Project expenditure is recognised as expenses in the period in which they are incurred, in which the conditions are met.

4. IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE

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

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

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

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

5. PROPERTY, PLANT AND EQUIPMENT

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

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.

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 Property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount and are taken into account in determining operating surplus.

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.

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 . The Seta is currently established until 31 March 2011 and is awaiting notice from the Minister for a renewal certificate of establishment post 31 March 2011.

In the light of the pending renewal of a Seta's certificate of establishment, management was required to consider how it impacts the period over which assets are expected to be available for use by the Seta. Management determined, consistent with the prior year, that the useful life of assets should not be limited by the Seta's establishment until 31 March 2011. 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
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. 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.

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

The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate 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 Seta is currently established until 31 March 2011 and is awaiting notice from the Minister for a renewal certificate of establishment post 31 March 2011.

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

Payments made under operating 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. GRANTS

Mandatory Grant Payments

A liability is recognised for mandatory 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 grant application for 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 Grant Payments

A liability is recognised for discretionary grant payments once the specific criteria set out in the Seta Grant Regulation and any additional criteria as approved by the Seta Board has been complied with by member companies and it is probable that the Seta will approve the grant application for 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.

9. 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

All financial assets of the Seta were categorised as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Cash and cash equivalents

Cash and cash equivalents are stated at amortised cost, which, due to their short-term nature, closely approximate their fair value.

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.

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

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 year end.

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 asset's 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

All financial liabilities of the Seta were classified as other financial liabilities. The classification depends on the nature and purpose of the financial liabilities and is determined at the time of initial recognition.

Other financial liabilities

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

Other financial liabilities are subsequently measured at amortised cost 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.

10. RESERVES

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

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

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

	2009/10	2008/9
	%	%
Administration costs of the Seta	10	10
Employer grant fund levy	50	50
Discretionary grants and projects	20	20
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 the administration reserve equal to the net book value of depreciable assets. Provision is made in the employer grant reserve for newly registered member companies, participating after the legislative cut-off date.

11. COMPARATIVE FIGURES

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

12. 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).

13. CONSUMABLE INVENTORY

Consumable inventory on hand at the reporting date is measured at cost. An individual consumable purchase of which the cost does not exceed R1000 is recognised, on acquisition, in surplus or deficit.

14. EMPLOYEE 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.

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

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

	Total per Statement of Financial Performance 2009/2010 R'000	Employer Grants Reserve				Discretionary Reserve			Total Discretionary R'000
		Administration Reserve R'000	Mandatory Skills Grant R'000	Discretionary Grants R'000	Special projects R'000	Projects R'000			
Total Revenue	216 121	25 421	124 911	50 055	6 352	9 382		65 789	
Skills Development Levy transfer from non - exchange transactions									
Levy transfer Administration (10%)	25 357	25 357	-	-	-	-	-	-	
Levy transfer Employer Grants (70%)	174 966	-	124 911	50 055	-	-	-	50 055	
Skills Development Levy penalties and interest from non - exchange transactions	1 129	-	-	-	-	1 129	-	1 129	
National Skills Fund income	6 352	-	-	-	6 352	-	-	6 352	
Investment income	8 253	-	-	-	-	8 253	-	8 253	
Other income	64	64	-	-	-	-	-	-	
Total Expenses	246 411	19 963	108 723	16 363	6 352	95 010		117 725	
Administration expenses	19 963	19 963	-	-	-	-	-	-	
National Skills Fund expenses	6 352	-	-	-	6 352	-	-	6 352	
Employer grants and project expenses	220 096	-	108 723	16 363	-	95 010	-	111 373	
Net deficit per Statement of Financial Performance allocated	(30 290)	5 458	16 188	33 692	-	(85 628)		(51 936)	

ALLOCATION OF NET SURPLUS FOR THE PRIOR YEAR TO RESERVES

	Employer Grants Reserve					Total Discretionary R'000
	Administration Reserve R'000	Mandatory Skills Grant R'000	Discretionary Grants R'000	Special projects R'000	Projects R'000	
Total Revenue	25 100	122 819	49 297	9 770	16 443	75 510
Skills Development Levy transfer from non - exchange transactions						
Levy transfer						
Administration (10%)	25 062	-	-	-	-	-
Levy transfer Employer Grants (70%)	-	122 819	49 297	-	-	49 297
Skills Development Levy penalties and interest from non - exchange transactions						
National Skills Fund income				9 770	1 842	1 842
Investment income					14 601	14 601
Other income	38	-	-	-	-	-
Total Expenses	17 999	103 079	11 550	9 770	77 578	98 898
Administration expenses	17 999	-	-	-	-	-
National Skills Fund expenses	-	-	-	9 770	-	9 770
Employer grants and project expenses	-	103 079	11 550	-	77 578	89 128
Net surplus per Statement of Financial Performance allocated	3 453	7 101	19 740	-	(61 135)	(23 388)

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

2. SKILLS DEVELOPMENT LEVY TRANSFER FROM NON-EXCHANGE TRANSACTIONS

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

	2009/10 R'000	2008/09 R'000
Levy transfer: Administration	25 357	25 062
Levies received	25 357	25 062
Levies received from the Department	24 927	24 707
Government levies received	358	480
Inter-seta transfers in	186	169
Inter-seta transfers out	(114)	(294)
Levy transfer: Employer grants	124 911	122 819
Levies received	124 911	122 819
Levies received from the Department	124 555	123 445
Inter-seta transfers in	928	842
Inter-seta transfers out	(572)	(1 468)
Levy transfer: Discretionary grants	50 055	49 297
Levies received	50 055	49 297
Levies received from the Department	49 912	49 542
Inter-seta transfers in	372	342
Inter-seta transfers out	(229)	(587)
	200 323	197 178

3. INVESTMENT INCOME

Interest income

 Accruals on bank deposits
 Bank deposits

	2009/10 R'000	2008/09 R'000
	91	213
	8 162	14 388
	8 253	14 601

4. OTHER INCOME

Other income comprises:

 Bad debt recovered
 Income from attending committee meetings
 Insurance claim settlement
 Inter-seta summit refund
 Skills development levy refund

	2009/10 R'000	2008/09 R'000
	10	-
	-	14
	3	-
	4	-
	47	24
	64	38

5. EMPLOYER GRANT AND PROJECT EXPENSES

	2009/10 R'000	2008/09 R'000
Mandatory grants	108 723	103 079
Disbursed	105 456	106 262
Movement in provisions and accruals	3 267	(3 183)
Discretionary grants	16 363	11 550
Disbursed	18 491	9 242
Movement in provisions and accruals	(2 128)	2 308
Project expenditure	95 010	77 578
Disbursed	101 275	75 551
Movement in provisions and accruals	(6 265)	2 027
	220 096	192 207

6. ADMINISTRATION EXPENSES

	2009/10 R'000	Restated 2008/09 R'000
Advertising, marketing and promotions, communication	840	949
Bad debts written off	203	69
Consultancy and service provider fees	6 033	5 812
Cost of employment	8 212	6 773
Depreciation / Amortisation	265	283
Entertainment expenses	18	19
External auditor's remuneration	763	355
Impairments	(182)	116
Legal fees	24	60
Loss on disposal of Property, plant and equipment	3	3
Maintenance, repairs and running costs	88	76
Operating lease rentals	845	787
Remuneration to members of the audit committee	139	129
Staff training and development	156	172
Travel and subsistence	367	251
Other	2 189	2 145
Education and Training Quality Assurance	470	490
Insurance	310	332
Internal audit fees	406	425
Other administration expenses	537	527
Policies and Procedures	152	65
Printing	135	141
Telephone	179	165
	19 963	17 999

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

6.1 Consultancy and service provider fees

Consultancy and service provider fee relates to the expenses incurred in respect of the outsourced finance, information technology maintenance and support and supply chain management function of Fasset.

6.2 Cost of employment

	2009/10 R'000	2008/09 R'000
Salaries and wages	8 109	6 686
Basic salaries	6 614	5 716
Performance awards	1 212	594
Temporary staff	219	258
Leave provision	64	106
Leave paid	-	12
Social contributions		
UIF	26	25
SDL	77	62
	8 212	6 773
Average number of employees	21	21

Refer to the report by the Accounting Authority for disclosure concerning the emoluments of the Chief Executive Officer and Chief Operating Officer.

7. PROPERTY, PLANT AND EQUIPMENT

	Year ended 31 March 2010		
	Cost R'000	Accumulated depreciation R'000	Closing carrying amount R'000
Computer equipment	490	(359)	131
Office furniture and fittings	570	(329)	241
Office equipment	778	(666)	112
Balance at end of year	1 838	(1 354)	484

	Year ended 31 March 2009		
	Cost R'000	Accumulated depreciation R'000	Closing carrying amount R'000
Computer equipment	494	(354)	140
Office furniture and fittings	560	(273)	287
Office equipment	793	(583)	210
Balance at end of year	1 847	(1 210)	637

	Movement Summary 2010				
	Carrying amount 2009 R'000	Additions R'000	Disposals R'000	Depreciation charge R'000	Carrying amount 2010 R'000
Computer equipment	140	64	-	(73)	131
Office furniture and fittings	287	10	-	(56)	241
Office equipment	210	6	(3)	(101)	112
Balance at end of year	637	80	(3)	(230)	484

	Movement Summary 2009				
	Carrying amount 2008 R'000	Additions R'000	Disposals R'000	Depreciation charge R'000	Carrying amount 2009 R'000
Computer equipment	132	73	-	(65)	140
Office furniture and fittings	313	29	-	(55)	287
Office equipment	307	37	(3)	(131)	210
Balance at end of year	752	139	(3)	(251)	637

Temporarily idle assets and assets not in use

Property, plant and equipment that were idle or had been retired from use had a net carrying value of R1 000 (2009: R1 000)

Fully depreciated assets still in use

	2009/2010 R'000	2008/2009 R'000
Gross carrying value		
Computer equipment	6	6
Office furniture and fittings	6	6
Office equipment	161	181
Balance at end of year	173	193

8. INTANGIBLE ASSETS

	Year ended 31 March 2010		
	Cost R'000	Accumulated amortisation/ impairment R'000	Closing carrying amount R'000
Computer software	142	(128)	14
Balance at end of year	142	(128)	14

	Year ended 31 March 2009		
	Cost R'000	Accumulated amortisation/ impairment R'000	Closing carrying amount R'000
Computer software	137	(93)	44
Balance at end of year	137	(93)	44

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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Movement summary 2010				
Carrying amount 2009 R'000	Additions R'000	Amortisation R'000	Carrying amount 2010 R'000	
Computer software	44	5	(35)	14
Balance at end of year	44	5	(35)	14

Movement summary 2009				
Carrying amount 2008 R'000	Additions R'000	Amortisation R'000	Carrying amount 2009 R'000	
Computer software	29	47	(32)	44
Balance at end of year	29	47	(32)	44

Temporarily idle assets and assets not in use

Intangible assets that were idle or had been retired from use had a net carrying value of Rnil (2009:Rnil)

Fully depreciated assets still in use

	2009/2010 R'000	2008/2009 R'000
Gross carrying value		
Computer software	26	16
Balance at end of year	26	16

9. ACCOUNTS RECEIVABLE FROM NON - EXCHANGE TRANSACTIONS

		2009/10 R'000	2008/09 R'000
Inter-seta debtors	23.2	220	125
Employer receivables	9.1	477	441
Impairments	9.1	(89)	(271)
		608	295

9.1 Employer Receivables

	2009/10 R'000	2008/09 R'000
Overpayment to employers	477	441
Impairments	(89)	(271)
Effect of adjustments on employers	388	170

R477 000 (2009: R441 000) was recognised as a receivable relating to the overpayment to the employers in earlier periods, as a result of inaccurate information received, and is based on the amount of such grant over payments. An amount of R89 000 (2009: R271 000) was provided for as doubtful debts.

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

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.

10. ACCOUNTS RECEIVABLE - OTHER

		2009/10 R'000	2008/09 R'000
Deposits		126	123
Interest receivable		81	204
Inter-seta summit receivable	23.2	4	-
Prepaid expenses		986	654
		1 197	981

11. CASH AND CASH EQUIVALENTS

		2009/10 R'000	2008/09 R'000
Cash at bank and in hand		1 152	791
Cash at bank		1 152	789
Cash in hand		-	2
Short term fixed deposits		92 976	128 465
Cash and cash equivalents at end of year		94 128	129 256

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 7.4% (2009: 11.4%).

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

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 values.

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

12. TRADE AND OTHER PAYABLES FROM NON - EXCHANGE TRANSACTIONS

		2009/10 R'000	2008/09 R'000
Skills development grants payable - mandatory		21 623	20 319
Skills development grants payable - discretionary		13 000	13 729
Inter-seta payables	23.2	34	81
Employer payables		1 183	581
SARS payables	12.1	5 879	4 784
Levy Creditors		626	804
		42 345	40 298

12.1 SARS Payable

	2009/10			
	Opening balance R'000	Change in estimate R'000	Addition R'000	Closing balance R'000
Provision for levies incorrectly received	(4 784)	(251)	(844)	(5 879)
	(4 784)	(251)	(844)	(5 879)

	2008/09			
	Opening balance R'000	Change in estimate R'000	Addition R'000	Closing balance R'000
Provision for levies incorrectly received	(3 584)	(368)	(832)	(4 784)
	(3 584)	(368)	(832)	(4 784)

An amount of R5 879 000 (2009: R4 784 000) relates to levies incorrectly contributed by employers, and paid over by SARS and the Department, after being exempted from contributing skills development levies due to new legislation which came into effect from 1 August 2005. As SARS collects the levies on behalf of the Department, the responsibility to refund the levies to the employers remains with SARS. Fasset has communicated to these employers of their incorrect contributions.

13. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

	2009/10 R'000	2008/09 R'000
Project creditors	9 905	16 170
Service provider fees outstanding	-	175
Sundry payables	1 337	1 456
Trade payables	262	424
Other accruals and NSF accruals	622	643
Employee leave accrual	453	389
	11 242	17 801

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

14. NATIONAL SKILLS FUND: SPECIAL PROJECTS

	2009/10 R'000	2008/09 R'000
Opening balance	201	3 482
Received during the year	6 349	9 885
Bonani/Thuthuka Project	6 349	9 885
Interest received	24	158
Utilised and recognised as revenue-conditions met:		
	(6 352)	(9 770)
Bonani/Thuthuka Project	(6 352)	(9 770)
Repaid to NSF (closure of projects)	-	(3 554)
Closing balance	222	201

During the current year conditional funds of R6 349 000 (2009: R9 885 000) were received from the National Skills Fund. This amount was recognised as a liability until the conditions attached were met. During the year, R6 352 000 (2009: R9 770 000) eligible project special expenses were incurred and a corresponding amount was recognised as revenue. The remaining amount of R222 000 (2009: R201 000) continues to be accounted for as a liability until the agreed contractual conditions have been met.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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15. RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES TO NET DEFICIT

	2009/10 R'000	Restated 2008/09 R'000
Net (deficit) / surplus as per Statement of Financial Performance	(30 290)	3 453
Adjusted for non-cash items:		
Depreciation / Amortisation	265	283
Loss on disposal of Property, plant and equipment	3	3
Bad debts written off	203	69
Impairments	(182)	116
Special project income recognised	(6 352)	(9 770)
Adjusted for items separately disclosed		
Investment Income	(8 253)	(14 601)
Adjusted for working capital changes:		
(Increase) / Decrease in receivables from non exchange transaction	(334)	3 966
(Increase) / Decrease in receivables - other	(125)	277
Decrease/(Increase) in loans receivable	-	3 000
Increase in consumables	(1)	(29)
Increase/(Decrease) in payables from non- exchange transactions	2 047	(824)
(Decrease)/Increase in payables from exchange transactions	(6 559)	1 545
Cash utilised in operations	(49 578)	(12 512)

16. CONTINGENCIES

16.1 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.

Fasset submitted an application to National Treasury through the Department for the retention of surplus funds. As in the previous year Fasset expects the National Treasury will approve the retention of surplus funds.

16.2 FIRST TIME EMPLOYER REGISTRATIONS

The Skills Development legislation allows an employer, registering for the first time, 6 months to submit an application for a mandatory grant. At the reporting date it is estimated that, as a result, additional mandatory grant expenditure of R156,000 (2009: R507,000) will be payable. The amount is contingent on the number of submission received and approved.

16.3 NEW SCHEME YEAR LEVIES RECEIVED

At the reporting date levies were received in respect of the new scheme year, for which, the Skills Development legislation allows an employer until 30 June 2011 to submit an application for a mandatory grant.

At the reporting date it is estimated, as a result, that additional mandatory grant expenditure of R23,000 (2009 R30,000) will be payable. The amount is contingent on the number of submission received and approved.

17. COMMITMENTS

17.1 DISCRETIONARY RESERVE

Of the balance of R41 998 000 (2009: R71 754 000) available in the Discretionary reserve at the end of March 2010, R41 998 000 (2009: R71 754 000) has been approved and allocated for future projects and skills priorities as set out below. Of the allocated balance of R41 998 000, R29 077 000 has been contracted. Amounts for expenses that have already been incurred, and therefore included in grant expenses in the Statement of Financial Performance, are also indicated. A request for the accumulation of these funds has been submitted to National Treasury through the Department.

NSDS Indicator	Project Name	Opening balance 2008/09 R'000	Approved by Accounting Authority R'000	Utilised R'000	Opening balance 2009/10 R'000	Approved by Accounting Authority R'000	Utilised R'000	Total R'000	Commitments R'000
NSDS 1									
2.4	IIIP*	20	-	(20)	-	-	-	-	-
Sub-total year 3		20	-	(20)	-	-	-	-	-
NSDS 2									
2.8	Learnership Implementation Tools*	168	-	(168)	-	-	-	-	-
2.8	Debt Collection Learnership	1 221	-	(186)	1 035	(780)	(94)	161	161
Sub-total year 4		1 389	-	(354)	1 035	(780)	(94)	161	161
NSDS 2									
4.2	Centralised Marketing: Social Development Projects*	119	-	(119)	-	-	-	-	-
4.2	Thuthuka Small Practices CIA Work Readiness Program	1 765	632	(423)	1 974	-	(922)	1 052	1 022
Sub-total year 6		1 884	632	(542)	1 974	-	(922)	1 052	1 022

NSDS Indicator	Project Name	Opening balance 2008/09 R'000	Approved by Accounting Authority R'000	Utilised R'000	Opening balance 2009/10 R'000	Approved by Accounting Authority R'000	Utilised R'000	Total R'000	Commitments R'000
2.8	Life Long Learning *	689	-	(689)	-	-	-	-	-
5.3	Strategic Quality Assurance	468	-	(468)	-	-	-	-	-
4.2	Interventions* Centralised marketing*	100	-	(28)	72	(72)	-	-	-
4.2	Thusanani 2 Work Readiness Program*	4 854	(7)	(4 847)	-	-	-	-	-
	Sub-total year 7 Project Fund	6 111	(7)	(6 032)	72	(72)	-	-	-
2.2	SMMME Intervention - Fasset Skills Advisors*	632	-	(632)	-	-	-	-	-
2.7	Abet*	153	-	(153)	-	-	-	-	-
2.8	Learnership Cash Grant*	764	(4 201)	3 437	-	-	-	-	-
2.8	Life Long Learning*	3 315	-	(2 891)	424	-	(424)	-	-
4.2	Bonani 3 Work Readiness Program*	18 363	983	(19 224)	122	(15)	(107)	-	-
4.2	Thuthuka Full-Time CTA	27 358	-	(3 006)	24 352	(10 603)	(12 477)	1 272	-
4.2	Thuthuka Repeat QE Part 1*	4 801	-	(3 446)	1 355	(128)	(1 227)	-	-

NSDS Indicator	Project Name	Opening balance 2008/09 R'000	Approved by Accounting Authority R'000	Utilised R'000	Opening balance 2009/10 R'000	Approved by Accounting Authority R'000	Utilised R'000	Total R'000	Commitments R'000
4.2	ORT CAT Work Readiness Program*	2 289	(22)	(2 267)	-	-	-	-	-
4.2	Strategic marketing*	404	-	(404)	-	-	-	-	-
1.1	Research*	274	100	(284)	90	-	(90)	-	-
4.2	Thuthuka Repeat QE Part 2*	-	373	(373)	-	-	-	-	-
Sub-total year 8 Project Fund		58 353	(2 767)	(29 243)	26 343	(10 746)	(14 325)	1 272	-

4.2	Life Long Learning *	-	8 000	(5 034)	2 966	-	(2 966)	-	-
4.2	Framework for people with disabilities	-	800	(178)	622	-	(477)	145	65
4.2	SMMME Intervention - Fasset Skills Advisors*	-	2 500	(1 674)	826	-	(826)	-	-
2.8	Learnship Cash Grant*	-	20 640	(20 468)	172	(2 682)	2 510	-	-
6.2	Strategic Marketing*	-	803	(803)	-	-	-	-	-
2.7	Abet	-	1 196	(519)	677	-	(622)	55	55
5.3	Quality Assurance Interventions	-	300	(82)	218	-	(20)	198	-
5.3	Tracking and Impact*	-	135	-	135	(49)	(86)	-	-

NSDS Indicator	Project Name	Opening balance 2008/09 R'000	Approved by Accounting Authority R'000	Utilised R'000	Opening balance 2009/10 R'000	Approved by Accounting Authority R'000	Utilised R'000	Total R'000	Commitments R'000
1.1	Research (Sector Skills Plan)	-	250	-	250	-	(155)	95	95
4.2	Bonani 4 Work Readiness Program*	-	24 480	(6 683)	17 797	(22)	(17 775)	-	-
4.2	Pagamani 1	-	8 195	(2 471)	5 724	-	(5 690)	34	-
4.2	Thusonani 3 Work Readiness Program*	-	8 955	(3 003)	5 952	(32)	(5 920)	-	-
1.1	Black Women Research*	-	80	(3)	77	(3)	(74)	-	-
4.2	Thuthuka Repeat QE Part I	-	6 432	-	6 432	(368)	(3 493)	2 571	2 526
4.2	Schimatus*	-	951	(469)	482	(184)	(298)	-	-
Sub-total year 9 Project Fund		-	83 717	(41 387)	42 330	(3 340)	(35 892)	3 098	2 741

6.2	Strategic Marketing	-	-	-	-	2 676	(2 341)	335	-
4.2	Life Long Learning	-	-	-	-	11 000	(10 753)	247	-
2.8	Learnership cash grant	-	-	-	-	22 988	(17 981)	5 007	-
5.3	Strategic Partnership Funding	-	-	-	-	4 000	(14)	3 986	-
4.2	SMME Intervention - Fasset Skills Advisors	-	-	-	-	2 600	(1 907)	693	693
1.1	Research Learnerships and Learnerships Development	-	-	-	-	1 560	(214)	1 346	-

NSDS Indicator	Project Name	Opening balance 2008/09 R'000	Approved by Accounting Authority R'000	Utilised R'000	Opening balance 2009/10 R'000	Approved by Accounting Authority R'000	Utilised R'000	Total R'000	Commitments R'000
2.7	Abet	-	-	-	-	450	-	450	450
1.1	Research (Sector Skills Plan)	-	-	-	-	180	-	180	-
4.2	IRBA 2010 PPE Support	-	-	-	-	836	-	836	791
4.2	Bonani 5 Work Readiness Program	-	-	-	-	25 850	(7 866)	17 984	17 939
4.2	Pakhamani 2 AAT	-	-	-	-	3 051	(1 258)	1 793	1 758
4.2	Thusanani 4 Work Readiness Program	-	-	-	-	5 000	(1 443)	3 557	3 522
Sub-total year 10 Project Fund		-	-	-	-	80 191	(43 777)	36 414	25 153
Total project expenditure		67 757	81 575	(77 578)	71 754	65 254	(95 010)	41 998	29 077

*Closed

17.2 Operating Leases

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

	2009/10 R'000	2008/09 R'000
Not later than one year	1 083	787
Later than one year and not later than five years	-	-
	1 083	787

The operating lease relates to building premises used for office accommodation. The lease agreement was renewed on 1 April 2010 and will be operational for a period of one year, expiring on 31 March 2011. No provision was made for an option to renew the lease on expiry. A deposit of R113 032 was paid on inception of the lease which is refunded upon termination of the lease. The deposit amount will be reduced by any outstanding costs and will accrue interest at 2% per annum. The rental escalates annually on 1 September by 10%.

18. MATERIAL LOSSES THROUGH CRIMINAL CONDUCT, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

To the best of our knowledge, no material losses through criminal conduct or irregular, fruitless and wasteful expenditure were incurred during the year ended 31 March 2010.

19. EVENTS AFTER REPORTING DATE

None

20. FINANCIAL INSTRUMENTS

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

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 cash flow interest rate risk and the effective interest rates on financial instruments at reporting date are as follows:

Floating Rate Amount R'000	Effective interest rate	Non-Interest Bearing	
		Amount R'000	Total R'000

Year ended 31 March 2010

Assets

Cash	94 128	7.4%	-	94 128
Accounts receivable - other	-	-	1 197	1 197
Total financial assets	94 128	-	1 197	95 325

Liabilities

Trade and other payables from exchange transactions	-	-	(11 242)	(11 242)
Total financial liabilities	-	-	(11 242)	(11 242)

Year ended 31 March 2009

Assets

Cash	129 256	7.8%	-	129 256
Accounts receivable - other	-	-	981	981
Total financial assets	129 256	-	981	130 237

Liabilities

Trade and other payables from exchange transactions	-	-	(17 801)	(17 801)
Total financial liabilities	-	-	(17 801)	(17 801)

Credit Risk

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

The Seta 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 does not have any material exposure to any individual or counter-party. The Seta's concentration of credit risk is limited to the industry (Financial and Accounting Services) in which the Seta operates. No events occurred in the industry (Financial and Accounting Services) 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. The Seta is exposed to a concentration of credit risk, as significant amounts are owed by SARS and the Department. This concentration of risk is limited as SARS and the Department are government entities with sound reputation.

The ageing of other receivables from exchange transactions:

	2009/10		2008/9	
	Gross	Impairment	Gross	Impairment
Not past due	1 197	-	981	-
Past due 1 - 30 days	-	-	-	-
Past due 31 - 120 days	-	-	-	-
Past due 120 - 365 days	-	-	-	-
More than one year	-	-	-	-

The ageing of cash and cash equivalents:

	2009/10		2008/9	
	Gross	Impairment	Gross	Impairment
Not past due	94 128	-	129 256	-
Past due 0 - 30 days	-	-	-	-
Past due 31 - 120 days	-	-	-	-
Past due 120 - 365 days	-	-	-	-
More than one year	-	-	-	-

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 maintained.

	2009/10			
	Carrying Amount	Contractual Cash Flows	6 months or less	6 - 12 months
Trade and other Payables from exchange transactions	(11 242)	(11 242)	(11 242)	-

	2008/09			
	Carrying Amount	Contractual Cash Flows	6 months or less	6 - 12 months
Trade and other Payables from exchange transactions	(17 801)	(17 801)	(17 801)	-

Market risk

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

21. 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, commencing on or after:
GRAP 21	Impairment of Non-cash-generating Assets	Not yet Effective
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)	Not yet Effective
GRAP 24	Presentation of Budget Information in Financial Statements	Not yet Effective
GRAP 25	Employee Benefits	Not yet Effective
GRAP 26	Impairment of Cash-generating Assets	Not yet Effective
GRAP 104	Financial Instruments	Not yet Effective

An entity shall apply Standards of GRAP for annual financial statements covering periods beginning on or after a date to be determined by the Minister of Finance in a regulation to be published in accordance with section 91(1)(b) of the PFMA.

GRAP 21, 23, 24 and 26 have been used to formulate accounting policies or inform presentation and disclosure.

The SETA has not yet assessed the impact of adopting GRAP 25 and 104.

22. IMPLEMENTATION OF GRAP STANDARDS

During the year the Seta changed its policy for the measurement of assets acquired through a non-exchange transaction, i.e. for no consideration. Previously such assets were measured at zero cost. Currently the asset's cost is its fair value as at the date of the acquisition. The change was made as to comply with GRAP 17.22 and has been applied retrospectively.

The comparative amount has been appropriately restated. The effect of the change in accounting policy is as follows:

	2008/09 R'000
Increase in the opening cost price of PPE	22
Increase in opening accumulated depreciation PPE	17
Decrease in opening accumulated surplus	5
Increase in depreciation	3

23. RELATED PARTY TRANSACTIONS

23.1 Transactions with the controlling entity

The Seta was controlled by the Department of Labour, for the period up until 31 October 2009, and since 1 November 2009 by the Department of Higher Education and Training. The departments were controlled, respectively by the Minister of Labour and Minister of Higher Education and Training

There were transactions relating to revenue with the Department of Labour refer to note 2.

23.2 Transactions with entities under common control

By virtue of the fact that Fasset is a National Public Entity related to other entities and departments in the National sphere of government it is considered related to Telkom, Eskom, South African Airways, other Setas and the National Skills Fund. The transactions are consistent with normal operating relationships between the entities, and are undertaken on terms and conditions that are normal for such transactions. Where there were transactions and balances arising due to the movement of funds between entities under the common control of the Department, these amounts were disclosed below.

	2009/10 R'000		2008/09 R'000	
	Amount of the transaction	Amount receivable/ (payable)	Amount of the transaction	Amount receivable/ (payable)
Receivables	8 206	221	11 604	125
BANKSETA	44	2	30	1
CHIETA	-	-	90	-
ETDP SETA	(4)	-	4	4
INSETA	4	-	(50)	-
ISETT	226	-	75	-
MERSETA	-	-	47	-
PSETA	(3)	-	-	3
SASSETA	-	-	(33)	-
SERVICES	1 222	219	1 118	117
W&R SETA	7	-	73	-
National Skills Fund	6 352	-	9 770	-
National Treasury	358	-	480	-
			-	
Payables	(7 305)	(256)	(12 119)	(282)
AGRISETA	17	-	32	-
BANKSETA	64	-	78	36
CETA	-	-	6	3
CHIETA	-	-	6	-
ESETA	7	-	-	-
ETDP SETA	-	-	6	-
FOODBEV	-	-	3	-
HWSETA	-	-	(25)	2
INSETA	127	-	1 564	29
ISETT	-	-	84	-
MAPP	14	-	74	-
MQA	104	-	(167)	-
MERSETA	84	-	69	-
SASSETA	40	34	15	11
SERVICES	404	-	611	-
TETA	26	-	(11)	-
THETA	14	-	-	-
W&R SETA	37	-	32	-
Other	-	-	(28)	-
National Skills Fund	6 352	222	9 770	201
National Treasury	15	-	-	-
Total	901	(35)	(515)	(157)

Note that relating to Seta transfer that the amount of the transaction, where applicable, includes interest and penalties transferred to or from the SETA.

23.3 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 is a member of the accounting authority but has no voting rights. The chief operating officer attends the meetings of the accounting authority but is not a member of the accounting authority. Remuneration is paid to members or to their nominating organisations. The aggregate remuneration of members of the accounting authority and the number of members receiving remuneration within this category, who serve on the audit committee are:

	2009/10 R'000	2008/09 R'000
Aggregate remuneration	30	28
Number of persons	2	3

Refer to the report by the audit committee for detail disclosure concerning the emoluments of members of the accounting authority.

The senior management group consists of the Seta's chief executive officer, the chief operating officer. The aggregate remuneration of members of the senior management group and the number of managers receiving remuneration within this category are:

	2009/10 R'000	2008/09 R'000
Aggregate remuneration	2 653	2 198
Number of persons	2	2

Refer to the report by the Accounting Authority for detail disclosure concerning the emoluments of the Chief Executive Officer and Chief Operating Officer.

24 TRANSACTIONS WITH OTHER RELATED PARTIES

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

Related party	Nature of relationship	Transaction type	2009/10 R'000		2008/09 R'000	
			Amount of the transaction	Amount receivable/ (payable)	Amount of the transaction	Amount receivable/ (payable)
Payables						
Anglo Operations Ltd	Maryanne Tollope (Board Member)	Discretionary grants	1 886	(1 053)	2 493	(1 771)
Deloitte	Dorothy Ndletyana (Board member)	Discretionary grants	1 175	(1 982)	2 257	(2 169)
Industrial Development Corporation	Holger Fischer (Board member)	Consultancy and other service provider fees	6 787	(1 24)	5 812	(175)
KPMG	Heidi Volschenk (Board member)	Discretionary grants	714	(692)	801	(757)
MBS Accounting Services CC	Shirley Olsen (Board member)	Discretionary grants	2 860	(1 512)	681	(1 477)
Pricewaterhouse Coopers	Robert Capper (Board member)	Discretionary grants	54	-	74	-
South African Institute of Chartered Accountants (SAICA)	Mandi Olivier (Board member)	Discretionary grants	3 449	(2 129)	2 070	(1 997)
		Audit committee fees	15	-	22	-
		Assessor Training Seminar	100	-	-	-

The above transactions occurred under terms that were no more favourable than those available in similar arm's length dealings. Discretionary grants comprise of the Strategic Cash Grant, Learnership Cash Grant and project funding disbursed in accordance with the priorities as defined in the Sector Skills Plan. No guarantees have been given or received. No expense has been recognised in the period for bad or doubtful debt in respect of the amounts owed by related parties.

25 NOTES TO COMPARISON OF BUDGET AND ACTUAL

Legislation requires that the Seta annually, in September submit a budget to the Minister for approval. Any subsequent changes required to the initial budget are approved by the Management Board on recommendation of the Finance Committee.

25.1 Skills Development Levy: income from non-exchange transactions:

Levy receipts were slightly lower than anticipated, but this did not impact on the operations and projects of Fasset. The decrease in the levies resulted mainly from unanticipated levy adjustments from SARS relating to prior years.

25.2 Skills Development Levy: penalties and interest from non - exchange transactions

Income from penalties and interest arise when employers fail to submit their returns as required by legislation. These amounts typically vary significantly year on year. The full balance is made available for projects.

25.3 Investment Income

Investment income was lower than budgeted due to unanticipated decrease in the interest rates at which the Seta invests its surplus funds.

25.4 Employer grant and project expenses

The approved final budget only includes the estimated mandatory grant spending of the current financial year. This over expenditure related to increased project expenditure ,utilising prior year reserves. This over expenditure is acceptable practice within the Seta environment given the multi year nature of many projects.

25.5 Administration expenses

Administration expenditure is limited to 10% of levies received. The legislation limit has not been exceeded and the savings will be utilised to fund sector skills priorities, through various projects.

APPENDIX A



NSDS TARGETS AND ACHIEVEMENTS

NSDS II TARGETS AND ACHIEVEMENTS

NOTES

1. Only the indicators that are applicable to the Seta (as per the Department's Service level Agreement) have been included.

NSDS Objective 1: Prioritising critical skills for growth and development and equity

	NSDS Indicator	Fasset 2009-2010 Target	Achievement	Reason for Deviation From Target
1.1	Skills development supports national and sectoral growth, development and equity priorities	The sector skills plan or annual update is signed off by the: <ul style="list-style-type: none"> • Seta Board Chairperson • Seta/Department agreed growth, development and equity strategy driver/s. • Department executive manager responsible for quality assurance of sector skills plan 	Sector skills plan signed off by all relevant parties	No deviation.
1.2	Information on critical skills widely available to learners. Impact of information dissemination researched, measured and communicated in terms of rising entry, completion and placement of learners	8500 skills development facilitators or sector specialists trained in the use of the guide	11 409 skills development facilitators or sector specialists trained in the use of the guide	Additional lifelong learning events and new topics were offered. This resulted in increased participation from the stakeholders in scarce and critical skills discussions and the target was therefore exceeded.

NSDS Objective 2: Stimulating quality training for all in the workplace

	NSDS Indicator	Fasset 2009-2010 Target	Achievement	Reason for Deviation From Target
2.1	80% of large firms' and 60% of medium firms' Employment Equity targets supported by skills development. Impact on overall equity profile assessed	54 large firms 94 medium firms	65 large firms 139 medium firms	Through a strategy of employer support, more firms participated in the grants claims process. The target has been exceeded. Both the 80% and 60% indicators were exceeded.

	NSDS Indicator	Fasset 2009-2010 Target	Achievement	Reason for Deviation From Target
2.2	Skills development in at least 40% of small levy-paying firms supported and the impact of the support measured	2000 small levy paying firms supported	2842 small levy paying firms supported	Through a strategy of employer support, more firms participated in the grants claims process. The target has been exceeded. The 40% target has been exceeded.
2.5	Number of small BEE firms and BEE co-operatives supported by skills development. Impact of support measured	145 BEE firms supported	202 BEE firms supported	The alignment of the finalised BEE codes resulted in additional BEE firms qualifying as BEE contributors in the sector and thus the target has been exceeded.
2.7	Number of workers have achieved ABET Level 4	ABET learners registered: 234 ABET learners achieved: 83	ABET learners registered: 299 ABET learners achieved: 133	Increased participation and buy-in from employers lead to the over achievement of this target. Some learners that achieved in this period were registered in previous periods. ABET learners registered in this period will complete in subsequent periods.
2.8	Number of workers assisted to enter and at least 50% successfully complete learning programmes. Impact of assistance measured	Learners registered: 7120 Learners completed: 7200	Learners registered: 13974 Learners completed: 13735	There was an increase in the number of lifelong learning events offered as well as the introduction of new topics. This lead to increased participation and attendance at lifelong learning events. Furthermore, due to the economic downturn, more employees attended lifelong learning events as a free training opportunity resulting in an overachievement of the target. The 50% completion target was exceeded.

NSDS Objective 3: Promoting employability and sustainable livelihoods through skills development

	NSDS Indicator	Fasset 2009–2010 Target	Achievement	Reason for Deviation From Target
3.2	2000 non-levy paying enterprises, NGOs, CBOs, and community-based co-operatives supported by skills development. Impact of support on sustainability measured with a targeted 75% success rate	1100 non-levy paying enterprises supported	1407 non-levy paying enterprises supported	Due to a focused marketing campaign highlighting the benefits of registration with Fasset, an increased number of non-levy payers registered with Fasset. Furthermore, due to the economic downturn, employers have seen the opportunity of benefiting from the various interventions that are applicable to them as registered non-levy payers. The 75% success rate was exceeded.

NSDS Objective 4: Assisting new entrants into the labour market and self-employment

	NSDS Indicator	Fasset 2009–2010 Target	Achievement	Reason for Deviation From Target
4.1	Number of unemployed people assisted to enter learning programmes and at least 50 % successfully completed. Impact of assistance measured	Learners registered: 2300 Learners completed: 2000	Learners registered: 3833 Learners completed: 3161	An increased number of learners have registered on learnerships including learners registered on non-accounting learnerships e.g. debt collectors and call centre. Most of the learners that were registered from previous years were registered on 3-5 year Fasset learnerships. These learners have thus completed their learnerships in this period and this has resulted in an overachievement of the target. The 50% completion rate was exceeded.

	NSDS Indicator	Fasset 2009–2010 Target	Achievement	Reason for Deviation From Target
4.2	Number of learners in critical skills programmes covered by sector agreements from FET and HET institutions assisted to gain work experience, of whom at least 70% successfully find placement in employment or self employment	800 learners assisted to gain work experience and 560 placed	1262 learners assisted to gain work experience and 681 placed	Additional discretionary funding was allocated to the development projects resulting in additional learners being trained thus resulting in the target being exceeded. Due to the duration of the development projects, the 70% placement rate can only be measured from 2011.
4.3	Number of young people trained and mentored to form new ventures and at least 70% of new ventures in operation 12 months after completion of programme	350 learners trained and mentored to form new ventures, 385 in operation 12 months after completion	1128 learners trained and mentored to form new ventures, 572 in operation 12 months after completion	Learners that were registered in previous periods have completed their training and have become eligible to register with their respective professional bodies for practicing licenses. More than 70 % registered from the previous period, have retained their practicing licenses.

NSDS Objective 5: Improving the quality and relevance of provision

	NSDS Indicator	Fasset 2009–2010 Target	Achievement	Reason for Deviation From Target
5.1	The Seta recognises and supports Institutes of Sectoral or Occupational Excellence (ISOEs), within public and private institutions, spread as widely as possible geographically, whose excellence is measured in the number of learners successfully placed in the sector and employer satisfaction ratings of their training	450 institutes supported	539 institutes supported	An increased number of accreditation and monitoring visits were conducted by Fasset and professional bodies resulting in the target being exceeded.

	NSDS Indicator	Fasset 2009–2010 Target	Achievement	Reason for Deviation From Target
5.2	Each province has at least two provider institutions accredited to manage the delivery of the New Venture Creation qualifications and 70% of new ventures still operating after 12 months	20 provider institutes	88 provider institutes	Additional provider sites were accredited due to the accreditation of a new Quality Assurance Partner.
5.3	There are measurable improvements in the quality of services delivered by skills development institutions and those institutions responsible for the implementation of the NQF in support of the NSDS	The seta is to meet SAQA audit and NLRD upload requirements.	The SAQA audit and NLRD upload requirements were met.	No deviation.

APPENDIX B



MANAGEMENT BOARD

Name	Representing	Constituency	Organisation	Race	Gender	28 May 2009	10 September 2009	26 November 2009	11 March 2010	Total Meetings attended	Participation in Working in Committees
Andrew Carlsson	Employees	Professional Bodies	Institute of Certified Bookkeepers	White	Male	✓	✓	✓	✓	4 of 4	Quality Assurance and Learnerships; Skills Planning
Cheryl James		Fasset CEO	Fasset	White	Female	✓	✓	✓	✓	4 of 4	
Christa du Plooy ¹	Employees	Trade Unions	Public Service Association	White	Female	-	N/A	N/A	N/A	0 of 1	Exco; Remuneration
Pieter Lombard ²	Employees	Trade Unions	Public Service Association	White	Male	N/A	✓	✓	✓	3 of 3	
Dorothy Ndlelyana	Employers	Taxation Services	Deloitte	African	Female	✓	-	✓	✓	3 of 4	
Hanneljie Bolma	Employees	Trade Unions	Public Service Association	White	Female	-	✓	-	-	1 of 4	
Heidi Volschenk	Employers	Business Management & Consulting	KPMG	White	Female	-	-	✓	-	1 of 4	
Holger Fischer	Employers	Development Corporations	Industrial Development Corporation	White	Male	✓	-	-	-	1 of 4	Exco

Name	Representing	Constituency	Organisation	Race	Gender	28 May 2009	10 September 2009	26 November 2009	11 March 2010	Total Meetings attended	Participation in Working Committees
Kate Hlongwane ³	Employees	Trade Unions	NEHAWU	African	Female	N/A	N/A	✓	✓	1 of 2	
Mandi Olivier	Employees	Professional Bodies	South African Institute of Chartered Accountants	White	Female	✓	✓	✓	-	3 of 4	Audit
Maryanne Trollope	Employers	Investment Entities & Trusts	Anglo Operations Ltd	White	Female	✓	✓	✓	✓	4 of 4	Exco; Communications; Remuneration
Mpuseng Moloi	Employers	Securities & Stock Brokers	JSE Limited	African	Female	✓	✓	✓	✓	4 of 4	Chairman; Exco;
Robert Capper	Employers	Large Accounting & Auditing Firms	Pricewaterhouse-Coopers	White	Male	✓	✓	✓	✓	4 of 4	Deputy Chairman; Exco; Finance; Remuneration
Samantha Louis	Employees	Professional Bodies	Chartered Institute of Management Accountants	White	Female	✓	✓	-	✓	3 of 4	Exco; Quality Assurance and Learnerships
Shirley Olsen	Employers	Small Accounting & Auditing Firms	MBS	White	Female	✓	✓	✓	-	3 of 4	Quality Assurance and Learnerships; Finance
Stadi Mngomezulu	Employers	The State	National Treasury	African	Male	✓	✓	✓	✓	4 of 4	Audit

Name	Representing	Constituency	Organisation	Race	Gender	28 May 2009	10 September 2009	26 November 2009	11 March 2010	Total Meetings attended	Participation in Working in Committees
Thunisi Tshitso ³	Employees	Trade Unions	NEHAWU	African	Male	N/A	N/A		✓	1 of 2	
Wifness Magoswana ⁴	Employees	Trade Unions	NEHAWU	African	Male	✓	✓	N/A	N/A	2 of 2	Exco; Remuneration
Zahra Cassim	Employees	Professional Bodies	Institute for Public Finance and Auditing	Coloured	Female	-	-	✓	✓	2 of 4	Skills Planning
Zola Williams ¹	Employees	Trade Unions	NEHAWU	African	Female		N/A	N/A	N/A	1 of 1	

¹ Resigned May 2009

² Joined September 2009

³ Joined November 2009

⁴ Resigned November 2009

APPENDIX C



Committee	Chairperson	No of Meetings Attended
Audit Committee	Sakhi Simelane (Independent Chair)	4 of 4
Communications	Maryanne Trollope	4 of 4
Exco	Mpuseng Moloi	5 of 5
Finance	Robert Capper	7 of 11
Remuneration	Maryanne Trollope	2 of 2
Skills Planning	Zahra Cassim	3 of 4
Quality Assurance & Learnerships	Shirley Olsen	3 of 4

Committee members and meetings attended

EXCO

Member	Organisation	Meetings Attended
Cheryl James	Fasset CEO	4 of 4
Holger Fisher	Industrial Development Corporation	4 of 4
Maryanne Trollope	Anglo Operations Ltd	3 of 4
Mpuseng Moloi (Chair)	JSE Limited	4 of 4
Pieter Lombard ¹	Public Service Association	1 of 1
Robert Capper (Deputy Chair)	PricewaterhouseCoopers	4 of 4
Samantha Louis	Chartered Institute of Management Accountants	2 of 4
Witness Magoswana ²	NEHAWU	3 of 3

¹ Joined February 2010

² Resigned October 2009

Communication

Member	Organisation	Meetings Attended
Eva Cruz	Silica Financial Administration Solutions	3 of 4
Kaamini Reddy ¹	BANKSETA	1 of 3
Keith Peterson	South African Institute of Tax Practitioners	1 of 4
Marna Enslin	South African Institute of Professional Accountants	2 of 4
Maryanne Trollope (Chair)	Anglo Operations Ltd	4 of 4
Rue Bateman	KPMG	2 of 4
Tsholofelo Dihutso	Chartered Institute of Management Accountants	3 of 4

¹ Joined July 2009 and resigned March 2010

Finance

Member	Organisation	Meetings Attended
Bill Shellard	Shellprof	9 of 11
Cheryl James	Fasset CEO	10 of 11
Nadine Kater	Fasset COO	11 of 11
Robert Capper (Chair)	PricewaterhouseCoopers	7 of 11
Susan Vasconcelos	Nexus Management Consultants	10 of 11
Shirley Olsen	MBS	7 of 11

Remuneration

Member	Organisation	Meetings Attended
Maryanne Trollope (Chair)	Anglo Operations Ltd	2 of 2
Pieter Lombard ¹	PSA	1 of 1
Robert Capper	PricewaterhouseCoopers	2 of 2
Witness Magoswana ²	NEHAWU	0 of 1

¹ **Joined February 2010**

² **Resigned October 2009**

Skills Planning

Member	Organisation	Meetings Attended
Aboo Amod	Industrial Development Corporation	3 of 4
Andrew Carlsson	Institute of Certified Bookkeepers	4 of 4
Angela Forrest	South African Institutes of Professional Accountants	2 of 4
Ashleigh Alistoun ¹	KPMG	1 of 2
Audrey Longwe ²	Deloitte	0 of 4
Charisse Zerf ³	MBD Attorneys	2 of 3
Charlene O'Connor	Transunion	2 of 4
Cindy Parvess ⁴	Association of Chartered Certified Accountants	3 of 3
Eva Cruz	Silica Financial Administration Solutions	4 of 4
Fumani Nkunda ⁴	PricewaterhouseCoopers	1 of 2
Neo Mndebele	JSE Limited	3 of 4
Noreen Kolbe	RCS Group	0 of 4
Stiaan Klue	South African Institute of Tax Practitioners	2 of 4
Stuart Noble	Financial Training Corporation	1 of 4
Thea Pelser	PricewaterhouseCoopers	3 of 4
Zahra Cassim (Chair)	Institute for Public Finance and Auditing	3 of 4

¹ **Joined October 2009**

² **Resigned February 2010**

³ **Resigned January 2010**

⁴ **Joined July 2009**

Quality Assurance & Learnerships

Member	Organisation	Meetings Attended
Aboo Amod	Industrial Development Corporation	3 of 4
Andrew Carlsson	Institute of Certified Bookkeepers	4 of 4
Angela Forrest	South African Institute of Professional Accountants	4 of 4
Bill Shellard	Institute of Internal Auditors	2 of 4
Caroline Hall	Association of Accounting Technicians	0 of 4
Christa Boshoff	South African Institute of Tax Practitioners	1 of 4
Cindy Parvess	Association of Chartered Certified Accountants	0 of 4
Clare Morley	Association of Accounting Technicians	1 of 4
Ehsaan Nagia	Institute of Administration and Commerce	3 of 4
Fransisca Venter ¹	Actuarial Society of South Africa	0 of 2
Geoffrey Ngonyama	South African Institute of Chartered Accountants	3 of 4
Jackie Baumgardt	Institute of Chartered Secretaries & Administrators	3 of 4
Jane Scott Paul	Association of Accounting Technicians	1 of 4
Janse Maritz	Institute of Certified Bookkeepers	2 of 4
John Blignaut	Definitive Solutions Training cc	3 of 4
Krishan Nowrungsah	Chartered Institute of Management Accountants	2 of 4
Laine Katzin ²	Independent Regulatory Board for Auditors	1 of 2
Lawrence Chetty	Institute of Internal Auditors	2 of 4
Louise Schoonwinkel ³	Wow Group	1 of 2
Mmatsie Mpshane ⁴	Independent Regulatory Board for Auditors	1 of 1
Princess Mbotho	South African Institute of Public Accountants	1 of 4
Riana de Bruyn ¹	Association of Accounting Technicians (South Africa) / South African Institute of Chartered Accountants	2 of 3
Robin T Dixie	Robin T Dixie & Associates	3 of 4
Samantha Louis	Chartered Institute of Management Accountants	3 of 4
Shirley Olsen (Chair)	Master Business Services cc	3 of 4
Stephen Sadie ³	Institute of Chartered Secretaries and Administrators	3 of 3
Stiaan Klue	South African Institute of Tax Practitioners	2 of 4
Tania Williams	Softline Pastel	0 of 2
Tonia Valis	Association of Chartered Certified Accountants	1 of 4
Tracey Larsen ⁵	Wow Group	1 of 2
Vashna Rawjee	ATCOR	3 of 4

¹ **Joined May 2009**

² **Joined September 2009**

³ **Joined July 2009**

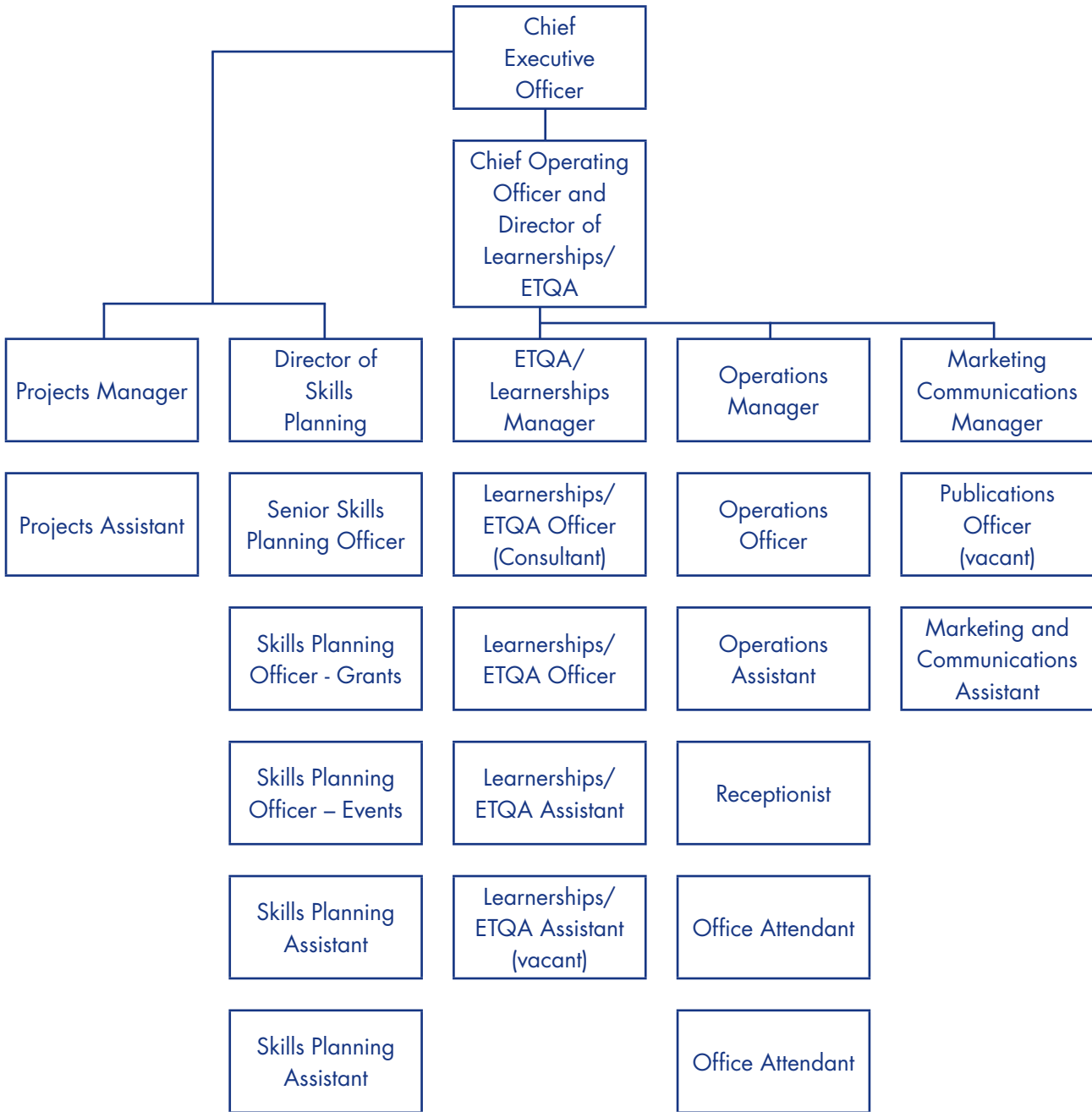
⁴ **Joined February 2010**

⁵ **Joined April 2009**

APPENDIX D



ORGANOGRAM



ACRONYMS AND ABBREVIATIONS

AAT	Association of Accounting Technicians	NSDS	National Skills Development Strategy
AAT(SA)	Association of Accounting Technicians (South Africa)	NSF	National Skills Fund
ABET	Adult Basic Education and Training	PFMA	Public Finance Management Act (Act No 1 of 1999) as amended
ACCA	Association of Chartered Certified Accountants	PPE	Public Practice Exam
ACFE	The Association of Certified Fraud Examiners	PSA	Public Service Association
ATR	Annual Training Report	QAP	Quality Assurance Partner
CEO	Chief Executive Officer	ROI	Return on Investment
CIMA	Chartered Institute of Management Accountants	SAICA	South African Institute of Chartered Accountants
COO	Chief Operating Officer	SAIPA	South African Institute of Professional Accountants
DHET	Department of Higher Education and Training	SAIT	South African Institute of Tax Practitioners
DoL	Department of Labour	SAQA	South African Qualifications Authority
ETQA	Education and Training Quality Assurance	SARS	South African Revenue Services
EXCO	Executive Committee	SCG	Strategic Cash Grant
Fasset	The Seta for Finance, Accounting, Management Consulting and Other Financial Services	SDFs	Skills Development Facilitators
FET	Further Education and Training	SDL	Skills Development Levy
FSA	Fasset Skills Advisor	Seta	Sector Education Training Authority
GAAP	Generally Accepted Accounting Practice	SMME	Small Medium and Micro Enterprises
Gibs	Gordon Institute of Business Science	SSP	Sector Skills Plan
GRAP	Generally Recognised Accounting Practice	TIMSS	Trends in International Mathematics and Science Study
GTCSS	Guarantee Trust Corporate Support Services	WSP	Workplace Skills Plan
HSRC	Human Sciences Research Council		
IAC	Institute of Administration & Commerce		
ICB	Institute of Certified Bookkeepers		
ICSA	Institute of Chartered Certified Secretaries and Administrators		
IIA	Institute of Internal Auditors		
IIP	Investors in People		
IPFA	Institute for Public Finance and Auditing		
IRBA	Independent Regulatory Board of Auditors		
LCG	Learnership Cash Grant		
MOU	Memorandum of Understanding		
NEHAWU	National Education, Health and Allied Workers Union		
NQF	National Qualifications Framework		

PO Box 6801, Cresta, 2118
Block A, Eva Office Park, Cnr Beyers Naudé Drive & Judges Avenue, Blackheath, Randburg.
Call Centre: 086 101 0001
E-mail: fassetcallcentre@fasset.org.za
Web: www.fasset.org.za

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