



F A S S E T

*Make the future count*

## **ANNUAL REPORT**

1 April 2010 to 31 March 2011



*The will to move is a passion for change.*

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





higher education  
& training

Department:  
Higher Education and Training  
REPUBLIC OF SOUTH AFRICA



## ***ANNUAL REPORT OF FASSET***

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

1 April 2010 to 31 March 2011

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Nzimande



Fasset CEO,  
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 (ROI)
- To encourage employers and employees to adopt a culture of Lifelong Learning
- To ensure the quality of education and training in the sector, 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 (EEA) 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

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 2010 TO 31 MARCH 2011.

As Chairman, writing the foreword to Fasset's Annual Report can be a daunting task. It is the first major document in the Report, and sets the scene for what follows. Do I bombard with statistics, highlighting our successes and downplaying any areas which need to be developed? Should I write in a high linguistic style designed to impress you with our competence, rather than express facts simply? Should I be dull and dry, using acronyms at every turn, writing like a cipher, and should I let my personality creep into the report?

I have set the scene for the more detailed reports that follow, hopefully using a style that will make the foreword enjoyable to read. I will concentrate on our success stories, and on the areas on which we are still working, rising to meet new challenges.

## **INTRODUCTION**

The year under review was our eleventh year of operation and the sixth and final year of Fasset's functioning in terms of the Department of Higher Education and Training's (DHET's) National Skills Development Strategy (NSDS) II (from 2005 to 2011), which came into effect on 1 April 2005, and which was extended by 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 64 of this Report.

Fasset's achievements during the year confirm that Fasset has met all of its NSDS II targets. Fasset is looking forward to delivering against NSDS III (from 2011 to 2016), which will come into effect on 1 April 2011.

## **FINANCIAL INFORMATION**

Fasset was financed predominantly from the Skills Development Levy (SDL) 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), and
- 80% of funds, paid to SARS, then transferred to Fasset, which funds may be used as follows:
  - 10% administrative costs
  - 70% available for grants.

Member organisations of the Seta were able to access five grants during the period:

- Mandatory Grant
  - Mandatory Grant 2010 (Combined Annual Training Report (ATR) 2009/10 and Workplace Skills Plan (WSP) 2010/11), and
- Discretionary Grants
  - Strategic Cash Grant (SCG) 2010/11
  - Learnership Cash Grant (LCG) 2010/11
  - Small, Medium and Micro Enterprises (SMME) Grant 2010/11
  - Assessor and Moderator Grant (AMG) 2010/11.



Robert Capper  
Outgoing Chairman

Employers are able to claim back 50% of the 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 (the ATR) in respect of the previous year. Fasset's Management Board is very mindful of the importance of allocating funding strategically, ensuring that the small pool of discretionary funding has the maximum possible impact in skills priority areas. 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.

Funds amounting to R55 034 000 for the period under review, have been allocated to strategic projects identified by Fasset's Management Board. All budgeted income for 2010/11 has either 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 the full completion of all deliverables. The finalisation of all deliverables can, in some cases, 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 reflected a surplus in the statement of Financial Performance. This is due to the unexpected growth in the finance and accounting sector, and the limited impact of the

economic downturn, which was not anticipated when budgets were prepared. It is important to note that the surplus has been allocated to projects which will be implemented from 2011/12. The funds allocated to these projects from the current year's income are held in trust and only disbursed when all deliverables have been met.

The SCG was fully subscribed. The reason for this is: firstly the grants are well-positioned in the market place, and are thus regarded as highly relevant to our sector and secondly, the downturn in the economy has put many companies under pressure, reducing their cash available for sustaining training initiatives. These organisations have sought other means of financing, and in many cases have used Seta funding. Whether this trend will be continue in the current year remains to be seen.

Full financial details are provided on pages 22 to 63 of this Report.

## **GOVERNANCE**

The Management Board is very conscious that it is a custodian of public funds – levies paid by employers are to be used to further education, training and development in our sector. We have a fiduciary duty to ensure that we invest and manage those funds appropriately, enabling Fasset to meet its goals of skills development.

We welcome the Auditor-General's annual audit. We believe we are among the leaders in corporate governance within the

## Chairman's Foreword

public sector environment, and in terms of this we have always been conservative in our investment approach. This is reflected in the way in which we manage our funds, and the way in which we identify projects to be supported.

Corporate governance impacts everything that Fasset does. It has allowed us to allay stakeholder fears, to build commitment both within and outside the organisation, and to focus on delivery. 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.

The King Report on Governance in South Africa 2009 came into effect on 1 March 2010. During the year under review, Fasset conducted an exercise to assess compliance with the principles of the King Code on Governance for South Africa 2009 (King III). Where gaps have been identified Fasset is in the process of implementing the relevant improvements, where possible.

We are encouraged by the emphasis being placed on the audit of performance, as we believe that the Seta should be accountable, not only for the money that we spend, but also for the outcomes achieved. This move towards integrated reporting is also emphasised in King III and Fasset will continue to strive to meet best practice in reporting.

As the Management Board, Fasset is very pleased to report that the Seta has obtained an unqualified Audit Report for the eleventh year in succession.

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**

We are justifiably proud of our successes. The move from the Department of Labour (DoL) to the DHET has been completed. Hats off to DoL and DHET for the way in which they managed the move. Disruption to our day-to-day administration was kept to a minimum, and we were left to function with very little negative effect on our stakeholders. There were a few glitches,

but these were to be expected, and as soon as they were noted and communicated to the Department, processes were embarked on to rectify them.

The NSDS III is a superb document. While NSDS I and NSDS II were target-based, NSDS III is far more intervention-based and more integrated. It adopts a career pathway approach, which is innovative, and is possibly a result of the relocation of Setas from DoL to DHET. We look forward to working with DHET and delivering against NSDS III.

We submitted our SSP to DHET by the end of September 2010 and we were delighted to receive an excellent rating. I am proud to have been associated with this success, and congratulate all those who worked so hard to produce a very high quality SSP.

Minister Blade Nzimande has placed a very heavy emphasis on corporate governance and is exercising very tight control over Setas. While we support these changes, some of them have required us to reassess our Constitution and the way in which we govern ourselves. The key change is that our Management Board has been reduced from 17 (16 elective and our Chief Executive Officer (CEO)) to 15 (12 elective and three ministerial appointments, including a non-voting Chairman).

Fasset has amended its Constitution to comply with the new recommended Constitution. I believe we are able to work within this framework.

On a personal note, I am so happy to have been associated with Fasset for the past eight years. Myself and my fellow Board members give of our time and efforts free-of-charge. We do this with pleasure, knowing that we are providing an exemplary service of the highest quality, and making a difference to those who need a helping hand in receiving higher education, and ultimately helping them find permanent employment, normally within our sector.

All our efforts would be in vain if it weren't for our CEO, Cheryl James, and the talented and dedicated team she has developed. I cannot thank them enough for helping us turn our desires for betterment into reality.

In view of the change made by Minister Blade Nzimande I will be replaced as Chairman of the Management Board by Tsakani Matshazi. I will do my utmost to ensure a smooth handover.

I wish my successor every success in chairing the Fasset Board and hope she enjoys the sense of achievement and support I have enjoyed through my close association with Fasset.

I would also like to commend fellow Board members, who have indicated that, even if they no longer serve on the Board, they would like to continue to make themselves available to serve on Fasset's committees.

A handwritten signature in blue ink that reads "Robert Capper". The signature is written in a cursive style with a large initial 'R'.

ROBERT CAPPER

Outgoing Chairman

31 July 2011



# CEO's Report

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

## **INTRODUCTION**

Fasset's Management Board, Management Team, staff and stakeholders have an unrivalled passion for making a difference. This has enabled Fasset to establish an outstanding track record for delivery over the past 11 years.

Fasset met all its NSDS I and has also met all of its NSDS II targets. Major achievements in the year under review included: allocating all unclaimed grant money to strategic projects; a 100% placement rate on completion of Fasset learnerships; and the upskilling of more than 177 952 individuals, collectively, through Fasset learnerships, Fasset's National Skills Fund (NSF)-funded Projects and Fasset-funded Development Projects, and Fasset's Lifelong Learning interventions. These achievements confirm that Fasset has made an indelible difference to the lives of thousands of young South Africans in its sector.

Change is inevitable, and something that Fasset embraces. The move to DHET is now complete and signals the end of one era and the start of a new dawn. Our journey continues, and while we are still waiting for clarity regarding reporting structures and Implementation Plans, our journey continues and we are already starting to see the benefits of an integrated approach to skills development, for example, the Further Education and Training (FET) Summit and the Skills Summits held last year.

We must acknowledge that while there have been teething problems, Fasset and DHET are committed to working together and have a common goal of working through challenges.

Fasset was delighted to be re-licensed by Minister Blade Nzimande on 9 November 2010. Fasset is very well-positioned to deliver against NSDS III, which came into effect on 1 April 2011, and is looking forward to playing its part in ensuring that Minister of Higher Education and Training, Blade Nzimande's vision of creating a *skilled and capable workforce that shares in, and contributes to the benefits and opportunities of economic expansion and an inclusive growth path* is achieved.

## **LEARNERSHIPS**

As at 31 March 2011, Fasset had 29 learnerships registered. Professional body qualifications account for 28 of Fasset's 29 learnerships.

Of the 44 385 learners registered on Fasset learnerships to date:

- 3 982 learners were signed on during the year under review,
- 762 are 18.1 learners (previously employed),
- 3 220 are 18.2 learners (previously unemployed), and
- 3 494 have already completed their learnership by 31 March 2011.

Fasset learnerships culminate in professional qualifications and are linked to career paths and proper career development.

Although our records indicate that 22 955 learners have completed Fasset learnerships across NSDS I and NSDS II, the



Cheryl James  
CEO, Fasset

number is actually higher. Fasset learnerships are typically of three-year duration. NSDS reporting mechanisms do not allow Fasset to track all learners, who have completed their Fasset learnerships across different five-year strategies, specifically those learners signed onto Fasset learnerships in the Year 4 (2003/04), or Year 5 (2004/05), of NSDS I, and NSDS II.

Fasset continues with its work to register a Financial Markets and a Tax qualification to be registered with the Quality Council for Trades and Occupations (QCTO). Fasset is working very closely with the sectors concerned to develop these qualifications and learnerships, and working group meetings were held in March 2011. Scoping meetings for both the Tax and Financial Markets learnerships are planned for 2011.

The demographic profile of learners on Fasset learnerships continues to improve, from 29% Black (African, Indian and coloured) in Year 2 (2001/02), to 34% in Year 5, to 52% in Year 11 (2010/11).

Fasset has consistently exceeded the Seta average placement rate in the workplace of 60 - 65%, achieving an impressive 100% placement in employment on completion of learnerships. This achievement confirms that our learnerships are closely aligned to real skills needs within our sector and the economy as a whole. It also attests to the credibility and the quality of Fasset-accredited qualifications.

Fasset participated in the South African Qualifications Authority (SAQA) Recognition of Prior Learning Conference (RPL) held in Johannesburg in February 2011. Fasset presented on

the RPL model, which functions effectively in the sector. For many sectors, especially those that have a large number of employees that operate at NQF levels 1 to 4, RPL is used as a form of social justice. Those who did not have access to formal training, but nevertheless acquired the requisite skills, gain recognition through the RPL process. For many employees, RPL serves as a means to recognise the skills that they possess and have gained through their many years in their respective occupations.

Since its inception, Fasset has incentivised small and medium sized employers with (149 or fewer employees) to sign African, coloured, Indian or learners with disabilities onto learnerships by offering a LCG. Some 731 applications were received for the period ending 31 March 2011, compared to 765 in the previous financial year.

The 21 Memoranda of Understanding (MoUs) Fasset has with other Setas has facilitated the implementation of learnerships across sectors. There are currently 1 244 learners from other sectors on Fasset learnerships, of which 246 learners were registered during the period under review. Fasset employers have registered 1 017 learners on learnerships from other sectors.

## **QUALITY ASSURANCE**

Although Quality Assurance may no longer be part of the legislated functioning of Setas, Quality Assurance Partners (QAPs) continue to serve as agent Education and Training Quality Authorities (ETQAs) and are responsible for performing the

## CEO's Report

education and quality assurance functions for their qualifications on Fasset's behalf.

Fasset has seven accredited QAPs. QAPs 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), the Institute of Chartered Secretaries and Administrators (ICSA), the South African Institute of Professional Accountants (SAIPA) and Pastel.

Fasset has always supported the launch of the QCTO and is part of the Transitional Task Team.

In 2005 SAQA initiated a review of professional qualifications on the NQF, together with the Council for Higher Education (CHE). Following this process, and as a direct result of the promulgation of the NQF Act in 2009, a Professional Body Reference Group was established. The group consists of ten nominated members which is tasked with making recommendations to SAQA on how best professional bodies can be recognised within the NQF system. Fasset, Services Seta and Higher Education South Africa (HESA) are co-opted members of this body. Fasset has participated in the group from the outset. The process is in a developmental phase. Policy and criteria are being mapped out in preparation of the process of recognising and registering professional designations. This process is expected to be implemented in 2011.

In the year under review, Fasset introduced the AMG. The grant replaces Fasset's annual Assessor and Moderator training event. Candidates are reimbursed for the cost of assessor/moderator training, that had taken place between January and December 2010. They were reimbursed once they registered as assessors/moderators with Fasset. Some 37 applications have been received.

### **SKILLS PLANNING**

With the move to DHET, the SSP has once again become a strategic document. In line with this change, Fasset interacted with our professional researchers by coordinating stakeholder focus groups, developing Seta targets and aligning these to NSDS III.

Fasset's SSP was submitted to DHET in September 2010, in the absence of a final NSDS III, and refined and resubmitted in February 2011. This was in line with the finalised NSDS III, which was released on 13 January 2011. SSPs are now aligned to broader industrial policy and legislation, and are contextualised in terms of the South African environment. Fasset's SSP for the period 2011-2016

was one of few Setas whose SSPs were approved by the DHET. Our SSP was ranked 'excellent'.

During the year under review 1 629 Mandatory Grant applications were received and 1 572 applications were approved. In the previous financial year 1 906 grant applications were received and 1 811 applications were approved. The decline in Mandatory Grant submissions was largely in the SMME area due to the tapering off of support to employers, via Fasset Skills Advisors (FSAs), external skills development professionals appointed to assist employers with grant completion. Fasset has, nevertheless, met all of its NSDS targets in this regard.

Since its inception, Fasset has incentivised employers to provide training in strategic areas by way of a SCG. The SCG was applicable to any black learners and/or learners with a disability who were on a learnership registered with Fasset or any other Seta; external bursaries to unemployed learners to study at recognised institutions or professional bodies; workplace experience to unemployed learners; internal bursaries to specific employed learners to study at recognised institutions or professional bodies; Adult Basic Education and Training (ABET), and National Standards for People Development.

Fasset successfully piloted the SMME Grant. The grant acknowledges that there are small firms in the Fasset sector who do not have active learnership programmes, but who are still investing in extensive skills development and education and training. The grant enables SMMEs (organisations which employ fewer than 50 people), which are engaged in non learnership-related training, to spend more money on substantial educational interventions, in areas related to scarce skills in the Fasset sector. 17 applications were received for the grant.

Going forward, our Management Board has approved a system of tariffs, this system will run across most Fasset grants. The tariff-based system takes cognisance of the fact that NSDS III highlights a strong focus on the identification of cost per learner/headcount throughout its principles. This approach will also help to achieve consistency in the way in which Fasset treats grants.

Simplified FSA assistance was offered in the period. As from 1 April 2010, one-on-one advisory visits to organisations were only scheduled where the Skills Development Facilitators (SDFs) were newly appointed or where the entity employed 50 or more staff. All other employers received telephonic assistance in completing the shortened Mandatory Grant application form.

The transition from a full support modality to the reduced support modality has been very smooth. In the year ahead, Fasset will provide internal face-to-face assistance to medium and large employers and to new employers, if required. This will be done at a combination of Lifelong Learning events in May and June 2011, and at employers' offices.

Lifelong Learning remains a flagship initiative for Fasset. These events play a very important role in assisting small practitioners to keep their knowledge and skills levels up-to-date. 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 also enjoy training provided by experts in the field. Over the past 11 years, 67 791 delegates have participated in these interventions.

Six events were held in the period, including three new topics: Building and Maintaining a Team, ROI in Training and Assertiveness in the Workplace. Despite the fact that fewer events were held, Fasset has, nevertheless, met its targets. Some 11 863 delegates in total attended these interventions. Lifelong Learning events make a significant contribution to the achievements of Fasset's NSDS targets.

Fasset hosted a one day skills development training workshop in May 2010, entitled: *The Role of the SDF and New Developments in Skills Development*. The training was provided by Fasset CEO, Cheryl James; Fasset Chief Operating Officer (COO), Nadine Kater and Director of Skills Planning, Lauren Derman. The training was well-received. Some 162 delegates attended.

## **MARKETING AND COMMUNICATION**

The media continues to be monitored on an ongoing basis. 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's publicity is designed to increase participation in Fasset interventions. 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 R2,37 million was obtained, compared to the R2,16 million obtained in the 2009/10 financial year.

Advertising in print media continues to 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 during the year due to a lack of advertising support.

While Fasset editorial was published in a range of newspapers and business publications, the lion's share of free publicity was obtained in the Star Workplace/Star Workplace Report, with Fasset featured in at least 11 separate articles. This publication is arguably South Africa's premier weekly publication for young South Africans looking for career-related opportunities, and for employers seeking talent and wanting to remain abreast of Human Resources (HR) and skills development issues. Free publicity in these publications has positioned Fasset as a Seta that is making an indelible difference to the lives of thousands of young South Africans in its sector. It has also ensured that Fasset is perceived as a Seta that delivers, consistently.

Particularly gratifying is the increase in free publicity online. Fasset has received good online coverage in publications such as TimesLIVE, Bluechip online, BBQ online and Skills Portal. Mention should also be made that Google Alerts directs Fasset to mentions on Fasset stakeholder websites, including training providers, professional bodies, and accounting practices.

For some time now Fasset has received a free editorial in the ADRAINK quarterly publication. Fasset has recently been invited to contribute to the ICB's monthly online newsletter. In the year ahead, Fasset hopes to obtain more free publicity in professional body newsletters. For its part, Fasset intends increasing coverage of professional bodies in our Facts newsletter.

Various publications were produced during the year, including, our quarterly newsletter, Facts (which was introduced in Year 1 (2000/01)), a monthly e-zine, E-Facts, (introduced in Year 3 (2002/03)), our bi-annual e-zine for learners, L-Facts and the 2009/10 Annual Report. The highlight was the production of our Ten Year Book, which was launched at our cost-effective, and combined, Annual General Meeting (AGM), Thank You Function and Best Practice Awards. The book, which highlighted Fasset's achievements over the past ten years, reported on milestones and the quantifiable difference that Fasset has made over the past ten years. The book has been very well-received.

We need to be responsible in terms of our advertising spend. It was interesting to note that for the first time ever Parliament wanted to know where Fasset was advertising, the cost of advertising and the advertising reach.

## CEO's Report

Our marketing budget targeted business to business publications, professional body publications, business directories, government publications and publications produced by tertiary institutions. Where possible, free editorial was obtained in support of Fasset advertisements. Based on readership figures provided by publications, and where these have not been provided, a conservative pass-on rate of 2,5 per document, publications that Fasset has advertised in had a combined readership of approximately 6 255 250.

Our Learnership Marketing Campaign, launched in Year 10 (2009/10), continues to be very successful. By targeting the learner market, Fasset is able to influence career choices. The campaign was devised to promote career awareness 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. A combination of online and print advertising, partnerships, career exhibitions and a learner section on our website, was implemented.

Our advertising campaign targeted a far wider spectrum of youth-orientated media than in the past. Media included, but was not limited to, Village Voice, Free-4-All, Hip 2 B<sup>2</sup>, Skills Talk, Learnerships SA, Careers Unlimited for Learners 2011, Careers Unlimited for Graduates 2011, Post Matric and ACE Matric Guide 2010. Based on a conservative pass-on rate of 2,5 per document, where publishers estimates were not provided, these publications had a combined readership of approximately 6 538 750.

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.

Fasset partnered with *The Graduate*, a publication that set out to address the challenge of graduate training and placement, Sci-Bono and Career Planet. Fasset invested in the *Careers Fairs* package to address the high unemployment of graduates in the sector, to create awareness of Fasset, and to address the priority of graduate training and placement. Fasset obtained media coverage in this annual graduate publication, which targets final year and postgraduate students. Fasset also had a 12-month link to their website.

Fasset participated in *Careers Fairs* at the University of Limpopo, University of Johannesburg (UJ), University of the Witwatersand

(Wits) and the University of KwaZulu-Natal (UKZN). An estimated 3 500 university students attended the Career Days each day. Fasset has also partnered with *Career Planet*. Where Fasset is not able to attend exhibitions or events, marketing material is made available. In addition, Fasset participated in the Sci-Bono Discovery Centre, Finance Careers Week. Some 4 656 learners and 92 educators attended the Finance Careers Week.

Fasset is encouraged by requests to attend exhibitions, including exhibitions held by individual schools and exhibitions in outlying areas. Fasset's strategy is to target larger events attended by a number of schools. The Sci-Bono Discovery Centre, Finance Careers Week is a case in point. Those attending have already attended a Finance Week, and learners have the requisite subjects to pursue careers within the Fasset sector. As custodians of public funds, Fasset is very mindful of how resources are deployed. Fasset always seeks to have the maximum impact deploying the minimum resources. As much as Fasset would like to support all schools, this is neither time-effective nor cost-effective.

Professional bodies also play an important role in building the Fasset brand and in disseminating information about Fasset learnerships. Fasset participates in professional body activities such as the ACCA Open Day. Fasset also sponsored the CIMA Global Event and SAIPA's Accounting Olympiad.

While brand ambassadors will be deployed at universities, we have not yet introduced a social media campaign, which remains on our radar. We are very cognizant of the fact that social media is a live platform and requires risks to be managed. One of the current challenges, is to quantify the ROI of these campaigns.

A Customer Satisfaction Survey (CSS) was not undertaken in the year under review. Fasset achieved a very high success rate in the previous year and therefore did not feel another survey was required. It was also believed that Fasset needed more time to digest the results of its 2009 CSS. Furthermore, there have been a number of changes within the Seta environment and changes in terms of Fasset's grants. It was felt that Fasset stakeholders needed to familiarise themselves with these changes before they would be in a position to rate them.

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. Mention should be made of the increase in calls to Fasset from unemployed youth in January 2011, as a result of Minister Blade

Nzimande urging young South Africans to avail themselves of opportunities presented by learnerships. Our learnerships and tender website pages have proved the most popular. During the year under review 305 115 visitors visited our website. The website is currently being re-designed to align it with best practice trends.

## **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, beneficiaries are in line with NSDS targets as follows:

- 85% Black,
- 54% Women, and
- 4% People with Disabilities.

Development Projects continue to play an important role in opening up the sector for Black learners and learners with disabilities, addressing skills needs within the sector, and assisting unemployed graduates to find employment within the sector.

Fasset continues to support fewer projects with larger amounts of money, concentrating on projects that provide maximum ROI. In the year under review, less discretionary funding was available as compared with previous years to fund Development Projects. A challenge always is how to best allocate a smaller pool of funding than in previous years to a greater number of projects.

R31,5 million in funding was allocated (compared to R34,6 million in the previous year), bringing the amount allocated to Development Projects over the past 11 years to just over R350 million, including NSF funding for the Bonani and Thuthuka project extensions.

Since Fasset's inception 15 233 beneficiaries have been approved for funding; 15 167 beneficiaries have been recruited; and 11 442 beneficiaries have completed Fasset-funded Development Projects.

During the year under review, Fasset's Management Board reverted to funding projects at NQF levels 4 to 8 based on the skills needs identified in Fasset's SSP. Fasset's Executive Committee (Exco) approved funding for five projects: the Independent Regulatory Board for Auditors (IRBA) 2011, Public Practice Examination (PPE) Support Programme, the Bonani 6 Work Readiness Programme, the SciMathUS 2011 Matric rewrite Bridging Programme, the Thusanani 2011 Work Readiness Programme and the Thuthuka Qualifying Examination (QE) Repeat Programme. All five projects

are re-runs, projects which have delivered excellent results in the past. Two projects target learners at qualifying-level, two projects target learners at graduate-level and one project targets Grade 12 learners.

In the previous year funding was allocated for 140 candidates. Of the 87 candidates who completed the programme, and wrote the PPE in November 2010, 61 passed, representing a pass rate of 70%. In 2011 Fasset will fund 80 candidates on the IRBA 2011 PPE Support Programme.

The Bonani Work Readiness Programme, delivered by Guarantee Trust Corporate Support Services (GTCSS) remains a flagship project. Funding was approved for 400 learners on Bonani 6, compared to 460 learners in the previous year. It was very gratifying to note that Bonani had achieved a placement rate of just over 72% at 31 March 2011.

In 2011 Fasset will fund 80 learners on the Thusanani Work Readiness Programme, delivered by Stanley Hutcheson and Associates in partnership with UJ and Deloitte, bringing the total number of learners funded to date to 1 020. A placement rate of 73% was achieved in the 2010 programme, which supported 100 learners.

Some 250 learners were funded on the Thuthuka Repeat QE Part 1 Programme, managed by the South African Institute of Chartered Accountants (SAICA), and delivered by UJ as well as the University of Cape Town (UCT). Funding covered the tuition costs of 200 aspiring Chartered Accountants (CAs) in Gauteng and 50 candidates in the Western Cape. Fasset funded 400 learners in the previous year.

Fasset funded 30 learners on the Pakhamani AAT Programme. Various assessments need to be completed for the Advanced Certificate. The programme is due to be completed at the end of July 2011.

Fasset has started the process of conducting a tracking and impact study on a sample of the learners that it funds. The aim of the study is to gauge the levels of effective thinking before and after an intervention. In addition, the study will track the learners to establish their employment rates after the intervention. Results of the study will be available in the next reporting period.

## **FEEDBACK FROM BENEFICIARIES OF FASSET-FUNDED DEVELOPMENT PROJECTS**

"In the QE1 Programme, the lectures were outstanding. The detailed study plan, covering the whole syllabus gave structure to the course. All the participants received great support from all the lecturers during the duration of the course. The tutorials were really helpful in preparing for the QE2 exam along with the motivation and encouragement we received."

### **Mzwandile Curtis Mnisi**

*(Thuthuka Repeat QE Programme)*

"I was provided with detailed study material, high quality lectures and all the prescribed textbooks. All people involved were very supportive and motivated us constantly. Lecturers provided us with all their contact details and always stayed after class to take any questions from us. The lecturers were all highly experienced and delivered lectures of the highest quality."

### **Trishen Naidoo**

*(Thuthuka Repeat QE Programme)*

"Today I am working and can call myself a professional – all because I received an opportunity to complete the six month Bonani Work Readiness Program. The study material and skills that I gained from Guarantee Trust are helping me in my profession. I sometimes go back to my material and refer to it when I need more understanding."

### **Thabisile Nongogo**

*A Trainee Accountant at Xabiso Chartered Accountants.*

"If it were not for the SciMathUS Programme I would not be where I am today and I would not have been accepted for the Bachelor of Accountancy (B Acc) degree. This amazing one year programme gave me the opportunity to improve my marks in the subjects in which I had not done that well. The programme encourages one to broaden oneself with life and language skills. It really helped boost my confidence and self-esteem."

### **Hajierah Tambay**

*A trainee at Deloitte Cape Town*

## **FASSET BEST PRACTICE AWARDS**

Fasset first introduced the Fasset Best Practice 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 was declared the winner for the third year in succession at Fasset's AGM and Annual Thank You function.

## **CONSTITUTION**

During the period under review, Fasset held a Special General Meeting (SGM) on 17 February 2011. Fasset was the first Seta to hold a SGM on the proposed changes to Seta Constitutions. Minister Nzimande indicated that he wanted the 21 Setas that have been relicensed to have some consistency in terms of principles within their Constitution.

Many of the changes required emanate from the fact that there have been a number of developments over time, which have not been reflected in Seta Constitutions, including the move to DHET, amendments to the Skills Development Act (SDA), Act No 97 of 1998, as amended, the establishment of the QCTO, the fact that the SAQA Act had been repealed and replaced by the NQF Act, and the implementation of NSDS III.

The Seta Landscape was approved in terms of Government Notice No.1055, No.1056 and No.1057 published in Government Gazette No.33756 of 11 November 2010 and Fasset's new Constitution was gazetted on 8 April 2011 (No. 34202). Fasset's new Constitution can be downloaded from the Fasset website: [www.fasset.org.za](http://www.fasset.org.za)

Details of Fasset's Management Board, which served for the period 1 April 2010 to 31 March 2011 are provided in Appendix B.

## **THE ORGANISATIONAL FRAMEWORK**

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

## **MANAGEMENT BOARD**

The Management Board's responsibility has been expanded on in the Accounting Authority Report (see page 26). Other pertinent information relating to the Board is provided on the following page:

Composition of the Management Board for the period 1 April 2010 to 31 March 2011 was:

- one executive member, and the CEO, who has no voting rights, and
- sixteen non-executive members, of which four are trade union representatives, four are professional body representatives, eight are employer representatives.

The Management Board met 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:

- 27 May 2010,
- 9 September 2010,
- 25 November 2010, and
- 10 March 2011.

The Management Board was supported by seven Working Committees, as detailed in Appendix C (page 71). Committees are responsible for formulating policies and procedures. With the exception of the Audit and Risk Committee, Working Committee members are not remunerated for attendance at committee meetings. They are, however, remunerated for out-of-pocket expenditure, such as travel.

In addition to standardising Seta Constitutions, Minister Nzimande has also made significant changes to the composition of Seta Management Boards from 1 April 2011. Seta Boards will now be comprised of 15 Board members, including an independent, non-voting Chairperson, and two independent representatives, all appointed by the Minister. The 12 other Board Members, consist of six employer representatives and six employee representatives (three trade union and three professional body).

### *Audit and Risk Committee*

Members of the Audit and Risk Committee are remunerated at a rate of R5 000 per scheduled meeting, as approved by the Management Board. The Management Board also approved a remuneration rate, as per the Auditor-General rate, of R2 094 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 and Risk Committee held four scheduled meetings during the period. Details of the Audit and Risk Committee members, the number of meetings attended, resignations, new appointments and the remuneration received appear in the Audit and Risk Committee Report (page 19 to 21).

Fasset has both an Audit and Risk Committee Charter, and an internal audit function. The Audit and Risk 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 and Risk Committee members have to rotate every six years. (Details are provided in the Audit and Risk Committee Report on page 19).

### *Management Team*

During the year under review, Fasset's Management Team consisted of the CEO, the COO and four 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,
- conducting research,
- dissemination of information,
- maintaining the database and website, and
- performing all administrative functions necessary to ensure compliance with relevant legislation.

Fasset has outsourced non-core activities, since its inception. Information Technology (IT), website, call centre and financial functions were outsourced to Deloitte until 31 March 2011 and Osman, Moosa & Associates (OMA) served as Fasset's internal auditors until 31 March 2011.

### *Staffing*

Fasset had a staff complement of 21 at year end, unchanged from the previous year. No staff resigned during the period. There was one promotion: Farhana Bhamjee was promoted from Skills Planning Officer to Senior Skills Planning Officer. Former Senior Skills Planning Officer, Naamochene Pillay, was transferred to the position of Senior Learnership/ETQA Officer. During April 2011 Fasset's long-serving COO, Nadine Kater, resigned. She will be sorely missed and we wish her well in her new position as Head of ACCA South Africa. The COO position is currently being filled.

## CEO's Report

A breakdown of the demographic profile and staffing positions is provided in Table 1 below and in Appendix D on page 75.

Our Remuneration Policy is designed to establish and maintain competitive, fair, equitable and market-related compensation to attract, motivate and retain talented people.

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 2, on page 15 are aligned with the sector and reflect the organisation's commitment to meeting its HR 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. The benchmarking exercise is conducted annually via comparisons to other Setas, professional bodies and sector employers.

During the period under review, Fasset undertook a HR Review process to ensure that Fasset has the correct structures and positions in place to deliver optimally against NSDS III and Fasset's SSP. This process will be completed and rolled-out during the next year.

Fasset has a strong focus on internal staff development. We participate as a member of Fasset in terms of workplace skills planning, and staff members attend many of the Lifelong Learning training interventions that Fasset hosts. Fasset has always encouraged all of its employees to improve their skills levels. Three staff members are currently furthering their studies. Learnerships/ETQA Manager, Natércia Faustino has enrolled for a doctorate degree.

Table 1: Staff profile for the period 1 April 2010 to 31 March 2011

No.	Staff member	Position	Race	Gender	Date Joined	Promotion Date
1	Farhana Bhamjee	Senior Skills Planning Officer	Indian	Female	October 2007	November 2010
2	Nomadlozi Buthlezi	Learnerships/ETQA Officer	African	Female	October 2003	
3	Berlinda Chidi	Learnerships/ETQA Assistant	African	Female	September 2008	
4	Lauren Derman	Director of Skills Planning	White	Female	April 2001	
5	Natércia Faustino	Learnerships/ETQA Manager	White	Female	March 2008	
6	Cheryl James	Chief Executive Officer	White	Female	May 2000	
7	Nadine Kater	COO & Director of Learnerships/ETQA	Coloured	Female	August 2000	
8	Tania Lee	Projects Manager	Coloured	Female	March 2004	
9	Mando Mahlangu	Skills Planning Officer	African	Female	November 2007	
10	Annah Maseko	Office Attendant	African	Female	September 2003	
11	Bomkazi Mnombeli	Operations Officer	African	Female	April 2008	
12	Bontle Monchusi	Projects Assistant	African	Female	August 2008	
13	Gugu Moetanalo	Operations Manager	African	Female	June 2000	
14	Glodinah Moleko	Operations Assistant	African	Female	May 2008	
15	Marelda Moodley	Marketing & Communications Manager	Indian	Female	February 2009	
16	Nomandla Mtetwa	Learnerships/ETQA Assistant	African	Female	June 2009	
17	Thandiswa Nduna	Skills Planning Assistant	African	Female	April 2007	
18	Naamochene Pillay	Senior Learnerships/ETQA Officer	Indian	Female	May 2005	September 2010
19	Desireé Rikhotso	Skills Planning Assistant	African	Female	October 2005	
20	Thabiso Sebashe	Marketing & Communications Assistant	African	Female	September 2003	
21	Maphuti Setati	Receptionist	African	Female	June 2010	
22	Pearl Thomo	Office Attendant	African	Female	September 2005	

Table 2: Occupational levels and grades

Occupational Category	Job Title	Band	Approved Salary Bands April 2010 - March 2011
Senior Managers	CEO	E3	R824 000 – R1465 000
	COO	E2	R657 000 – R1008 000
Professionals	Functional Directors	DU	R657 000 – R832 000
	Managers	DL	R380 000 – R748 000
Skilled technical	Senior Officers	CU	R278 000 – R399 000
	Officers	CL	R162 000 – R292 000
Clerks	Assistants	BU	R130 000 – R185 000
	Junior Assistants	BL	R88 000 – R163 000
Elementary workers	Attendants	AU	R39 000 – R65 000

## INVESTORS IN PEOPLE

Fasset was reassessed for the Investors in People (IIP) standard in July 2009. While Fasset has retained its status as an Investor in People, some areas for development were identified including the need to implement a mentoring system to retain talent and develop all staff members, and the need to refine the calculation on ROI on learning and development, and its impact on the organisation. Both areas are under development.

### Broad-Based Black Economic Empowerment Scorecard

An innovation during the year under review was the decision to be assessed in terms of the Broad-Based Black Economic Empowerment (B-BBEE) scorecard. Fasset is the first Seta to attempt to obtain a B-BBEE rating. While a B-BBEE rating is not a regulatory requirement, Fasset views B-BBEE accreditation as a best practice.

Since Fasset is the first Seta to be assessed, the assessment process has been challenging. Challenges include, the fact that Fasset does not have an annual turnover. The Procurement and Enterprise Development elements of the scorecard also proved challenging. The B-BBEE Empowerment scorecard will be finalised early in the New Year.

### Supply Chain Management

When awarding tenders, the decision-making process has always been informed by three key considerations: functionality, pricing and Preferential Goals. A significant change has occurred in the supply chain management process. Instead of determining the final score based on all three considerations functionality is now assessed first. Only bids/quotes which are accepted based on functionality are now scored on price and Preferential Goals. The highest scorer for price and Preferential Goals are to be awarded the bid/quote.

## CORPORATE GOVERNANCE

This item is also addressed in the Accounting Authority Report (page 26).

### Policies and Procedures

Fasset has a comprehensive set of policies (see Table 3 and 4) 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 (PFMA) (Act 1 of 1999), as amended.

During the year under review, the SCM Policy, Management Board and Committee Terms of Reference (TOR) and Business Continuity Plan were revised.

Table 3: Fasset policies and procedures

No.	Policies
1	Appraisal and Succession of Management Board and CEO Policy
2	Audit and Risk Committee Charter
3	Business Continuity Plan
4	Code of Conduct
5	Discretionary Funding Policy
6	Financial Policy
7	Fraud Prevention Plan
8	Fraud Response Plan
9	Grant Disbursement Policy
10	HR Manual
11	Information System Policy
12	Management Board and Committee ToR
13	Risk Management Framework
14	Proatia Manuals: English, Afrikaans and Xhosa
15	SCM Policy

Table 4: Fasset internal policies and procedures

No.	Internal Policies and Procedures
1	Benefit Screen Policy
2	Call Centre Process and Procedure Manual
3	Document Management Policy
4	Employee Handbook and Induction Manual
5	Internal Meeting Policy
6	Management Board Election Process
7	Marketing and Communication Policy
8	Materiality Framework
9	Marketing and Communication Policy
10	Temp Telephone Policy
11	Research Policy
12	Impact Policy

## Internal Control

Internal control focuses on critical risk areas, which are identified by Management and reviewed by the Audit and Risk 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 accounting for Fasset's assets. These systems are monitored continuously throughout the year by both Management and the Internal Audit Function.

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 presentation of the Annual Financial Statements and their report can be found on page 22.

## 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.

The Internal Auditors have direct access to the CEO, the Audit and Risk Committee and the Management Board. Fasset's Code of Conduct ensures that ethical standards are adhered to at all times. Financial affairs are managed in accordance with the approved Financial and Procurement Policies and Procedures. These policies are reviewed for compliance with best practice, and with all legislation.

A Materiality Framework is also in place. No instances occurred during the year that required implementation of the 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 23 to 24 of this Report.

## King III

Our Internal Auditors with the guidance of our Audit and Risk Committee, has undertaken a mapping exercise to ascertain compliance in terms of King III. The mapping exercise identified areas where no or minor adjustments are required to conform to King III; areas where specific gaps have been identified that require management action to conform to King III principles; and non-conformance with King III principles requiring significant management effort.

In the coming year we will propose appropriate responses, for the consideration of our Board, to address the following gaps identified:

- Developing a corporate citizenship policy,
- Formalising the role of the secretariat,
- Formalising the adoption of IT Governance by the Board,
- Involvement of the Board in appointing the Audit and Risk Committee Chairman,
- The preparation and issue of Interim Financial Statements,
- The adequacy of the Remuneration Report,
- Disclosing the number, and reasons for refusals, of requests of information lodged,
- Report and disclose on Fasset's ethics performance,
- More comprehensively addressing IT risks,
- Disclosing the results and action plan of the evaluation of the Board, its committees and individual members,
- The adequacy of our sustainability reporting,
- Publishing our stakeholder policies, and
- Performing background and reference checks on Board members.

There are some areas where Fasset will never comply with King III, and King III makes provision for this by requiring organisations to disclose the principles applied or not, and to explain their practices.

## CHALLENGES

Fasset faces a number of challenges in the year ahead. Poor school Matric rates and the low number of Matriculants passing Core Mathematics is an ongoing challenge. While Fasset was delighted to note improved Matric pass rates in 2010, much hard work remains to be done to increase the overall Matric pass rate from 67.8%.

The downside to the improvement in Matric pass rates was a significant decline in the number of learners writing Core Mathematics. It is alarming to note that 38 620 fewer matriculants wrote Core Mathematics in 2010. Equally alarming is the fact that only 30.9% of learners achieved a mark above 40%. The situation is exacerbated by the fact that some schools only offer Mathematics Literacy. Urgent action is needed to reverse this trend. Here, it is important to point out that while proficiency in Core Mathematics is a prerequisite for entry into many careers in our sector, it is also a prerequisite for many careers in education, science and engineering.

South Africa's university drop-out rate, one of the highest in the world (only around 15% of candidates graduate), remains an ongoing challenge, and one which is very difficult to address. The Human Sciences Research Council's (HSRC) *The Student Pathways Study*, released in 2010, has revealed that some 40% of university students drop out in their first year and only 15% of students on average complete their degrees in the allotted time. A lack of financial resources remains an ongoing challenge for many university students.

The average monthly family income of many of these low-income students is between R400 to R1 200 per month. While government has introduced measures such as the National Students Financial Aid Scheme (NSFAS), which supports some 120 000 students with bursaries and loans, this does not cover the total cost of study and young South Africans, particularly those from low-income families continue to drop out of university. Unfortunately, high university drop-out rates not only continue to exacerbate skills shortages, in our own sector, but in the economy as a whole. Despite the best will in the world, this remains a huge challenge and one that cannot be addressed overnight.

While government should be applauded for its focus on improving the quality of education in South Africa – some 21% of the 2011 Budget was allocated to improving the quality of education. The

harsh reality is pass-rates at both school and university level will only improve when inroads are made to significantly reduce the number of low-income households in South Africa.

The emphasis in NSDS III on rural skills development for rural areas will be very challenging. While Fasset is able to upskill individuals through Fasset learnerships and Fasset-funded Development Projects, the harsh reality is that employment opportunities for finance and accounting professionals and auditors do not necessarily exist within a remote, rural context, and this is something beyond our control.

We would be remiss, if we only focused on challenges and failed to acknowledge some of the very positive developments within the skills development arena. Fasset is very encouraged by the fact that for the first time ever, results for the Annual National Assessments (ANA) have been made public. The programme provides a snapshot of how well learners read, write and solve arithmetic problems. Encouraging too is the fact that local educationalists are able to mark the tests under supervision. This should translate into a better understanding of assessment, and a better understanding of how to set questions and ensure that the standards of assessment are not pegged too low. Commendable too, is the fact that the tests are administered in all 11 official languages. Fortunately, the recent McKinsey research report confirms that substantial improvements can be achieved within six years.

The launch of the Integrated Strategic Planning Framework for Teacher Education should make a tangible difference to the quality of teachers and teaching in our school. Positioning teaching as a career of choice and enhancing the status of teachers, and hopefully instilling a sense that teaching is indeed a *noble profession*, coupled with funding for the Funza Lushaka Bursary Scheme, should make an indelible difference in the short to medium-term. Capacity for teachers to undergo self-assessments to determine whether they have sufficient knowledge about their subject is also a positive development, with the proviso, that where there are skills gaps, remedial action will be taken.

Fasset is looking forward to delivering against NSDS III. The fact that NSDS III is linked to the New Growth Path (NGP), the Industrial Action Plan (IAP), the outcomes of the Medium-Term Strategic Framework (MTSF), the Human Resource Development Strategy South Africa (HRDSSA), sector development plans, government's goals for rural development and the new environment strategy, will enable Fasset to deliver against national initiatives on a far broader scale than in the past. Fasset is very well-positioned, in


## CEO's Report

partnership with professional bodies, and employers to serve as a cross-sectoral incubator, training accountants and auditors across the board, for the entire economy. Access to catalytic funding will enable Fasset to fulfill this role.

The Youth Employment Subsidy, proposed in the 2011 Budget Speech, will incentivise employers to hire and train unemployed youth. Hopefully some of these candidates will be placed on entry-level Fasset learnerships, where the only requirement is that candidates are 16 years of age, numerate and literate.

## CONCLUSION

Fasset is eagerly anticipating the next five years. Having built best practice over the past 11 years, and having established a strong track record of delivery during this period, we are very well-positioned to deliver against NSDS III. Echoing Minister Nzimande's words, together with our sector we firmly believe: "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 the broader society."



CHERYL JAMES  
CEO



# Audit and Risk Committee Report

REPORT ON THE AUDIT AND RISK 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 2011.

## **AUDIT AND RISK COMMITTEE MEMBERS AND ATTENDANCE**

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

## **AUDIT AND RISK COMMITTEE RESPONSIBILITY**

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

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

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

## **REPORT ON THE OPERATIONS OF THE AUDIT AND RISK COMMITTEE**

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

- Reviewed quarterly management accounts,
- Reviewed and approved the Internal Audit Charter,
- Updated the Audit and Risk 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 and Risk Committee Charter to address succession planning, and
- Conducted a self-assessment during the year. Results concluded that by far and large the Audit and Risk Committee is effective in the execution of their duties. Minor areas of improvement were identified.

## *Audit and Risk Committee Report*

### *The Effectiveness of Internal Control*

The Audit and Risk 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, and
- Matters requiring Management attention have been adequately addressed.

### *Evaluation of Financial Statements*

The Audit and Risk Committee has:

- Reviewed and discussed with the Auditor and Management the audited Annual Financial Statements to be included in the Annual Report, and
- Reviewed the Auditors' management report and Management's response thereto.

The Audit and Risk 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 Auditors.



MANDI OLIVIER

Audit and Risk Committee Chairman

Table 5: Audit and Risk Committee

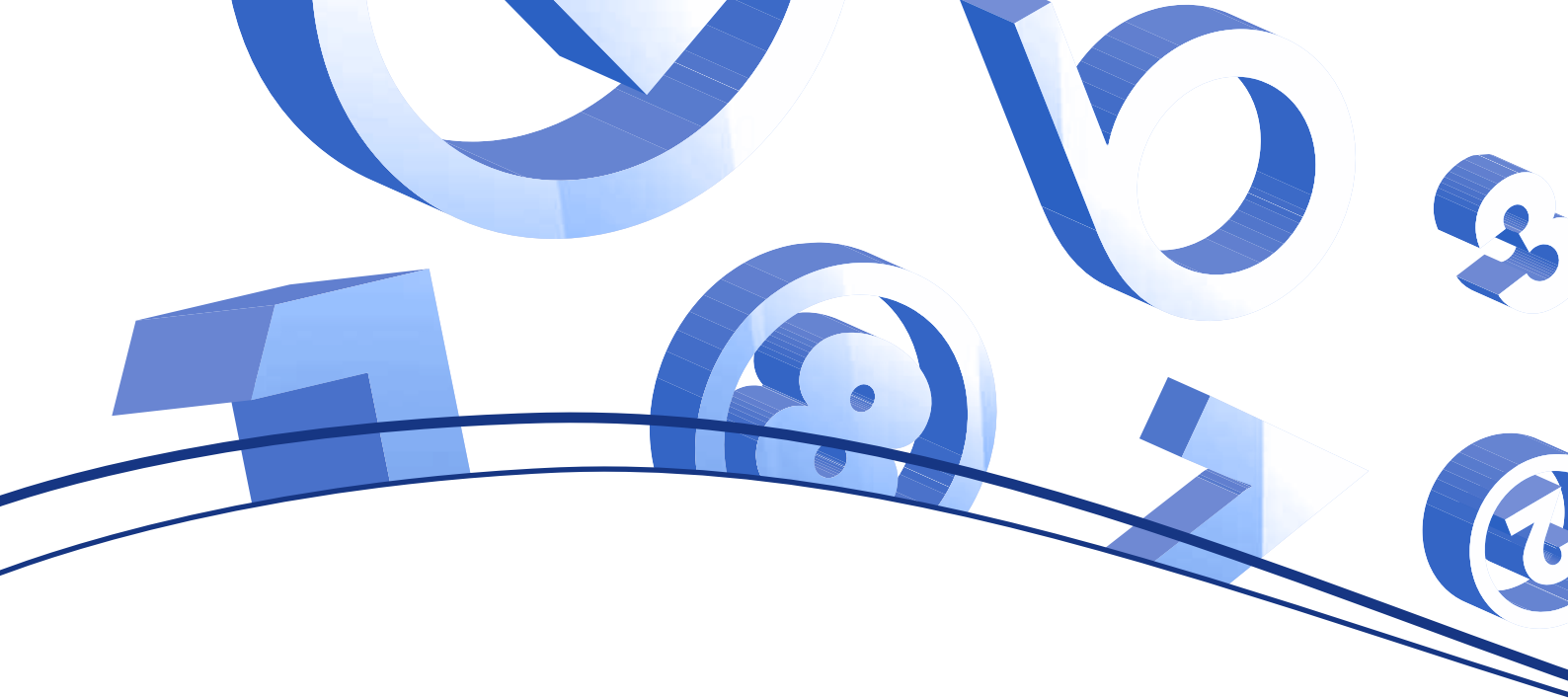
Member	Mandi Olivier <sup>1</sup> Independent Member	Judy Grobler <sup>2</sup> Independent Member	Sakhi Simeiane <sup>2</sup> Independent Member	Bill Shellard <sup>3</sup> Independent Member	Stadi Mngomezulu Management Board Member	Matshepo More Management Board Member	Erna Swart Independent Member	Edson Rogimand <sup>4</sup> Independent Member	Veronica du Preez <sup>4</sup> Independent Member
<b>Formal Meetings</b>									
20 May 2010	✓	✓	✓	✗	✓	-	✓	-	-
22 July 2010	✗	✓	✓	✓	✓	-	✓	-	-
18 November 2010	✓	✓	✓	-	✓	✓	✓	✓	✓
25 February 2011	✓	-	-	-	✗	✗	✓	✓	✓
Meetings Attended	3	3	3	1	3	1	4	2	2
<b>Remuneration</b>									
Remuneration during year for financial year ending 31 March 2011	*R15 000	R15 000	R15 000	R5 000	*R15 000	R5 000	*R20 000	R10 000	R10 000
Travel reimbursement	R404	R7 731	-	R55	R1 334	-	-	-	R860

- 1 Board representative until July 2010  
Independent Chairperson from November 2010
- 2 Term ended November 2010
- 3 Board term ended July 2010
- 4 Joined November 2010

\* Committee fees paid to: SAICA iro M Olivier  
National Treasury iro S Mngomezulu  
Accounting Standards Board (ASB) iro E Swart

*Remuneration Rate*

Formal meetings = R5 000 per meeting



# *Annual Financial Statements*

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REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT  
ON THE FINANCE, ACCOUNTING, MANAGEMENT  
CONSULTING AND OTHER FINANCIAL SERVICES SECTOR  
EDUCATION AND TRAINING AUTHORITY (FASSET)

## REPORT ON THE FINANCIAL STATEMENTS

### Introduction

1. I have audited the accompanying financial statements of Fasset which comprise the statement of financial position as at 31 March 2011, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and the accounting authority's report, as set out on pages 26 to 27.

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

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), and for such internal control as management determines necessary to enable the preparation of financial statements

that are free from material misstatement, whether due to fraud or error.

### Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) 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.
4. I conducted my audit in accordance with International Standards on Auditing and General Notice 1111 of 2010 issued in Government Gazette 33872 of 15 December 2010. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. 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

## ANNUAL FINANCIAL STATEMENTS for the Financial Year ended 31 March 2011

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.

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

### Opinion

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

8. In accordance with the PAA and in terms of General notice 1111 of 2010, issued in Government Gazette 33872 of 15 December 2010, I include below my findings on the annual performance report as set out on pages 64 to 67 and material non-compliance with laws and regulations applicable to FASSET.

### Predetermined objectives

9. There are no findings on the annual performance report.

### Compliance with laws and regulations

10. There were no findings concerning non-compliance with laws and regulations applicable to FASSET.

## INTERNAL CONTROL

11. In accordance with the PAA and in terms of General Notice 1111 of 2010, issued in Government Gazette 33872 of 15 December 2010, I considered internal control relevant to my audit, but not for the purpose of expressing an

opinion on the effectiveness of internal control. There are no significant deficiencies in internal control that resulted in a qualification of the auditor's opinion on the financial statements and findings on predetermined objectives and material non-compliance with laws and regulations.

*Auditor - General*

Pretoria

31 July 2011

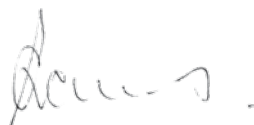


AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

**REPORT BY THE MEMBERS OF THE MANAGEMENT BOARD  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011**

The Annual Financial Statements for the year ended 31 March 2011, set out on pages 22 to 63, have been approved by the Accounting Authority on 25 May 2011 in terms of section 51(1) (f) of the PFMA, No 1 of 1999 as amended, and are signed on their behalf by:



CA JAMES  
CEO



R CAPPER  
Outgoing Chairman



T MATSHAZI  
Incoming Chairman

## REPORT OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

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 2010 to 31 March 2011.

### 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 2011, and also the Financial Performance and Summary Cash Flow Activities for the year ending 31 March 2011. Once again, the Management 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 GRAP and the PFMA (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. 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 and Risk Committee, a Fraud Prevention Plan and Internal Auditors. Fasset therefore complies with best practice, and with all relevant legislation with regard to governance. This continues to be a crucial and very serious aspect of the functioning of the Seta.

Various additional responsibilities are incumbent on the Management 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 Management Board to successfully implement its mandate, new 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 Management 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 five years. 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 future, and
- Fasset has assessed all its legal opinions and does not consider that this will impact the going concern assumption.

All Setas current operating licenses expire on 31 March 2011. Fasset has been relicensed for another five years, commencing 1 April 2011 and ending 31 March 2016.

### LEVY INFORMATION

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.

During the year under review, some of the levy information had not yet been received by the Seta. This delay was caused by changes in the SARS EMP201 submission process as well as the lack of employer information being received from DHET. This has resulted in higher cash balances being reflected in our Annual Financial Statements. Accruals for the anticipated grant payments that will need to be made have been raised in line with GRAP requirements.

### NSDS

Fasset's achievements in terms of NSDS II targets are reflected in Appendix A on page 64.

### 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 6 on page 27.



ROBERT CAPPER

Outgoing Chairman

## DISCLOSURE INFORMATION FOR THE ANNUAL FINANCIAL STATEMENTS

Table 6: CEO and COO's Remuneration

	2010/2011	2009/2010
<b>CEO's remuneration</b>		
Pension	-	-
Medical	-	-
Allowances: Car and Subsistence	42 000	42 000
Base Remuneration	1 388 708	1 258 643
<b>Total Guaranteed Cost to Company</b>	<b>1 430 708</b>	<b>1 300 643</b>
Non Guaranteed (at risk) Remuneration	143 071	260 130
<b>Total Guaranteed and Non-Guaranteed Remuneration</b>	<b>1 573 779</b>	<b>1 560 773</b>
<b>COO's remuneration</b>		
Pension	-	-
Medical	-	-
Allowances: Car and Subsistence	13 836	13 836
Base Remuneration	987 659	896 604
<b>Total Guaranteed Cost to Company</b>	<b>1 001 495</b>	<b>910 440</b>
Non Guaranteed (at risk) Remuneration	100 150	182 090
<b>Total Guaranteed and Non-Guaranteed Remuneration</b>	<b>1 101 645</b>	<b>1 092 530</b>

ANNUAL FINANCIAL STATEMENTS  
for the Financial Year ended 31 March 2011

**STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 31 MARCH 2011**

	Notes	2010/11 R'000	2009/10 R'000
<b>REVENUE</b>			
Skills Development Levy transfer from non - exchange transactions	2	<b>217 296</b>	200 323
Skills Development Levy penalties and interest from non - exchange transactions		<b>1 331</b>	1 129
National Skills Fund income	14	<b>5</b>	6 352
Investment income	3	<b>5 995</b>	8 253
Other income	4	<b>62</b>	64
<b>Total Revenue</b>		<b>224 689</b>	216 121
<b>EXPENSES</b>			
Employer grant and project expenses	5	<b>(190 846)</b>	(220 096)
Administration expenses	6	<b>(20 789)</b>	(19 963)
National Skills Fund expenses	14	<b>(5)</b>	(6 352)
<b>Total Expenses</b>		<b>(211 640)</b>	(246 411)
<b>NET SURPLUS / (DEFICIT) FOR THE YEAR</b>	1	<b>13 049</b>	(30 290)

**STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED 31 MARCH 2011**

	Notes	2010/11 R'000	2009/10 R'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	7	554	484
Intangible assets	8	8	14
<b>Current Assets</b>			
Accounts receivable from non - exchange transactions	9	750	608
Accounts receivable - Other	10	2 456	1 197
Cash and cash equivalents	11	132 738	94 128
Consumables		37	30
<b>Total Assets</b>		<b>136 543</b>	96 461
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables from non - exchange transactions	12	71 986	42 345
Trade and other payables from exchange transactions	13	8 630	11 242
National Skills Fund received in advance	14	226	222
<b>Total Liabilities</b>		<b>80 842</b>	53 809
<b>NET ASSETS</b>		<b>55 701</b>	42 652
<b>Funds and Reserves</b>			
Administration reserve		562	498
Employer grant reserve		105	156
Discretionary reserve		55 034	41 998
<b>TOTAL FUNDS AND RESERVES</b>		<b>55 701</b>	42 652

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

ANNUAL FINANCIAL STATEMENTS  
for the Financial Year ended 31 March 2011

	Notes	Adminis- tration Reserve R'000	Employer Grant Reserve R'000	Discretionary Reserve R'000	Unappro- priated surplus R'000	Total R'000
<b>Balance at 1 April 2009</b>		<b>681</b>	<b>507</b>	<b>71 754</b>	<b>-</b>	<b>72 942</b>
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	-	-
<b>Balance at 31 March 2010</b>		<b>498</b>	<b>156</b>	<b>41 998</b>	<b>-</b>	<b>42 652</b>
Net surplus per Statement of Financial Performance					13 049	13 049
Allocation of unappropriated surplus	1	6 807	24 060	(17 818)	(13 049)	-
Excess reserves transferred to Discretionary reserve		(6 743)	(24 111)	30 854	-	-
<b>Balance at 31 March 2011</b>		<b>562</b>	<b>105</b>	<b>55 034</b>	<b>-</b>	<b>55 701</b>

An amount of R562 000 (2010: R498 000) is retained in the administration reserve equal to the carrying value of Property, plant and equipment and Intangible assets.

An amount of R105 000 (2010: R156 000) is disclosed in the employer grant reserve for newly registered member companies, participating after the legislative cutoff date.

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2011**

	Notes	2010/11 R'000	2009/10 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Operating activities</b>			
Cash receipts from stakeholders		<b>217 374</b>	201 057
Levies, interest and penalties received	2	<b>218 627</b>	201 452
Other cash receipts from stakeholders		<b>(1 253)</b>	(395)
Cash paid to stakeholders, suppliers and employees		<b>(184 390)</b>	(250 635)
Grants and project payments		<b>(166 465)</b>	(225 222)
Special projects		<b>(5)</b>	-
Project payments for National Skills Fund		<b>-</b>	(6 352)
Compensation of employees		<b>(8 245)</b>	(8 148)
Payments to suppliers and other		<b>(9 675)</b>	(10 913)
Cash generated from / (utilised) in operations	15	<b>32 984</b>	(49 578)
Interest received	3	<b>5 887</b>	8 162
Special projects	14	<b>9</b>	6 373
<b>Net cash inflow from operating activities</b>		<b>38 880</b>	(35 043)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Property, plant and equipment	7	<b>(261)</b>	(80)
Acquisition of Intangible assets	8	<b>(9)</b>	(5)
<b>Net cash outflow from investing activities</b>		<b>(270)</b>	(85)
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>38 610</b>	(35 128)
<b>Cash and cash equivalents at beginning of year</b>	11	<b>94 128</b>	129 256
<b>Cash and cash equivalents at end of year</b>	11	<b>132 738</b>	94 128

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2011

ANNUAL FINANCIAL STATEMENTS  
for the Financial Year ended 31 March 2011

Notes	Approved Original Budget 2010/11 R'000	Adjusted Budget 2010/11 R'000	Approved Final Budget 2010/11 R'000	Actual 2010/11 R'000	Favourable / (Unfavourable) variance 2010/11 R'000
<b>REVENUE</b>					
24.1	202 328	-	202 328	217 296	14 968
24.2	300	-	300	1 331	1 031
24.3	10 000	(4 000)	6 000	5 995	(5)
	-	-	-	62	62
	212 628	(4 000)	208 628	224 684	16 056
<b>EXPENSES</b>					
24.4	(189 467)	3 100	(186 367)	(190 846)	(4 479)
24.5	(22 861)	1 050	(21 811)	(20 789)	1 022
	(212 328)	4 150	(208 178)	(211 635)	(3 457)
	<b>300</b>	<b>150</b>	<b>450</b>	<b>13 049</b>	<b>12 599</b>

Fasset does not budget for a surplus. The R300 000 shown as a surplus in the original budget and R450 000 shown in the final approved budget was budgeted as capital expenditure of which R271 000 was spent.

For details regarding the difference between budget and actual refer to Note 24.

## ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

### 1. BASIS OF PREPARATION

The Annual Financial Statements have been prepared on the historical cost basis, except where adjusted for present/fair values as required by the respective accounting standards. The Annual Financial Statements have been prepared in accordance with Statements of Generally Recognised Accounting Practice (GRAP) and the Public Finance Management Act (PFMA), 1999 (Act 1 of 1999) as amended, including any interpretations of such Statements issued by the Accounting Standards Board (ASB).

### 2. REVENUE RECOGNITION

#### 2.1 Revenue from non-exchange transactions

Non-exchange revenue transactions result in resources being received by Fasset, usually in accordance with a binding arrangement.

When Fasset receives resources as a result of a non-exchange transaction, it recognises an asset and revenue in the period that the arrangement becomes binding and when it is probable that Fasset will receive economic benefits or service potential and it can make a reliable measure of the resources transferred.

Where the resources transferred to Fasset are subject to the fulfillment of specific conditions, it recognises an asset and a corresponding liability. As and when the conditions are fulfilled, the liability is reduced and revenue is recognised.

The asset and the corresponding revenue are measured on the basis of the fair value of the asset on initial recognition.

Non-exchange revenue transactions include the receipt of levy income from the DHET, income from the NSF, and grants from the national government.

##### 2.1.1 Levy income

The accounting policy for the recognition and measurement of skills development levy income is based on the Skills Development Act (SDA), Act 97 of 1998, as amended, and the Skills Development Levies Act (SDLA), Act 9 of 1999, as amended.

In terms of section 3(1) and 3(4) of the SDLA (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 DHET. Companies with an annual payroll cost less than R500 000 are exempted in accordance with section 4(b) of the SDLA (1999) as amended, effective 1 August 2005.

80% of Skills Development Levies are paid over to the Seta (net of the 20% contribution to the NSF). The Seta was not in a position to verify that SARS has collected all potential SDL income.

Revenue is adjusted for transfers between the Setas 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 DHET. SDL transfers are recognised on an accrual basis when it is probable that future economic benefits or service potential will flow to the Seta and these benefits can be measured reliably. This occurs when the DHET makes an allocation to Fasset, as required by Section 8 of the SDLA (1999) as amended.

##### 2.1.2 Interest and penalties

Interest and penalties received on the SDL are recognised on the accrual basis.

##### 2.1.3 Funds allocated by the NSF for Special Projects

Funds transferred by the NSF are accounted for in the financial statements of the Seta as a liability until the related conditions are met. The liability is reduced by any project expenditure incurred and recognised as revenue.

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

### 2.2 Revenue from exchange transactions

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

## ANNUAL FINANCIAL STATEMENTS for the Financial Year ended 31 March 2011

The only exchange revenue received by Fasset is the interest earned on the investment.

Unconditional grants received are recognised when the amounts have been received.

### 2.2.1 Investment income

Interest income is accrued on a time proportionate 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 SDL as a Mandatory Grant (excluding interest and penalties) by complying with the criteria in accordance with the SDA (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 employer.

### Discretionary Grant and Project Expenditure

A Seta may, out of the surplus Mandatory, Administrative 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.

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 (1999), as amended
- The SDA (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 a surplus or deficit for the year.

In the application of the Seta's accounting policies management is required to make judgments, 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 on-going 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.

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

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

Computer equipment	3 years
Office furniture and fittings	10 years
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.

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 a surplus or deficit for the year.

#### **Useful lives of Intangible assets**

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

The following useful life is used in the calculation of amortisation:

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

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

## **7. LEASING**

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 SDA (1998) as amended. This measurement involves an estimate, based on the amount of levies received.

# ANNUAL FINANCIAL STATEMENTS

## for the Financial Year ended 31 March 2011

### *Discretionary Grant Payments*

A liability is recognised for Discretionary Grant payments once the specific criteria set out in the Seta Grant Regulations and any additional criteria as approved by the Seta Board has been complied with by member companies 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 GRAP. 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.

### *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
- Employer grant reserve
- Discretionary reserve
- Unappropriated surplus

Employer levy payments are set aside in terms of the SDA (1998) as amended and the Seta Grant Regulations for the purpose of:

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. CONSUMABLES

Consumables on hand at the reporting date are measured at cost. An individual consumable purchase of which the cost does not exceed R1 000 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 retirement benefits to its employees.

	<b>2010/11</b>	<b>2009/10</b>
	%	%
Administration costs of the Seta	<b>10</b>	<b>10</b>
Employer grant fund levy	<b>50</b>	<b>50</b>
Discretionary Grants and projects	<b>20</b>	<b>20</b>
Received by the Seta	<b>80</b>	<b>80</b>
Contribution to the National Skills Fund	<b>20</b>	<b>20</b>
	<b>100</b>	<b>100</b>

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.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

ANNUAL FINANCIAL STATEMENTS  
for the Financial Year ended 31 March 2011

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

	Total per Statement of Financial Performance 2010/2011 R'000	Administra- tion Reserve R'000	Employer Grants Reserve				Total Discretionary R'000
			Mandatory Skills Grant R'000	Discretionary Grants R'000	Special projects R'000	Projects R'000	
<b>Total Revenue</b>	<b>224 689</b>	27 596	135 537	54 225	5	7 326	61 556
Skills Development levy transfer from non - exchange transactions							
Levy transfer Administration (10%)	27 534	27 534	-	-	-	-	-
Levy transfer Employer Grants (70%)	189 762	-	135 537	54 225	-	-	54 225
Skills Development Levy penalties and interest from non - exchange transactions	1 331	-	-	-	-	1 331	1 331
National Skills Fund income	5	-	-	-	5	-	5
Investment Income	5 995	-	-	-	-	5 995	5 995
Other income	62	62	-	-	-	-	-
<b>Total Expenses</b>	<b>211 640</b>	20 789	111 477	15 261	5	64 108	79 374
Administration expenses	20 789	20 789	-	-	-	-	-
National Skills Fund expenses	5	-	-	-	5	-	5
Employer grants and project expenses	190 846	-	111 477	15 261	-	64 108	79 369
Net surplus per Statement of Financial Performance allocated	<b>13 049</b>	<b>6 807</b>	<b>24 060</b>	<b>38 964</b>	<b>-</b>	<b>(56 782)</b>	<b>(17 818)</b>

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**ALLOCATION OF NET DEFICIT FOR THE PRIOR YEAR TO RESERVES**

	Employer Grants Reserve		Discretionary Reserve				
	Total per Statement of Financial Performance 2009/2010 R'000	Administration Reserve R'000	Mandatory Skills Grant R'000	Discretionary Grants R'000	Special projects R'000	Projects R'000	Total Discretionary R'000
<b>Total Revenue</b>	<b>216 121</b>	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		-	-	-	-	-
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	-	-	-	-	-
<b>Total Expenses</b>	<b>246 411</b>	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	<b>(30 290)</b>	<b>5 458</b>	<b>16 188</b>	<b>33 692</b>	<b>-</b>	<b>(85 628)</b>	<b>(51 936)</b>

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**2. SKILLS DEVELOPMENT LEVY TRANSFER FROM NON-EXCHANGE  
TRANSACTIONS**

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

	<b>2010/11 R'000</b>	<b>2009/10 R'000</b>
Levy transfer: Administration	<b>27 534</b>	25 357
Levies received	<b>27 534</b>	25 357
Levies received from DHET	<b>27 195</b>	24 927
Government levies received	<b>425</b>	358
Inter-Seta transfers in	<b>(12)</b>	186
Inter-Seta transfers out	<b>(74)</b>	(114)
Levies accrued	-	-
Levy transfer: Employer grants	<b>135 537</b>	124 911
Levies received	<b>135 537</b>	124 911
Levies received from DHET	<b>135 957</b>	124 555
Inter-Seta transfers in	<b>(55)</b>	928
Inter-Seta transfers out	<b>(365)</b>	(572)
Levies accrued	-	-
Levy transfer: Discretionary grants	<b>54 225</b>	50 055
Levies received	<b>54 225</b>	50 055
Levies received from DHET	<b>54 394</b>	49 912
Inter-Seta transfers in	<b>(22)</b>	372
Inter-Seta transfers out	<b>(147)</b>	(229)
Levies accrued	-	-
	<b>217 296</b>	200 323

**3. INVESTMENT INCOME**

	<b>2010/11 R'000</b>	<b>2009/10 R'000</b>
Interest income		
Accruals on bank deposits	<b>108</b>	91
Bank deposits	<b>5 887</b>	8 162
	<b>5 995</b>	8 253

**4. OTHER INCOME**

	<b>2010/11 R'000</b>	<b>2009/10 R'000</b>
Other income comprises:		
Bad debt recovered	<b>20</b>	10
Income from attending committee meetings	<b>3</b>	-
Insurance claim settlement	-	3
Inter-Seta summit refund	-	4
Skills development levy refund	<b>39</b>	47
	<b>62</b>	64

## 5. EMPLOYER GRANT AND PROJECT EXPENSES

	2010/11 R'000	2009/10 R'000
Mandatory grants	111 477	108 723
Disbursed	86 986	105 456
Movement in provisions and accruals	24 491	3 267
Discretionary grants	15 261	16 363
Disbursed	13 556	18 491
Movement in provisions and accruals	1 705	(2 128)
Project expenditure	64 108	95 010
Disbursed	65 923	101 275
Movement in provisions and accruals	(1 815)	(6 265)
	<b>190 846</b>	220 096

## 6. ADMINISTRATION EXPENSES

	Notes	2010/11 R'000	2009/10 R'000
Advertising, marketing and promotions, communication		607	840
Bad debts written off		85	203
Consultancy and service provider fees	6.1	6 897	6 140
Cost of employment	6.2	8 188	8 212
Depreciation / Amortisation		199	265
Entertainment expenses		17	18
External auditor's remuneration		1 006	763
Impairments		(63)	(182)
Legal fees		-	24
Loss on disposal of Property, plant and equipment		7	3
Maintenance, repairs and running costs		115	88
Operating lease rentals		1 143	845
Remuneration to members of the Audit and Risk Committee		134	139
Staff training and development		136	156
Travel and subsistence		182	367
Other		2 136	2 082
Education and Training Quality Assurance (ETQA)		449	470
Insurance		307	310
Internal audit fees		312	406
Other administration expenses		680	537
Policies and procedures		24	45
Printing		204	135
Telephone		160	179
		<b>20 789</b>	19 963

### 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. Included are the fees paid to other consultants for the assistance with procurement processes for the contract renewals.

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6.2 Cost of employment

	2010/11 R'000	2009/10 R'000
Salaries and wages	<b>8 082</b>	8 109
Basic salaries	<b>7 347</b>	6 614
Performance awards	<b>696</b>	1 212
Temporary staff	<b>96</b>	219
Leave provision	<b>(57)</b>	64
Leave paid	<b>-</b>	-
Social contributions		
Unemployment Insurance Fund	<b>28</b>	26
Skills Development Levy	<b>78</b>	77
	<b>8 188</b>	8 212
Average number of employees	<b>21</b>	21

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

7. PROPERTY, PLANT AND EQUIPMENT

Year ended 31 March 2011

	Cost R'000	Accumulated depreciation R'000	Closing carrying amount R'000
Computer equipment	<b>559</b>	<b>(425)</b>	<b>134</b>
Office furniture and fittings	<b>560</b>	<b>(368)</b>	<b>192</b>
Office equipment	<b>886</b>	<b>(658)</b>	<b>228</b>
Balance at end of year	<b>2 005</b>	<b>(1 451)</b>	<b>554</b>

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

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**Movement Summary  
2011**

	Carrying amount 2010 R'000	Additions R'000	Disposals R'000	Depreciation charge R'000	Carrying amount 2011 R'000
Computer equipment	131	76	(1)	(72)	134
Office furniture and fittings	241	6	(5)	(50)	192
Office equipment	112	179	(1)	(62)	228
Balance at end of year	<u>484</u>	<u>261</u>	<u>(7)</u>	<u>(184)</u>	<u>554</u>

**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	<u>637</u>	<u>80</u>	<u>(3)</u>	<u>(230)</u>	<u>484</u>

**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 Rnil (2010: R1 000)

**Fully depreciated assets still in use**

**Gross carrying value**

	2010/2011 R'000	2009/2010 R'000
Computer equipment	40	6
Office furniture and fittings	22	6
Office equipment	133	161
Balance at end of year	<u>195</u>	<u>173</u>

**8. INTANGIBLE ASSETS**

**Year ended 31 March 2011**

	Cost R'000	Accumulated amortisation/ impairment R'000	Closing carrying amount R'000
Computer software	151	(143)	8
Balance at end of year	<u>151</u>	<u>(143)</u>	<u>8</u>

**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	<u>142</u>	<u>(128)</u>	<u>14</u>

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<b>Movement summary 2011</b>	<b>Carrying amount 2010 R'000</b>	<b>Additions R'000</b>	<b>Disposals R'000</b>	<b>Amortisation R'000</b>	<b>Carrying amount 2011 R'000</b>
Computer software	14	9	-	(15)	8
Balance at end of year	14	9	-	(15)	8

<b>Movement summary 2010</b>	<b>Carrying amount 2009 R'000</b>	<b>Additions R'000</b>	<b>Disposals R'000</b>	<b>Amortisation R'000</b>	<b>Carrying amount 2010 R'000</b>
Computer software	44	5	-	(35)	14
Balance at end of year	44	5	-	(35)	14

**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 (2010: Rnil)

**Fully depreciated assets still in use**

<b>Gross carrying value</b>	<b>2010/2011 R'000</b>	<b>2009/2010 R'000</b>
Computer software	132	26
Balance at end of year	132	26

**9. ACCOUNTS RECEIVABLE FROM NON - EXCHANGE  
TRANSACTIONS**

	<b>Notes</b>	<b>2010/11 R'000</b>	<b>2009/10 R'000</b>
Inter-Seta debtors	22.2	85	220
Employer receivables	9.1	691	477
Impairments	9.1	(26)	(89)
		<b>750</b>	<b>608</b>

**9.1 Employer Receivables**

	<b>2010/11 R'000</b>	<b>2009/10 R'000</b>
Overpayment to employers	691	477
Impairments	(26)	(89)
Effect of adjustments on affected employers	665	388

R691 000 (2010: R477 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 R26 000 (2010: R89 000) was provided for as doubtful debts.

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The Seta refunds amounts to employers in the form of grants, based on information from the DHET. 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

	<b>2010/11 R'000</b>	<b>2009/10 R'000</b>
Deposits	<b>190</b>	126
Interest receivable	<b>108</b>	81
Inter-Seta summit receivable	<b>-</b>	4
Prepaid expenses	<b>2 017</b>	986
Service provider fees receivable	<b>141</b>	-
	<b>2 456</b>	1 197

## 11. CASH AND CASH EQUIVALENTS

	<b>2010/11 R'000</b>	<b>2009/10 R'000</b>
Cash at bank and in hand	<b>720</b>	1 152
Cash at bank	<b>719</b>	1 152
Cash in hand	<b>1</b>	-
Short-term fixed deposits	<b>132 018</b>	92 976
Cash and cash equivalents at end of year	<b>132 738</b>	94 128

As required in Treasury Regulation 31.2, National Treasury approved the banks where the bank accounts are held. The weighted average interest rate on short-term bank deposits was 5.8% (2010: 7.4%).

As Fasset 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 Fasset and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair values.

The cash and cash equivalent balance increased significantly compared to prior years. Since December 2010 the Seta's experienced delays in receiving its levy information from the DHET. The cash was received in the bank account, however the information related to the levies was not available. This impacted on Fasset's ability to pay grants; the individual employer contributions was not available and Fasset could not determine how much was due to each employer.

Fasset therefore had a higher cash balance at year-end as it was unable to pay its full complement of grants.

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**12. TRADE AND OTHER PAYABLES FROM NON - EXCHANGE TRANSACTIONS**

	Notes	2010/11 R'000	2009/10 R'000
Skills development grants payable - Mandatory		<b>45 875</b>	21 623
Skills development grants payable - Discretionary		<b>15 249</b>	13 000
Inter-Seta payables	22.2	<b>72</b>	34
Employer payables		<b>1 093</b>	1 183
SARS payables	12.1	<b>7 119</b>	5 879
Levy creditors		<b>2 578</b>	626
		<b>71 986</b>	42 345

12.1 SARS Payable

	2010/11			
	Opening balance R'000	Change in estimate R'000	Addition R'000	Closing balance R'000
Provision for levies incorrectly received	(5 879)	(166)	(1074)	(7 119)
	<b>(5 879)</b>	<b>(166)</b>	<b>(1074)</b>	<b>(7 119)</b>

	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)
	<b>(4 784)</b>	<b>(251)</b>	<b>(844)</b>	<b>(5 879)</b>

An amount of R7 119 000 (2010: R5 879 000) relates to levies incorrectly contributed by employers, and paid over by SARS and the DHET, after being exempted from contributing SDL due to new legislation which came into effect from 1 August 2005. As SARS collects the levies on behalf of the DHET, 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**

	2010/11 R'000	2009/10 R'000
Project creditors	<b>8 090</b>	9 905
Sundry payables	<b>540</b>	1 337
Trade payables	<b>21</b>	262
Other accruals and National Skills Fund accruals	<b>123</b>	622
Employee leave accrual	<b>396</b>	453
	<b>8 630</b>	11 242

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

	2010/11 R'000	2009/10 R'000
Opening balance	222	201
Received during the year	-	6 349
Bonani/Thuthuka Project	-	6 349
Interest received	9	24
Utilised and recognised as revenue-conditions met: Bonani/Thuthuka Project	(5)	(6 352)
	(5)	(6 352)
Closing balance	<u>226</u>	<u>222</u>

During the current year conditional funds of Rnil (2010: R6 349 000) was received from the NSF. This amount was recognised as a liability until the conditions attached were met. During the year, R5 000 (2010: R6 352 000) eligible project special expenses were incurred and a corresponding amount was recognised as revenue.

#### 15. RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES TO NET SURPLUS / DEFICIT

	2010/11 R'000	2009/10 R'000
Net surplus / (deficit) as per Statement of Financial Performance	13 049	(30 290)
Adjusted for non-cash items:		
Depreciation / Amortisation	199	265
Loss on disposal of Property, plant and equipment	7	3
Bad debts written-off	85	203
Impairments	(63)	(182)
Special project income recognised	(5)	(6 352)
Adjusted for items separately disclosed:		
Investment Income	(5 995)	(8 253)
Adjusted for working capital changes:		
Increase in receivables from non-exchange transaction	(164)	(334)
Increase in receivables - other	(1 151)	(125)
Increase in consumables	(7)	(1)
Increase in payables from non-exchange transactions	29 641	2 047
Decrease in payables from exchange transactions	(2 612)	(6 559)
Cash generated from / (utilised) in operations	<u>32 984</u>	<u>(49 578)</u>

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**16. CONTINGENCIES**

*16.1 Surplus Funds*

In terms of the PFMA (1999), as amended, all surplus funds as at year-end may be forfeited to National Treasury should an application for retention of surplus funds be denied. We have submitted an application to National Treasury through the DHET for the retention of surplus funds. As in the previous year Fasset expects that 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 R107 000 (2009/10 R156 000) will be payable. The amount is contingent on the number of submissions 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 R2 400 (2009/10 R23 000) will be payable. The amount is contingent on the number of submissions received and approved.

## 17. COMMITMENTS

### 17.1 Discretionary reserve

Of the balance of R 55 034 000 (2010: R41 998 000) available in the Discretionary reserve at the end of March 2011, R55 034 000 (2010: R41 998 000) has been approved and allocated for future projects and skills priorities as set out below. Of the allocated balance of R55 034 000, R26 547 000 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 DHET.

NSDS Indicator	Project Name	Opening balance 2009/10 R'000	Approved by Accounting Authority R'000	Utilised R'000	Opening balance 2010/11 R'000	Approved by Accounting Authority R'000	Utilised R'000	Total R'000	Commitments R'000
<b>2.8</b>	<b>NSDS 1</b> Debt Collection Learnership*	1 035	(780)	(94)	161	(4)	(157)	-	-
	<b>Sub-total Year 4 Project Fund</b>	<b>1 035</b>	<b>(780)</b>	<b>(94)</b>	<b>161</b>	<b>(4)</b>	<b>(157)</b>	<b>-</b>	<b>-</b>
<b>4.2</b>	<b>NSDS 2</b> Thuthuka Small Practices CTA Work Readiness Program*	1 974	-	(922)	1 052	(587)	(465)	-	-
	<b>Sub-total Year 6 Project Fund</b>	<b>1 974</b>	<b>-</b>	<b>(922)</b>	<b>1 052</b>	<b>(587)</b>	<b>(465)</b>	<b>-</b>	<b>-</b>

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NSDS Indicator	Project Name	Opening balance 2009/10 R'000	Approved by Accounting Authority R'000	Utilised R'000	Opening balance 2010/11 R'000	Approved by Accounting Authority R'000	Utilised R'000	Total R'000	Commitments R'000
<b>4.2</b>	<b>NSDS 2</b> Centralised marketing*	72	(72)	-	-	-	-	-	-
	<b>Sub-total Year 7 Project Fund</b>	<b>72</b>	<b>(72)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2.8</b>	Lifelong Learning*	424	-	(424)	-	-	-	-	-
<b>4.2</b>	Bonani 3 Work Readiness Programme*	122	(15)	(107)	-	-	-	-	-
<b>4.2</b>	Thuthuka Full-Time CTA *	24 352	(10 603)	(12 477)	1 272	(1 272)	-	-	-
<b>4.2</b>	Thuthuka Repeat QE Part 1*	1 355	(128)	(1 227)	-	-	-	-	-
<b>1.1</b>	Research*	90	-	(90)	-	-	-	-	-
	<b>Sub-total Year 8 Project Fund</b>	<b>26 343</b>	<b>(10 746)</b>	<b>(14 325)</b>	<b>1 272</b>	<b>(1 272)</b>	<b>-</b>	<b>-</b>	<b>-</b>

NSDS Indicator Project Name	Opening balance 2009/10 R'000	Approved by Accounting Authority R'000	Utilised R'000	Opening balance 2010/11 R'000	Approved by Accounting Authority R'000	Utilised R'000	Approved by Accounting Authority R'000	Utilised R'000	Total R'000	Commitments R'000
4.2 Lifelong learning *	2 966	-	(2 966)	-	-	-	-	-	-	-
4.2 Framework for people with disabilities	622	-	(477)	145	-	(73)	-	72	72	-
4.2 SWWE Intervention - Fasset Skills Advisors*	826	-	(826)	-	-	-	-	-	-	-
2.8 Learnership Cash Grant*	172	(2 682)	2 510	-	-	-	-	-	-	-
2.7 ABET*	677	-	(622)	55	-	(55)	-	-	-	-
5.3 Quality Assurance Interventions*	218	-	(20)	198	(141)	(57)	-	-	-	-
5.3 Tracking and Impact*	135	(49)	(86)	-	-	-	-	-	-	-
1.1 Research (Sector Skills Plan)*	250	-	(155)	95	-	(95)	-	-	-	-
4.2 Bonani 4 Work Readiness Programme*	17 797	(22)	(17 775)	-	-	-	-	-	-	-
4.2 Pagamani 1 *	5 724	-	(5 690)	34	(34)	-	-	-	-	-
4.2 Thusanani 3 Work Readiness Programme*	5 952	(32)	(5 920)	-	-	-	-	-	-	-
1.1 Black Women Research*	77	(3)	(74)	-	-	-	-	-	-	-
4.2 Thuthuka Repeat QE Part I	6 432	(368)	(3 493)	2 571	-	(2 161)	-	410	385	-
4.2 Schimatatus*	482	(184)	(298)	-	-	-	-	-	-	-
<b>Sub-total Year 9</b>	<b>42 330</b>	<b>(3 340)</b>	<b>(35 892)</b>	<b>3 098</b>	<b>(175)</b>	<b>(2 441)</b>	<b>482</b>	<b>457</b>	<b>482</b>	<b>457</b>
<b>Project Fund</b>										

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NSDS Indicator Project Name	Opening balance 2009/10 R'000	Approved by Accounting Authority R'000	Utilised R'000	Opening balance 2010/11 R'000	Approved by Accounting Authority R'000	Utilised R'000	Approved by Accounting Authority R'000	Utilised R'000	Total R'000	Commitments R'000
<b>6.2</b> Strategic Marketing*	-	2 676	(2 341)	335	(220)	(115)		(115)	-	-
<b>4.2</b> Lifelong learning*	-	11 000	(10 753)	247		(247)		(247)	-	-
<b>2.8</b> Learnership cash grant*	-	22 988	(17 981)	5 007	(5 787)	780		780	-	-
<b>5.3</b> Strategic Partnership Funding	-	4 000	(14)	3 986		(126)		(126)	3 860	-
<b>4.2</b> SMME Intervention - Fasset	-									
Skills Advisors *	-	2 600	(1 907)	693		(693)		(693)	-	-
<b>1.1</b> Research Learnerships and Learnerships Development	-	1 560	(2 14)	1 346					1 346	-
<b>2.7</b> ABET*	-	450	-	450	(236)	(214)		(214)	-	-
<b>1.1</b> Research (Sector Skills Plan)*	-	180	-	180		(180)		(180)	-	-
<b>4.2</b> IRBA 2010 PPE Support*	-	836	-	836	(31)	(805)		(805)	-	-
<b>4.2</b> Bonani 5 Work Readiness Programme*	-	25 850	(7 866)	17 984	(11)	(17 973)		(17 973)	-	-
<b>4.2</b> Pakhamani 2 AAT	-	3 051	(1 258)	1 793		(1 769)		(1 769)	24	-
<b>4.2</b> Thusanani 4 Work Readiness Programme	-	5 000	(1 443)	3 557		(3 542)		(3 542)	15	14
<b>Sub-total Year 10</b>	-	<b>80 191</b>	<b>(43 777)</b>	<b>36 414</b>	<b>(6 285)</b>	<b>(24 884)</b>		<b>(24 884)</b>	<b>5 245</b>	<b>14</b>
<b>Project Fund</b>	-	<b>80 191</b>	<b>(43 777)</b>	<b>36 414</b>	<b>(6 285)</b>	<b>(24 884)</b>		<b>(24 884)</b>	<b>5 245</b>	<b>14</b>

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NSDS Indicator	Project Name	Opening balance 2009/10 R'000	Approved by Accounting Authority R'000	Utilised R'000	Opening balance 2010/11 R'000	Approved by Accounting Authority R'000	Utilised R'000	Total R'000	Commitments R'000
2.2	SMMVE Pilot Grant	-	-	-	-	2 000	(65)	1 935	-
4.2	SMMVE Intervention - Fasset	-	-	-	-	1 800	(664)	1 136	-
4.2	Skills Advisors	-	-	-	-	10 909	(8 397)	2 512	2 512
2.8	Lifelong Learning	-	-	-	-	17 635	(13 914)	3 721	-
6.2	Learnership cash grant	-	-	-	-	2 786	(2 249)	537	-
1.1	Strategic Marketing	-	-	-	-	1 350	(449)	901	-
4.1	Annual Research	-	-	-	-	300	(120)	180	-
4.1	Assessor Moderator Grant	-	-	-	-	1 500	-	1 500	-
4.1	Taxation Learnership	-	-	-	-	-	-	-	-
4.1	Literacy and Numeracy	-	-	-	-	100	(100)	-	-
4.2	Research*	-	-	-	-	-	-	-	-
4.2	Bonani 6 Work Readiness	-	-	-	-	23 308	(8 016)	15 292	15 244
4.2	Programme	-	-	-	-	-	-	-	-
4.2	Thusanani 5 Work Readiness	-	-	-	-	5 039	(1 566)	3 473	3 439
4.2	Programme	-	-	-	-	1 459	(620)	839	788
4.2	Schimatius	-	-	-	-	855	(1)	854	800
4.2	IRBA PPE support Programme	-	-	-	-	4 318	-	4 318	4 263
4.2	Thuthuka Repeat QE	-	-	-	-	1 600	-	1 600	1 600
4.2	Strategic Cash Grant	-	-	-	-	10 509	-	10 509	-
4.2	Development projects	-	-	-	-	-	-	-	-
<b>Sub-total Year 11</b>		-	-	-	-	<b>85 468</b>	<b>(36 161)</b>	<b>49 307</b>	<b>28 646</b>
<b>Project Fund</b>		-	-	-	-	-	-	-	-
<b>Total Project Expenditure</b>		<b>71 754</b>	<b>65 254</b>	<b>(95 010)</b>	<b>41 998</b>	<b>77 145</b>	<b>(64 108)</b>	<b>55 034</b>	<b>29 117</b>

\* Projects closed during the year

The Board strategic sessions held annually, is used to determine the allocation of Fassets available surplus funds. The allocation is linked to its strategic objectives. The Seta either manages the project internally, or appoints service providers to meet its objectives. The appointment of the service providers follows the procurement process, depending on the value either through a tender or three quote process. 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 not yet due for payment.

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17.2 Operating Leases

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

	2010/11 R'000	2009/10 R'000
Not later than one year	946	1 083
Later than one year and not later than five years	4 482	-
	<u>5 428</u>	<u>1 083</u>

The operating lease relates to building premises used for office accommodation. The lease agreement was renewed on 1 April 2011. Fasset will lease the current premises until 31 May 2011. 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. New premises will be leased from 1 June 2011. Fasset will lease the premises until 31 March 2016. A deposit of R75 221 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 based on prime less five percentage point per annum. The rent escalates annually on 1 April 2012 by 9%.

**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 2011.

**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 terms of 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		Non-Interest Bearing	
Amount R'000	Effective interest rate	Amount R'000	Total R'000

### Year ended 31 March 2011

#### Assets

Cash	132 737	5,8%	1	<b>132 738</b>
Accounts receivable - other	-	-	2 456	<b>2 456</b>
<i>Total financial assets</i>	<u>132 737</u>	<u>-</u>	<u>2 457</u>	<b><u>135 194</u></b>

#### Liabilities

Trade and other payables from exchange transactions	-	-	(8 630)	<b>(8 630)</b>
<i>Total financial liabilities</i>	<u>-</u>	<u>-</u>	<u>(8 630)</u>	<b><u>(8 630)</u></b>

### Year ended 31 March 2010

#### Assets

Cash	94 128	7,4%	-	<b>94 128</b>
Accounts receivable - other	-	-	1 197	<b>1 197</b>
<i>Total financial assets</i>	<u>94 128</u>	<u>-</u>	<u>1 197</u>	<b><u>95 325</u></b>

#### Liabilities

Trade and other payables from exchange transactions	-	-	(11 242)	<b>(11 242)</b>
<i>Total financial liabilities</i>	<u>-</u>	<u>-</u>	<u>(11 242)</u>	<b><u>(11 242)</u></b>

### 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 DHET. This concentration of risk is limited as SARS and DHET are government entities with sound reputation.

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**The ageing of other receivables from exchange transactions:**

	2010/11		2009/10	
	Gross	Impairment	Gross	Impairment
Not past due	2 456	-	1 197	-
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:**

	2010/11		2009/10	
	Gross	Impairment	Gross	Impairment
Not past due	132 738	-	94 128	-
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.

2010/11	Carrying Amount	Contractual Cash Flows	6 months or less	6 - 12 months	1 - 2 years	More than 2 years
	Trade and other Payables from exchange transactions	(8 630)	(8 630)	(8 607)	(23)	-

2009/10	Carrying Amount	Contractual Cash Flows	6 months or less	6 - 12 months	1 - 2 years	More than 2 years
	Trade and other Payables from exchange transactions	(11 242)	(11 242)	(11 242)	-	-

**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.

		<b>Effective date, commencing on or after:</b>
GRAP 21	Impairment of Non-cash-generating Assets	1 April 2012
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)	1 April 2012
GRAP 24	Presentation of Budget Information in Financial Statements	1 April 2012
GRAP 26	Impairment of Cash-generating Assets	1 April 2012
GRAP 18	Segment Reporting	Not yet Effective
GRAP 25	Employee Benefits	Not yet Effective
GRAP 104	Financial Instruments	Not yet Effective
GRAP 105	Transfer of Function between Entities Under Common Control	Not yet Effective
GRAP 106	Transfer of Function between Entities Not Under Common Control	Not yet Effective
GRAP 107	Mergers	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 23 has been used to formulate our accounting policy.

GRAP 24 - the principles outlined in GRAP 24 have been used to inform compliance with the requirements of GRAP 1.

### **GRAP 21**

GRAP 21: Impairment of Non-cash Generating Assets. This standard prescribes the accounting treatment for the impairment of non-cash generating assets and does not significantly differ from IAS 36 except for some terminology differences. It is not expected that this standard will significantly impact future disclosures.

### **GRAP 23**

GRAP 23: Revenue from Non-exchange Transactions (Taxes and Transfers). The standard prescribes requirements for the financial reporting of revenue arising from non-exchange transactions. Accounting policies have been amended to clearly distinguish between exchange and non exchange transactions. It is not expected that the initial application will significantly impact the Seta's financial statements.

### **GRAP 24**

GRAP 24: Presentation of Budget Information in Financial Statements. The standard prescribes the presentation of a comparison of budget and actual amounts in the financial statements of entities that are publicly accountable for the use of their funds. The presentation may be in the form of an additional financial statement or additional budget columns in their financial statements. The standard becoming effective is not expected to significantly impact future disclosures since we have applied the principles outlined in GRAP 24 to inform our current disclosure.

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**GRAP 25**

GRAP 25: Employee Benefits. This standard prescribes the accounting treatment for employee benefits. The changes prescribed from the current applicable standard relate mainly to the accounting requirements of defined benefit plans and as such is not expected to significantly impact the current accounting policies or disclosures.

**GRAP 26**

GRAP 26: Impairment of Cash Generating Assets. This standard prescribes the accounting treatment for the impairment of cash generating assets and does not significantly differ from IAS 36. It is not expected that this standard will significantly impact future disclosures due to the Seta having no cash generating assets.

**GRAP 104**

GRAP 104: Financial Instruments. This standard prescribes recognition, measurement, presentation and disclosure requirements for financial instruments and makes significant modifications to the principles in the previous standards applied in order to:

- simplify the recognition, measurement and disclosure of financial instruments, and
- accommodate the types of financial instruments entered into in the public sector.

The definitions of the various categories of financial instruments in IAS 39 have been streamlined and replaced which will require us to change our accounting policy accordingly.

The following disclosures required under IAS are encouraged but not required:

- The disclosure of fair values for financial instruments,
- Certain disclosures about the use of the fair value using the three tiered hierarchy, and
- A market sensitivity analysis.

## 22. RELATED PARTY TRANSACTIONS

### 22.1 Transactions with the controlling entity

Fasset is controlled by the DHET, which is controlled by the Minister of Higher Education and Training.

There were transactions relating to revenue with the DHET refer to Note 2.

### 22.2 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 NSF. 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 DHET, these amounts are disclosed below.

	2010/11 R'000		2009/10 R'000	
	Amount of the transaction	Amount receivable/ (payable)	Amount of the transaction	Amount receivable/ (payable)
<b>Receivables</b>	<b>338</b>	<b>85</b>	8 206	221
<i>InterSeta*</i>	<b>(92)</b>	<b>85</b>	1 496	221
BANKSETA	<b>(1)</b>	<b>1</b>	44	2
ETDPSETA	-	-	(4)	-
INSETA	-	-	4	-
ISETT	-	-	226	-
PSETA	-	-	(3)	-
SERVICES	<b>(103)</b>	<b>72</b>	1 222	219
W&RSETA	<b>12</b>	<b>12</b>	7	-
<i>Other</i>	<b>430</b>	-	6 710	-
National Skills Fund	<b>5</b>	-	6 352	-
National Treasury	<b>425</b>	-	358	-

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

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	2010/11 R'000		2009/10 R'000	
	Amount of the transaction	Amount receivable/ (payable)	Amount of the transaction	Amount receivable/ (payable)
<b>Payables</b>	<b>(606)</b>	<b>(298)</b>	(7 305)	(256)
<i>InterSeta*</i>	<b>586</b>	<b>72</b>	938	34
AGRISETA	-	-	17	-
BANKSETA	<b>398</b>	<b>6</b>	64	-
CETA	<b>26</b>	-	-	-
ESETA	-	-	7	-
INSETA	<b>14</b>	<b>6</b>	127	-
ISETT	<b>33</b>	<b>33</b>	-	-
MAPP	-	-	14	-
MQA	<b>10</b>	-	104	-
MERSETA	-	-	84	-
SASSETA	<b>42</b>	-	40	34
SERVICES	<b>21</b>	<b>3</b>	404	-
TETA	-	-	26	-
THETA	<b>41</b>	<b>24</b>	14	-
W&RSETA	<b>1</b>	-	37	-
<i>Other</i>	<b>20</b>	<b>226</b>	6 367	222
National Skills Fund	<b>5</b>	<b>226</b>	6 352	222
National Treasury	<b>15</b>	-	15	-
<b>Total</b>	<b>(268)</b>	<b>(213)</b>	901	(35)

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

### 22.3 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 CEO is a member of the Accounting Authority but has no voting rights. The COO 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, are:

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	<b>2010/11</b> <b>R'000</b>	<b>2009/10</b> <b>R'000</b>
Aggregate remuneration	<b>20</b>	30
Number of persons	<b>2</b>	2

The senior management group consists of the Seta's CEO and COO. The aggregate remuneration of members of the senior management group and the number of managers receiving remuneration within this category are:

	<b>2010/11</b> <b>R'000</b>	<b>2009/10</b> <b>R'000</b>
Aggregate remuneration	<b>2 675</b>	2 653
Number of persons	<b>2</b>	2

Refer to the report by the Accounting Authority for detailed disclosure concerning the emoluments of CEO and COO. Refer to the report by the Audit and Risk Committee for detailed disclosure concerning the emoluments of members of the Accounting Authority.

### 23. 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	2010/11 R'000		2009/10 R'000	
			Amount of the transaction	Amount receivable/ (payable)	Amount of the transaction	Amount receivable/ (payable)
<b>Payables</b>						
Anglo Operations Ltd	Maryanne Trollope (Board Member)	Discretionary Grants	<b>816</b>	<b>(737)</b>	1 886	(1 053)
Deloitte	Dorothy Ndeleyana / Nigel Ritson (Board member)	Discretionary Grants	<b>2 194</b>	<b>(2 183)</b>	1 175	(1 982)
		Consultancy and other service provider fees	<b>6 855</b>	<b>141</b>	6 787	(124)
Industrial Development Corporation	Holger Fischer (Board member)	Discretionary Grants	<b>834</b>	<b>(752)</b>	714	(692)
Institute of Internal Auditors (IIA)	Bill Shellard (Board member)	Discretionary Grants	<b>10</b>	<b>(6)</b>	-	-
KPMG	Heidi Volschenk (Board member)	Discretionary Grants	<b>1 745</b>	<b>(1 711)</b>	2 860	(1 512)
MBS Accounting Services CC	Shirley Olsen (Board member)	Discretionary Grants	<b>54</b>	-	54	-
National Treasury	Stadi Mngomezulu (Board member)	Audit and Risk Committee fees	<b>15</b>	-	15	-
Pricewaterhouse Coopers	Robert Capper (Board member)	Discretionary Grants	<b>1 994</b>	<b>(2 102)</b>	3 449	(2 129)
South African Institute of Chartered Accountants (SAICA)	Mandi Olivier* (Board member)	Audit and Risk Committee fees	-	-	15	-
		Assessor Training Seminar	-	-	100	-

The transactions above occurred under terms that were no more favorable than those available in similar arm's length dealings. Discretionary Grants comprise of the Strategic Cash Grant, Learnership Cash Grant, Assessor Moderator grant, SMWE 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.

\* Mandi Olivier was a board member until end of her term, 30 April 2010. Fasset did not have an Audit and Risk Committee meeting during this period, hence no remuneration was paid. Since the 1 May 2010 she became an independent member of the Audit and Risk Committee, the remuneration received does not form part of the above disclosure. For further disclosure refer to the Audit and Risk Committee report on page 19.

## 24. 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.

### 24.1 Skills Development Levy: income from non-exchange transactions:

Levy receipts were higher than anticipated. A lower budget was set based on the levy trend for 2008/9 financial year. A portion of the increase resulted from unanticipated levy adjustments from SARS relating to the prior years.

### 24.2 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.

### 24.3 Investment Income

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

### 24.4 Employer grant and project expenses

The approved final budget only includes the estimated Mandatory Grant spending of the current financial year. This over-expenditure relates to increased levy income for both the current year, and prior years, thus increasing the grant expenditure.

### 24.5 Administration expenses

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

# APPENDIX A:

## NSDS II Targets and Achievements

### NOTES

1. Only the indicators that are applicable to the Seta have been included.

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

No.	NSDS Indicator	Fasset 2010-2011 Target	Achievement	Reason for Deviation from Target
1.1	Skills development supports national and sectoral growth, development and equity priorities.	The SSP or annual update is signed off by the: <ul style="list-style-type: none"> <li>• Seta Management Board Chairperson,</li> <li>• Seta/DHET agreed growth, development and equity strategy driver/s, and the</li> <li>• DHET executive manager responsible for quality assurance of the SSP.</li> </ul>	SSP signed off by all relevant parties and approved by DHET.	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.	8 000 SDFs or sector specialists trained in the use of the guide.	10 346 SDFs or sector specialists trained in the use of the guide.	There was additional participation at Lifelong Learning events, and new topics were offered. This resulted in increased participation from the stakeholders in scarce skills discussions, and the target was therefore exceeded.

No.	NSDS Indicator	Fasset 2010-2011 Target	Achievement	Reason for Deviation from Target
2.1	80% of large firms' and 60% of medium firms' EE targets supported by skills development. Impact on overall equity profile assessed.	48 large firms 94 medium firms	68 large firms 138 medium firms	Through a strategy of employer support, more firms participated in the grant claim process. Both targets were exceeded.
2.2	Skills development in at least 40% of small levy-paying firms supported and the impact of the support measured.	1 080 small levy-paying firms supported	1 626 small levy-paying firms supported	Through a strategy of employer support, more firms participated in the grant claim and project process. 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	258 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 that have achieved ABET Level 4.	ABET learners registered: 0  ABET learners achieved: 0	ABET learners registered: 0  ABET learners achieved: 0	Due to the limited need for ABET in the sector no target was set for this indicator during the year under review.
2.8	Number of workers assisted to enter and at least 50% successfully complete learning programmes. Impact of assistance measured.	Learners registered: 8 700 Learners completed: 8 600	Learners registered: 11 943 Learners completed: 11 561	There was additional participation at Lifelong Learning events, and new topics were offered. 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.

## Appendix A

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

No.	NSDS Indicator	Fasset 2010-2011 Target	Achievement	Reason for Deviation from Target
3.2	2 000 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.	600 non-levy paying enterprises supported	1 313 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.

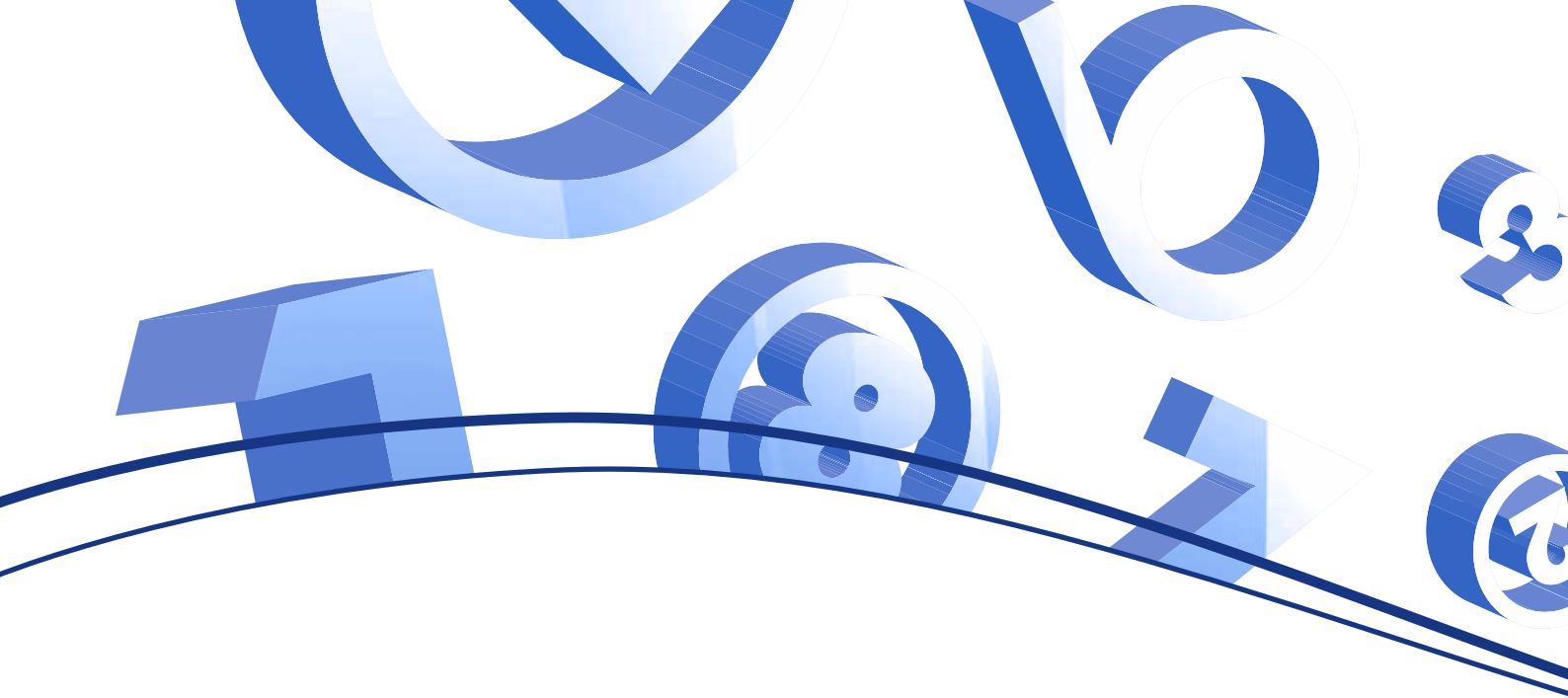
### NSDS Objective 4: Assisting new entrants into the labour market and self-employment

No.	NSDS Indicator	Fasset 2010-2011 Target	Achievement	Reason for Deviation from Target
4.1	Unemployed people assisted to enter learning programmes and at least 50% successfully completed. Impact of assistance measured.	Learners registered: 2 000 Learners completed: 1 000	Learners registered: 3 285 Learners completed: 3 040	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 50% completion target.
4.2	Learners in critical skills programmes covered by sector agreements from FET and Higher Education and Training (HET) institutions assisted to gain work experience, of whom at least 70% successfully find placement in employment or self-employment.	600 learners assisted to gain work experience and 420 placed.	785 learners assisted to gain work experience and 732 placed.	Additional discretionary funding was allocated to the Development Projects resulting in additional learners been trained than originally planned thus resulting in the target been exceeded. The 70% placement rate has been achieved.

No.	NSDS Indicator	Fasset 2010-2011 Target	Achievement	Reason for Deviation from Target
4.3	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, 280 in operation 12 months after completion.	1 544 learners trained and mentored to form new ventures, 479 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*

No.	NSDS Indicator	Fasset 2010-2011 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.	370 institutes supported	523 institutes supported	An increased number of accreditation and monitoring visits were conducted by Fasset and professional bodies, resulting in the target been exceeded.
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.	30 provider institutes	71 provider institutes	Additional provider sites were accredited compared to those anticipated.
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 National Learner Record Database (NLRD) upload requirements.	The SAQA audit and NLRD upload requirements were met	No deviation.



# *APPENDIX B:*

Fasset's Management Board, which served for the period 1 April 2010 to 31 March 2011.

## MANAGEMENT BOARD

Name	Representing	Constituency	Organisation	Race	Gender	27 May 2010	9 September 2010	25 November 2010	10 March 2011	Total Meetings attended	Participation in Working Committees
Hannefje Boima	Employees	Trade Unions	PSA	White	Female	✓	✗	✗	✓	2 of 4	
Robert Capper	Employers	Large Accounting & Auditing Firms	PwC	White	Male	✓	✗	✓	✓	3 of 4	Chairman, Exco
Shahied Daniels	Employees	Professional Bodies	SAIPA	Coloured	Male	✓	✓	✗	✓	3 of 4	ETQA/ Learnerships
Holger Fischer	Employers	Development Corporations	IDC	White	Male	✓	✓	✓	✓	4 of 4	Exco, SPwC
Kate Hlongwane	Employees	Trade Unions	NEHAWU	African	Female	✓	✓	✓	✓	4 of 4	
Pieter Lombard	Employees	Trade Unions	PSA	White	Male	✗	✗	✓	✗	1 of 4	Exco
Stadi Mangomezulu	Employers	The State	National Treasury	African	Male	✓	✗	✓	✗	2 of 4	Audit and Risk
Mpuseng Maloi	Employers	Securities & Stock Brokers	JSE Limited	African	Female	✓	✓	✓	✓	4 of 4	Deputy Chairman, Exco, Remco
Matsepo More	Employees	Professional Bodies	ABASA	African	Female	✓	✓	✗	✓	3 of 4	Audit and Risk Committee
Dorothy Ndlelyana <sup>1</sup>	Employers	Taxation Services	Deloitte	African	Female	✓	✗	n/a	n/a	1 of 2	
Shirley Olsen	Employers	Small Accounting & Auditing Firms	MBS	White	Female	✓	✓	✓	✗	3 of 4	ETQA/ Learnerships, Finco
Nigel Ritson <sup>2</sup>	Employers	Taxation Services	Deloitte	White	Male	n/a	n/a	✓	✓	2 of 2	
Bill Shellard	Employees	Professional Bodies	IIA	White	Male	✗	✗	✓	✓	2 of 4	Finco, Exco, Remco
Tshitso Thunisi	Employees	Trade Unions	NEHAWU	African	Male	✗	✗	✓	✓	2 of 4	
Maryanne Trollope	Employers	Investment Entities & Trusts	Anglo Operations Ltd	White	Female	✗	✓	✓	✓	3 of 4	Exco, ComCom, Remco

Name	Representing	Constituency	Organisation	Race	Gender	27 May 2010	9 September 2010	25 November 2010	10 March 2011	Total Meetings attended	Participation in Working Committees
Heidi Volschenk	Employers	Business & Management Consulting	KPMG	White	Female	x	x	✓	✓	2 of 4	
Brian Young	Employees	Professional Bodies	IMFO	White	Male	✓	✓	x	✓	3 of 4	
<b>CEO</b>											
Cheryl James		Fasset CEO		White	Female	✓	✓	✓	✓	4 of 4	

<sup>1</sup> Resigned May 2010

<sup>2</sup> Joined November 2010

### Working Committee Chairmen

Committee	Chairman	Meetings Attended
Exco	Robert Capper	4 of 4
Skills Planning	Holger Fischer	3 of 3
Quality Assurance & Learnerships	Shirley Olsen	4 of 4
Audit and Risk	Mandi Olivier (Independent Chairman)	3 of 4
Finance	Bill Shellard	6 of 11
Communications	Maryanne Trollope	2 of 4
Remuneration	Maryanne Trollope	3 of 3

# APPENDIX C

## COMMITTEE MEMBERS AND MEETING ATTENDANCE

### Exco

Member	Organisation	Meetings Attended
Robert Capper (Chairman)	PwC	4 of 4
Holger Fischer	IDC	4 of 4
Cheryl James	Fasset CEO	4 of 4
Pieter Lombard	PSA	4 of 4
Samantha Louis <sup>1</sup>	CIMA	1 of 1
Mpuseng Moloi (Deputy Chairman)	JSE Limited	3 of 4
Bill Shellard <sup>2</sup>	IIA	2 of 3
Maryanne Trollope	Anglo Operations Ltd	4 of 4

<sup>1</sup> Resigned April 2010

<sup>2</sup> Joined July 2010

### Communication Committee

Member	Organisation	Meetings Attended
Tyron Barnard	KPMG	1 of 1
Rue Bateman	KPMG	0 of 4
Anil Bhoopal <sup>1</sup>	National Treasury	1 of 1
Andrew Carlsson <sup>2</sup>	ICB	1 of 1
Janine Connor	SAIPA	4 of 4
Eva Cruz <sup>3</sup>	Silica Financial Administration Solutions (Pty) Ltd	0 of 1
Isabel de Necker <sup>4</sup>	BankSeta	2 of 3
Tsholofelo Dihutso <sup>2</sup>	FPI	1 of 1

## Appendix C

Member	Organisation	Meetings Attended
Marna Enslin <sup>5</sup>	SAIPA	2 of 2
Shameela Essack <sup>2</sup>	CIMA	1 of 1
Keith Peterson <sup>6</sup>	SAIT	0 of 4
Maryanne Trollope (Chairman)	Anglo Operations Ltd	2 of 4

<sup>1</sup> Joined October 2010 and resigned October 2010

<sup>2</sup> Joined February 2011

<sup>3</sup> Resigned April 2010

<sup>4</sup> Resigned October 2010

<sup>5</sup> Resigned July 2010

<sup>6</sup> Resigned February 2011

### Finance Committee

Member	Organisation	Meetings Attended
Maria Atougua <sup>1</sup>	EMA Johannesburg North (Pty) Ltd	1 of 1
Robert Capper <sup>2</sup> (Chairman)	PwC	3 of 3
Lester Goldman <sup>3</sup>	SAIPA	5 of 7
Cheryl James	Fasset CEO	10 of 11
Nadine Kater	Fasset COO	10 of 11
Shirley Olsen <sup>4</sup>	MBS	3 of 8
Bill Shellard (Chairman)	IIA	6 of 11
Susan Vasconcelos	Nexus Management Consultants	9 of 11

<sup>1</sup> Joined March 2011

<sup>2</sup> Resigned July 2010

<sup>3</sup> Joined August 2010

<sup>4</sup> Resigned January 2011

### Remuneration Committee

Member	Organisation	Meetings Attended
Mpuseng Moloji	JSE Limited	3 of 3
Bill Shellard	IIA	3 of 3
Maryanne Trollope (Chairman)	Anglo Operations Ltd	3 of 3

### Skills Planning Working Committee

Member	Organisation	Meetings Attended
Ashleigh Alistoun	KPMG	2 of 4
Aboo Amod	IDC	3 of 4
Andrew Carlsson	ICB	3 of 4
Zahra Cassim <sup>1</sup>	IPFA	1 of 1
Cilla Cinnamon <sup>2</sup>	Ernst & Young	2 of 3
Eva Cruz <sup>1</sup>	Silica Financial Administration Solutions (Pty) Ltd	1 of 1
Anabela de Rose	Silica Financial Administration Solutions (Pty) Ltd	3 of 4
Holger Fischer (Chairman) <sup>2</sup>	IDC	3 of 3
Angela Forrest	SAIPA	3 of 4
Stiaan Klue	SAIT	0 of 4
Noreen Kolbe	RCS Cards	1 of 4
Khensani Mathonsi	Deloitte	2 of 4
Nomakhuze Mguqulwa <sup>3</sup>	Deutsche Bank	1 of 2
Neo Mndebele	JSE Limited	1 of 4
Thabo Morgan <sup>2</sup>	SARS	2 of 3

Member	Organisation	Meetings Attended
Fumani Nkuna	PwC	3 of 4
Tshepiso Nyatlo <sup>4</sup>	Sizwentsaluba	2 of 2
Stuart Noble	FTC	1 of 4
Thokozani Nongauza <sup>2</sup>	JSE Limited	0 of 3
Charlene O'Connor <sup>5</sup>	TransUnion	1 of 2
Christinah Papi <sup>2</sup>	Deloitte	2 of 3
Cindy Parvess	ACCA	3 of 4
Thea Pelsler	PwC	4 of 4
Pradeshini Poovan <sup>4</sup>	MBD Credit Solutions	2 of 2
Masindi Ramovha <sup>2</sup>	MBD Credit Solutions	2 of 3
Erica Wassenaar <sup>2</sup>	Business Partners	2 of 3

<sup>1</sup> Resigned April 2010

<sup>4</sup> Joined June 2010

<sup>2</sup> Joined July 2010

<sup>5</sup> Resigned July 2010

<sup>3</sup> Joined August 2010 and resigned February 2011

### Quality Assurance & Learnerships Committee (QAL)

Member	Organisation	Meetings Attended
Aboo Amod	IDC	1 of 4
Jackie Baumgardt	ICSA	3 of 4
John Bignaut	Definitive Training Solutions cc	4 of 4
Christa Boshoff	SAIT	0 of 4
Andrew Carlsson	ICB	4 of 4
Lawrence Chetty	IIA	1 of 4
Charleen Davids	CIMA	0 of 4
Riana de Bruyn	AAT (SA)/SAICA	1 of 4
Robin Dixie	Robin T Dixie & Associates	4 of 4
Angela Forrest	SAIPA	4 of 4
Caroline Hall	AAT	0 of 4
Justine Johnson <sup>1</sup>	KPMG	1 of 1
Laine Katzin <sup>2</sup>	IRBA	1 of 2
Stiaan Klue	SAIT	0 of 4
Amos Kova	CIMA	2 of 2
Samantha Louis	ACCA	2 of 4
Janse Maritz	ICB	1 of 4
Clare Morley	AAT	0 of 4
Princess Moshane	SAIPA	0 of 4
Mmatsie Mpshane	IRBA	1 of 3
Ehsaan Nagia	IAC	4 of 4
Noloyiso Ndamane <sup>3</sup>	Trioptican (Pty) Ltd	0 of 2
Geoffrey Ngonyama <sup>2</sup>	SAICA	1 of 2
Krishan Nowrungsah	ACCA	3 of 4
Shirley Olsen (Chairman)	MBS	4 of 4
Cindy Parvess <sup>2</sup>	ACCA	0 of 3
Jane Scott Paul	AAT	0 of 4
Joanett Pienaar <sup>1</sup>	KPMG	0 of 1
Pradeshini Poovan <sup>1</sup>	MBD Credit Solutions	1 of 1
Vashna Rawjee	ATCOR	1 of 4
Stephen Sadie	ICSA	3 of 4

## Appendix C

Member	Organisation	Meetings Attended
Louise Schoonwinkel <sup>2</sup>	Wow Group	2 of 2
Bill Shellard	IIA	3 of 4
Teunis van Buuren <sup>4</sup>	SAIBR	2 of 3
Fransisca Venter <sup>2</sup>	ASSA	0 of 3
Tania Williams <sup>2</sup>	Sofline Pastel	0 of 2

<sup>1</sup> Joined February 2011

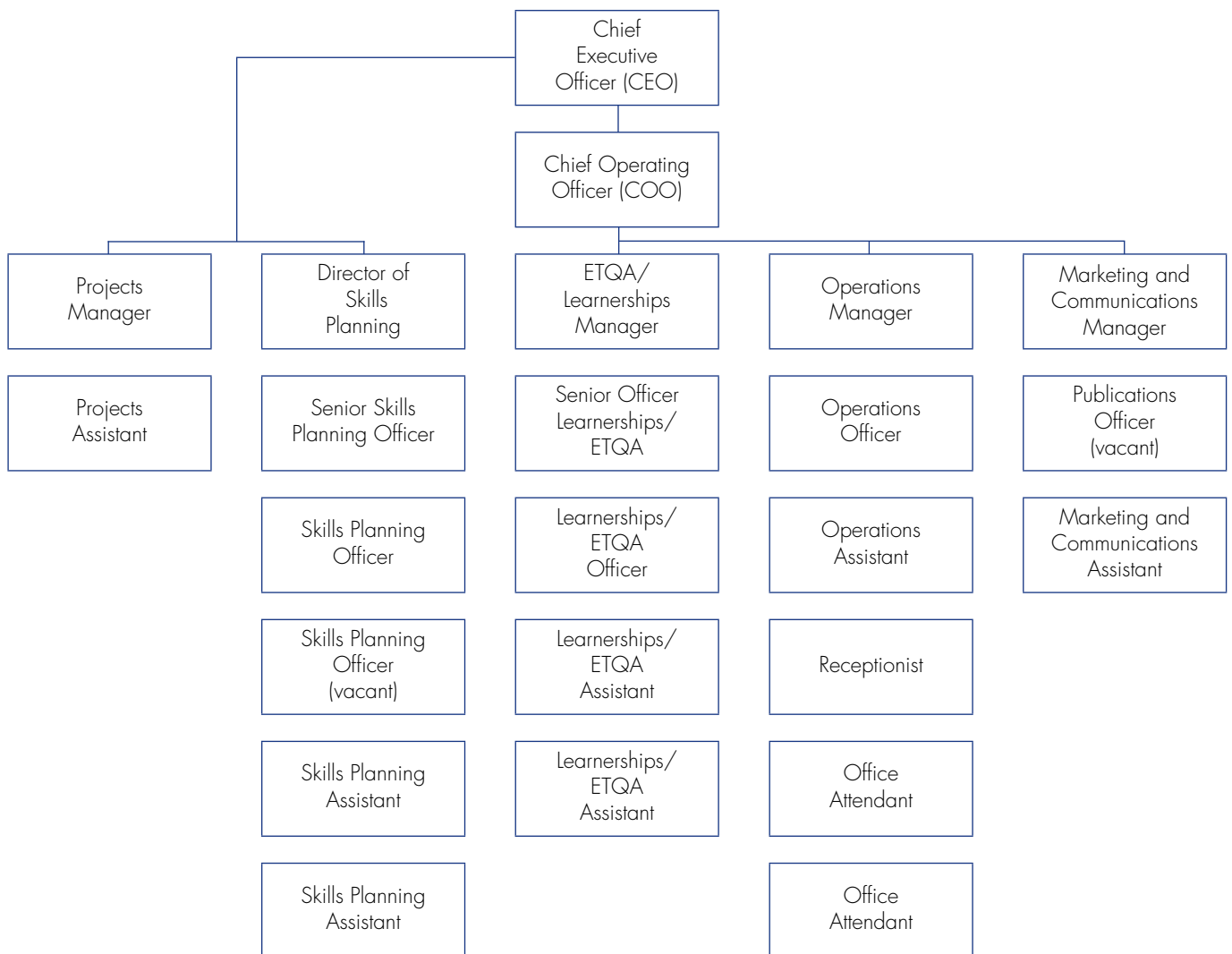
<sup>2</sup> Resigned October 2010

<sup>3</sup> Joined October 2010

<sup>4</sup> Joined July 2010

# APPENDIX D

## ORGANOGRAM

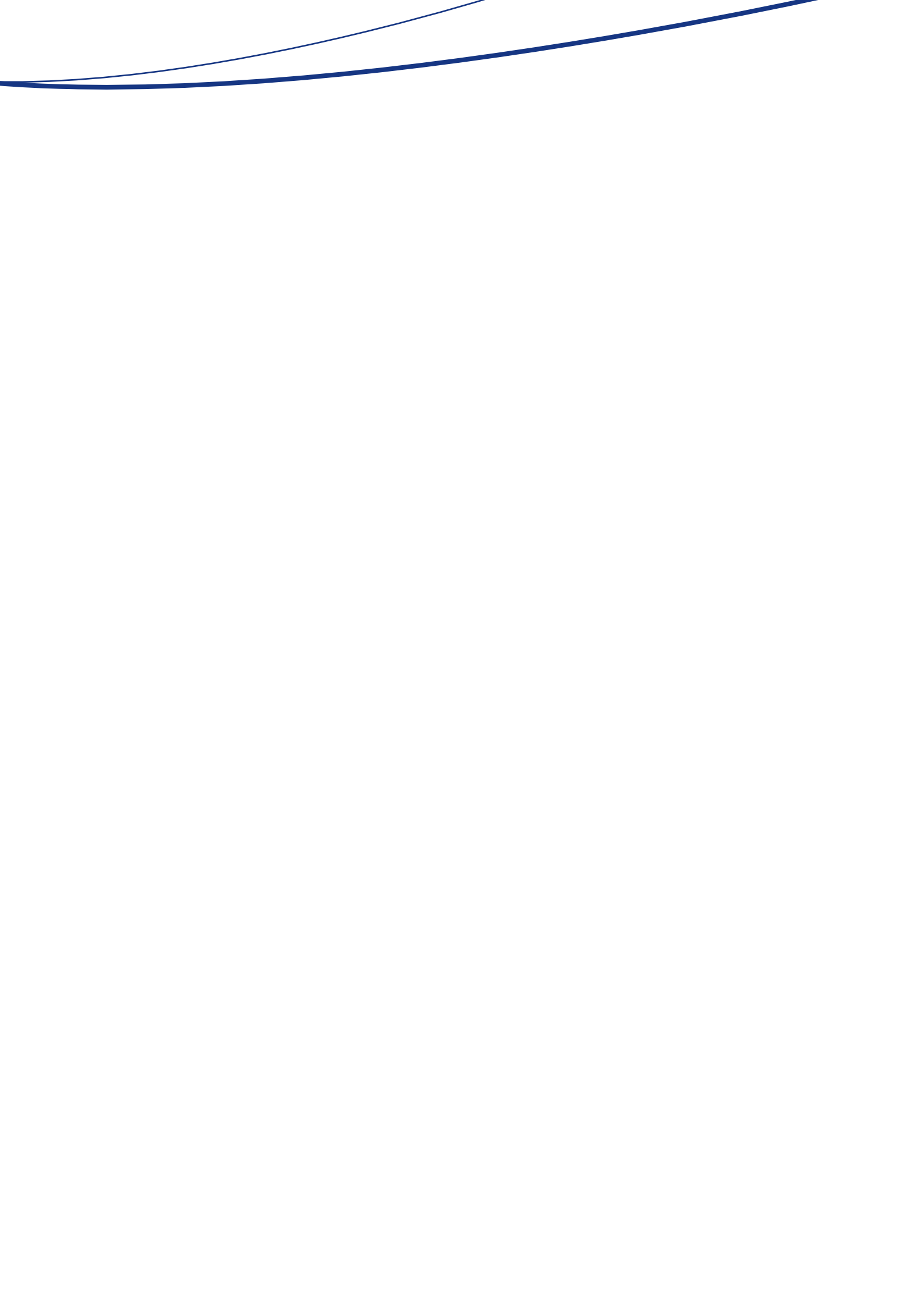


## ACRONYMS AND ABBREVIATIONS

<b>AAT</b>	Association of Accounting Technicians
<b>ABASA</b>	Association for the Advancement of Black Accountants
<b>ABET</b>	Adult Basic Education and Training
<b>ACCA</b>	Association of Chartered Certified Accountants
<b>AGM</b>	Annual General Meeting
<b>AGRISETA</b>	Agriculture Sector Education and Training Authority
<b>AMG</b>	Assessor and Moderator Grant
<b>ANA</b>	Annual National Assessments
<b>ASB</b>	Accounting Standards Board
<b>ASSA</b>	Actuarial Society of South Africa
<b>ATR</b>	Annual Training Report
<b>B Acc</b>	Bachelor of Accounting
<b>BANKSETA</b>	Banking Sector Education and Training Authority
<b>B-BBEE</b>	Broad-Based Black Economic Empowerment
<b>CA</b>	Chartered Accountant (SA)
<b>CBO</b>	Community Based Organisation
<b>CEO</b>	Chief Executive Officer
<b>CETA</b>	Construction Education and Training Authority
<b>CHE</b>	Council for Higher Education
<b>CIMA</b>	Chartered Institute of Management Accountants
<b>COO</b>	Chief Operating Officer
<b>CSS</b>	Customer Satisfaction Survey
<b>CTA</b>	Certificate in the Theory of Accounting
<b>DHET</b>	Department of Higher Education and Training
<b>DoL</b>	Department of Labour
<b>EDTPSETA</b>	Education Training and Development Practices Sector Education and Training Authority
<b>EE</b>	Employment Equity
<b>EEA</b>	Employment Equity Act of 1998
<b>ESETA</b>	Energy Sector Education and Training Authority
<b>ETQA</b>	Education and Training Quality Authority
<b>EXCO</b>	Executive Committee
<b>Fasset</b>	The Seta for Finance, Accounting, Management Consulting and Other Financial Services
<b>FET</b>	Further Education and Training
<b>FPI</b>	Financial Planning Institute
<b>FSA</b>	Fasset Skills Advisor
<b>FTC</b>	Financial Training Corporation
<b>GRAP</b>	Generally Recognised Accounting Practice
<b>GTCSS</b>	Guarantee Trust Corporate Support Services
<b>HDI</b>	Historically Disadvantaged Individuals
<b>HESA</b>	Higher Education South Africa
<b>HET</b>	Higher Education and Training
<b>HR</b>	Human Resources
<b>HRDSSA</b>	Human Resources Development Strategy South Africa
<b>HSRC</b>	Human Sciences Research Council

<b>IAC</b>	Institute of Administration and Commerce
<b>IAP</b>	Industrial Action Plan
<b>ICB</b>	Institute of Certified Bookkeepers
<b>ICSA</b>	Institute of Chartered Certified Secretaries and Administrators
<b>IDC</b>	Industrial Development Corporation
<b>IIA</b>	Institute of Internal Auditors
<b>IIP</b>	Investors in People
<b>IMFO</b>	Institute of Municipal Finance Officers
<b>INSETA</b>	Insurance Sector Education and Training Authority
<b>IRBA</b>	Independent Regulatory Board for Auditors
<b>ISETT</b>	Information Systems, Electronics and Telecommunication
<b>ISOE</b>	Institutes of Sectoral and Occupational Excellence
<b>IT</b>	Information Technology
<b>LCG</b>	Learnership Cash Grant
<b>MAPP</b>	Media, Advertising, Publishing, Printing and Packaging Education and Training Authority
<b>MBS</b>	Master Business Services cc
<b>MERSETA</b>	Manufacturing, Engineering and Related Services Education and Training Authority
<b>MOU</b>	Memorandum of Understanding
<b>MQA</b>	Mining Qualifications Authority
<b>MTSF</b>	Medium-Term Strategic Framework
<b>NEHAWU</b>	National Education, Health and Allied Workers Union
<b>NGO</b>	Non-Governmental Organisation
<b>NGP</b>	National Growth Path
<b>NLRD</b>	National Learner Record Database
<b>NQF</b>	National Qualifications Framework
<b>NSA</b>	National Skills Authority
<b>NSDS</b>	National Skills Development Strategy
<b>NSDS I</b>	National Skills Development Strategy 2000-2005
<b>NSDS II</b>	National Skills Development Strategy 2005-2011
<b>NSDS III</b>	National Skills Development Strategy 2011-2016
<b>NSF</b>	National Skills Fund
<b>NSFAS</b>	National Student Financial Aid Scheme
<b>OMA</b>	Osman Moosa and Associates
<b>PFMA</b>	Public Finance Management Act (Act 1 of 1999) as amended
<b>PPE</b>	Public Practice Examination
<b>PSA</b>	Public Servants Association of South Africa
<b>PSETA</b>	Public Service Sector Education and Training Authority
<b>PwC</b>	PricewaterhouseCoopers
<b>QALC</b>	Quality Assurance and Learnerships Committee
<b>QAP</b>	Quality Assurance Partner
<b>QCTO</b>	Quality Council for Trades and Occupations
<b>QE</b>	Qualifying Examination
<b>ROI</b>	Return on Investment
<b>RPL</b>	Recognition of Prior Learning

<b>SAIBA</b>	South African Institute for Business Accountants
<b>SAICA</b>	South African Institute of Chartered Accountants
<b>SAIPA</b>	South African Institute of Professional Accountants
<b>SAIT</b>	South African Institute for Tax Practitioners
<b>SAQA</b>	South African Qualifications Authority
<b>SARS</b>	South African Revenue Service
<b>SASSETA</b>	Police, Private Security, Legal and Correctional Services Sector Seta
<b>SCG</b>	Strategic Cash Grant
<b>SciMathUS</b>	Science and Mathematics at the University of Stellenbosch
<b>SCM</b>	Supply Chain Management
<b>SDA</b>	Skills Development Act, Act 97 of 1998, (as amended)
<b>SDF</b>	Skills Development Facilitator
<b>SDL</b>	Skills Development Levy
<b>SDLA</b>	Skills Development Levies Act of 1999 (as amended)
<b>SERVICES</b>	Services Sector Education and Training Authority
<b>Seta</b>	Sector Education Training Authority
<b>SGM</b>	Special General Meeting
<b>SMME</b>	Small Medium and Micro Enterprises
<b>SPwC</b>	Skills Planning Working Committee
<b>SSP</b>	Sector Skills Plan
<b>TETA</b>	Transport Education and Training Authority
<b>THETA</b>	Tourism and Hospitality Education and Training Authority
<b>TOR</b>	Terms of Reference
<b>UCT</b>	University of Cape Town
<b>UJ</b>	University of Johannesburg
<b>UKZN</b>	University of KwaZulu-Natal
<b>WITS</b>	University of the Witwatersrand
<b>WSP</b>	Workplace Skills Plan
<b>W&amp;RSETA</b>	Wholesale and retail Sector Education and Training Authority
<b>Year 1</b>	1 April 2000 to 31 March 2001
<b>Year 2</b>	1 April 2001 to 31 March 2002
<b>Year 3</b>	1 April 2002 to 31 March 2003
<b>Year 4</b>	1 April 2003 to 31 March 2004
<b>Year 5</b>	1 April 2004 to 31 March 2005
<b>Year 6</b>	1 April 2005 to 31 March 2006
<b>Year 7</b>	1 April 2006 to 31 March 2007
<b>Year 8</b>	1 April 2007 to 31 March 2008
<b>Year 9</b>	1 April 2008 to 31 March 2009
<b>Year 10</b>	1 April 2009 to 31 March 2010
<b>Year 11</b>	1 April 2010 to 31 March 2011



PO Box 6801, Cresta, 2118  
Building 3, Ground Floor, 299 Pendoring Road, Blackheath  
Call Centre: 086 101 0001  
E-mail: [fassetcallcentre@fasset.org.za](mailto:fassetcallcentre@fasset.org.za)  
Web: [www.fasset.org.za](http://www.fasset.org.za)

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