



ANNUAL REPORT

2020-2021



Moulding Entrepreneurs



GAUTENG PROVINCE
ECONOMIC DEVELOPMENT
REPUBLIC OF SOUTH AFRICA

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PART A

GENERAL

INFORMATION

REGISTERED NAME	Gauteng Enterprise Propeller
REGISTERED NUMBER	Not applicable
CHAIRPERSON OF THE BOARD	Ms. Lebogang Mphahlele
CHIEF EXECUTIVE OFFICER	Mr. Saki Zamxaka
REGISTERED ADDRESS	124 Main Street Marshalltown Johannesburg 2001
POSTAL ADDRESS:	PO Box 61464 Marshalltown 2107
CONTACT	087 057 2000 enquiries@gep.co.za
FAX NUMBERS	+27 11 834 6702
WEBSITE ADDRESS	www.gep.co.za
BANKERS	First National Bank
AUDITORS	Auditor-General of South Africa
COMPANY SECRETARY	First Corporate Secretaries

2 GEP REGIONAL AND SATELLITE OFFICES

REGIONAL OFFICES

SATELLITE OFFICES.

JOHANNESBURG REGIONAL OFFICE

7th Floor, 124 Main Street,
Johannesburg
Tel: 011 085 2002

BRONKHORSTSspruit SATELLITE OFFICE

Lazarus Building, 43 Lanham Street,
Bronkhorstspruit
Tel: 013 932 3828

EKURHULENI REGIONAL OFFICE

Ground Floor, 188 Victoria Street,
Corner Victoria & Spilsbury,
Germiston
Tel: 011 821 2870

HEIDELBERG SATELLITE OFFICE

52 Voortrekker Road,
PG Glass,
Unit 34, Heidelberg
Tel: 016 349 2658

TSHWANE REGIONAL OFFICE

Block G, 333 Grosvenor Street,
Hatfield Gardens, Hatfield
Tel: 012 430 2359

SOWETO SATELLITE OFFICE

Maponya Mall, Thusong Centre,
2127 Chris Hani Road, Soweto
Tel: 011 938 4257

WEST RAND REGIONAL OFFICE

23 Eloff Street, Krugersdorp
Tel: 011 950 9870

MOHLAKENG SATELLITE OFFICE

3521 Ralerata Street, Mohlakeng
Tel: 011 414 1753

SEDIBENG REGIONAL OFFICE

36 Merriman Avenue,
Vereeniging
Tel: 016 910 1200

3 LIST OF ABBREVIATIONS / ACRONYMS

AIDC	Automotive Industry Development Centre
APP	Annual Performance Plan
BDS	Business Development Support
CAP	Cooperative Assistance Programme
CIPC	Companies and Intellectual Property Commission
Co-Ops	Cooperatives
ES	Enterprise Support
G2055	Gauteng Vision 2055
GCR	Gauteng City Region
GDED	Gauteng Department of Economic Development
GEP	Gauteng Enterprise Propeller
GIBUS	Gauteng Informal Business Upliftment Strategy
GM	General Manager
GPG	Gauteng Provincial Government
IBASA	Institute of Business Advisors South Africa
ICT	Information and Communications Technology
IM	Investment Management
MEC	Member of the Executive Council
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NDP	National Development Plan
RO	Regional Operations

3 LIST OF ABBREVIATIONS / ACRONYMS

SEZ	Special Economic Zones
PFMA	Public Finance Management Act
PMS	Performance Management System
PWD	Person with Disabilities
SMME	Small, Medium and Micro Enterprises
SCM	Supply Chain Management
TBR	Township Business Renewal
TER	Township Economic Revitalisation
TMR	Transformation, Modernisation and Re-industrialisation
VUT	Vaal University of Technology

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of our knowledge and belief, we confirm the following: All information and amounts disclosed in this annual report are consistent with the 2020/21 GEP annual financial statements audited by the Auditor General.

The annual report is complete, accurate and is free from any omissions. This annual report has been prepared in accordance with the Annual Report Guidelines for Schedule 3A and 3C Public Entities as issued by National Treasury. The Annual Financial Statements (Part E) have been prepared in accordance with the GRAP standards applicable to the Agency. The GEP Board, as the Accounting Authority, is responsible for ensuring that the Agency prepares Annual Financial Statements and for the judgements made on this information.

The Accounting Authority is further responsible for ensuring that the Agency establishes, and implements a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.

The external auditors AGSA were engaged to express an independent opinion on the 2020/21 annual financial statements of GEP. In our opinion, the GEP Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Agency for the financial year ended 31 March 2021.

Yours faithfully,

Mr. Saki Zamxaka
Chief Executive Officer

Ms Lebogang Mphahlele
Board Chairperson



FOREWORD BY THE CHAIRPERSON



Ms Lebogang Mphahlele
Board Chairperson

“ the new provincial economic vision advocates for high impact interventions and accelerating the transitioning of small, micro and medium enterprises into the mainstream economy ”

The Gauteng Enterprise Propeller is entrusted with the responsibility of providing business development and financial support interventions in the Gauteng province. In view of the economic slump experienced in the past few years, characterised by major economic shocks, the entity is expected to scale-up support and respond to the challenges of unemployment and ensure the sustainability of small businesses amid the dwindling resource constraints.

The Gauteng Provincial Government has developed the Growing Gauteng Together (GGT2030) economic strategy aligned to the National Development Plan which intends to create 11 million jobs by 2030; and most of these jobs are expected to be created by small and micro enterprises. Central to the GGT2030 strategy is the prioritisation of high growth sectors and the implementation of the Township Economic strategy with a strong focus on small, micro and medium enterprises. GGT 2030 is based on strengthening the corridor economy, increasing support to the Special Economic Zones and new industrial clusters in the province, leveraging on infrastructure to drive economic development, while emphasising collaboration and integration across all the Gauteng city regions.

GGT2030 also aims to assist the Gauteng province to reduce unemployment by 15% in 2030 with a growth in GDP of 2.9 percent. The entrepreneurial landscape continues to be a difficult space due to the new emerging challenges posed by the economic downturn, Covid-19 and other factors.

The advent of the Covid-19 virus has decimated a lot of small firms; and resulted to massive job losses (over 1 million) in 2020/21 financial year. Unemployment levels increased by 0.1 percent in quarter 1 of 2021, pushing Gauteng province to 34.4 percent levels of unemployment.

While the GGT2030 strategy advocates for the support of high growth sectors, a balance is required to ensure inclusive and sustainable growth for small, micro and medium enterprises in line with the Gauteng Township Economic Revitalisation Strategy. The new vision is in line with the Gauteng Enterprise Propeller's strategy which seeks to strengthen local content, develop SMME's to access economic opportunities through strategic procurement, promote supplier development and strategic resourcing through GEP as a 'Resource Aggregator' in the province.

This calls for partnerships with all the development finance institutions, government departments, private sector and municipalities towards the mobilisation and coordination of resources. On the other hand, the new provincial economic vision advocates for high impact interventions and accelerating the transitioning of small, micro and medium enterprises into the mainstream economy.

With the global outbreak of the COVID-19 virus now crippling economic activity worldwide, South African SMMEs are particularly vulnerable. Local businesses have already been battling through a technical recession, severe load-shedding and low consumer and business confidence. This means that the entity must increase its efforts to improve their survival rate and ensure that small, micro and medium enterprises receive the necessary relief packages necessary to put the Gauteng's economy on a growth trajectory.

The resurgence of COVID-19 and the resultant level four restrictions that limit gatherings, traveling and trading in some sectors, have not only impacted the economy negatively, but reduced our operational capacity, leading to far-reaching implications on the entity and the entrepreneurial environment.

Compounding the already disastrous Covid-19 impact on small businesses, was the catastrophic unrest that gripped the Gauteng province and KwaZulu-Natal. This unprecedented unrest was characterised by massive looting and destruction of businesses and led to the decimation of a lot of established businesses, especially within the townships in Gauteng, which will result in massive job losses and potentially affects investment flow. South Africa continues to be a risky investment destination.

Given the role GEP plays in the entrepreneurship development landscape, the entity needs to rethink its strategy and endeavour to rescue the situation with its limited budget through effective partnerships. Therefore, the entity will expedite the operationalisation of its contingency plans to overcome the negative impact of the pandemic and unrest on small businesses and the organisation.

The economic slump has also impacted revenue collection, culminating in the reduction of the budget to execute our ever-growing mandate. The continuous fiscus squeeze has meant that the entity must do more with little. The major challenge is that responsibilities of the entity in terms of Annual Performance targets have almost doubled, whilst the budget has been reduced for the next three outer years.

The entity is therefore expected to devise new tactics to generate revenue from other potential funders and stakeholders, increased partnerships and collaborations across the entrepreneurial landscape. The new responsibilities entrusted to the entity, requires the entity to innovatively balance its current operational capacity and the needs of small, micro and medium enterprises, without compromising the delivery of quality services and impact-driven interventions.

The year ahead continues to follow a similar trajectory, with the shift from level three to level four, making it difficult for the entity to operate to its full capacity, while small, micro and medium enterprises experience hardships due to the stringent lockdown regulations. The retail sector, tourism, hospitality (restaurants) and trade continue to experience slow growth due to moratorium on restaurants sit-in and the tourism sector.

GEP is likely to be inundated with requests and new applications from various sectors of the economy, including business associations. Some are likely to close-down and shed jobs. This calls for the ramping up of financial interventions and development of Covid-19 relief packages to ensure the rescuing and sustainability of small, micro and medium enterprises.

The entity received R250 million from the Shareholder/ Provincial Treasury as part of the Covid-19 response to small, micro and medium enterprises.

The cultivation of partnerships is underway to ensure that the entity mobilises more resources to increase its reach and its support to small enterprises. One such partnership is with the Industrial Development Corporation (IDC), which will see the organisations establish a joint SMME Fund. The fund will assist in the response to both the Covid-19 crisis and the recent spate of looting and violence in Gauteng.

In recent years, the organisation has been plagued by unstable leadership, particularly at executive level. The new Board has sought to prioritise the stabilisation of the organisation to ensure that it is able to deliver fully on its mandate.

The new Chief Executive Officer, Mr Saki Zamxaka, Chief Operations Officer, Mr Imraan Khan and Chief Financial Officer, Mr Kealeboga Bogatsu have been appointed, while other critical positions are being filled. This is the right step in steering the organisation forward and ensure the sustainability of the entity.

The new Board has adapted swiftly in dealing with the challenges facing the organisation. We are looking forward in shaping the new GEP that is impact-driven and responsive to the needs of small, micro and medium businesses.

Ms Lebogang Mphahlele
Board Chairperson

STRATEGIC OVERVIEW

Our Vision

A responsive and impactful propeller for sustainable business enterprises in the Gauteng Province

Our Values

In achieving its vision, the Gauteng Enterprise Propeller defines its mission as:

- Establishing a high performing professional, ethical and capable institution;
- Promoting entrepreneurship and facilitating an integrated approach to entrepreneurial development and support within the Province;
- Creating Strategic Partnerships with a range of institutions for sustainable small enterprises and Cooperative development and support;
- Developing innovative financial solutions, tools and channels to speedup increased market participation in the provision of affordable finance; and
- Facilitating investment in high-impact business enterprises that transform the structure and competitiveness of industrial sectors.

Our Values

In working towards the achievement of its vision and mission, the Gauteng Enterprise Propeller subscribes to the following internal values which are in line with the Batho-Pele principles:

Value	Description - What it means in practice
Motivation	Passion for excellence in delivering quality services to Gauteng entrepreneurs.
Ownership	Accountability, honesty and integrity displayed by management and employees in all stakeholder interactions.
Ubuntu	Compassion, respect and dignity to be central in collaborations with other institutions to make a meaningful impact in small businesses.
Diversity	Recognising that it takes people from different backgrounds to make an organisation succeed.
Ethical Leadership	Demonstrating ethical leadership consistently to ensure the organisation is managed according to the code of ethics and led effectively.
Dependable	Customer centricity, responsiveness and striving to provide excellent client experiences.

LEGISLATIVE AND OTHER MANDATES



The Gauteng Enterprise Propeller respond to the following Legislative and Policy mandates outlined in the 2020-2025 Strategic Plan:

- Constitution of South Africa Act (No. 108 of 1996)
- Gauteng Propeller Act (No. 5 of 2005) (GEP Act)
- Companies Act, 2008 (No. 71 of 2008)
- Public Finance Management Act (No. 1 of 1998), as amended (PFMA)
- Full suite of governance legislation, including, amongst others:
 - King IV Code on Corporate Governance in SA (2016)
 - Intergovernmental Relations Framework Act (No. 13 of 2005)
 - Consumer Protection Act, 2008 (No. 68 of 2008)
 - National Credit Act, 2005 (No. 34 of 2005)
 - Preferential Procurement Policy Framework Act, 2000 (No. 5 of 2000)
 - Broad-Based Black Economic Empowerment Act, 2003 (No. 53 of 2003)
 - National Development Plan, Vision 2030 - Chapter 8
 - Sustainable Development Goals - Goals 5, 8 and 9
 - African Union 2063 - Aspirations 1, 6 and 7
 - Medium-term Strategic Framework (MTSF 2019-2024) - Outcome 1 and 2
 - Ten Pillars of Transformation, Modernisation and Reindustrialisation (TMR)
 - Growing Gauteng Together 2030 (GGT2030) - Priority 1 and 5
 - Other key Gauteng policies and strategies supporting GGT2030:
 - Township Economy Revitalisation Strategy
 - Tshepo 1 Million
 - Gauteng Entrepreneurship Model
 - Gauteng Spatial Development Framework (GSDF) 2030
 - The GCR Integrated Infrastructure Master Plan (GIIMP)
 - Gauteng City Region Economic Development Plan
 - Gauteng Informal Business Upliftment Strategy (GIBUS)
 - GCR Governance and Planning Roadmap

OVERVIEW OF THE CHIEF EXECUTIVE OFFICER



Mr. Saki Zamxaka
Chief Executive officer

“

During this period, GEP worked tirelessly to ensure that small and medium enterprises are resuscitated, and jobs are retained.

The 2020/2021 financial year has been exceptionally difficult for the South African economy causing enormous pressure on small businesses and the already fragile job market. South Africa was only just emerging from back-to-back economic recessions when the Covid-19 pandemic hit our shores in the beginning of 2020. The advent of the Covid-19 pandemic led to the hard lockdown which started in March 2020, resulting in the closure of many sectors, and loss of many jobs.

The virus impacted negatively on small, micro and medium enterprises. During this time, the entity was inundated with requests from various business associations to come up with urgent rescue measures. At the same time, the stringent Covid-19 regulations reduced the operational capacity of the organisation. This called for GEP to devise new strategies and interventions that are responsive to the needs of SMME's.

Compounding the situation during this time, was the inability of the entity to provide business development support services to SMMEs as these require interactive sessions. Given that the GEP target market of small, micro and medium enterprises often lacks the technical know-how to use remote engagement facilities, or at times simply do not have access to them, it was difficult for the entity to render business development support through remote working. This calls for the development of digital products to ensure that small, micro and medium enterprises acquire technology related skills in line with the national vision of the shift to the fourth industrial revolution (4IR).

The Covid-19 crisis has forced the entity to become responsive and shift from the standard procedures of operation and adapt to the new environment, and this required the change of certain processes without compromising the governance rules.

During this period, various mechanisms were developed to ensure that GEP continued to fulfil its mandate, these include bulk project approvals, enhancement of the Business Continuity Process and activation of a special committee to monitor the entity's operations at the height of the Covid-19 pandemic.

Given that most sectors of the economy were closed to reduce the movement of people and the potential spread of COVID-19, small businesses that could not operate had to close-down, leading to job losses. GEP had to intervene in collaboration with the National Department of Small Businesses and other partners to render the relief packages.

During this period, GEP worked tirelessly to ensure that small and medium enterprises are resuscitated, and jobs are retained. Bouncing back from the hard lock-down of the first quarter of 2020, which only allowed essential services or sectors to operate, was indeed a difficult period.

The relaxation of Covid-19 regulations in the second and the third quarter allowed the entity to accelerate support to small businesses. It was through teamwork that the entity was able to improve its performance during this difficult time.

Despite some external dependencies such as the inability of small enterprises to acquire tax clearance certificates and permissions for operation as departments such as the South African Revenue Services resorted to operate online, the entity managed to deliver on the provincial mandate. It was also during this time that the entity received an increased number of applications that far outweighed the allocated budget.

Even with these challenges, the performance of the entity improved during this time compared to prior year, due to teamwork and the development of new ways of doing things. The entity also experienced Covid cases at various operational stations leading to their closure until the processes of decontamination and assurance were finalised. During these challenging times, various GEP teams were formed to ensure continued delivery of required services. It is worth noting that GEP employees adapted well to the changes during this difficult period.

GEP's response to Covid-19 Economic Recovery Plan is anchored around SMME & Township Enterprise Empowerment characterised by the following

- SMME Finance Support (Partnership Fund);
- Expanding procurement from SMMEs;
- Business Development Support for SMME's;
- Supporting township Economic development through regulatory reforms and programs; and
- Meeting local content and targeted procurement standards.

In the year under review, GEP improved its performance, achieving 75% on the 2020/21 Annual Performance target, up from 60% in 2019/2020.

Our Covid-19 small business relief measures assisted 1260 informal businesses, 217 businesses in tourism and 273 small scale manufacturers.

We also supported businesses that have loan funding and are in good standing with payment holidays for periods of 6 to 9 months. As an organisation we took positive lessons from the Covid-19 crisis and developed approaches that have potential to amplify the performance of the entity.

**Mr. Saki Zamxaka
Chief Executive officer**

GEP BOARD OF DIRECTORS



Ms Lebogang Mphahlele
Board Chairperson



Ms Phumeza Mangcu
Deputy Chairperson



Mr Edward Ranamane
Board Member



Ms Nomusa Mufamadi
Board Member



Mr Sipho Mkhize
Board Member



Ms Dineo Maithufo
Board Member



Ms Bukeka Mahlutshana
Board Member



Mr Thabo Rasenyallo
Board Member



Mr Desmond Golding
Board Member



Mr Leon Marincowitz
Board Member



Mr Kgosi Mogotsi
Board Member



Ms Dineo Maphanzela
Board Member

GEP EXECUTIVE MANAGEMENT



Mr. Saki Zamxaka
Chief Executive officer



Mr Kealeboga Bogatsu
Chief Financial Officer



Mr. Imraan Khan
Chief Operating Officer



Mr Lamani Dube
General Manager: Risk and Audit



Mr. Vincent Mulaudzi
General Manager: Corporate
Support and Administration



Mr. Nadas Pillay
Acting Senior Manager:
Stakeholder Management
and Revenue Generation



Mr. Thulani Guliwe
Acting General Manager: Strategy,
Monitoring and Evaluation



PART B

PERFORMANCE

INFORMATION

Service Delivery

The Gauteng Enterprise Propeller is guided by the Growing Gauteng Together 2030, the Gauteng Economic Plan, the National Development Plan (NDP), Township Economy strategy (TER), District Development Model (DDM) and other legislative documents. The Annual Performance Plan (APP) and the Strategic Plan provide guidance to the entity in terms of the key focus areas and broadly, the entrepreneurship roadmap. The entity has increased its footprints to all the regions in the Gauteng province to make its services and product offering accessible to the communities.

The 6th Administration has positioned the Gauteng Enterprise Propeller to become a central hub and face of entrepreneurial development in the province. Central to the agency, is the coordination, integration and mobilisation of all the development finance institutions, municipalities, government departments and agencies to ensure that the province maximises the resource potential and scale up the impact or support to small businesses. This intervention responds to the current fragmentation of financial and business development support to small businesses in the province.

The Gauteng enterprise Propeller has a responsibility to ensure that most small, micro and medium enterprises transition to the higher levels of development, and increase participation to the mainstream economy, access available strategic procurement opportunities and other markets. The mandate of GEP is carried out to ensure the sustainability, growth and competitiveness of small enterprises as meaningful contributors to economic transformation and job creation in the province. In line with the strategic plan, the mandate is well aligned to a well-governed, stakeholder-oriented and high performing organisation. The 6th

administration emphasises a shift from quantitative to qualitative and impact-driven interventions. The GEP strategy puts an emphasis on remodelling the entity to facilitate growth and sustainability of emerging black industrial enterprises, facilitate resource mobilisation, provide opportunities for small enterprises to access government procurement opportunities through off-take agreements. In line with the GEP strategy and the Annual Performance Plan, the entity was expected to provide support to construction, manufacturing, clothing and textile, leather and footwear. Central to the GEP strategy is the provision of financial support in the prioritised sectors, including manufacturing and agro-processing. The entity continues to provide financial business development support across all the regions, follow a spatial approach which also covers the depressed regions of Westrand and Sedibeng.

In tandem with the GEP strategy and the Annual Performance Plan, the entity also provided support to informal businesses, support cooperatives to be investment ready, increase youth participation through the Youth Accelerator Program across all the five regions and prioritise the provision of support to women-owned and persons with disabilities' enterprises. This was also part of implementing the 30% youth-owned businesses and 40% women set aside in line with the MTSF targets

OVERVIEW OF THE ENTITY'S PERFORMANCE

The impact of Covid-19 on GEP's operations

The entity experienced serious challenges during the 2020/2021 financial year as a result of the impact of Covid-19 on small businesses. The first wave of the Covid-19 virus, and the resultant lockdowns which started in March 2020 covering the first two quarters of the financial year made it difficult for the entity to operate. The first quarter was characterised by the hard or complete lockdown, making most businesses inaccessible or to discontinue operations.

It is during this period that most small businesses had to close-down their operations while constant Covid-19 cases in various offices of GEP made it difficult for the staff members to operate, hence the entity experienced closures in line with the Covid-19 regulations. Constant stoppages became the defining factor of GEP operations. The Covid-19 regulations also prevented the offices from being fully operational. During this period, most staff members were working from home (remote working) while a few with work permits could work from offices. Due to the nature of the entity's operations, it was difficult to implement or support small businesses during the first quarter.

Due to the national government regulations closing certain sectors of the economy to reduce the prevalence of the corona virus, it was also difficult to access small businesses since most of them do not have the necessary tools to apply online. Because of these challenges, the entity had to devise new ways to ensure that small businesses that were not allowed to operate and risk closing their businesses, access financial and development support from the entity. The other challenge was that it was difficult for the entity to implement some of the programs such as the Business Development interventions, especially those that require physical interaction. In line with

the national government regulations on Covid-19, the entity had to develop some interventions that were more responsive to the needs of small businesses during these difficult times, such as the provision of support to ensure that small businesses pay their employees, rent and other necessities.

Other small businesses struggled to pay back the GEP loans during the period, hence the entity had to come up with relief measures such as loan repayment holidays (suspending payment for 6 to 9 months), while rolling-out support to informal businesses, issuing of permission and other challenges. It is worth noting that during this financial year government departments were not fully operational and some resorted to continue their operations online, making it difficult for small businesses access permits to operate and renew their expired tax clearance certificates.

Due to the difficulty that Covid-19 posed on the implementation of the GEP mandate, most businesses had to be supported in the third and the fourth quarter due to relaxation of certain regulations and opening of certain sectors.

The entity had to resort to bulk support interventions to remedy the ailing economic situation, balancing the needs of businesses without contravening or compromising the regulations. It is worth noting that during this time, the entity had to adjust some of its targets through the revision of the APP and the strategy. Covid-19 hit harder on small businesses as it reduced the operational capacity of the entity while certain targeted sectors had to close-down to reduce the spread of the pandemic.

OVERVIEW OF THE ENTITY'S PERFORMANCE

Challenges and business rescue interventions

It is worth noting that at the height of the Covid-19 pandemic, especially in the last financial year (2020/2021), the entity's reduced operational capacity at various levels, compounded by the closure of certain sectors, made it difficult for GEP to operate or roll-out the support to small businesses as planned or in line with the Annual Performance Plan and the strategic plan. The entity had to work with various stakeholders such as business associations and municipalities to ensure that they issue work permits to informal businesses and assist some businesses with online applications.

The entity had to tweak certain processes and adapt to the new environment or new ways of doing things. Pressures emanating from the economic stagnation, lay-offs culminated to the development of business rescue measures. Management came up with an Economic Recovery Plan which is aligned with the Provincial Economic Recovery plan to ensure business resilience or rescue. This resulted into the development of bulk support to small businesses including Spazashops, informal businesses/street vendors, small scale manufacturers, tourism and other sectors.

The advent of the Covid-19 hit harder on the small enterprises and the economy broadly. During the hard lock-down most sectors of the economy were closed-down which greatly affected the SMMEs and the operational environment. Accessibility to SMME's became difficult during this time while the closure of certain departments like South African Revenue Services make it difficult, especially to renew the SARS certificates. On the other hand, informal businesses struggled to get working permit which impacted on the GEP's operational environment.

On the operational front, management, working with the Gauteng Department of Economic Development developed some measures which included stricter access control mechanisms, provision of protective equipment to safeguard employees against health risks at the workplace and reduce likelihood of Covid-19 infections, suspension of all direct clients interactions, mass gatherings and embraced the use of teleconferencing, Microsoft teams, video conferencing as alternative measures to enhance communication.

GEP Covid-19 task team was appointed to assess the situation and provide update. Following the pronouncement of the national lockdown, response plans/interventions were formulated to focus on the provision of SMMEs and formal traders to enhance their sustainability during and beyond Covid-19. GEP established an SMME Relief Programme Task Team for the development of the strategy for supporting SMMEs and informal traders. The interventions included the following:

OVERVIEW OF THE ENTITY'S PERFORMANCE

Targeted support for informal traders, spazashops and financial support:

- Provision of grant funding to small enterprises not meeting the qualification criteria for loans; and
- Financial support loans with reduced interest rates and repayment holiday for qualifying small enterprises (enterprises in good standing).

The plight of the informal businesses, business closures and job losses impacted negatively on the GEP business operations. The entity had to work with various stakeholders including the provincial government and municipalities to ensure that small businesses were supported, and new opportunities created.



2 OVERVIEW OF THE RESULTS AND CHALLENGES FOR THE ENTITY

The entity experienced some challenges regarding the impact of Covid-19 on the operations and small businesses in generally. The advent of Covid-19 in March 2020 and the related regulations and guidelines such as closure of certain industries and promotion of social distancing, restriction of travel made it difficult for the entity to operate fully during this period. Compounded the situation was the economic recession that the country experienced during the period, hence the development of Economic Recovery Plan.

These challenges meant that the entity could not operate in the way it had initially planned on its Annual Performance Plan. Projects such as business development support which requires interaction had to be postponed. This affected some projects with interaction dependencies such as the Leather and Footwear, Incubation program and others.

Departmental/entity's receipts

The entity had a grant allocation of R231 million for the year under review, the budget was revised with an additional SME Fund allocation of R250 million and the compulsory compensation of employees (COE) reduction of R3 million and rollover of R2.2 million. This increased the budget to R477 million. The entity received the total amount of R477 million.

The entity raised an interest and other income of R 15 million. The entity had a debt collection target of R3.2 million in the year under review. The entity was able to collect R4.4 million. The entity increased its efforts on collection during the Covid19 through site visits and payment reminders to clients. The entity incorporated the post investment unit in following up on repayments and the visiting of client's operations.

The nature of free service rendered by the entity

The entity provided Covid Relief grants that are free (non-repayable) to small enterprises as part of business rescue measures. Small enterprises in the tourism, manufacturing, retail and the beauty industry benefitted from this initiative. About 217 businesses in tourism and construction benefitted whilst 273 businesses within the manufacturing sector received relief support. Some businesses in good standing received repayment holiday for a period of 6-9 months. More details are covered under the Annual Performance Report.

Revenue Collection

The entity's debt collection target was R3.2 million in the year under review. Several SME's that the entity funded experienced challenges with their operations during the year under review. The entity approved a payment relief of six months and nine months for SME's, on loans that were performing.

Efforts were made by the entity to collect against the target by visiting and reminding clients on their payment obligations to the entity. The entity revised the impairment methodology of the entity during the year under review, due to the nature and risk of the loan book. The entity has a provision of R209 millions of bad debts against a loan book of R239 million. There were no write offs in the year under review

Improved revenue collection

The entity collected more revenue than the collection target. The additional measures and steps taken by the entity included site visits to clients by the debt management and post investment unit. The entity reviewed its application process to ensure that due diligence is conducted on all loans granted, therefore improving the quality of the loan book. The entity has embarked on a partnership drive to increase its loan capital, therefore can issue loans to other sectors that will yield higher returns for the entity. The collection process is under review and will be concluded in quarter one of 2020/21, which will enhance the collection rate.

Sources of revenue	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000
Receipts on Loan Book	3 200	4 497	1 297
Interest and other income	0	17 686	17 686
Government grants and subsidies	477 897	477 897	0
Total	481 097	500 080	18 983

Program Expenditure

The entity had an initial approved budget of R231 351 000, which was adjusted to include the R250 000 000.00 for the establishment of the SME Fund. The entity had a roll over amount of R53 494 700 included in the budget from 2019/20. The total adjusted budget amounted to R531 391 700.00.

The entity had challenges in the year under review of expenditure as operations were delayed due to the Covid19 lock down. In quarter 3 and quarter 4 the entity was able to increase the spending pattern as per the annual performance plan. The entity had a total actual expenditure of R225 023 428.00, which is a total 42% spending. Without the R250 million the entity has a spending of 79% to the budget of R284 million.

The entity had over-spending on financial support loans of R4,4 million. The overspending was due to the increase in number of loan applications in the year under review. The entity will continue to monitor the budget through the budget committee to ensure that there is no further over expenditure.

The under expenditure in projects was due to the delay in signing agreements due to Covid19, however contracts were signed in quarter 3. The under expenditure of the R250 million for the SME Fund is due to the entity seeking potential partners to participate in the fund. These partners have been identified and discussions are at an advanced stage of signing agreements. The entity requested a rollover of R140 million for the 2019/20 financial year. The approval was received, however R86 million was not approved by Gauteng Provincial Treasury. These funds are required to be transferred to the revenue fund.

The entity had no unauthorised, fruitless, and wasteful expenditure in the year under review.

Supply Chain Management

GEP's supply chain management processes are aligned to Supply Chain Management (SCM) provisions that are timeously gazetted and issued by Parliament, National Treasury and Gauteng Provincial Treasury. The role of SCM is to support GEP business units in strategic and operational sourcing goods and services in line with all applicable SCM legislations and to ensure efficient, cost effective and uniform planning for procurement of goods and services.

SCM uphold the provision of section 217 of the constitution which stipulates that "when an organ of state in the national, provincial or local sphere of government, or any other institution identified in national legislation, contracts for goods and services, it must do in accordance with a system which is fair, equitable, transparent, competitive and cost effective" when engaging and sourcing service providers for the provision of required goods and service. SCM in assisting GEP to achieve its mandate of promoting, fostering, and developing small enterprises in Gauteng, implement the provisions of Preferential Procurement Regulations 2017, by applying pre-qualifying criteria to advance certain designated groups which are aligned to GEP APP.



No unsolicited proposal finalised in 2020/21 Financial Year.



SCM introduced risk based internal controls which assisted in detecting and preventing Irregular Expenditure.



Challenges experienced in SCM are but not limited to Service Providers on (Central Supplier Development) CSD who do not respond to the request for quotations; Service Providers tax matters not compliant as required by legislation; Service Providers quoting different commodities as compared to the specification on request for quotation.



In resolving challenges faced by SCM, request for quotation template is designed in such a way that it compels service provider to complete and submit required Standard Bidding Documents. The SCM policy was revised to address some of the inefficiencies. Communication with service providers is encouraged to educate them in best practice and methods to incorporate in improving and to grow their businesses.

3 SERVICE DELIVERY IMPROVEMENT PLAN

Main services and standards

Main Services	Beneficiaries	Current/actual Standard of service	Desired standard of service	Actual Achievement
Support to informal businesses	Informal businesses	Assist with business registration, operational permit and provision of business development support (stock and equipment)	Ensure that informal businesses transition to formalised businesses	1260 informal businesses supported
Covid-Relief fund	Spazashops, businesses in tourism, manufacturing sector and others	Provision of business development support and grant funding (stock and equipment)	Small businesses rescued through Covid-19 Relief interventions to ensure job retention and sustainability	463 businesses owning Spazashops, and Hair Salons received Covid-Relief Fund. 217 businesses within the tourism and construction industry were supported non-financially and financially, while 273 small enterprises in the manufacturing sector benefitted from Covid-19 Relief program
Youth Placement	Youth	Provision of youth placement opportunity (on-job experience)	Youth received on-job experience as part of job readiness opportunities	Over 500 youth access job placement opportunities
Provision of financial support to small enterprises	Small enterprises	Provision of financial support and payment holiday for businesses in good standing that struggled to repay GEP.	Small businesses received financial support while those in good standing benefitted from Covid-19 payment holiday for 6 to 9 months.	43 enterprises received financial support

Batho Pele arrangements with beneficiaries

Current/actual arrangements	Desired arrangements	Actual achievements
Pre-Covid-19 businesses were assisted with online registration which is more responsive in nature	Support small, micro, and medium enterprises to apply online, use technological tools etc	The entity continues to assist businesses to apply online, however, the advent of Covid-19 which prevented physical access to the building had a negative impact.

Service Delivery Information Tool

Current/Actual information Tools	Desired Information Tools	Actual Achievements
The entity employs information officers to assist small businesses with information required to access the desired support. This is done through the provision of brochures, flyers and workshops	Access to digital and online platforms with small businesses becoming techno savvy could assist in the provision of just-in-time information	Due to the Covid-19 regulations, most businesses had to access support through online registration and call center. Achievements are covered in the performance section.

Complaints mechanism

Current/actual complaints mechanism	Desired complaints mechanism	Actual Achievements
Complaints are addressed through the GEP Call Center working with various responsible divisions	The entity forms part of a Walk-in Center to address various complaints related to service delivery	Call Center continues to resolve problems of small enterprises and has made the entity to become more responsive to the needs of small, micro and medium enterprises

Organisational environment

The advent of the Corona-virus or Covid-19 negatively affected the operations of the entity. In the first quarter of 2020, the country experienced the hard-lockdown as most sectors were closed down making it difficult for the entity to operate. This also made it difficult to access most businesses since new regulations emphasize social distancing and sectors that were deemed to be essential to operate. Opening of certain sectors either than those regarded as essential, started in the second quarter and this affected the entity's performance during this period. Realizing the difficulty in achieving certain targets, the entity had to make adjustments to its strategy and the Annual Performance Plan. Certain products like business development support including training and incubation were difficult to achieve due to the stringent regulations imposed at the height of Covid-19, preventing and limiting the movement of people.

The entity had also to find ways of improving and adapting the operations to the new environment. This also meant that certain procedures and operations had to be tweaked or improved to suite the hostile environment. It is during this difficult period that most businesses find it difficult to renew their expired SARS certificates, permission to operate and other burning challenges. The entity had to develop a business improvement plan and devise accessible strategies to ensure that businesses get support even during the difficult time. Internally, most regions or branches of the entity experienced a shortfall in capacity as a result of the reduced number of people allowed to operate. On the other hand, the entity experienced work stoppages as a result of the Covid-19 cases. During this period, small enterprises were only allowed to apply online.

It is worth noting that management had to devise strategies to ensure that businesses continue to operate. Economic Recovery Plans and Catch-up Plans were developed to ensure that businesses are supported and the desired targets in terms of the Annual Performance Plans and Strategic Plans are achieved. Meetings to assess the performance environment and unblock the bottlenecks were held continuously. It is also during this time that the Chief Financial Officer (CFO) resigned and provisions were made to ensure that the entity continues to execute its fiduciary duties.

Mitigation Measures Implemented

GEP formed a specialised team to preside and provide guidance on Covid-19 related matters. On the other hand, the entity developed a business process improvement plan to ensure that the organisational mandate is addressed. On the other hand, the entity developed a special program in line with the national Covid-19 Relief measures and the Gauteng Economic Recovery Plan. The developed plan ensured that the entity improve its turn-around times without compromising the quality of support. A sector based cluster approach was adopted where small enterprises within the same sector were offered support packages that are responsive to the sector challenges.

Through this approach, GEP managed to reach a sizeable number of small enterprises amidst Covid-19 limitations. The Adjustments of targets in the Annual Performance Plan and the Strategy enabled the entity to re-jig some of its approaches to be more amenable to the Covid-19 situation. Some of these measures ensured that businesses in distress receive relief support.

Key Policy Developments and Legislative changes

The entity had to adjust its Annual Performance Plan and Strategic Plan because the environment or COVID-19 regulations could not allow certain functions to be performed as planned. The Covid-19 regulations limited business operations and this included the closure of certain sectors, movement of people and the reduced operational capacity of the entity.

Since the entity depends on certain departments such as SARS and municipalities to issue certain documents for small businesses, the entity had to devise creative ways to ensure that the requirements are met and support is rolled-out. Although, this approach took longer than expected since most departments and municipalities had to resort to online operations which most small enterprises are not familiar with while some have to adapt.



Progress towards achievement of institutional impacts and outcomes and major changes

It is worth noting that during the first two quarters of the 2020/21 financial year, the entity found it difficult to deliver on its mandate due to the stringent rules and regulations imposed to curb the spread of the Covid-19 pandemic. Some of the entity's plans such as the Youth Accelerator Program assisted the placement of youth during this difficult time, while new plans were developed to increase the role-out of support and ensure that small businesses do not collapse.

Businesses in good standing were given non-payment holiday for six months to ensure that they do not collapse while informal businesses, Spazashops, businesses in tourism, small scale manufacturers and others received Covid-19 Relief interventions. Support to high impact-oriented businesses also increased during this year due to the demand for services. Support to the depressed regions of Sedibeng and Westrand also increased, while support to women and youth owned businesses showed an upward trend. In line with the Township Economic Strategy and the Provincial Growth and Development Strategy, support to township owned businesses also saw an increase during this time, as the entity resorted to bulk approvals to ensure that most businesses in need of resources benefit.

Realizing the difficult environment as a result of the Covid-19 regulations, some of the targets could not be met due to the new operational guidelines preventing physical interaction and gatherings. The business development support interventions were the hardest hit, hence targets had to be revised downwards and the Annual Performance Plans had to be adjusted in the middle of the year due to tectonic changes beyond the control of the entity.

4 INSTITUTIONAL PROGRAMME

PERFOMANCE INFORMATION

The programs for the entity are divided into four main pillars. These include the Administration, Financial Support, Business Development Support and Resource Mobilisation and Industrial Financing.

Programme No.	Programme Name	Sub-Programmes
Programme 1	Administration	<ul style="list-style-type: none">■ Office of the Chief Executive Officer■ Office of the Chief Financial Officer■ Office of Risk and Audit■ Office of Strategy, Monitoring and Evaluation■ Corporate Support and Administration
Programme 2	Investment Management	<ul style="list-style-type: none">■ Loan Management
Programme 3	Regional Operations And Enterprise Support	<ul style="list-style-type: none">■ Business Development Support■ Regional Operations
Programme 4 (New, dependent on GEP repositioning)	Resources Mobilisation and Industrial Financing	<ul style="list-style-type: none">■ Resources Mobilisation and Strategic Partnerships



Administration

Purpose of the program

The Purpose of Programme 1

Administration is to provide strategic leadership and transversal support services required by the GEP's core functional programmes and to ensure the successful implementation of the Entity's mandate through sustainable and integrated support and services.

The Administration Programme delivers against the following Outcome reflected in the Strategic Plan:

- Outcome 2:** Township enterprises and enterprises owned by target groups accessing markets (black, women, youth, People with Disability and Military Veterans); and
- Outcome 5:** Well-governed and high-performing organisation

Investment Management

Purpose of the Program

The Purpose of Programme 2

Investment Management (IM), is to ensure the optimal deployment of available loan funding to support the development, growth and sustainability of qualifying small enterprises. The Programme is tasked to manage the loan book effectively through the approval of loans, disbursement of approved loans and timeous loan recoveries.

Institutional Outcomes

The Investment Management Programme delivers against the following Outcome reflected in the Strategic Plan:

Outcome 3: Sustainable small enterprises that are creating jobs

Sub-Programme	Functions
Loan Management	Funding of all small enterprises, including cooperatives and informal businesses

Regional Operations & Enterprise Development

Purpose of the program

The Purpose of Programme 3:

Regional Operations and Enterprise Support is to provide tailor-made, non-financial and grant funding support for the development and growth of small enterprises through the Gauteng Entrepreneurship Model (GEM) stages of ideation, start-up and early growth. Furthermore, through a referral system to ensure investment ready small enterprises receive the required financial support through GEP loans or through loans provided by other DFIs or co-funders.

Institutional Outcomes

The Enterprise Support Programme delivers against the following Outcome reflected in the Strategic Plan:

Outcome 3: Sustainable small enterprises that are creating jobs

The Regional Operations and Enterprise Support Programme covers the following sub-programme and functions:

Sub-Programme	Functions
Regional Operations (regional) and Enterprise Support (central, head office)	Mentoring; Post-investment support and aftercare; Business incubation; Product development; Facilitation of grant funding for qualifying small enterprises; CIPC registrations

Resource Mobilisation and Industrial Financing

The Purpose of Programme 4:

Resource Mobilisation and Industrial Finance is to actively promote entrepreneurship in the Province, to mobilise resources through strategic partnerships and to facilitate an integrated approach among DFIs and other role players to entrepreneurial development and support within the Province. The Programme is also aimed at supporting the industrial development drive of the Province by facilitating investment in high-impact business enterprises that dilute monopolies and stimulate high rates of employment.

2 STRATEGIC OVERVIEW



Mr. Thulani Guliwe

Acting GM: Strategy,
Monitoring and Evaluation

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The GGT2030 is aligned with the National Development Plan which advocates for the creation of 11 million jobs, with the biggest chunk expected to be created by small enterprises.

The NDP outlines the country's long-term vision and provides key programmes for South Africa to advance radical economic transformation. The 2019 – 2024 MTSF further serves as an outcome-based monitoring framework for the implementation of the NDP. The MTSF outlines the key developmental priorities of South Africa's 6th Administration to be achieved through developmental goals and objectives.

At a provincial level, the Growing Gauteng Together Plan (GGT2030) is a critical strategy that charts the provincial path to inclusive, shared growth, prosperity and outlines key interventions developed through extensive outcome modelling approach towards the establishment of a better Gauteng of 2030; with focused economic development and growth distributed in an equitable manner across the province that benefit all its citizens, including vulnerable groupings within society.

The GGT2030 is aligned with the National Development Plan which advocates for the creation of 11 million jobs, with the biggest chunk expected to be created by small enterprises. Central to the GGT2030 plan is the focus on supporting township enterprises (Township Economic Revitalisation Strategy and the Township Economic Bill) also driven by the Public Preferential Procurement Framework Act (PPPFA) which seeks to increase participation of small enterprises in the mainstream economy.

The strategic planning processes of GEP are informed by these key national and provincial results-driven plans of government which promote the development of measurable objectives; through setting measurable goals and objectives and realistic implementation plans that are linked to the national and provincial priorities of government. In addition to the plans outlined

above, the work of GEP during the 2020/21 financial year was primarily driven by the provincial Township Economic Revitalisation Strategy and the GGT2030 plan which emphasises the development of the corridor economy through competitive and comparative advantages of the regions and city region (which considers the provinces adjacent to the Gauteng province).

The strategic shift as a result of the advent of Covid-19 pandemic in South Africa, affected the way business is done or implemented due to the stringent regulations and the promotion of remote working. This also shape the entity to devise different strategies to meet the challenges posed by the pandemic on small businesses and changing the culture of business operations. In the year under review, GEP contributed to the following TMR pillars with priority on the township economy:

- Pillar 1 – Radical Economic Transformation;
- Pillar 6 – Modernisation of Gauteng economy; and
- Pillar 9 – Reindustrialisation of Gauteng economy.

The development of a new GEP strategy and vision seeks to propel the institution to promote the development of sustainable and resilient enterprises across the GCR that contribute towards job creation and stimulating the provincial economy. The shift to intervene in high growth sectors, calls for an aggressive and collaborative approach characterised by the resource aggregation and partnerships. The new strategy considers the development of small and micro businesses while considering the gravitation towards impact-driven initiatives.

Situational analysis

The role of the entity in supporting key sectors of the economy has now become more critical than ever before, as entities such as GEP have become a panacea for various types of businesses that have found themselves in distress due to the outbreak of Covid-19. The corona virus hit harder on various sectors of the economy, pushing the country into an unprecedented recession characterised by the loss of over 1 million jobs with Gauteng claiming the largest share of over 600 000.

The entity has been entrusted with a responsibility to provide business rescue interventions in sectors such as Manufacturing, Beauty, Tourism, Retail and Informal or Trade Industries. The new GEP strategy, supported by the National Department of Performance, Monitoring and Evaluation (DPME) emphasises the shift from quantitative to qualitative or impact-driven approach. On the other hand, GEP continues to address the market failures through the provision of support to diverse types of businesses; including the informal businesses, whilst expected to gravitate towards high growth sectors to ensure that the entity plays a critical role in facilitating the creation of decent employment through small enterprise support interventions.

The new GEP strategy places the entity at the centre of development in the Gauteng province and the promotion of an integrated and collaborative approach to small business development. This considers mobilisation of resources, partnerships and integration across the Development Finance space. Re-enforcement of collaborative approach is envisaged to augment impact, increase economic growth and ensure the creation of sustainable employment.

With limited resources and continuous budget reduction, the entity is expected to provide relief measures to small businesses, whilst also expected to contribute immensely to the Gauteng economic turn-around plan

Overview of GEP's Performance for 2020/2021

There were 16 Annual Performance Plan targets pursued by the entity in the 2020/21 financial year and 12 of these planned targets were achieved, which translates into a 75% overall achievement against the annual performance targets.

This was an improvement from 2019/20 financial year in which the entity regressed to 60% from 80% in the prior year. This positive progression or achievement, especially during the difficult Covid-19 environment is a good step in the right direction.

To mitigate this decline in performance outcomes, the entity has put measures in place for the timely project preparation, bulk project approvals, catch-up plans and quick turn-around times. The business process engineering assisted to ensure that the entity improves in the provision of support to small enterprises. In keeping with the Gauteng City Region Economic Development Plan, GEP continues to prioritise the key labour intensive sectors such as, Manufacturing; Clothing, Textiles, Leather and Footwear; Furniture, Construction and Tourism. Overall, more than 1600 small enterprises benefited from GEP grant and business development support interventions, while an additional 1260 informal businesses benefitted through grant funding aimed at rescuing businesses in distress.

Progress Against Our Strategic Objectives Our objectives for the 2020/21 financial year were as follows:

Strategic Objectives



Outcomes, outputs, output indicators and actual achievements
Outcomes, outputs, output indicators, targets and actual achievements table

Programme 1: Administration						
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Annual Planned Target 2020/2021	Actual Achievement 2020/2021	Reasons for Deviation from Planned Target to Actual
						Reasons for Revisions to the Outputs / Output Indicators / Annual Targets
Township enterprises and enterprises owned by target groups accessing markets (black, women, youth, PwD and MV)	GEP procurement set-aside to benefit target groups	Percentage procurement spent to the collective of township enterprises and enterprises owned by women, youth and persons with disabilities.	77%	30%	77%	+47% Annual target was exceeded due to advancing Gauteng Provincial will to include women, youth and people with disabilities in the mainstream economy.
	GEP procurement set-aside to benefit target groups	Percentage procurement spend to service providers that are majority owned by women	72%	40%	72%	+32% Reasons for over achieving was based on prioritising and ringfencing budget for women-owned businesses through strategic procurement

Outcomes, outputs, output indicators and actual achievements
Outcomes, outputs, output indicators, targets and actual achievements table

Programme 1: Administration		Output Indicator	Audited Actual Performance 2020/2021	Annual Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from Planned Target to Actual	Reasons for Deviation	Reasons for Revisions to the Outputs / Output Indicators / Annual Targets
Outcome	Output							
Well-governed and high-performing organisation	Audit Action Plans	Percentage implementation of prior year audit action plans	74%	70%	74%	+4%	None	None
	Stakeholder satisfaction survey	Stakeholder satisfaction rating	Stakeholder Satisfaction Survey Report	Establish Baseline	Stakeholder Satisfaction Survey Report	None	None.	None

Outcomes, outputs, output indicators and actual achievements

Outcomes, outputs, output indicators, targets and actual achievements table

Programme 2: Investment Management		Output Indicator	Audited Actual Performance	Annual Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from Planned	Reasons for Deviation	Reasons for Revisions to the Outputs / Output Indicators / Annual Targets
Outcome	Output							
Sustainable small enterprises that are creating jobs	Financial products and services for small enterprises	Number of small enterprises provided with financial support through the provision of loans (approval)	56	50	56	+6	Target was over-achieved due to implementation of catch-up plan to meet the annual target.	None

Outcomes, outputs, output indicators and actual achievements
Outcomes, outputs, output indicators, targets and actual achievements table

Programme 3: Regional Operations and Enterprise Support						
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Annual Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from Planned Target to Actual
Increased number of supported small enterprises that are sustainable and creating jobs	Non-financial products and services for small enterprises	Number of small enterprises supported non-financially (Including Hair Salons and Spaza Shops)	463	1 325	463	(862)

Outcomes, outputs, output indicators and actual achievements

Outcomes, outputs, output indicators, targets and actual achievements table

Programme 3: Regional Operations and Enterprise Support							
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Annual Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from Planned Target to Actual	
Increased number of supported small enterprises that are sustainable and creating jobs	Non-financial products and services for small enterprises	Number of informal businesses supported non-financially	1260	1 200	1260	+60	
		Number of Construction and Tourism small enterprises supported non-financially	217	200	217	+17	
		Number of Manufacturing small enterprises supported non-financially	273	250	273	+23	
				Annual target has been exceeded due to many informal businesses hit harder by COVID-19 and availability of Covid-19 Relief Grant funding.			
				Target has been achieved but is awaiting completeness of the evidence, hence is classified as pending.			
				Target has been achieved but is awaiting completeness of the evidence, hence is classified as pending.			

Outcomes, outputs, output indicators and actual achievements

Outcomes, outputs, output indicators, targets and actual achievements table

Programme 3: Regional Operations and Enterprise Support

Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Annual Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from Planned Target to Actual	Reasons for Deviation	Reasons for Revisions to the Outputs / Output Indicators / Annual Targets
Increased number of supported small enterprises that are sustainable and creating jobs	Number of small enterprises provided with non-financial support through mentorship and incubation (including furniture and artisan trades)	0	80	0	(80)		Beneficiaries recruited in the clothing, textile, leather and footwear for VUT project were non-compliant.	None
	Grant funding for small enterprises (Community Fund, Township Business Renewal Programme and Co-operative Assistance Programme	466	1 825	466	(1359)		Several applications received could not be processed due to non-compliance of applicants, however the annual target was not met.	None

Outcomes, outputs, output indicators and actual achievements

Outcomes, outputs, output indicators, targets and actual achievements table

Programme 4: Resources Mobilisation and Industrial Financing

Outcome	Output	Audited Actual performance	Output Indicator	Annual Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from Planned Target to Actual	Reasons for Deviation	Reasons for Revisions to the Outputs / Output Indicators / Annual Targets
Resources mobilised for entrepreneurial development and industrial sector growth	Resource mobilisation partnerships secured	8	Number of resource mobilisation partnerships secured	8	8	0	None.	None
Township enterprises and enterprises owned by target groups accessing markets	Small enterprises linked to public sector and private sector procurement	0	Number of small enterprises supported through off-take agreements with GPG sector departments and the private sector	100	0	(100)	Difficulty in securing engagements with public and private sector departments and re-allocation of resources due to Covid19 pandemic.	None

Strategy to overcome areas of underperformance

The entity has a strong focus on resource aggregation, mobilisation of various partners within and outside the entrepreneurship landscape, government departments, agencies and the private sector. The entity is on the verge of developing a strong pipeline of small businesses that are compliant and capacitated to access procurement and other market opportunities. Partnerships are already underway with various departments and entities. The other challenge is that in other regions, especially the depressed regions such as Sedibeng and Westrand, most businesses are under capacitated and have low levels of participation to the mainstream economy. There is a move towards collaborative efforts. Secondly, the entity has received funding to increase the balance sheet, enhance organisational performance and become impact-oriented. The entity has appointed a new Executive including the CEO, CFO, COO, General Manager Strategy, Monitoring and Evaluation. A stable leadership will ensure that the entity is well-oiled and capacitated to execute the provincial mandate.

Institutional Response to the COVID-19 pandemic

Response to COVID-19:

The provincial, local governments, and government agencies, have been called upon to re-focus their programs, reprioritize their budgets and change the way they operate to effectively respond to the challenges posed by the COVID-19 economic crisis, and to also not lose sight of the deep structural problems that continue to afflict South African society. The approach took the form of development from below - targeting micro, very small (businesses with R0-10m turnover and employing 1-50 employees and small medium businesses (targeting businesses with a turnover of R10m to R50m employing 50-250 employees in the townships and non-townships (short to medium), and a focus on the high growth industries (medium to long-term).

To ensure effective mechanisms are in place to support Gauteng's small enterprises impacted by the COVID-19 pandemic, GEP worked with the Department of Small Business Development and other key national and provincial stakeholders to access resources allocated to small businesses such as Gauteng spaza shops and the informal business sector. GEP played a critical role in preparing a pipeline of small businesses to access funding and business development support interventions. In addition to the APP deliverables for 2020/21, the entity budgeted just over R10 million for targeted support to spaza shops, informal businesses, beauty industry and small scale manufacturers and beneficiaries across the Gauteng City Region supported as follows:

- 217 construction and tourism businesses received business development support.
- 463 existing hair salons, spaza shops and other small businesses received non-financial support
- 466 small businesses received grant funding.
- 1260 informal traders to benefit from GEP relief support.

The entity also focused on the provision of debt relief interventions to assist distressed small businesses. Businesses that received loan funding but in good standing received 6 months' non-payment holiday.

Table: Progress on Institutional Response to the COVID-19 Pandemic

Budget Programme	Intervention	Geographic Location (Province/District Local municipality (Where Possible))	No. of beneficiaries (where possible)	Disaggregation of beneficiaries (where possible)	Total budget Allocation Per intervention (R'000)	Budget spend per intervention	Contribution to the outputs in the APP (Where applicable)	Immediate outcomes
R10m	Provide support to small enterprises in distress	All the Gauteng Region	953 small enterprises in the hairsalon, Spazashop, tourism and manufacturing and 466 for grant funding	1260 informal businesses 84 businesses in tourism 466 receive the grant funding and 1260 for informal businesses	Overall spending on Covid-19 Interventions is R10m	All the Covid-19 interventions were part of the APP	Survival of businesses in distress	

Performance and budget Spend

The entity must provide a summary of the actual expenditure in comparison to the adjusted appropriation for both the current year and the previous year. The information must be provided at a sub-programme level and must agree to the appropriation statement of the audited financial statements. Reasons for deviations should be linked to the information discussed above in the organisational environment and the service delivery environment. The entity must also show how expenditure contributed to achievements of outputs.

PROGRAMMES	ANNUAL BUDGET R,000	ANNUAL BUDGET R,000	PERCENTAGE EXPENDITURE
Programme 1: Administration	30 791	17 253	56%
Programme 2: Investment Management	7 712	5 457	71%
Programme 3: Regional Operations and Enterprise Support	25 301	48 297	191%
Programme 4: Resource Mobilisation and Industrial Financing	-	-	-
TOTAL	63 804	71 007	123%

Over-expenditure on enterprise Support or Programme 3 is attributed to the high demand for GEP grant funding as a result of Covid-19 impact on small businesses.

OVERVIEW OF THE COO



Mr. Imraan Khan
Chief Operating Officer

“ To ensure that small enterprises which are the hardest hit by the onset of the pandemic are assisted swiftly and through meaningful interventions, that are responsive to their current challenges, the entity reviewed its plans to include interventions aligned to its Covid-19 relief programme. ”

Overview of the Division

The Operations Unit is responsible for the implementation of GEP's mandate which is to support the small enterprises in the Gauteng Province through financial support and business development services. The year 2020/21 was the most challenging year the entity has ever seen; with the country being struck by the Covid-19 global pandemic, calling for an immediate change in strategy and approach on how services are delivered.

To ensure that small enterprises which are the hardest hit by the onset of the pandemic are assisted swiftly and through meaningful interventions, that are responsive to their current challenges, the entity reviewed its plans to include interventions aligned to its Covid-19 relief programme. New intervention targeted at assisting Informal Traders, Spaza Shops, Beauty industry, business within the Tourism sector and small scale Manufacturers were included. Faced with the challenge of having to stretch the reduced resources, the unit was able to reach a larger number of small enterprises. For the period under review GEP managed to provide support to more than 1600 small enterprises in the Gauteng City Region.

Sub-programs

Investment Management

Investment Management is responsible for the provision of Financial Support to small enterprises. It seeks to ensure the prudent deployment of available loan funding to qualifying small enterprises. The key priorities are:

1. Optimizing the available capital by providing loans to small enterprises with high potential for growth and job creation;
2. Ensuring that loans approved are disbursed timeously;
3. Improving the due diligence processes which will result in improved debt collection and increased rate of debt recovery; and
4. Ensuring that priority is given to funding small enterprises owned by women, youth and people with disabilities.

For the year under review, a budget allocation of about R 20 million was set aside for the provision of loans targeting 50 small enterprises. A total of 56 loans were approved with a total of 43 loans to the total rand value of just over R 26 million disbursed to small enterprises. The unit exceeded both its annual targets for loan approvals and disbursement which was part of the entity's deliberate effort to reach more small enterprises in response to the economic slow-down posed by the Covid-19.

Regional Operations

The unit is responsible for the implementation of Business Development Support through its five regional offices across the Gauteng City Region's five corridors. A total of over 1600 small enterprises were provided with support through Business development interventions and grant funding for the period under review amounting to the total rand value of R 20 million.

Some of the highlights are:

Business development Interventions: These are technical interventions that are tailor-made for the growth and development of small enterprises from being start-ups to self-propelled entities. A total of 792 small enterprises were supported.

Informal Traders: Through its Covid-19 Relief Programme, the entity supported 1306 Informal Traders with the most in-need of stock to the value of just over R 1 000.

Tourism, Construction and Manufacturing Sectors: These sectors were hit harder by Covid-19 and GEP intervened to support 490 small enterprise. This assisted in rescuing and retain jobs.

Enterprise Support

This unit is responsible for the implementation of special programmes that are sector-specific and oriented to develop small enterprises.

Youth Accelerator Programme: This is a programme developed to contribute to the Gauteng Provincial Government' priority of empowering unemployed youth. Through this programme, the entity supported 533 young people through placement in different public and private sector host companies. This contributes directly to the province's Tshepo 1 million programme which intends to support 1 million unemployed youth through various interventions over a period of three years.

Clothing, Textile, Leather Footwear Sector: This project was implemented in collaboration with the Vaal University of Technology (VUT), to pool resources to address youth unemployment in the Sedibeng region. The purpose of this project is to train youth to design and manufacture leather and footwear. The programme targeted 30 young people who were identified and placed onto the incubation programme which is still ongoing. Once the incubation programme is completed, the entity will assist the youth to form business enterprises and provide required support, link them to market access and other opportunities within the private sector.

Furniture Sector: This is a special programme within the furniture manufacturing sector which intends to provide technology, equipment and incubation to small businesses in the furniture manufacturing sector. The programme is implemented in collaboration with the Gauteng Department of Economic Development (GDED) and Furntech. A total of 30 small businesses were identified to benefit from the programme, however, due to the emergence of Covid-19 the programme could not be completed. Accordingly, the entity will continue with this programme to ensure that small enterprises are supported with the required equipment and business development support.

Achievements

Implementation of the Covid-19 Relief Programme

Covid-19 Grant Funding

The programme intended to provide relief to small enterprises and was implemented through Regional Operations and Investment Management. Regional Operations implemented a Covid-19 Grant support programme to assist the small enterprises that survived the hard lock-down to stay afloat by providing the most needed working capital, acquiring stock and operating equipment. The programme targeted Spaza shops, Salons, Informal Traders, businesses in the Tourism sector and small scale manufacturers across the Gauteng City Region.

Loan Repayment Holiday

Investment Management provided support through a loan re-payment holiday to qualifying small enterprises that have been provided with loans by GEP. Through this program, a total of 41 small enterprises, amounting to the total rand value of R4 mil were offered a loan re-payment holiday ranging from six to nine months in order to cushion the financial challenges posed by the pandemic.

More Small Enterprises provided with Financial Support (Loans)

The entity had an annual target of 50 loans to approve for the period under review. Despite the challenges brought by the pandemic, the entity could ramp up its support to small enterprises and approved 56 loans and disbursed a total of 43 loans to small enterprises. This amounted to a disbursement rate of 77% against the annual target of 70%.

Challenges

With the resurgence of Covid-19, the unit faced serious challenges in rendering services to small enterprises, because the business assessment conducted for business development and grant funding support as well as due diligence conducted for loans, require high levels of human interactions. The unit's operational environment and its ability to offer services to small enterprises in accordance with the APP was adversely affected due to:

- Continuous interruption of services as GEP's offices regularly closed for decontamination due to new infection cases, which resulted in delayed service delivery;
- Interactive sessions with small businesses were reduced, resulting in long turn-around times in providing the required support;
- Transition for entrepreneurs from personal interaction to online platforms also proved to be challenging since most small enterprises lack digital skills and tools; and
- Most small enterprises had difficulties meeting the qualifying criteria on SARS Compliance matters, making it impossible for GEP to extend its services to them even when the lock-down restrictions were relaxed.

This pushed the unit to device new ways of offering services. A sector-based cluster approach was adopted where small enterprises within the same sector were offered support packages that are responsive to the sector challenges. Through this approach, GEP managed to reach a sizeable number of small enterprises amidst Covid-19 limitations.

The other challenge was the inability of loan funded businesses to pay GEP due to the closure of certain sectors because of stringent Covid-19 regulations and the gloomy economic climate. This meant that even the clients that were compliant with their loan repayment arrangements, started to default on their loan payments. GEP offered these clients a relief in the form of a payment holiday ranging from six to nine months to cushion their financial depression; and allow them to recover from the loss suffered during the hard-lockdown.

The unit also suffered in terms of its incubation and mentoring programmes that could not be implemented fully due to their nature and high interaction required. The service providers could not continue with these programmes as the Covid-19 regulations would not allow for the interactive sessions to be conducted.

Mitigation measures

The unit needs to review its processes to ensure efficiency and effectiveness in delivering the services. This will assist the organisation in reducing the turn-around times so that the support to the small enterprises is received timeously. It will assist in avoiding a back-log of applications from building up given the high influx of applications that the entity receives.

Proposed interventions

Automation of the processes: The entity will consider automating its processes to ensure that service delivery is improved and responsive to the current demands of the fourth industrial revolution (4IR) to overcome Covid-19 challenges. The mode of doing business has changed and the entity will need to adapt.

Enterprise Supplier Development aligned interventions: The entity will also be placing more focus on aligning its intervention to Enterprise Supplier Development (ESD) programmes to ensure that small enterprises participation in the procurement opportunities is increased; and that they can contribute meaningfully into the economy of the province, and take advantage of the set-asides targeted for small enterprises.

Special Economic Zones: The entity will also ramp-up support for small enterprises within the Special Economic Zones across the province.

SMME AND CO-OPERATIVES SUPPORT PROGRAM



Overview of the Division

The Operations Unit is responsible for the implementation of GEP's mandate which is to support the small enterprises in the Gauteng Province through financial support and business development services. The year 2020/21 was the most challenging year the entity has ever seen; with the country being struck by the Covid-19 global pandemic, calling for an immediate change in strategy and approach on how services are delivered.

To ensure that small enterprises which are the hardest hit by the onset of the pandemic are assisted swiftly and through meaningful interventions, that are responsive to their current challenges, the entity reviewed its plans to include interventions aligned to its Covid-19 relief programme.

New intervention targeted at assisting Informal Traders, Spaza Shops, Beauty industry, business within the Tourism sector and small scale Manufacturers were included. Faced with the challenge of having to stretch the reduced resources, the unit was able to reach a larger number of small enterprises. For the period under review GEP managed to provide support to more than 3500 small enterprises in the Gauteng City Region.

SUB-PROGRAMS

Investment Management

Investment Management is responsible for the provision of Financial Support to small enterprises. It seeks to ensure the prudent deployment of available loan funding to qualifying small enterprises. The key priorities are:

- ✓ Optimizing the available capital by providing loans to small enterprises with high potential for growth and job creation;
- ✓ Ensuring that loans approved are disbursed timeously;
- ✓ Improving the due diligence processes which will result in improved debt collection and increased rate of debt recovery; and
- ✓ Ensuring that priority is given to funding small enterprises owned by women, youth and people with disabilities.

For the year under review, a budget allocation of about R 20 million was set aside for the provision of loans targeting 50 small enterprises. A total of 56 loans were approved with a total of 43 loans to the total rand value of just over R 26 million disbursed to small enterprises. The unit exceeded both its annual targets for loan approvals and disbursement which was part of the entity's deliberate effort to reach more small enterprises in response to the economic slow-down posed by the Covid-19.

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Some of the highlights are:

Business development Interventions:	Informal Traders:	Tourism, Construction and Manufacturing Sectors:
These are technical interventions that are tailor-made for the growth and development of small enterprises from being start-ups to self-propelled entities. A total of 792 small enterprises were supported.	Through its Covid-19 Relief Programme, the entity supported 1260 Informal Traders with the most in-need of stock to the value of just over R 1 000.	These sectors were hit harder by Covid-19 and GEP intervened to support 450 small enterprise. This assisted in rescuing and retain jobs.

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Challenges

With the resurgence of Covid-19, the unit faced serious challenges in rendering services to small enterprises, because the business assessment conducted for business development and grant funding support as well as due diligence conducted for loans, require high levels of human interactions. The unit's operational environment and its ability to offer services to small enterprises in accordance with the APP was adversely affected due to:

- Continuous interruption of services as GEP's offices regularly closed for decontamination due to new infection cases, which resulted in delayed service delivery;
- Interactive sessions with small businesses were reduced, resulting in long turn-around times in providing the required support;
- Transition for entrepreneurs from personal interaction to online platforms also proved to be challenging since most small enterprises lack digital skills and tools; and
- Most small enterprises had difficulties meeting the qualifying criteria on SARS Compliance matters, making it impossible for GEP to extend its services to them even when the lock-down restrictions were relaxed.

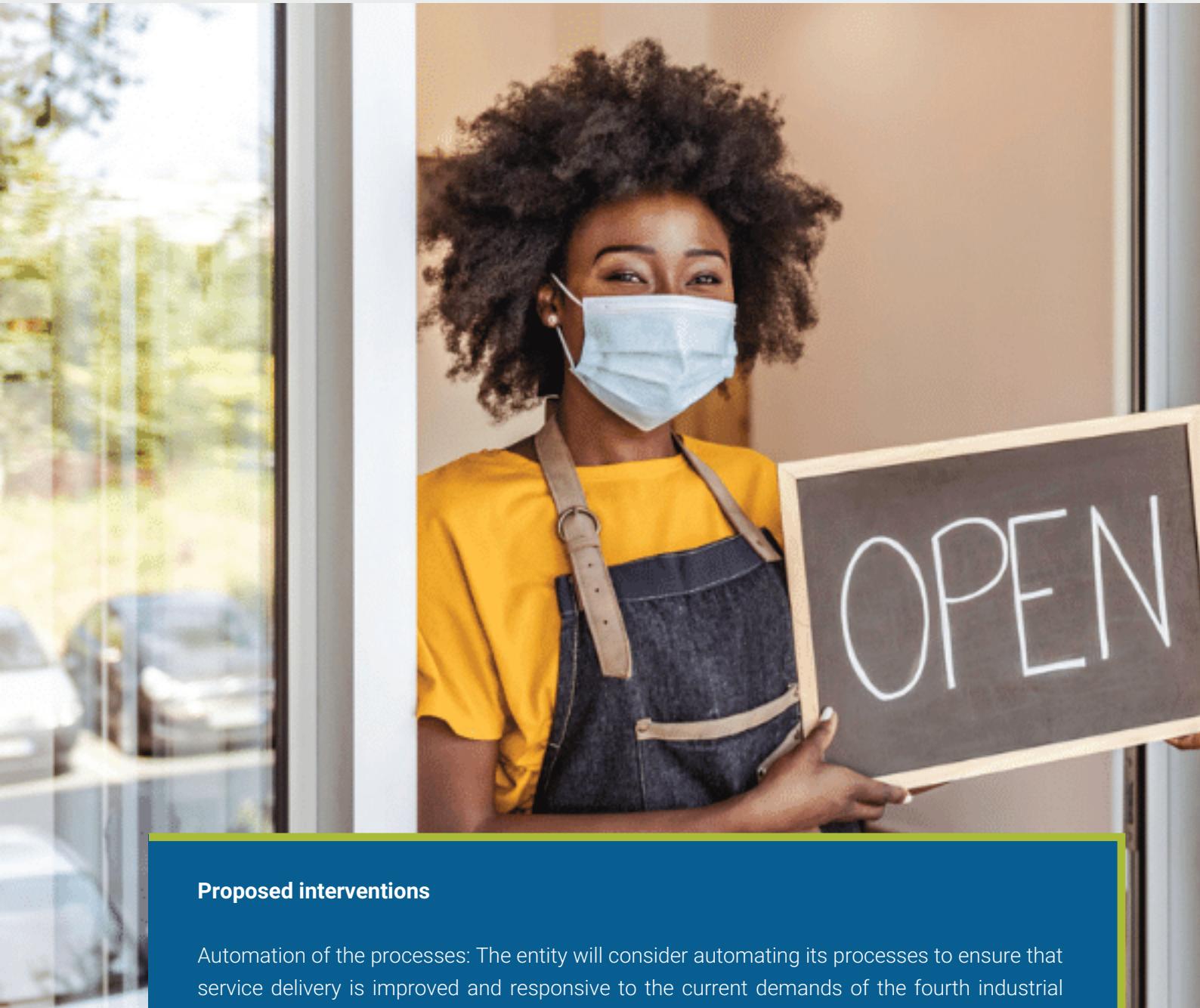
This pushed the unit to device new ways of offering services. A sector-based cluster approach was adopted where small enterprises within the same sector were offered support packages that are responsive to the sector challenges. Through this approach, GEP managed to reach a sizeable number of small enterprises amidst Covid-19 limitations.

The other challenge was the inability of loan funded businesses to pay GEP due to the closure of certain sectors because of stringent Covid-19 regulations and the gloomy economic climate. This meant that even the clients that were compliant with their loan repayment arrangements, started to default on their loan payments. GEP offered these clients a relief in the form of a payment holiday ranging from six to nine months to cushion their financial depression; and allow them to recover from the loss suffered during the hard-lockdown.

The unit also suffered in terms of its incubation and mentoring programmes that could not be implemented fully due to their nature and high interaction required. The service providers could not continue with these programmes as the Covid-19 regulations would not allow for the interactive sessions to be conducted.

Mitigation measures

The unit needs to review its processes to ensure efficiency and effectiveness in delivering the services. This will assist the organisation in reducing the turn-around times so that the support to the small enterprises is received timeously. It will assist in avoiding a back-log of applications from building up given the high influx of applications that the entity receives.



Proposed interventions

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Special Economic Zones: The entity will also ramp-up support for small enterprises within the Special Economic Zones across the province.



SUCCESS STORIES

JOBURG REGION



Business Details

Name of SMME / Co-Op: Last Drop Juice (Pty) Ltd

Location: 313 Heckroodt Circle, Meadowlands Zone 3, Soweto and 2006 Mahalefele Drive, Dube, Soweto

Region / Corridor: Johannesburg

Sector: Manufacturing

The company started operating informally in 2012 from the owner's premises in Meadowlands, Soweto. The business was formally registered with CIPC as Last Drop Juice (Pty) Ltd in 2013.

Business Profile / Background

The core service of Last Drop Juice (Pty) Ltd is the manufacturing of juice and it offers 11 flavours which are 100% pure juice such as orange, cranberry, mango, fruit cocktail, guava, etc. The shelf life is marked on each juice which is four weeks from day of packaging.

Juice is sold in different bottle sizes including 300ml, 500ml, 1.5 litre and 5 litre. Nampak supplied the company with manufacturing machine such as mixing tank, filling machine and compressor in return of the company ordering bottles from them.

Equipment accumulated by the owners includes a blending machine, 5 x display fridges, 4 x chest freezers 2 x cash registers, brix machine and a bakkie. The company carries stock because it sells to walk in customers at the shop but it also delivers in quantity to other companies. The business existing clients are restaurants, canteens, churches, tuck shops, funeral undertakers, B&B's, etc.

The company has an account held with First National Bank. It is marketed through the word of mouth referrals, social network, signage board and product labels. The products have gone for product testing at SABS through SEDA assistance.

Business Challenges

The business was faced with challenges of lack of additional equipment and marketing materials.

GEP Interventions

GEP has assisted the business with TBR grant for purchasing of wrapping machine and marketing materials including product bar codes; pamphlets; pull up banners; digital business cards; duplicate invoice books and interactive website. We also supplied for embroidery on T-shirt, white coats, Caps & Plastic Cups.

The Outcome

Following GEP's support, the business was supplying 4 UNISA branches based in Pretoria, Sunnyside, Florida and Midrand. It also supplies Vision View based in Kya Sands. The company had unfortunately lost UNISA contract due to impacts of Covid 19 pandemic.

Employment creation

There has been an increase of employment from no employees to six employees. The business was manufacturing and operating at one shop and now its manufacturing at Dobsonville Ext 3 in Soweto and has two shop outlets at Dube Soweto and the other in Meadowlands Zone 3 Soweto.

Contact Details

Owner's Name/ Contact Person: Sizwe Dladla
Cellphone Number: 076 226 0540
Telephone Number: 011 536 5142
Email Address: lastdropjuice753@gmail.com



SEDIBENG REGION



Business Details

Name of SMME / Co-Op: Recycling Plastic Furniture

Location: 10843 Ext 17 Bophelong 1911

Region / Corridor: Sedibeng Corridor

Sector: Manufacturing

Business Profile / Background

Mr. Moses Shabangu completed standard 9 in 2007 at Ramusukula Secondary School in Barrage small holdings. He learnt the skill of recycle furniture manufacturing using recycled plastic through a friend.

The business started to operate informally in 2018 and was incorporated with CIPC in September 2019. The business operates from the owner's premises in Extension 17 Bophelong. The business manufactures outdoor furniture using recycled plastic. The target market for the business includes private households, local municipality for park benches and Office Parks. The business services are marketed through Facebook page and referrals.

Business Challenges

Moses Shabangu Recycling Plastic Furniture had challenges with additional equipment to maximise capacity and improve productivity. The business also lacked exposure to attract a wider market.

GEP Interventions

In March 2020, the business was assisted through the Township Business Renewal Program to buy additional equipment. In March 2021, the business was assisted with printed marketing material. The SMME is also a beneficiary of the COVID RELIEF FUND for Manufacturers.



Outcomes

The business managed to buy additional manufacturing equipment and improved productivity. The marketing material assisted the business to increase its customer base.

Turnover

The business turnover increased from R60 000.00 [January 2019 - January 2020] to R110 000.00 [February 2021 – April 2021] due to increased product line and increased customers.

Employment Creation

The business employs five people.

EKURHULENI REGION



Business Details

Name of SMME / Co-Op: Ingcweti (Pty) Ltd

Location: 1616 Shange Street, Phomolong, Thembisa

Region / Corridor: Ekurhuleni Corridor

Sector: Manufacturing

Business Profile / Background

Ingcweti (Pty) Ltd is owned by Ms Phumzile Mthembu. She obtained a certificate in Entrepreneurship from the Youth Enterprise Development Programme. Phumzile further acquired a Marketing Certificate from the Stars of Tomorrow.

Ingcweti (Pty) Ltd operates from the owner's premises. The business manufactures skin care products. The raw materials that are used to produce these products include: coconut, bees wax, water and essentials. To produce these products coconuts are crushed to extract oil then essentials oil, water and bees wax are mixed together for the final product.

These products have been tested and they have passed required quality standard. The coconut oil is good in treating the ring worms, eczema and rush. It is mostly used by mothers for their children to cure or heal the latter diseases.



Challenges

- The business had insufficient production equipment and raw material to maximise capacity and improve productivity
- The business had insufficient marketing material to enhance its exposure and to attract a wider market
- The business was also affected by Covid- 19 pandemic which resulted in decline in production output. This affected the business revenue streams negatively.

GEP Interventions

In 2020 the business was assisted through the Township Business Renewal Program (TBR) to buy additional equipment and printed marketing material. In March 2021, the business also on the COVID RELIEF FUND for Manufacturers.

Outcomes

The business managed to buy additional manufacturing equipment as well as raw material which assisted in improving productivity. The marketing material assisted the business to enhance its exposure and increase their customer base.



WEST RAND REGION



Business Details

Name of SMME / Co-Op: Precious Graphix & Prints (Pty) Ltd

Location: : 7101 Nomadi Street, Tsakani Kagiso 2

Region / Corridor: West Rand Corridor

Sector: ICT & Media

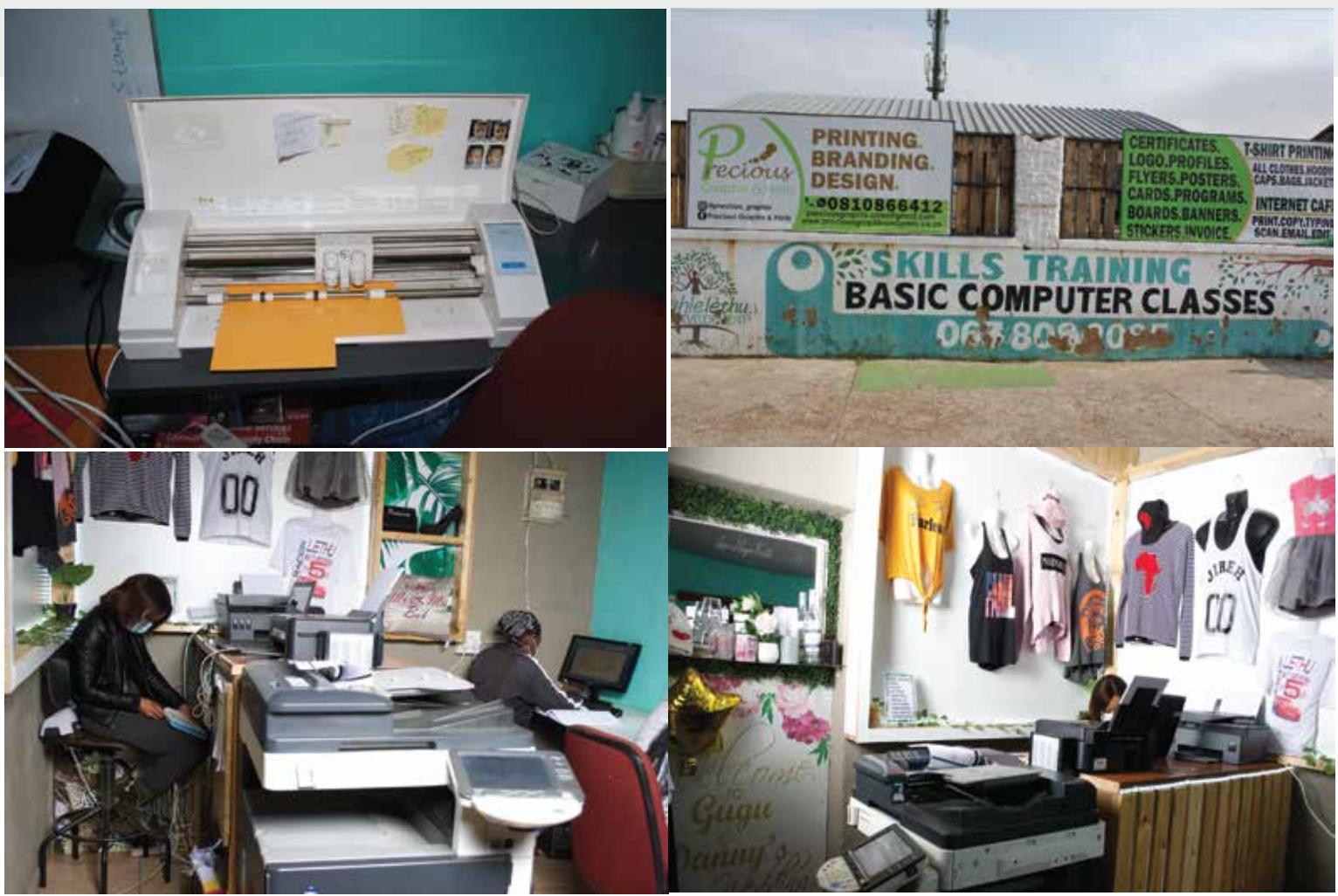
Business Profile / Background

Precious Graphix and Printing is a 100% black-women owned business based in Kagiso, Mogale City. The business was founded by Gugu Mtolo who is a Graphic Designer by profession. She holds a qualification in Graphics Design from Rosebank College. The business was established and registered as a legal business entity in 2012. It offers a wide range of professional graphic designs and printing services. It started operating on the smaller scale at home, providing internet services to local residence and due to the desire to improve its profit margins, the business director decided to move her business in proximity to Kagiso Shopping Mall so as to attract more customers.

Its core business consists of designing and printing of posters, company logos, flyers, letterheads, business cards, invitations, banners, invoice books, vehicle magnets, gazebos, t-shirts, tracksuits, bags, jackets, aprons, shoes, mugs and caps. It also provides additional services such as copying, scanning, typing and internet access. Its target market consists of small businesses, churches, soccer teams and households in and around Kagiso

Business Challenges

The business had no embroidery machine and other equipment for its operations. As a result, it was unable to meet its demand hence there was a need for additional equipment to improve its capacity. The business had no website to attract more customers from the digital spectrum.



GEP Interventions

The business had applied for non-financial support in February 2018 and it was assisted with procurement of equipment in November 2018 and development of a website in November 2019. The embroidery machine was procured for the business and it assisted the business to improve its capacity. The website was developed for the business and it assisted the business in attracting more clients from the digital space and to grow its clientele.

The Outcome

The business managed to attract more customers and to improve its capacity due to the assistance it received from GEP. It managed to increase its profit margins. Its annual turnover has increased from R402805.00 (1st November 2018 – 31st November 2019) to estimated R520 000.00 (1st July 2020- 31st April 2021). The business is grateful for assistance it received from GEP and it has managed to grow its footprint in the market.

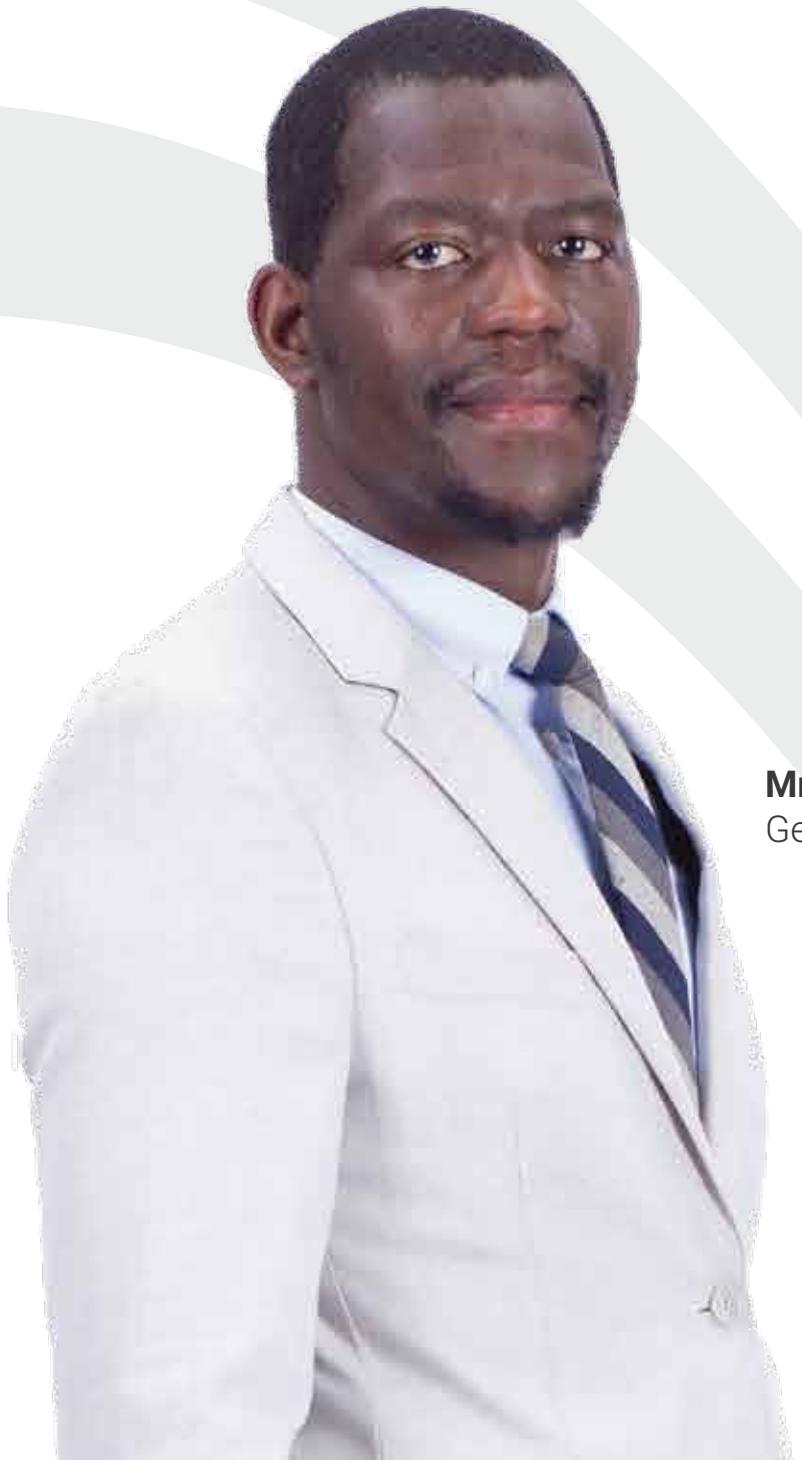
Employment Creation

In terms of employment creation, the business had two casual employees at its inception and both employees are now permanently employed. In total the business employ 3 people including the owner.



PART C: GOVERNANCE

GOVERNANCE



Mr Lamlani Dube

General Manager: Risk and Audit

“ Risk management is an important element of the organisational strategy and daily operations that impacts on organisational performance (i.e. APP Targets), financial results and future organisational plans.

Risk and Audit unit was established in accordance with provision of the GEP Act, PFMA, Treasury Regulations, King IV Report on Corporate Governance, COSO Risk Management Model, ISO 31000 Risk Management Standards and the Public-Sector Risk Management Framework. It operates in line with requirements of the Public-Sector Risk Management Framework, the Risk and Audit Unit and a Board-approved Roadmap to Risk Maturity, and a Risk Management Plan which articulates a defined and disciplined approach for implementing, monitoring and maintaining good risk management practices to propel the organisation towards achieving objectives of the Risk Management Policy Framework.

Within GEP, the unit is positioned as a strategic enabler, risk and audit management expert advisor; and a value-add function intended to assist GEP in achieving its mandate, strategic objectives and satisfy its stakeholders within the prescribed regulatory framework. It is thus empowered amongst other functions, to

- ✓ facilitate risk and opportunity identification, risk mitigation, risk reporting and risk monitoring at both strategic and operational levels,
- ✓ implement the BCM programme,
- ✓ implement the Fraud Prevention Strategy and Ethics Programme,
- ✓ provide assurance on Policy Development,
- ✓ implement a Combined Assurance Model; and
- ✓ implement the Internal Audit Programme.

The unit, headed by the General Manager Risk and Audit, reports administratively to the CEO and functionally to the Board Audit, Risk and Governance Committees for purposes of risk and assurance oversight on various risk categories in the organisation.

Risk Belief at GEP (“Risk Philosophy”)

Risk is inherent in any business, more so in the business of propelling high risk SMMEs and Cooperatives (i.e. through financial and business development support) into the mainstream economy to reduce levels of poverty, high levels of unemployment and high levels of inequality. Risk management is an important element of the organisational strategy and daily operations that impacts on organisational performance (i.e. APP Targets), financial results and future organisational plans.

It is upon this basis that GEP believes risk management should be the responsibility of every employee in the organisation, practiced daily and infused into daily operations, business processes and policies with a view of converting risks into opportunities, protecting the organisation against unforeseen losses, improving investment returns, being a reliable and sustainable service delivery agency. Taking business decisions must therefore be informed and underpinned by appropriate rigour and analysis, reducing incidents of fraud and corruption, reducing incidents of irregular, fruitless and wasteful expenditure and improving efficient use of resources in the rollout of projects

Introduction

Commitment by the department to maintain the highest standards of governance is fundamental to the management of public finances and resources. The Risk and Audit unit, within GEP, was established in accordance with the provisions of the GEP Act, PFMA, Treasury Regulations, King IV Report on Corporate Governance, COSO Risk Management Model, ISO 31000 Risk Management Standards and the Public-Sector Risk Management Framework.

In line with the requirements of the Public-Sector Risk Management Framework, the Risk and Audit unit has a Board-approved Roadmap to Risk Maturity and a Risk Management Plan in place which articulates a defined and disciplined approach for implementing, monitoring and maintaining good risk management practices; and propel the organization towards achieving objectives of the Risk Management Policy Framework.

Fraud and corruption

Guided, amongst others, by the PFMA, the King Code on Corporate Governance, the Protected Disclosures Act and the Combating of Corrupt Activities Act; the fraud prevention and ethics policy frameworks are in existence and adhered to, except in instances reported in the assurance reports and reported to Audit, Risk and Governance Committee and/or Board, including the Shareholder. The policy framework in place constitutes of the Fraud Prevention Policy, Staff Ethics Policy, Code of Conduct, Risk Management and Business Continuity Policy, Compliance Management Policy, the Delegation of Authority Framework and the 5-year fraud prevention roadmap.

The roadmap gives a practical effect to the fraud prevention and ethics policy frameworks by emphasizing and rolling-out the key principles and elements of fraud prevention, fraud detection, fraud investigation and fraud resolution, including the zero-tolerance statement and whistleblowing mechanisms – thus stressing the matters of ethics, accountability and consequence management. With a view of improving our fraud control environment holistically, GEP has developed the Board Ethics Policy and Politically Exposed Persons Policy for Board approval.

Risk Maturity

The Risk and Audit Division's vision is to propel GEP to be "risk intelligent / matured" by 31 March 2021. Using a hybrid of ISO 31000 and the Public-Sector Risk Management Framework, a risk maturity self-assessment was undertaken and the results confirmed GEP's risk management practices in the organization to be at level 4 out of level 5 of the risk maturity scale. As part of instilling and embedding a good risk management culture in the organization, the gaps and improvements identified in the risk maturity self-assessment were incorporated into the Board - approved four (4) year RM Plan ("the 2017/2021 RM Plan"). In reaching a level 4 risk maturity level, the key achievements over the reporting period include:

- implementation of the Risk Management and Business Continuity Management Policy Framework
- implementation of the risk appetite framework,
- implementation of the Combined Assurance Framework,
- linking the organizational strategy to the strategic risk profile,
- quantification of materialized, emerged, avoided and accepted risks controls and tasks (Total Cost of the actual Risk),
- conducting a Board strategic risk assessment,
- mapping of the King III to King IV for identification of gaps and improvements,
- development of the 5 year BCM Maturity Strategy,
- scenario analysis testing; and
- development of the risk management methodology.



In its intention to reach a level 5 risk maturity, the organization will in future undertake the following activities: Coordinated risk management activities across silos (Combined Assurance), Risk appetite monitored at product level, technology implementation and enablement, contingency plans and escalation procedures, risk management training, risk modelling, transversal risk analysis, risk consolidation and quantification, risk consultation, RM /BCM / Ethics / Compliance / Anti-fraud Training, improve “tone at the top”, Risk discussion is embedded in strategic planning, capital allocation, product development, linkage to performance measures and incentives, industry benchmarking used regularly, integrated GRC (IGRC), data analytics, evaluation of Audit, Risk and Governance Committee in relation to risk management and risk management effectiveness independently and a risk culture survey.

Strategic Risk Profile

For the reporting period, the Board and EXCO undertook an annual Board risk assessment to identify risks and opportunities from the 2015-2019 organizational strategy and annual performance targets for 2019/2020 financial year (In addition, the risks and opportunities for 2020/2025 strategy have also been identified), and seven strategic risk exposures were identified, relating to:

- A) financial sustainability;
- b) human capital;
- c) information and communication technology (ICT);
- d) asset quality / credit risk;
- e) stakeholder relations / reputational risks;
- f) fraud and corruption; and
- g) regulatory framework.

Relevant risk mitigations were developed, monitored and reported to Board Audit, Risk and Governance Committee for independent oversight purposes.



PART D: **HUMAN RESOURCE MANAGEMENT**

HUMAN RESOURCE MANAGEMENT



Mr. Vincent Mulaudzi
GM: Corporate Support and
Administration

“ Relations between management and labour improved as evidenced by approval of five HR policies and concluding salary negotiations without dispute at CCMA ”

Corporate Support and Administration Report

Overview of GEP's Human Resource Division

The business unit is made up of five departments:

Human Resources

Information and Communication Technology (ICT)

Legal Services

Facilities Management and

Marketing and Communications

The primary objective of the business unit is to partner with the core business units and provide strategic support that includes business integration and optimisation; ICT support; sound and up to date policies and operating procedures; effective legal and contract management; human capital management and development; employee relations and wellness; sound labour relations; performance management and development; facilities, auxiliary services, occupational health and safety compliance, brand awareness and reputation management.

Mr. Vincent Mulaudzi

GM: Corporate Support and Administration

Human Resources (HR) Priorities for the Year Under Review

- Relations between management and labour improved as evidenced by approval of five HR Policies, concluding salary negotiations without dispute at CCMA, and a number of Labour forums held.
- The skills audit report has assisted in identifying key capacity challenges and the recommendations are being implemented.
- 95% of job profiles have been evaluated by both line managers and employees.
- Implementation of the ICT Security Strategy and Framework, and GEP ICT Strategy and Digitisation Framework in line with the Gauteng Entrepreneurship Model.

Employee Performance Management Framework

Compliance to Performance Management Policy in terms of performance contracting for 2020/2021 was at 97.9% and midyear appraisal was at 98.4%. The main reasons for not reaching 100% on mid-year appraisals was due to some employees being maternity leave and Covid19 regulations. The final performance appraisal for the financial year was due on 30 April 2021.

GEP Employee wellness programmes

GEP outsourced services related to employee wellness to Careways with face to face and virtual counselling having been provided as and when employees requested. One of the markers of a well-entrenched Wellness program is having mix referral types which is reflected at GEP as follows:

- Managerial referral; and
- Trauma de-briefings following workplace incidents and most importantly Self referrals;

Towards the end of the financial year; and with the outbreak of Covid-19 pandemic towards the end of the financial year, Life Employee Health Solutions was appointed to offer counselling services and virtual outreach to GEP employees and their family members. It is worth noting that it was during the Covid-19 lockdown that GEP.

Policy Development

The Corporate Support and Administration unit has 20 policies and managed to review five HR policies and two ICT policies which were ultimately approved by the Board during the year. About 13 policies were reviewed internally and consulted with Labour and finalised at oversight committee for approval. All policies are managed and reviewed as and when there are changes in the business environment informed by changes in the Treasury Instructions, Gazettes and other relevant prescripts.

Corporate Support and Administration Achievements

- Approval of seven policies during the financial year;
- Progress relating to the implementation of the Skills Audit Report recommendations;
- Skills Development and Employment Equity Committee monthly meetings;
- 22 bursaries awarded to employees to further their studies;
- Hosting of Learnership for students living with disabilities and Internship programme from different institution of higher learning;
- Authorisation of Core Business – Investment Management and Business Development Support;

Corporate Support and Administration

Collective agreement on salary improvement and other conditions of service signed without outside assistance and disputes;

- No internal disciplinary hearings
- Resolving on all internal grievances
- Reduced number of labour disputes at the CCMA and re-instatement of the unfairly dismissed shop stewards;
- Integrated GEP Online with customer credit validation and verification solution;
- Developed and implemented the new GEP website;
- Establishment of the Change Management Network with representatives from different business units and regional offices who assisted in drafting new values; and
- Appointment of OHS Representatives for all GEP Offices in compliance with Occupational Health and Safety Act.

Filling of Critical GEP Positions

The agency has 188 positions in the approved structure with 50 vacant positions, 24 have been earmarked for deletion from the organisational structure due to insufficient allocation of employee remuneration budget and 26 were identified as critical positions to be filled in 2020/2021.

Future Corporate Support and Administration Plans

- To identify new skills set that will be required in line with new strategy and changes in the world of work as informed by lessons learned during Covid-19 which demands improvement of systems and value chain based on 4IR/new technologies;
- Organisational Structure Review to be aligned to new strategic plan for 2020 – 2025;
- Aligning the Corporate Support and Administration strategy to GEP's organisational strategy; and
- Development of File Plan in line with National Archives and Record Service Act, and
- Appointment of new Panel of Attorneys and Debt Collectors.

PROGRAMMES	Total Expenditure (R'000)	Personnel expenditure (R'000)	Training Expenditure (R'000)	Professional and special services expenditure as a % of total expenditure	Personnel expenditure as a % of total expenditure	Average Personnel cost per employee (R'000)
Administration	72,818,462.00	38 921 333.06	484 526.48	Nil	53%	627 763.44
Investment Management	37,636,081.00	13 534 674.78	248 432.91	Nil	36%	751 926.38
Regional Operations and Enterprise support	122,677,904.00	46 486 771.33	466 607.73	Nil	38%	633 471.41
TOTAL	233 132 448.00	98 972 779.17	1 229 567.12	Nil	42%	1 482 700.15

1. Personnel related expenditure

Personnel expenditure by programme for the period 1 April 2020 to 31 March 2021

Personnel related expenditure

Personnel expenditure by programme for the period 1 April 2020 to 31 March 2021

Personnel costs by salary band for the period 1 April 2020 and 31 March 2021

Personnel costs by salary band for the period 1 April 2020 and 31 March 2021

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	% of total personnel cost
Lower skilled (level A1 – B3)	6 110 730.50	6,2%	29	210 714.84
Skilled (level BU-C3)	17 117 967.21	17,3%	39	438 922.23
Highly skilled production (levels CU - D2)	33 901 210.64	34,3%	47	721 302.35
Highly skilled supervision (level D3 – DU)	29 704 733.31	30%	25	1 188 189.33
Senior and Top management (levels DU-EU)	12 108 137.51	12.2	11	1 100 739.77
TOTAL	98 942 779.17	100%	151	3 659 868.52

NB: Three (3) of Senior and Top Management were not paid for the full year hence highly skilled supervision average cost per employee seem more than Senior and Top Management.

Salaries, Overtime, Home owners Allowance and Medical Aid by Programme for the period 1 April 2020 to 31 March 2021

PROGRAMMES	Salaries		Overtime		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel Costs	Amount	Medical aid as a % of personnel costs
Administration	37 611 346.96	39%	Nil	Nil	53%	37%
Investment Management	13 074 663.78	14%	Nil	Nil	36%	13%
Regional Operations and Enterprise Support	44 696 281.01	47%	Nil	Nil		50%
Total	95 382 291.75	100%	Nil	Nil	42%	100%

Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2020 to 31 March 2021

PROGRAMMES	Salaries		Overtime		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel Costs	Amount	Medical aid as a % of personnel costs
Lower skilled (A1 – B3)	5 546 494.50	6%	Nil	Nil	564 236.00	16%
Skilled (B4-C3)	16 065 629.29	17%	Nil	Nil	1 052 337.92	30%
Highly skilled production (C4 - D2)	32 816 433.64	34%	Nil	Nil	1 084 777.00	30%
Highly skilled supervision (D3 – DU)	29 020 628.81	30%	Nil	Nil	684 104.50	19%
Senior and Top Management (DU - EU)	11 933 105.51	13%	Nil	Nil	175 032.00	5%

Employment and vacancies by programme as on 31 March 2021

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	80	53	27 (55,1%)	3 (Interns)
Investment Management	28	17	11 (22,4%)	0
Regional Operations and Enterprise Support	80	69	11 (22,4%)	0
TOTAL	188	139	49	3

Employment and vacancies by salary band as on 31 March 2021

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	80	53	27 (55,1%)	3 (Interns)
Investment Management	28	17	11 (22,4%)	0
Regional Operations and Enterprise Support	80	69	11 (22,4%)	0
TOTAL	188	139	49	3

Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2020 and 31 March 2021

Reasons for vacancies not advertised within six months
Vacancy of Chief Financial Officer was advertised and the positions was filled in 2020/21
Vacancy of Chief Executive Officer was also advertised and only filled in 2021/22
The COO position was advertised and filled in 2021/22 financial year
Reasons for vacancies not filled within six months
GEP reconfiguration commissioned by the Shareholder (Gauteng Department of Economic Development)

Job evaluation by Salary band for the period 1 April 2020 and 31 March 2021

Salary band	Post upgraded			Posts downgraded			
	Number of posts on approved establishment	Number of jobs evaluated	% of posts evaluated by salary bands	Number	% of posts evaluated	Number	% of posts evaluated
Lower skilled (A1 – B3)	None	None	None	None	None	None	None
Skilled (CU to C3)	None	None	None	None	None	None	None
Highly skilled production (CU - D2)	None	None	None	None	None	None	None
Highly skilled supervision (D3 – DU)	None	None	None	None	None	None	None
Senior and Top management (DU to EL)	None	None	None	None	None	None	None
Lower skilled (A1 – B3)	None	None	None	None	None	None	None

Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2020 and March 2021

Gender	African	Coloured	African	White	Total
Female	None	None	None	None	None
Male	None	None	None	None	None
Total	None	None	None	None	None

Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2020 and March 2021

Occupation	Number of employees	Job Evaluation level	Renumeration level	Reason for deviation
None	None	None	None	None
None	None	None	None	None
Total number of employees whose salaries exceeded the level determined by job evaluation				
Percentage of total employed				

Percentage of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2020 and 31 March 2021

Gender	African	Coloured	African	White	Total
Female	None	None	None	None	None
Male	None	None	None	None	None
Total	None	None	None	None	None

Annual turnover rates by salary band for the period 1 April 2020 and 31 March 2021

Salary band	Number of employees at beginning of period 1 April 2020 and 31 March 2021	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (A1 – B3)	23	01	01	4.35%
Skilled (CU to C3)	39	0	0	0
Highly skilled production (CU - D2)	44	02	0	0
Highly skilled supervision (D3 – DU)	24	01	0	0
Senior and Top Management (DU to EL)	09	01	3	33.3%

Reasons why staff left the entity for the period 1 April 2020 and 31 March 2021

Termination type	Number	% of Total terminations
Death	01	25%
Resignation	02	50%
Expiry of contract	0	0%
Dismissal – operational changes	0	0%
Dismissal – misconduct	0	0%
Dismissal – inefficiency	0	0%
Discharged due to ill-health	0	0%
Retirement	0	0%
Transfer to other Public Service Departments	01	25%
Total	04	100%
Total number of employees who left as a % of total employment	07	4.8%

Promotions by critical occupation for the period 1 April 2020 and 31 March 2021

Occupation	Employees 1 April 2020	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch with a salary level	Notch progression as a % of employees by occupation
Nil	Nil	Nil	Nil	Nil	Nil
Nil	Nil	Nil	Nil	Nil	Nil
Total					

Promotions by critical occupation for the period 1 April 2020 and 31 March 2021

Occupation	Employees 1 April 2020	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch with a salary level	Notch progression as a % of employees by occupation
None	None	None	None	None	None
None	None	None	None	None	None
Total	-	-	-	-	-



Employment Equity

Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2021

Occupational Levels	Male				Female			People with Disabilities	Total	
	A	C	I	W	A	C	I	W	Male	Female
Top / Senior Management	3	0	0	0	0	0	0	0	0	3
Middle Management	11	0	1	0	14	2	0	1	0	29
Professionally qualified	12	0	0	0	17	0	1	0	1	31
Skilled technical and academically qualified	14	1	0	0	27	3	0	1	0	46
Semi-skilled and discretionary decision making	0	0	0	0	29	0	1	0	1	31
TOTAL PERMANENT STAFF	40	1	1	0	86	5	2	2	0	135
Interns NON-GRADED	0	0	0	0	3	0	0	0	0	3
GRAND TOTAL	40	1	1	0	90	5	2	2	0	144

OVERVIEW OF STAKEHOLDER MANAGEMENT AND REVENUE GENERATION



Mr. Nadas Pillay

Acting Senior Manager: Stakeholder Management and Revenue Generation

“ To date, the entity has committed R100 million for Covid-19 and (R50m) for the economic rebuilding with a specific focus on economically distressed businesses. ”

The Stakeholder Management & Revenue Generation (SM & RG) Unit was borne out of the recognition that there are limited resources to address the Gauteng's Economic Development Mandate and Objectives, hence the need to pool resources from National, Provincial and Local Government; SMME support organizations; international donor organisations and Private Sector.

The view expressed in Parliament and Legislature is that there is a challenge of coordination of resources and revenue streams meant to support the development of SMMEs and Co-operatives. Therefore, the objective of the Strategic Partnerships business unit is to foster transformative partnerships and collaborations between the Private and Public Sector in addressing the developmental challenges outlined in the National Development Plan (NDP), while the Inter-Governmental Relation (IGR) business area ensures that the three spheres of government work together towards ensuring service delivery to its people.

The SM & RG unit's main objective is to forge working and harmonious relations between the three spheres of government to plan and implement jointly to increase impact in service delivery by planning together and sharing resources (District Development Model), and consists of three (3) key components; i) Strategic Partnership, ii) Inter-governmental Relations, and iii) International Relations.

The International Relations business programme is entrusted with the responsibility to secure international funding through the international donor community, forge relations with international counterparts, and benchmark against global competitors.

One of the key strategic areas for Gauteng Enterprise Propeller (GEP) is the development of value-adding partnerships to assist the organisation in meeting its legislated mandate. Given the limited resources, the SM&RG unit actively sources and approaches various public and private institutions with an intention to create long-lasting and mutually beneficial working relationships. The SM & RG Unit mandate is to source partnerships and funding from both the Public and Private sectors. These partnerships should assist GEP in supporting more SMMEs and Co-operatives with both financial and business development support.

Major highlights

The Gauteng Provincial Government has positioned the Gauteng Enterprise Propeller to become the Resource Aggregator in the province. This will ensure that the resource potential of the province is maximised; resources are mobilised and channeled to make a meaningful impact on the economy.

Partnerships with other sister agencies such as AIDC, Gauteng Tourism Agency and others have been finalised. In the mid-year's budget adjustment of the Province, July 2020, the Provincial Treasury announced, under Economic Development (i.e. Vote 3), that "GEP's budget for 2020/2021 has been increased from R231 million to R481 million, which included additional funding of R250 million allocated to fund the COVID-19 SMME support.

To date, the entity has committed R100 million for Covid-19 and (R50m) for the economic rebuilding with a specific focus on economically distressed businesses. Partnership with the Industrial Development Corporation has also been finalised with the IDC committing to provide the match fund of R150 million for economic rebuilding.

The SMME fund will be launched in September 2021, and the roll-out of the program to commence thereafter. The SMME Fund has also created appetite from other potential stakeholders that are still in the pipeline. The unit continues to engage other partners to collaborate on the course of increasing support to small, micro and medium enterprises.

Mr. Nadas Pillay
Acting Senior Manager: Stakeholder Management and Revenue Generation



PART E: BOARD AND GOVERNANCE

1. INTRODUCTION

Corporate governance embodies processes and systems by which GEP is directed, controlled and held to account. In addition to legislative requirements based on the Gauteng Enterprise Propeller Act No. 5 of 2005, which is the Agency's founding legislation, and the Companies Act, corporate governance with regards to the public entity is applied through the precepts of the Public Finance Management Act (PFMA) and applied in tandem with the principles contained in the King IV Report on Corporate Governance.

The Gauteng Provincial Legislature, the Gauteng Department of Economic Development as the Shareholder; and the GEP Board which serves as the Accounting Authority of the Agency are responsible for corporate governance. GEP's corporate governance structure specifies the distribution of rights and responsibilities among its internal stakeholders as well as the standards that guide the actions and decisions of such role-players.

2. EXECUTIVE AUTHORITY

The GDED Member of the Executive Council (MEC) is the Executive Authority of the Agency; and as such approves the GEP Budgets, Strategic Plans and Annual Performance Plans. This necessitates that GEP should provide progress reports on the financial and business development support performance on a monthly, quarterly and annual basis in accordance with the requirements of the PFMA. All GEP performance plans were submitted for approval by the Executive Authority and progress reports were submitted timeously during the financial year under review. The Agency also took the necessary steps to ensure its 2020/21 Annual Performance Plan (APP) was aligned to the strategies and plans of GDED and the Gauteng Provincial Government.

3. THE BOARD AS THE ACCOUNTING AUTHORITY

The GEP Board is regarded as the Accounting Authority in terms of section 49 of the Public Finance Management Act (PFMA). The term of the former GEP Board ended on 30 September 2020 and this was followed by the appointment of the current Board with effect from 1 October 2020.

The role of the GEP Board:

The role of the GEP Board:

1

Provide inputs to, review proposals for and then approve the strategy.

2

Scrutinise the performance of management in meeting agreed goals, objectives and monitor the reporting.

3

Review the integrity of financial information and determine whether internal controls and systems of risk management are robust.

The Board continues to play its role in providing effective leadership based on the principles of honesty, professionalism, good governance and ethical business practices; and also, exercised its oversight responsibility over financial and performance management and reporting while ensuring compliance with all relevant legal prescripts and policy imperatives.

The GEP Board Charter

GEP has an approved Board Charter which is reviewed on annual basis and includes details such as roles, responsibilities and composition of the Board. The key roles and responsibilities of the Board as outlined in the approved Board Charter are as follows:

- Promote, foster and develop SMMEs in Gauteng;
- Design and implement SMMEs support programmes within Gauteng;
- Establish and promote a support network to increase the contribution of SMMEs to the Gauteng economy;
- Promote economic growth, job creation and equity;
- Integrate all government-funded SMMEs support agencies in Gauteng;
- Strengthen the capacity of contracted township-based service providers to assist SMMEs;
- Strengthen the capacity of SMMEs to compete successfully domestically and internationally;
- Exercise the fiduciary and general duties and responsibilities of an accounting authority in accordance with the provisions of the PFMA;
- Fulfil any of the roles, responsibilities and undertakings of the Board as set out in the Act;
- Provide strategic direction to GEP;
- Ensure that the responsibilities of GEP as per the Act are performed; and that the objectives of GEP are achieved;
- Maintain balance between conforming to the governance framework and performing in an entrepreneurial way;
- Review and approve the financial objectives, plans and actions of the entity;
- Exercise leadership, integrity and judgement, based on fairness, transparency and accountability;
- Ensure that a succession plan for critical positions (key capabilities as identified by the Board) is in place;
- Ensure prompt communication with the Executives;
- Ensure compliance by the entity with the relevant laws, regulations and codes of best practice;
- Identify key risk areas and performance indicators in respect of the entity and monitor the performance of the entity in these respects;
- Define levels of materiality, reserving specific powers to itself and delegating other matters with the necessary written authority to management;
- Approve the entering of contracts relating to financial and non-financial support with financial institutions or any other institutions with objectives similar to those of GEP; and
- Acquire or dispose of any right to property, provided that ownership in immovable property may be acquired or disposed of only with the consent of the Executive Authority;

All Board activities and decisions during the year under review were carried out in accordance with the charter.

Audit & Compliance Committee

Audit Committee: GEP has an approved Audit and Compliance Committee (ACC) Charter which is reviewed on annual basis and includes details such as roles, responsibilities, and composition of the Audit and Compliance Committee (ACC). The key roles and responsibilities of the ACC as outlined in the approved ACC Charter are as follows:

- Oversee integrated reporting,
- Oversee combined assurance,
- Review the expertise, resources and experience of the Finance Function, and disclose the results of such review in the integrated report,
- Oversee the risk Management report for monitoring,
- Approve the terms of engagement and remuneration for the external audit engagements,
- Determine the nature and extent of any non-audit services which the auditor may provide to GEP, or that the auditor must not provide to the company; and
- Make submissions to the board on any matter concerning the company's accounting policies, financial control, records and reporting;

Risk and Governance Committee (RGC)

GEP has an approved RGC Charter which is reviewed on annual basis and includes details such as roles, responsibilities, and composition of the RGC. The key roles and responsibilities of the RGC as outlined in the approved RGC Charter are as follows:

- Recommending for Board approval and effectively monitor the implementation of the risk management policy/framework, compliance management framework and ethics policy (e.g. Code of Business Conduct/Ethics, values of the entity, transactions with exposure politically exposed persons) for enhanced achievement of the strategic objectives;
- Recommend for Board approval and effectively monitor the implementation of the risk management plan ("RM Plan"), Compliance Risk Management Plan ("CRMP"), Business Continuity Plan and Ethics Strategy for enhanced achievement of the strategic objectives;
- Oversee and approve measures to improve the risk management culture, the compliance culture and ethics culture by integrating risk, compliance and ethics management (unethical behaviour and conflict of interest) processes, practices, frameworks and methodologies into day-to-day activities of the entity;
- Consider and determine the appropriateness of risk mitigation, responses and interventions;
- Receive, review and monitor the risk management report on the emerging, materialised, avoided and accepted risks;
- Report on the level of compliance with material legislation, including breaches and or exposure to risks relating to regulatory compliance/ethics breaches and recommend action thereof; and
- Approve investment agreements/standard term sheet and due diligence templates on an annual basis.

Audit Committee Report

The Audit Committee ("the Committee") is delighted to present its report for the financial year ended 31 March 2021. The committee is an independent statutory committee appointed by the Board.

Committee Membership and Attendance

The Committee is chaired by Ms Dineo Maithufi and consists of four Independent Non-Executive members. The Chief Executive Officer, Chief Financial Officer, Chief Operations Officer, GM Risk and Audit and external auditors have a standing invitation to all the meetings of the Committee.

On a quarterly basis, the Committee Chairperson reports the committee's activities, decisions and recommendations to the Board.

The committee's meeting attendance for the financial year under review has been summarised in the table below:

No	Member	Position	Meeting attendance	Special Meeting
1.	Ms D. Maithufi	Committee Chairperson	2 of 2	8 of 8
2.	Ms N. Mufamadi	Committee Member	2 of 2	7 of 8
3.	Mr S. Mkhize	Committee Member	2 of 2	8 of 8
4.	Mr K. Mokgotsi	Committee Member	1 of 2	8 of 8

Statutory Duties

The Committee derives its responsibilities from Section 51 (1)(a)(ii) of the Public Finance Management Act and Treasury Regulation 27.1 as well as additional responsibilities as assigned by the Board. The ARGC has adopted appropriate formal terms of reference which were duly approved in line with governance requirements and has regulated its affairs in compliance with this charter and discharged its responsibilities as contained therein.

The Committee performed its duties as set out in the Charter, which included a review the following:

- The effectiveness of the GEP's internal control systems;
- The risk areas of the GEP's operations to be covered in the scope of the internal and external audits;
- The accounting and auditing concerns identified through internal or external audits;
- The GEP's compliance with legal and regulatory provisions; the GEP Act, the PFMA, as well as the Treasury Regulations;
- The activities of the Risk and Audit Unit, including its work programmes, coordination with the External Auditors, the reports of significant investigations and the responses of Management to specific recommendations;
- The independence and objectivity of the External Auditors;
- The external audit fee and the terms of engagement;
- Internal Audit Charter and Internal Audit Plan; and
- This Committee also conducted investigations within its Terms of Reference.

Effectiveness of Internal Controls and Risk Management

The PFMA requires the Board to ensure that a public entity has and maintains effective, efficient and transparent systems of financial, risk management and internal control. The Committee is responsible for overseeing risk management and reviewing internal controls. During the financial year ended 31 March 2021, several reviews were conducted on the effectiveness of internal controls, revealing weaknesses in the internal control environment. The areas of weakness that have been identified and are being addressed by management. The Committee will ensure that follow up reviews are conducted on such areas.

On 19 October 2020 the Board established a separate Risk and Governance sub-committee to effectively exercise oversight over risk management. Prior to that, the committee reviewed risk reports and is of the view that the entity is on a path towards risk maturity.

Evaluation of Internal Audit

The Risk and Audit Division reviews and provides assurance on the adequacy and effectiveness of the internal control environment within the entity. The Committee is responsible for ensuring that the Risk and Audit Division is independent and has the necessary skills and resources as well as authority within the organisation to enable it to effectively discharge its duties and responsibilities. Internal Auditors have unrestricted access to the Audit Committee.

The activities of Internal Audit were guided by the approved Annual Audit Plan with meetings taking place during the year to ensure that the function is executed effectively and objectively. The unit operated effectively in terms of identifying and addressing key risks pertinent to the entity in its audits. The Committee has observed that the Risk and Audit Division is under-resourced and has urged management to put in place measures to address this. Furthermore, the effectiveness of the Divison was negatively impacted by the effects of Covid-19 resulting in the Audit Plan not being implemented in full and certain reviews being carried over into the 2022 financial year.

Evaluation of the finance function

A lot of effort has gone into filling key vacancies within the finance unit, with the appointment of the CFO as well as the Finance Manager in the second half of the financial year. This is a key step in ensuring that the finance function operates effectively. Additional resources and expertise are still required within the finance function in order to fulfil the entity's requirements. Measures are being put in place to address this.

Evaluation of Financial Statements

The Committee reviewed the Annual Financial Statements ("AFS") for the year ended 31 March 2021 to satisfy itself that the Annual Financial Statements were fairly presented. The AFS were reviewed paying specific attention to:

- Changes in accounting policies and practices;
- Significant financial reporting judgements and estimates;
- Significant adjustments flowing from the year-end audit;
- Completeness of disclosure
- Compliance with effective South African Standards of GRAP, the PFMA and other statutory precepts;
- Reasons for year-end fluctuations; and
- The appropriateness of the going concern assumption,

The Quality of quarterly reports submitted in terms of PFMA

During the period under review, management presented quarterly reports which enabled the committee to monitor the financial position of the entity and perform a comparison against performance objectives. Albeit there is room for improvement in the quality of the reports, the committee is satisfied with the content thereof.

Integrated Reporting

The Committee considered the GEP's sustainability information as disclosed in the Integrated Report and has assessed its consistency with operational and other information known to the Committee Members, and for consistency with the Annual Financial Statements. The Committee discussed the sustainability information with GEP's Executive Management and has considered the conclusion of the Auditor General of South Africa.

The Committee is satisfied that the sustainability information is reliable and consistent with the financial results, whilst noting that sustainability reporting will be enhanced.

External Audit Opinion

For the year under review, GEP received an unqualified audit outcome from the Auditor General of South Africa, a remarkable improvement from the 2020 financial year. The Committee receives the opinion with delight while noting that the entity is far from where it needs to be. Various interventions are being planned and implemented by management to ensure that GEP reaches its goal of a clean audit.

The Committee wishes to thank the management team for their tireless efforts as well as the Audit General for ensuring that we work together to achieve clean governance in our public entities.

Conclusion

The Audit Committee has executed its rules in line with the Board approved Terms of Reference. The Committee concurs with and accepts the audit opinion of the Auditor General of South Africa on the 2021 Annual Financial Statements and is of the view that the audited Annual Financial Statements be accepted and read together with the report of the Auditor General of South Africa.

Ms Dineo Maithufi
Chairperson: Audit Committee
For and on behalf of the Audit Committee

Human Resources and Remuneration (REMCO)

GEP has an approved REMCO Charter which is reviewed on annual basis and includes details such as roles, responsibilities, and composition of the REMCO. The key roles and responsibilities of the REMCO as outlined in the approved REMCO Charter are as follows:

- Ensure compliance with legislation, policy and procedures in the selection and recruitment of employees and best practice requirements relating to labour relations management;
- Ensure timely review of GEP's human resource policies and procedures and recommendation of revisions for Board approval;
- Ensure effective implementation of the agency's Performance Management Systems (PMS) in alignment with the GEP performance policies, annual performance targets and financial sustainability;
- Ensure that GEP has adequate policies in place for the recruitment, development and retention of employees; and
- Ensure alignment of GEP's human resources strategies and policies with the entity's strategy, needs and desired organisational culture.

Credit Committee (CC)

The Credit Committee plays a critical role in facilitating the increase balance sheet of the entity. Working with other Board Committees and Executives, the Credit Committee continues to champion the facilitation of partnerships with co-funders to leverage on the R250 million allocated to the entity to support small enterprises. Through the new approach or strategy to mobilise resources, partners have been identified to increase revenue and support to small enterprises.

GEP has an approved CC Charter which is reviewed on annual basis and includes details such as roles, responsibilities, and composition of the CC. The key roles and responsibilities of the CC as outlined in the approved CC Charter are as follows:

- Ensuring compliance with statutory regulations and the framework of operating policies laid down by GEP;
- Determining funding scale limits and overseeing the approval of SMME loan financing in accordance with the determined funding scales;
- Considering and approving recommendations from the Management Credit Committee for finance applications to a value exceeding R1.5 million and limited to R2.5 million;
- Recommendation of credit deals more than R2.5 million to the Board for approval; and
- Ensuring the review of GEP's credit policies and procedures; and recommending revisions for submission to the Board.

Business Development Committee (BDC)

GEP has an approved BDC Charter which is reviewed on annual basis and includes details such as roles, responsibilities, and composition of the BDC. The key roles and responsibilities of the BDC as outlined in the approved BDC Charter are as follows:

- Develop, review and recommend the business development strategies;
- Advise the Board on best practice in respect of non-financial support to SMMEs;
- Recommends policies in relation to Business Development for Board approval;
- Oversee the achievement of business objectives and performance under normal as well as adverse operating conditions;
- Oversee the reliability and integrity of operational information and responsible behaviour towards the stakeholders in the organization;
- Initiate research to evaluate the effectiveness of small business support;
- Review and recommend for the approval of the Board, the appropriate operating structure for business developments;
- Review tactical plans developed to achieve business development goals set out in the Entity's Strategic Plan;
 - Review, monitor and report to the Board on business development opportunities; and
 - Review the economic evaluations of potential business development opportunities.

Composition of The Board

The GEP Board comprised of twelve (12) independent, non-executive members constituted by the Member of Executive Council ("the MEC") of Gauteng Department of Economic Development in terms of Section 7 of the GEP Act:

- Mr K Mthembu was appointed the Chairperson of the Board with effect from the 1st October 2017 and his term ended on the 30th of September 2020;
- Ms M Diedricks was also appointed as Deputy Chairperson of the Board effective from the 1st October 2017 and her term ended on the 30th of September 2020;
- Ms Lebogang Mphahlele was appointed the Chairperson of the Board with effect from 1st October 2020; and
- Ms Phumeza Mangcu was appointed Deputy Chairperson of the Board effective from the 1st of October 2020.

The Chief Executive Officer is an ex-officio member of the Board but does not receive additional remuneration or allowance for serving in the Board.

*** Note:**

- i) Special / Miscellaneous Meetings for the Chairperson would apply to meetings with the MEC, Strategic Sessions, Induction Programme, events attended and Board Executive Meetings.
- ii) Special / Miscellaneous Meetings for Board Members would apply to Strategic Sessions, Board Executive, Committee Workshops and Training.

The Board as the Accounting Authority

Name	Designation (in terms of the Board structure)	Date appointed	Date resigned / Term ended	Qualifications	Area of Expertise	Other Committees	No. of Board Meetings attended
Mr Samuel Khehla Mthembu	Independent Non-Executive Board Chairperson	01 October 2017	31 September 2020	B-Com (Unisa); Management Advancement Programme (Wits); Management Development Diploma Programme (London, UK)	Leadership Development, Stakeholder Relations, Strategic Development, Business Development, Corporate Governance, Human Capital Management, Entrepreneurship Development	Member of Credit Committee	12 of 12
Ms Margaret - Ann Diedricks	Independent Non-Executive Deputy Chairperson Independent Non-Executive Board Member	01 October 2017	31 September 2020	MBA (UWC); BA Honours (Wits); H-Dip Ed (Wits), BA Arts (Cum Laude) (UWC); Advanced Executive Programme (UNISA)	Strategic Leadership and Management, Corporate Governance, Stakeholder Management and Cooperative Management,	Chairperson of Human Resources & Remuneration Committee and member of Business Development Committee	11 of 12

The Board as the Accounting Authority

Name	Designation (in terms of the Board structure)	Date appointed	Date resigned / Term ended	Qualifications	Area of Expertise	Other Committees	No. of Board Meetings attended
Mr Thendo Ratshitanga	Independent Non-Executive Deputy Chairperson	01 October 2017	31 September 2020	Masters in Public and Development Management (Wits), Post Grad Dip Public Policy and Development Management (Wits); Certificate in Programme for Management Development (GIBS); Mastering Entrepreneurship (Wits); Social Entrepreneurship Certificate (GIBS)	Business Management, Public Sector Management, Marketing, Change Management, Business and Entrepreneurship Development, Planning, Monitoring and Evaluation, Capacity Building, Information Management	Chairperson of Credit Committee and member of Business Development Committee	11 of 12

The Board as the Accounting Authority

Name	Designation (in terms of the Board structure)	Date appointed	Date resigned / Term ended	Qualifications	Area of Expertise	Other Committees	No. of Board Meetings attended
Ms Dineo Maithufi	Independent Non-Executive Board Member	01 October 2017	31 September 2020 and reappointed 1 October 2020	BCom Accounting (UJ), BCom Honours in Accounting (University of KwaZulu-Natal), CA(SA)	Finance, Audit, Compliance, Risk Management, Credit Risk Management, Business Development, Risk Assurance, Customer Portfolio Analysis, Automation, Loan Management, Banking, Budgeting and Forecasting, Accounting Frameworks IFRS, US GAAP	Chairperson of Audit, Risk and Governance Committee and member of Credit Committee	12 of 12
Mr Leon G Marincowitz	Independent Non-Executive Board Member	01 October 2017	31 September 2020 and reappointed 1 October 2020	Masters in Philosophy (UJ); Prince 2 Project Management Practitioner (ILX Group); BA Hon. Philosophy (University of Pretoria)	Entrepreneurship Development, Property Development, Corporate Governance, Legislative Framework, Strategic Programme Development, Project Coordination, Policy Advocacy, Media Liaison, Finance, Energy, Leadership, Economics Management	Chairperson of Business Development Committee and member of Audit and Risk and Governance Committee	11 of 12

The Board as the Accounting Authority

Name	Designation (in terms of the Board structure)	Date appointed	Date resigned / Term ended	Qualifications	Area of Expertise	Other Committees	No. of Board Meetings attended
Mr Clive Kneale	Independent Non-Executive Board Member	01 October 2017	31 September 2020	FCIS; FSACSA; FCIBM; AIIA; DTM; F.Inst.D; FIRM	Corporate Governance, Corporate Compliance, Taxation, Risk Management and Insurance, Retirement Funding, Accountancy, Investment Administration	Member of Audit, Risk and Governance Committee	8 of 12
Ms Christine Walters	Independent Non-Executive Board Member	01 October 2017	Resigned	Diploma in Social Studies (Oxford); Theology and Statistic Certificate (Platter); Extra Mural studies Certificate in Small Business (Cape Town) ; Certificate in Local Government (Technicon) Senior Executive Programme (Harvard & Wits); National Diploma in Public Management (Technicon)	Transportation Policy and Infrastructure Development, Political Management, Legislative Programme, Human Resources, Corporate Administration, Facility Management and Administration, Occupational Health and Safety, Labour Relations, Social Development, Arts, Culture and Heritage, Sports and Recreation	Member of Audit, Risk and Governance Committee	0 of 12

The Board as the Accounting Authority

Name	Designation (in terms of the Board structure)	Date appointed	Date resigned / Term ended	Qualifications	Area of Expertise	Other Committees	No. of Board Meetings attended
Mr Sisa Njikelana	Independent Non-Executive Board Member	01 October 2017	31 September 2020	Diploma in Applied Social Studies (Ruskin College, UK), Cert. Leadership Communication (Rhodes University)	Strategic Management, change management, strategic relationships management, strategic and business planning, project planning and management, political analysis and political risk management, governance skills – strategy, structure and leadership, policy management, performance management, leadership development, community development, negotiating skills	Member of Audit, Risk and Governance Committee and Human Resources and Remuneration Committee	11 of 12
Dr. Osmond Mlonyeni	Independent Non-Executive Board Member	01 October 2017	31 September 2020	PhD in Genetics - (University of Pretoria); M.Sc. (Cum Laude) B.Sc.(Hons); B.Sc. Genetics;	Leadership Development, Mentorship, Research and Development	Member of Audit, Risk and Governance Committee and Human Resources and Remuneration Committee	8 of 12

The Board as the Accounting Authority

Name	Designation (in terms of the Board structure)	Date appointed	Date resigned / Term ended	Qualifications	Area of Expertise	Other Committees	No. of Board Meetings attended
Ms Thobile Magerman	Independent Non-Executive Board Member	01 October 2017	31 September 2020	B. Ed (KZN); Dip in Ministry (Rhema College), MBA (Pending) (Regenessys)	Strategy Development, Leadership, Corporate Governance, Municipal Finance Management Act, Public Finance Management Act, Municipal Systems Act & Legislative Frameworks PFMA, MSA, MFMA, King 1-IV, Policy Formulation, Implementation, Monitoring and Evaluation, Project Management, Risk Management, Stakeholder Relationships, Budgets	Member of Credit and Business Development Committees	12 of 12

The Board as the Accounting Authority

Name	Designation (in terms of the Board structure)	Date appointed	Date resigned / Term ended	Qualifications	Area of Expertise	Other Committees	No. of Board Meetings attended
Ms Lebogang Mphahlele	Chairperson	01 October 2020	N/A	University of Pretoria: BCom Accounting Sciences University of South Africa: BCompt Honours University of South Africa: PGD - Applied Accounting Sciences SAICA: Initial Test of Competence (ITC) University of Cape Town: Assessment of Professional Competence (APC) SAICA: Assessment of Professional Competence (APC)	Financial Management ,Auditing, Accounting	Chairperson of the Board Risk and Governance Committee Member	16 of 16

The Board as the Accounting Authority

Name	Designation (in terms of the Board structure)	Date appointed	Date resigned / Term ended	Qualifications	Area of Expertise	Other Committees	No. of Board Meetings attended
Ms Phumeza Mangcu	Deputy Chairperson	01 October 2020	N/A	Masters in Business Administration – in progress Harvard Institute Online: Entrepreneurship in Emerging Economies Management school of South: Masters in Business Administration Damelin College: Higher Diploma: Business Management Nelson Mandela University: Diploma: Marketing Management Joshua West Strategic: Project Management for Engineers certificate National Productivity Institute: Productive Capacity Building programme Damelin College: Certificate Train-The-Trainer Drum Beat Accreditation and Training: Assessor training (plan and conduct assessment)	Overall Management of the company's operations and resources; Business Management, Marketing Management, Entrepreneurship, Project Management and Operations Management.	Chair of Risk and Governance Committee	15 of 16

The Board as the Accounting Authority

Name	Designation (in terms of the Board structure)	Date appointed	Date resigned / Term ended	Qualifications	Area of Expertise	Other Committees	No. of Board Meetings attended
Ms Dineo Maithufi	Member	01 October 2020	N/A	University of Johannesburg, South Africa: Bachelor of Commerce (Accounting) University of Natal, Durban, South Africa: Bachelor of Commerce (Honours) Accounting Awarded the Chartered Accountant (South Africa) (CA (SA)) designation	Business Development; Overseeing the day-to-day operations of the business; Financial Risk management, Accounting, Auditing and Compliance0	Chair of the Audit Committee Member of Risk and Governance Committee	16 of 16
Mr Leon Gert Marincowitz	Member	01 October 2020	N/A	University of Johannesburg: Masters: Philosophy	Strategic programme development, project co-ordination, policy advocacy, fundraising and media liaison; Entrepreneurship and business Development	Chair of Business Development Committee Member of the Risk and Governance Committee	15 of 16

The Board as the Accounting Authority

Name	Designation (in terms of the Board structure)	Date appointed	Date resigned / Term ended	Qualifications	Area of Expertise	Other Committees	No. of Board Meetings attended
Mr Kgosi Mogotsi	Member	1 October 2020	N/A	Henley Business School: MBA (in Progress) Henley Business School Africa: Post Graduate Diploma in Management Wits Business School: Management Advance Programme Sasseta Johannesburg: Certificate in Customer Management University of Johannesburg: National Diploma Retail Business Management	Monitoring and evaluation of business practices and performance at the regional levels; Project Management Compliance Enterprise development	Member of the Audit Committee Member of the Human Resources and Remuneration Committee	13 of 16
Mr Edward Otshepeng Ranamane	Member	1 October 2020	N/A	University of Johannesburg: B-Tech Water Engineering Tshwane University of Technology: Civil Engineering	Developing strategic and operational plans; Business planning; Financial Management & reporting; Operations Management; Human Resource Management & Development	Member of the Business Development Committee Member of the Credit Committee	15 of 16

The Board as the Accounting Authority

Name	Designation (in terms of the Board structure)	Date appointed	Date resigned / Term ended	Qualifications	Area of Expertise	Other Committees	No. of Board Meetings attended
Ms Bukeka Mahlulshana	Member	1 October 2020	N/A	University of South Africa: M Com in Business Management (In Progress) University of South Africa: B Com Honours in Business Management specialisation in Financial Management University of Johannesburg: Diploma Municipal Governance University of Fort Hare: B Com in Business Management IoDSA: Being a Director Part 1-4 EuroMoney: Advanced Investment Analysis and Valuation Brit Training Institute: Applied Private Equity GIBSISAVCA: Private Equity & Venture Capital Foundation Course GIBSISAVCA: Advanced Programme International Private and Venture Capital Valuation Guidelines	Developing strategic and operational plans; Business planning; Financial Management & reporting; Operations Management; Human Resource Management & Development	Member of the Business Development Committee Member of the Credit Committee	15 of 16

The Board as the Accounting Authority

Name	Designation (in terms of the Board structure)	Date appointed	Date resigned / Term ended	Qualifications	Area of Expertise	Other Committees	No. of Board Meetings attended
Mr Desmond Khalid Golding	Member	1 October 2020	N/A	Doctor of Philosophy (PhD) Central banking & financial market reform (In Progress) Oxford University, England: Oxford Advanced Leadership and Management Programme Harvard Business School, Boston, USA: Finance for Senior Executives University of London, England: Master of Laws (Banking and Finance) University of the Witwatersrand: MA (International Relations) University of Zululand: Baccalaureus Procurations (B.Proc)	Project finance, banking, finance, corporate governance, credit lending and management, structured finance, deal structuring, leadership, executive management, risk management, audit, and business management processing, marketing and communication, strategic and organisational repositioning.	Chairperson of the Credit Committee and Member of the Business Development Committee; and Member of the Risk and Governance Committee	15 of 16

The Board as the Accounting Authority

Name	Designation (in terms of the Board structure)	Date appointed	Date resigned / Term ended	Qualifications	Area of Expertise	Other Committees	No. of Board Meetings attended
Mr Thabo Daniel Rasenyallo	Member	1 October 2020	N/A	Regenesys, South Africa Master of Business Administration Candidate (In Progress) Tshwane University of Technology: Bachelor of Technology Degree: Electrical (Power) Engineering Tshwane University of Technology: National Higher Diploma: Mechanical Engineering Tshwane University of Technology: Bachelor of Technology Degree: Electrical (Power) Engineering, Mancosa, South Africa: Post Graduate Diploma: Project Management	Operations Management; Transformational Leadership and Management; Project planning and management	Member of the Business Development Committee and Member of the Credit Committee	16 of 16

The Board as the Accounting Authority

Name	Designation (in terms of the Board structure)	Date appointed	Date resigned / Term ended	Qualifications	Area of Expertise	Other Committees	No. of Board Meetings attended
Ms Nomusa Mufamadi	Member	1 October 2020	N/A	University of South Africa Post-Graduate Diploma in Financial Accounting (in progress) University of South Africa: BCompt New Port University: Diploma in Industrial Relations Brighton Business Centre: Certificate in Human Resources Management &Management of Change	Strategic leadership; Auditing, Financial Management, Taxation and Human Resources Management.	Chairperson of the Human Resources and Remuneration Committee Member of the Audit Committee	15 of 16

The Board as the Accounting Authority

Name	Designation (in terms of the Board structure)	Date appointed	Date resigned / Term ended	Qualifications	Area of Expertise	Other Committees	No. of Board Meetings attended
Ms Dineo Raphanzela	Member	1 October 2020	N/A	University of Witwatersrand Graduate School of Business: Master of Management in Entrepreneurship and New Venture Creation University of Oxford Saïd Business School: Oxford Entrepreneurship: Venture Finance Programme. Directors Association: Advanced Director Training Programme. London School of Trends: Luxury Brand Management. The University of Virginia and BCG: Certificate in Digital Transformation. University of Witwatersrand Graduate School of Business: Postgraduate Diploma in Management (Business Administration). University of Cape Town: Bachelor of Social Sciences	Corporate Social Responsibility strategy development and implementation; Property Development and Management; Operations Management	Member of the Risk and Governance Committee Member of the Human Resources and Remuneration Committee	16 of 16

The Board as the Accounting Authority

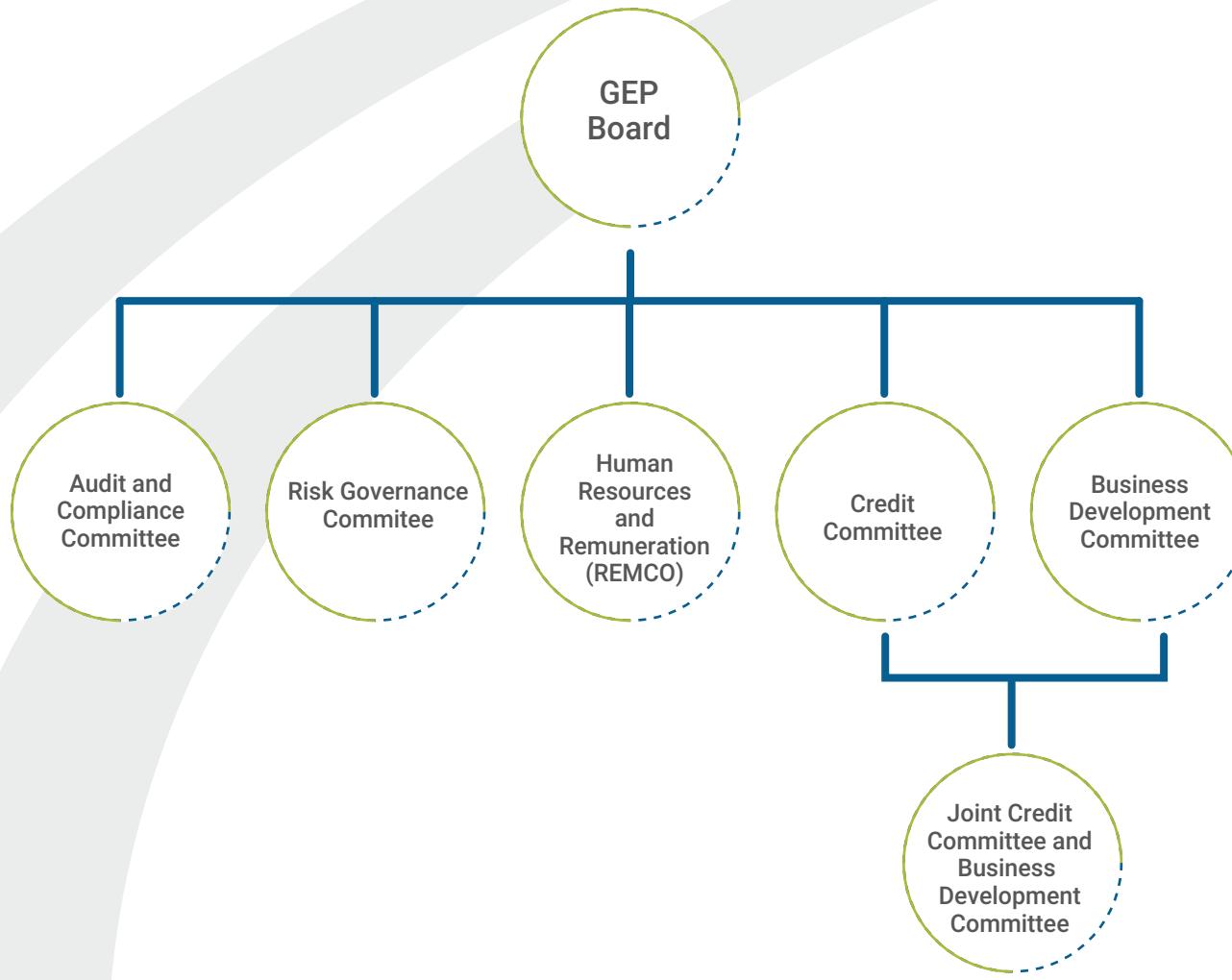
Name	Designation (in terms of the Board structure)	Date appointed	Date resigned / Term ended	Qualifications	Area of Expertise	Other Committees	No. of Board Meetings attended
Mr Sipho Mkhize	Member	1 October 2020	N/A	Regenesys Business School: Masters : Public Management Regenesys School of Public Management: Honours: Public Development & Management University of Pretoria: Executive Certificate in Public Management & Development WITS University: Professional Certificate in Public Management (P&DM) WITS University: Housing Policy Management (P&DM) Regenesys: Project Management University of Stellenbosch: Policy Writing and development University of Durban Westville: Capacity building	Human Resource Development; Social Development; Public Accounts	Member of the Audit Committee Member of the Risk and Governance Committee	15 of 16

The Table below depicts Board Meetings held 2020/21

NO	MEMBER	POSITION	MEETING ATTENDANCE	BOARD MEETINGS	*BOARD MISCELLANEOUS
1.	Mr Samuel Khehla Mthembu	Board Chair	12 of 12	2 of 2	10 of 10
2.	Ms Margaret - Ann Diedricks	Member	11 of 12	2 of 2	9 of 10
3.	Mr Thendo Ratshitanga	Member	11 of 12	2 of 2	9 of 10
4.	Ms Dineo Maithufi	Member	12 of 12 (old Board) 16 of 16 (new Board)	2 of 2 (old Board) 2 of 2 (new Board)	10 of 10
5.	Mr Leon G Marincowitz	Member	12 of 12 (old Board) 15 of 16 (new Board)	2 of 2 (old Board)	10 of 10
6.	Mr Clive Kneale	Member	8 of 12	2 of 2	6 of 10
7.	Ms Christine Walters	Member	0 of 12	0 of 2	0 of 10
8.	Mr Sisa Njikelana	Member	11 of 12	2 of 2	9 of 12
9.	Dr. Osmond Mlonyeni	Member	8 of 12	1 of 2	7 of 12
10	Ms Thobile Magerman	Member	12 of 12	2 of 2	10 of 10
NEW BOARD APPOINTED OCTOBER 2020					
11.	Ms Lebogang Mphahlele	Board Chairperson	16 of 16	2 of 2	14 of 14
12.	Ms Phumeza Mangcu	Member	15 of 16	2 of 2	13 of 14
13.	Ms Dineo Maphanelza	Member	16 of 16	2 of 2	14 of 14
14.	Mr S Mkhize	Member	15 of 16	2 of 2	13 of 14
15.	Mr Kgosi Mogotsi	Member	16 of 16	2 of 2	14 of 14
16.	Mr Edward Otshepeng Ranamane	Member	13 of 16	2 of 2	11 of 14
17.	Mr Thabo Daniel Rasenyallo	Member	16 of 16	2 of 2	14 of 14
18.	Ms Bukeka Mahlutshana	Member	15 of 16	2 of 2	13 of 14
19.	Mr Desmond Khalid Golding	Member	15 of 16	2 of 2	13 of 14
20.	Ms Nomusa Mufamadi	Member	15 of 16	2 of 2	13 of 14

GEP Board Committees

The Agency's Board was supported by six board committees in 2020/21 as depicted on the diagram below:



5. Current Composition of Board Committees

Committee	No. of meetings held in 2020/21	No. of members	Names of members
Audit & Compliance Committee	10	<p>April 2020- September 2020 –5 ARGC members</p> <p>October 2020 – March 2021 4 ACC members</p>	<p>Old members – Term Ended 30 September 2020 (ARGC)</p> <ul style="list-style-type: none"> • Ms Dineo Maithufi • Mr Clive Kneale • Ms Christine Walters • Mr Leon G Marincowitz • Mr Sisa Njikelana <p>New members: Appointed October 2020 (ACC)</p> <ul style="list-style-type: none"> • Ms Dineo Maithufi • Ms Nomusa Mufamadi • Mr Sipho Mkhize • Mr Kgosi Mogotsi

5. Current Composition of Board Committees

Committee	No. of meetings held in 2020/21	No. of members	Names of members
Audit Risk & Governance Committee	2	<p>April 2020- September 2020 – N/A</p> <p>October 2020 – March 2021 5 Members</p>	<p>New members: Appointed October 2020 (ACC)</p> <p>Ms Phumeza Mangcu – Chairperson Ms Dineo Maithufi Mr Leon Marinowitz Mr Desmond Golding Ms Dineo Maphamzela Mr Sipho Mkhize Ms Lebogang Mphahlele</p>
Human Resources and Remuneration Committee	2	<p>April 2020- September 2020 – 3 members</p> <p>April 2020- September 2020 –3 members</p>	<p>Old members – Term Ended 30 September 2020</p> <p>Ms Margaret- Ann Diedricks Mr Sisa njekelana Mr Osmond Mlonyeni</p> <p>New members: Appointed October 2020 (REMCO)</p> <p>Ms Nomusa Mufamadi – Chair Mr. Otshepeng Ranamane Ms Dineo Maphanzela</p>

5. Current Composition of Board Committees

Committee	No. of meetings held in 2020/21	No. of members	Names of members
Credit Committee	8	<p>April 2020- September 2020 – 4 members</p> <p>April 2020- September 2020 – 4 members</p>	<p>Old members – Term Ended 30 September 2020</p> <p>Mr Thendo Ratshitanga Ms Thobile Magerman Ms Dineo Maithuvi Mr Khehla Mthembu</p> <p>New members: Appointed October 2020</p> <p>Mr Desmond Golding Mr Otshepeng Ranamane Ms Bukeka Mahlutshana Mr Thabo Rasenyallo</p>
Business Development Committee	6	<p>April 2020- September 2020 – 4 members</p> <p>April 2020- September 2020 – 5 members</p>	<p>Old members – Term Ended 30 September 2020</p> <p>Mr Leon Marincowitz Ms Margaret-Ann Diedricks Ms Thobile Magerman Mr Thendo Ratshitanga</p> <p>New members: Appointed October 2020</p> <p>Mr Leon Marincowitz Mr Kgosi Mogotsi Ms Bukeka Mahlutshana Mr Desmond Golding Mr Thabo Rasenyallo</p> <p>Old members – Term Ended 30 September 2020</p>

5. Current Composition of Board Committees

Committee	No. of meetings held in 2020/21	No. of members	Names of members
Joint Credit Committee & Business Development Committee	6	<p>April 2020- September 2020 – 4 members</p> <p>April 2020- September 2020 – 5 members</p>	<p>Old members – Term Ended 30 September 2020</p> <p>Mr Leon Marincowitz Ms Margaret-Ann Diedricks Ms Thobile Magerman Mr Thendo Ratshitanga Ms Dineo Maithufi Mr Khehla Mthembu</p> <p>New members: Appointed October 2020</p> <p>Mr Leon Marincowitz Mr Kgosi Mogotsi Ms Bukeka Mahlutshana Mr Desmond Golding Mr Thabo Rasenyallo Mr Otshepeng Ranamane</p>

Human Resources and Remuneration Committee Meetings

NO	MEMBER	POSITION	MEETING ATTENDANCE	SPECIAL MEETINGS
1.	Ms Margaret Ann Diedricks	Chairperson April 2020 – September 2020	2 of 4	3 of 4
2.	Mr Sisa Njikelana	Member	2 of 4	3 of 4
3.	Mr Osmond Mlonyeni	Member	2 of 4	3 of 4
NEW BOARD OCTOBER 2020				
4.	Ms Nomusa Mufamadi	Chairperson October 2020 – March 2021	2 of 4	1 of 4
5.	Mr Otshepeng Ranamane	Member	2 of 4	1 of 4
6.	Ms Dineo Maphanzela	Member	2 of 4	1 of 4

Audit, Risk and Governance Committee

NO	MEMBER	POSITION	MEETING ATTENDANCE	SPECIAL MEETINGS
1.	Ms Dineo Maithufi	Chairperson	2 of 2	5 of 5
2.	Mr Clive Kneale	Member	1 of 2	2 of 5
3.	Ms Christine Walters	Member	0 of 2	0 of 5
4.	Mr Osmond Mlonyeni	Member	2 of 2	4 of 5
5.	Mr Leon Marincowitz	Member	2 of 2	5 of 5
6.	Mr Sisa Njikelana	Member	2 of 2	5 of 5

Audit Committee

NO	MEMBER	POSITION	MEETING ATTENDANCE	SPECIAL MEETINGS
1.	Ms Dineo Maithufi	Chairperson	2 of 2	8 of 8
2.	Ms Nomusa Mufamadi	Member	2 of 2	7 of 8
3.	Mr Sipho Mkhize	Member	2 of 2	8 of 8
4.	Mr Kgosi Mogotsi	Member	1 of 2	8 of 8

Risk and Governance Committee

NO	MEMBER	POSITION	MEETING ATTENDANCE	SPECIAL MEETINGS
1.	Ms Phumeza Mangcu	Chairperson	2 of 2	N/A
2.	Ms Dineo Maithufi	Member	2 of 2	N/A
3.	Ms Lebogang Mphahlele	Member	2 of 2	N/A
4.	Mr Sipho Mkhize	Member	1 of 2	N/A
5.	Md Dineo Maphanzela	Member	2 of 2	N/A
6.	Mr Leon Marincowitz	Member	2 of 2	N/A
73	Mr Desmond Golding	Member	2 of 2	N/A

Credit Committee

NO	MEMBER	POSITION	MEETING ATTENDANCE	SPECIAL MEETINGS
1.	Mr Thendo Ratshitanga	Chairperson April 2020 – September 2020	4 OF 4	2 OF 4
2.	Ms Thobile Magerman	Member	4 of 4	2 of 4
3.	Ms Dineo MAITHUFI	Member	4 of 4	2 of 4
4.	Mr Khehla Mthembu	Member	4 of 4	1 of 4
NEW BOARD OCTOBER 2020				
6.	Mr Desmond Golding	Chairperson Sep 2020 – Mar 2021	4 of 4	2 of 4
7.	Mr Otshepeng Ranamane	Member	4 of 4	2 of 4
8.	Ms Bukeka Mahlutshana	Member	4 of 4	2 of 4
9.	Mr Thabo Rasenyallo	Member	4 of 4	2 of 4

Business Development Committee

NO	MEMBER	POSITION	MEETING ATTENDANCE	SPECIAL MEETINGS
1.	Mr Leon Marincowitz	Chairperson	4 of 4	1 of 1
2.	Ms Margaret Diedricks	Member	3 of 4	1 of 1
3.	Ms Thobile Magerman	Member	3 OF 4	1 of 1
4.	Mr Thendo Ratshitanga	Member	3 of 4	1 of 1
5.	Mr Kgosi Mogotsi	Member	1 of 4	0 of 1
6.	Ms Bukeka Mahlutshana	Member	1 of 4	0 of 1
7.	Mr Desmond Golding	Member	1 of 4	0 of 1
8.	Mr Thabo Rasenyallo	Member	1 of 4	0 of 1

Joint Credit Committee & Business Development Committee

NO	MEMBER	POSITION	MEETING ATTENDANCE
1.	Mr Leon Marincowitz	BDC Chairperson	3 of 3 (Old Board) 2 of 2 new Board
2.	Ms Margaret-Ann Diedricks	Member	1 of 3
3.	Ms Thobile Magerman	Member	3 of 3
4.	Mr Thendo Ratshitanga	Member	3 of 3
5.	Ms Dineo Maithufi	Member	3 of 3
6.	Mr Khehla Mthembu	Member	2 of 3

NEW BOARD OCTOBER 2020

NO	MEMBER	POSITION	MEETING ATTENDANCE
7.	Mr Otshepeng Ranamane	Member	2 of 2
6.	Ms Bukeka Mahlutshana	Member	2 of 2
7.	Mr Kgosi Mogotsi	Member	2 of 2
8.	Mr Desmond Golding	Member	2 of 2
9.	Mr Thabo Rasenyallo	Member	2 of 2

*** Note:**

i) Previous GEP Board Resolved:

That the Risk Management Committee be instituted as a separate committee from the need for an Audit and Compliance Committee to ensure effective reporting and management of the functions.

Therefore, two separate committees namely: (1) Audit Committee and (2) Risk and Governance Committee were established.

ii) Newly Appointed Board Resolved:

That there be a name change of the Risk Management Committee to the current Risk, Governance, Committee and the Audit Committee.

Remuneration of Board Members

- Remuneration of Board members is determined by the Member of Executive Council ("the MEC") of Gauteng Department of Economic Development as per Section 12 and Section 13 of the Act and the National Treasury remuneration guidelines.
- There are no independent, non-executive members who are not remunerated.
- Other expenses e.g. Travel, are reimbursed by the public entity as per the Travel Policy.

The table below discloses relevant information on the audit committee members October 2020 – March 2021

Name	Qualifications	Internal or external member	If internal, position in the department	Date appointed	Date resigned	No. of Meetings attended
Ms Dineo Maithufi	University of Johannesburg, South Africa: Bachelor of Commerce (Accounting) University of Natal, Durban, South Africa: Bachelor of Commerce (Honours) Accounting Awarded the Chartered Accountant (South Africa) (CA (SA)) designation	Chairperson-Non Executive Director	N/A	1 October 2017 and reappointed 1 October 2020	N/A	10 of 10
Ms Nomusa Mufamadi	University of South Africa Post-Graduate Diploma in Financial Accounting (in progress) University of South Africa: BCompt New Port University: Diploma in Industrial Relations Brighton Business Centre: Certificate in Human Resources Management &Management of Change	External Member	N/A	1 October 2020	N/A	9 of 10

Name	Qualifications	Internal or external member	If internal, position in the department	Date appointed	Date resigned	No. of Meetings attended
Mr Sipho Mkhize	Regenesys Business School: Masters: Public Management Regenesys School of Public Management: Honours: Public Development & Management University of Pretoria: Executive Certificate in Public Management & Development WITS University: Professional Certificate in Public Management (P&DM) WITS University: Housing Policy Management (P&DM) Regenesys: Project Management University of Stellenbosch: Policy Writing and development University of Durban Westville: Capacity building	External Member	N/A	1 October 2020	N/A	10 of 10

Name	Qualifications	Internal or external member	If internal, position in the department	Date appointed	Date resigned	No. of Meetings attended
Mr Kgosi Mogotsi	<p>Henley Business School: MBA (in Progress)</p> <p>Henley Business School Africa: Post Graduate Diploma in Management</p> <p>Wits Business School: Management Advance Programme</p> <p>Sasseta Johannesburg: Certificate in Customer Management</p> <p>University of Johannesburg National Diploma Retail Business Management</p>	External Member	N/A	1 October 2020	N/A	9 of 10

Audit & Compliance Committee Meetings

The table below discloses relevant information on the Audit & Compliance Committee members April 2020 – September 2020.

Name	Qualifications	Internal or external member	If internal, position in the department	Date appointed	Date resigned	No. of Meetings attended
Ms Dineo Maithufi	University of Johannesburg, South Africa: Bachelor of Commerce (Accounting) University of Natal, Durban, South Africa: Bachelor of Commerce (Honours) Accounting Awarded the Chartered Accountant (South Africa) (CA (SA)) designation	Chairperson-Non Executive	N/A	1 October 2017 and reappointed 1 October 2020	N/A	7 of 7
Mr Clive Kneale	FCIS; FSACSA; FCIBM; AIIA; DTM; F.Inst.D; FIRM	Director External Member	N/A	1 October 2017	30 September 2020 term ended	3 of 7

Name	Qualifications	Internal or external member	If internal, position in the department	Date appointed	Date resigned	No. of Meetings attended
Christing Walters	Diploma in Social Studies (Oxford), Theology and Statistic Certificate, (Platter); Extra Mural studies Certificate in Small Business (Cape town) Certificate in Local Government (Technikon), Senior Executive Programme (Harvard and Wits_ National Diploma in Public management (Technicon)	External Member	N/A	1 October 2017	Resigned in March 2020	0 of 7
Mr. Osmond Mlonyeni	PhD in Genetics University of Pretoria M.SC Cum Laude B. SC (Hons), BSC Genetics	External Member	N/A	1 October 2017	30 September 2020 term ended	6 of 7

Name	Qualifications	Internal or external member	If internal, position in the department	Date appointed	Date resigned	No. of Meetings attended
Mr Leon G Marincowitz	University of Johannesburg: Masters: Philosophy University of Pretoria : BA Honours: Philosophy University of Pretoria: B.A General	External Member	N/A	1 October 2017	30 September 2020 term ended	7 of 7
Mr Sisa Njikelana	Diploma in Applied Social Studies, (Ruskin College, UK), Cert. Leadership, Communication (Rhodes University)	External Member	N/A	1 October 2017	30 September 2020 term ended	7 of 7

The table below discloses relevant information on the audit committee members October 2020 – March 2021

Name	Qualifications	Internal or external member	If internal, position in the department	Date appointed	Date resigned	No. of Meetings attended
Ms Dineo Maithufi	University of Johannesburg, South Africa: Bachelor of Commerce (Accounting) University of Natal, Durban, South Africa: Bachelor of Commerce (Honours) Accounting Awarded the Chartered Accountant (South Africa) (CA (SA)) designation	Chairperson-Non Executive Director	N/A	1 October 2017 and reappointed 1 October 2020	N/A	10 of 10
Ms Nomusa Mufamadi	University of South Africa Post-Graduate Diploma in Financial Accounting (in progress) University of South Africa: BCompt New Port University: Diploma in Industrial Relations Brighton Business Centre: Certificate in Human Resources Management &Management of Change	External Member	N/A	1 October 2020	N/A	9 of 10

Name	Qualifications	Internal or external member	If internal, position in the department	Date appointed	Date resigned	No. of Meetings attended
Mr Sipho Mkhize	Regenesys Business School: Masters: Public Management Regenesys School of Public Management: Honours: Public Development & Management University of Pretoria: Executive Certificate in Public Management & Development WITS University: Professional Certificate in Public Management (P&DM) WITS University: Housing Policy Management (P&DM) Regenesys: Project Management University of Stellenbosch: Policy Writing and development University of Durban Westville: Capacity building	External Member	N/A	1 October 2020	N/A	10 of 10

Name	Qualifications	Internal or external member	If internal, position in the department	Date appointed	Date resigned	No. of Meetings attended
Mr Kgosi Mogotsi	<p>Henley Business School: MBA (in Progress)</p> <p>Henley Business School Africa: Post Graduate Diploma in Management</p> <p>Wits Business School: Management Advance Programme</p> <p>Sasseta Johannesburg: Certificate in Customer Management</p> <p>University of Johannesburg National Diploma Retail Business Management</p>	External Member	N/A	1 October 2020	N/A	9 of 10



PART E: FINANCIAL INFORMATION

Registration number Incorporated in terms of the Gauteng Enterprise Propeller Act No. 5 of 2005) Annual Financial Statements for the year ended 31 March 2021

GENERAL INFORMATION

Country of incorporation and domicile South Africa

Nature of business and principal activities The Agency is a public body established in terms of the Schedule 3C listing of provincial public entities as provided in the Public Finance Management Act (PFMA), No.1 of 1999. The existence, functions, duties of the Agency are governed by the Gauteng Enterprise Propeller, No 5 of 2005 (the GEP Act) and delivery on its mandate is primarily driven by the provincial Transformation, Modernisation and Re-industrialisation (TMR) and Township Economy Re-vitalisation (TER) Strategies which requires GEP to drive: the revitalisation of township economies; enhanced participation of SMMEs and Co-ops in the Province's mainstream economy; and the growth and development of the 11 identified sectors, i.e. the agro-processing, automotive, manufacturing , information and communications technology (ICT), tourism, pharmaceuticals, creative industries, construction, real estate, finance and mineral beneficiation.

Board Members

- L. Mphahlele (Chairperson)
- P. Mangcu (Deputy Chairperson)
- M. Moholwa (Acting Chief Executive Officer)
- D. Golding
- B. Mahlutshana
- D. Maithufi
- D. Maphanzela
- K. Mokgotsi
- S. Mkhize
- N. Mufamadi
- O. Ranamane
- T. Rasenyallo

Registered office

Gauteng Enterprise Propeller
Head Office
6th Floor, 124 Main Street
Marshalltown
Johannesburg
2001

Postal address

P O Box 61464
Marshalltown
Johannesburg
2107

Bankers

First National Bank Limited
Registration number 1929/001225/06

Auditors

Auditor-General of South Africa (AGSA)

Company Secretary

First Corporate Secretaries (Pty) Ltd

Index

The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

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Report of the auditor-general to the Gauteng Provincial Legislature on Gauteng Enterprise Propeller

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Gauteng Enterprise Propeller set out on pages 147 to 197 which comprise the statement of financial position as at 31 March 2021, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Gauteng Enterprise Propeller as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Material impairments – trade receivables

7. As disclosed in note 4 to the financial statements, material impairment of R26 455 903 was incurred as a result of an increase in the impairment of trade receivables.

Restatement of corresponding figures

8. As disclosed in note 33 to the financial statements, the corresponding figures for 31 March 2020 were restated as a result of an error in the financial statements of the public entity at, and for the year ended, 31 March 2021.

Responsibilities of the accounting authority for the financial statements

9. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
10. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

11. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists.
12. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
13. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

14. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected programme presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
15. My procedures address the usefulness and reliability of the reported performance information, which must be based on the public entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the public entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
16. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the public entity's annual performance report for the year ended 31 March 2021:

Programme	Pages in the annual performance report
Programme 3: regional operations and enterprise support	43 to 45

17. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

18. The material findings on the usefulness and reliability of the performance information of the selected programme are as follows:

Programme 3: regional operations and enterprise support

Various indicators

19. I was unable to obtain sufficient appropriate audit evidence for the reported achievements of 5 of the 8 indicators relating to this programme. This was due to the lack of accurate and complete records. I was unable to confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements in the annual performance report for the indicators listed below:

Indicator description
Number of small enterprises supported non-financially (including hair salons and spaza shops)
Number of small enterprises supported through non-financial interventions in the priority districts of West Rand and Sedibeng
Number of informal businesses supported non-financially
Number of construction and tourism small enterprises supported non-financially
Number of manufacturing small enterprises supported non-financially.

Other matters

20. I draw attention to the matters below.

Achievement of planned targets

21. Refer to the annual performance report on pages 40 to 46 for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 18 to 19 of this report.

Adjustment of material misstatements

22. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of programme 3: regional operations and enterprise support. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

Introduction and scope

23. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the public entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
24. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements, performance and annual reports

25. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1) (b) of the PFMA.
26. Material misstatements of non-current assets, current assets, liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

27. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R21 781 445 as disclosed in note 37 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by non-compliance with supply chain management laws and regulations. Irregular expenditure amounting to R15 834 520 was incurred on price standardisation contract.

Consequence management

28. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 51(1)(e)(iii) of the PFMA. This was because investigations into irregular expenditure were not performed.

Other information

29. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that has been specifically reported in this auditor's report.
30. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
31. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

32. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

33. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the programme 3: regional operations and enterprise support and the findings on compliance with legislation included in this report.
34. The accounting authority did not exercise adequate oversight on financial reporting, performance reporting and non-compliance with applicable laws and regulations.
35. Senior management did not always implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information was accessible and available to support performance reporting.
36. Senior management did not adequately review and monitor compliance with applicable laws and regulations.

Other reports

37. I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the public entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
38. The Special Investigating Unit (SIU) was investigating the 2017 Township Entrepreneur Awards tender and the 2018 project management services for the pitching booster initiative in the Sedibeng region. The investigations were in progress as at the date of this report.
39. The Directorate for Priority Crime Investigation (DPCI) was investigating the allegations of the submission of a forged document to Auditor-General for the audit of the public entity for the year ended 31 March 2020 and the investigation was in progress as at the date of this report.

Auditor-General

Johannesburg
20 August 2021



Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for the selected programme and on the public entity's compliance with respect to the selected subject matter.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
 - obtain an understanding of internal control relevant to the audit 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 public entity's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority. conclude on the appropriateness of the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Gauteng Enterprise Propeller to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern.
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Statement of Financial Position as at 31 March 2021

Figures in Rand	Note	2021	Restated 2020
Assets			
Current Assets			
Financial support loans at amortised cost	3	20 986 632	4 996 603
Receivables from exchange transactions	4	6 776 066	3 850 938
Cash and cash equivalents	5	399 276 396	140 517 319
		427 039 094	149 364 860
Non-Current Assets			
Property, plant and equipment	6	5 651 843	6 350 619
Financial support loans at amortised cost	3	8 877 279	3 154 333
Other Investments	8	1	1
		14 529 123	9 504 953
Total Assets		441 568 217	158 869 813
Liabilities			
Current Liabilities			
Finance lease obligation	9	1 239 579	1 119 304
Operating lease liability	10	39 852	1 461 798
Payables from exchange transactions	11	21 758 632	13 514 447
Payables from non exchange transactions	12	86 979 617	-
Provisions	31	296 831 160	128 251 720
		406 848 840	144 347 269
Non-Current Liabilities			
Finance lease obligation	9	219 178	1 458 757
Total Liabilities		407 068 018	145 806 026
Net Assets		34 500 199	13 063 787
Accumulated surplus		34 500 199	13 063 787
Total Net Assets		34 500 199	13 063 787

Statement of Financial Performance

Figures in Rand	Note	2021	Restated 2020
Revenue from non- exchange transactions	13	477 897 000	245 771 000
Revenue from exchange transactions	14	15 026 876	18 283 311
Other Income	15	755 763	1 048 978
Program and projects	16	(63 685 585)	(45 045 638)
Operating expenses	42	(408 706 045)	(291 991 958)
Operating surplus (deficit)	17	21 288 009	(71 934 307)
Finance Income	18	361 041	4 229 636
Finance costs	20	(212 636)	(260 618)
Surplus (deficit) for the year		21 436 414	(67 965 289)

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	138 638 925	138 638 925
Adjustments		
Prior year adjustments*	(57 609 848)	(57 609 848)
Balance at 01 April 2019 as restated	81 029 077	81 029 077
Changes in net assets		
Prior year adjustments*	(54 502 735)	(54 502 735)
Net loss for the year ended 31 March 2020	(13 462 752)	(13 462 752)
Balance at 01 April 2020 as restated	13 063 590	13 063 590
Changes in net assets		
Surplus/(Deficit) for the year	21 436 413	21 436 413
Total changes	21 436 413	21 436 413
Balance at 31 March 2021	34 500 003	34 500 003

*See Note 33

Cash Flow Statement

Figures in Rand	Note	2021	Restated 2020
Cash flows from operating activities			
Receipts			
Cash receipts from non-exchange transactions		477 897 000	245 771 000
Cash received from exchange transaction		585 184	1 003 570
Cash receipt from financial support loans		4 497 504	9 301 344
Finance income		361 041	4 229 636
Other Income		755 763	1 048 978
		484 096 492	261 354 528
Payments			
Employee costs and Suppliers		(195 827 016)	(190 588 120)
Cash paid as financial support loans		(26 875 906)	(13 951 163)
		(222 702 922)	(204 539 283)
Net cash flows from operating activities	23	261 393 570	56 815 245
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(1 302 553)	(989 640)
Purchase of other intangible assets	7	-	-
Net cash flows from investing activities		(1 302 553)	(989 640)
Cash flows from financing activities			
Finance lease payments		(1 331 940)	(1 109 950)
Net increase/(decrease) in cash and cash equivalents		258 759 077	54 715 655
Cash and cash equivalents at the beginning of the year		140 517 319	85 801 664
Cash and cash equivalents at the end of the year		399 276 396	140 517 319

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
Figures in Rand	Approved budget	Adjustments	FINAL BUDGET	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Comparison of Budget and Actual Amounts						
Revenue						
Revenue from exchange transactions						
Receipts on loan book	3 200 000	-	3 200 000	4 497 504	1 297 504	A
Interest and other income	-	-	-	17 686 313	17 686 313	B
Total revenue from exchange transactions	3 200 000	-	3 200 000	22 183 817	18 983 817	
Revenue from non-exchange transactions						
Taxation revenue	-	53 494 700	53 494 700	53 494 700	-	
Rollover Income						C
Transfer revenue						
Government grants & subsidies	231 351 000	246 546 000	477 897 000	475 779 100	(2 117 900)	C
Grant: Project Evaluation	-	-	-	-	-	C
Total revenue from non-exchange transactions	231 351 000	300 040 700	531 391 700	529 273 800	(2 117 900)	
Total revenue	234 551 000	300 040 700	534 591 700	551 457 617	16 865 917	
Expenditure						
Employee costs	(123 165 640)	3 454 000	(119 711 640)	(99 844 519)	19 867 121	D
Depreciation and amortisation	-	-	-	(2 020 397)	(2 020 397)	E
General expenses	(86 420 360)	(301 245 773)	(387 666 133)	(338 859 514)	48 806 619	F
Repairs and maintenance	(70 000)	-	(70 000)	(2 555 580)	(2 485 580)	G
Capital expenditure	(1 500 000)	-	(1 500 000)	(1 302 553)	197 447	
Financial support loans	(20 195 000)	(2 248 927)	(22 443 927)	(26 875 906)	(4 431 979)	H
Total expenditure	(231 351 000)	(300 040 700)	(531 391 700)	(471 458 469)	59 933 231	
Operating surplus	3 200 000	-	3 200 000	79 999 148	76 799 148	
Operating surplus	-	-	-	-	-	
Loss On disposal of Assets	-	-	-	(79 834)	(79 834)	
Adjustment for Capital Movements	-	-	-	21 516 248	21 516 248	
Actual Amount on Comparable Basis	-	-	-	21 436 414	21 436 414	

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999, as amended).

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand, which is the entity's functional currency.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

1.1 Going concern assumption

The annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months. In assessing whether the going concern assumption is appropriate management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the reporting date.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes

Impairment of trade debtors and financial support loans

The entity assesses its trade receivables, held to maturity investments, loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, management makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset

An impairment of trade debtors is established when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of the loan. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial recognition, and default of delinquency in payments are considered indicators that the debtor should be impaired. The amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cashflows (excluding future credit losses that have not been incurred) discounted at the financial assets original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit.

The entity first assesses whether objective evidence of impairment exist individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If an entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtors credit rating), the previously recognised impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal shall be recognised in surplus or deficit.

1.2 Significant judgements and sources of estimation uncertainty (continued)

The methodology used for the calculation of the provision for impairment is as follows:

- Handed Over Accounts - 99% of the total debt handed over to be impaired.
- Debtors under liquidation - 100% of the total debt to be impaired.
- Where the debtors account is not yet due, no amount is provided against the loan balance.
- Age Analysis at Current and less than 30 days - 5% of the total debt to be impaired (Credit Allowance).
- Age Analysis from 30 Days to 60 Days - 15% of the total debt to be impaired. .
- Age Analysis from 61 Days to 120 - 25% of the total debt to be impaired.
- Age Analysis from 121 Days to 180 - 35% of the total debt to be impaired.
- Age Analysis from 181 Days to 240 - 50% of the total debt to be impaired.
- Age Analysis from 241 Days to 365 Days - 60% of the total debt to be impaired.
- Age Analysis from 366 Days to 450 Days - 75% of the total debt to be impaired.
- Age Analysis from 456 Days to 546 Days - 85% of the total debt to be impaired.
- Age Analysis above 547 Days - 100% of the total debt to be impaired.

Debtors loan write off

Where the likelihood of a loan being repaid is remote, the legal action has run its course and there is no other means of recovering the monies due to the entity. A write off process is followed and approved in line with the entity's Delegation of Authority.

Trade receivables / held to maturity investments and/or loans and receivables

The entity assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Taxation

The entity has is exempted from Income Tax by the South African Revenue Services in terms of Section 10(1)(cA)(i) of the Income Tax Act. (Act No. 58 of 1962), effective from 28 July 2006.

1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

1.3 Property, plant and equipment (continued)

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Initial Recognition

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Subsequent Measurement

Subsequent to initial recognition, Items of property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

Depreciation

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the date that the asset is derecognised. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use and held for disposal unless the asset is fully depreciated. When the asset has been depreciated in line with the useful life, but not yet disposed, the entity will continue to use the asset at a residual value of R1.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Motor vehicles	Straight-line	5-10 years
Office equipment and Furniture	Straight-line	6-20 years
IT equipment Straight-line	Straight-line	3-7 years
Leasehold improvements	Straight-line	Lease

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.4 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectability.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

When a financial asset or financial liability is recognised initially, an entity shall measure it at its fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The entity shall measure all financial assets and financial liabilities after initial recognition at fair value and at amortised cost.

1.4 Financial instruments (continued)

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
- receive cash or another financial asset from another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial support loans are categorised and are stated at their amortised cost using the effective interest rate method less and allowance for impairment. An estimate of impairment is made on a review of all outstanding amounts at statement of financial position date. Bad debts are written off during the year in which they are identified. Due to the short-term nature of the entity's receivables, amortised cost approximates its fair value.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the entity will not be able to collect all accounts due according to the original term. Further assessments are done in conjunction with all relevant units to establish the likelihood of further collections and or non-financial support to delinquent SMEs. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial recognition, and default or delinquency in payments are considered indicators that the debtor is impaired. When the trade debtor is perceived to be uncollected, it is written off. Subsequent recoveries of amounts previously written off are credited in the statement of financial performance as bad debts recovered.

Trade and other payables

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

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. At the commencement of the lease term, lessees shall recognise assets acquired under finance leases as assets and the associated lease obligations as liabilities in their statement of financial position. The assets and liabilities shall be recognised at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate to be used in calculating the present value of the minimum lease payments is the interest rate implicit in the The discount rate used in calculating the present value of the minimum lease payments is the .

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding

liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

The sum of the depreciation expense for the asset and the finance expense for the period is rarely the same as the lease payments payable for the period, and it is, therefore, inappropriate simply to recognise the lease payments payable as an expense. Accordingly, the asset and the related liability are unlikely to be equal in amount after the commencement of the lease term

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

Operating leases - lessee

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

1.6 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation). Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon. A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense. Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

1.7 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense. Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable service amount of the asset.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.8 Employee benefits

Short-term employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Short-temp employee benefits are employee benefits (other than termination benefits) that are due to be settled with twelve months after the end of the period in which the employees render the related service.

Short term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled with twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of reporting period in which the employees rendered the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cell phones) for current employees.

When an employee has rendered service to the group during a reporting period, the company recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the group recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts.

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the group's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expenses in surplus or deficit when they are due.

1.9 Provision and contingencies

A provision is liable on uncertain timing or amount. Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

A provision is used only for expenditures for which the provision was originally recognised.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of GEP. Contingent Liability and Contingent Assets are not recognised in the statement of financial position of the entity but disclosed in the notes.

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the entity.

1.10 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash. The entity discloses commitments that are of capital in nature, the operational commitments are not disclosed.

A commitment arises out of a contractual agreement between the entity and another party which entitles the entity or the third party to enforce the contract.

1.11 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Initial Recognition

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised as revenue from exchange transaction in the statement of performance, in line with the stage of completion of the transaction at the reporting date. Rendering of services may include, amongst others: training and management services, interest of debtors and bad debts recovered.

1.12 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Unspent grant/surplus

The entity recognizes unspent government grants in line with National Treasury Instruction note 12 of 2021 where the surplus is provided for as provision. Unspent grants not approved by Treasury as a retention are treated as a liability.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

1.13 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current

1.14 Fruitless and wasteful expenditure

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

Discovery

The accounting authority records the details of all alleged fruitless and wasteful expenditure in a fruitless and wasteful expenditure checklist.

Assessment & Determination

Upon detection of alleged fruitless and wasteful expenditure, an assessment is conducted to confirm whether the expenditure incurred meets the definition of fruitless and wasteful expenditure.

The assessment also collects information on -

- the root causes that led to the fruitless and wasteful expenditure;
- the employee(s) responsible;
- confirmed amounts of fruitless and wasteful expenditure to be recovered, if any;
- confirmed amounts of fruitless and wasteful expenditure that are assessed as irrecoverable; and
- any breakdown in the designed internal controls.

During the period of the assessment, the expenditure remains the expense account the results of the assessment determine the appropriate action to be taken regarding this expenditure.

Confirmation

Upon confirmation of fruitless and wasteful expenditure, the details of the fruitless and wasteful expenditure are recorded in the fruitless and wasteful register.

Investigation & Recovery

If it is determined that the fruitless and wasteful expenditure cannot be recovered from the responsible official (not liable in law), the expenditure remains as a debit against the relevant expenditure item and disclosed as such in the relevant note to the financial statements. The accounting authority will consider writing it off, following the entity's write-off policy.

If any expenditure meets the definition of fruitless and wasteful expenditure (after a determination) and it is recoverable from a responsible official(s), a current asset is created on the statement of financial position, and posted to the relevant expenditure account (credit expenditure account). The employee(s) responsible for the fruitless and wasteful expenditure is informed of the debt and given 30 days to pay or in reasonable instalments.

When we receive the funds from the responsible official (fruitless and wasteful expenditure is recovered), the debtor and bank accounts are affected.

1.15 Irregular expenditure

Irregular expenditure is expenditure incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) the PFMA; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government, including internal policies and procedures.

National Treasury instruction note no. 2. of 2019/2020 which was issued in terms of sections 76(2)(e) to 76(4)(a) of the PFMA requires the following (effective from 16 May 2019):

On discovering a possible irregular expenditure, the alleged irregular expenditure is recorded in the relevant register and reported to the Accounting authority.

Assessment

The entity evaluates if the alleged irregular expenditure is valid. If the irregular expenditure is valid, the relevant register is updated stating that the expenditure is in fact irregular expenditure. These amounts are included in the irregular expenditure note. If the irregular expenditure is not valid, the relevant register is updated stating that the alleged irregular expenditure was found not to be valid.

Confirmation

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements is also recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Determination & Investigation

The investigation must provide the accounting authority with at least the following:-

- root causes that led to the transgression;
- impact of the transgression;
- fraudulent, corrupt or other criminal conduct;
- employee(s) responsible for the irregular expenditure;
- whether the department, constitutional institution or public entity suffered a loss;
- whether the matter must be referred to the South African Police Service; and
- any breakdowns in the designed internal controls and the impact thereof.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end is recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements are updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the Provincial Treasury or the relevant authority is recorded appropriately in the irregular expenditure register.

Recovery

If liability for the irregular expenditure can be attributed to a person, a debt account is created if such a person is liable in law. Immediate steps are thereafter taken to recover the amount from the person concerned. If recovery is not possible, the accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register is updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto remains against the relevant program/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Condonation

Requests for condonation of irregular expenditure, by the entity is submitted to the provincial treasury in line with the national treasury instruction note. The condonation request must at least contain the following information:

- confirmation that a determination test was conducted;
- findings and recommendations of the Loss Control function or another relevant function that conducted the determination test;
- findings and recommendations of the Internal Audit function or another relevant function that conducted the investigation;
- confirmation that no losses were incurred against the entity;
- confirmation that disciplinary action was taken against the reasonable employee(s);
- confirmation that investigations were conducted in cases of identified fraudulent, corrupt or criminal acts; and
- Remedial actions taken by the accounting authority to prevent the recurrence of such irregular expenditure in similar circumstances.

1.16 Deviations

The accounting authority or delegated may procure its required goods or services by means other than inviting competitive bids, provided that the reasons for deviating from inviting competitive bids is been recorded and approved by the accounting authority.

The accounting authority may opt to participate in a transversal term contract facilitated by its relevant treasury. Should the accounting authority opt to participate in a transversal contract facilitated by its treasury, the accounting authority may not solicit bids for the same or similar product or service during the tenure of the transversal term contract.

The accounting authority may, on behalf of the entity, opt to participate in any contract arranged by means of a competitive bidding process by any other organ of state, subject to the written approval of such organ of state and the relevant contractors.

1.17 Budget information

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2020/04/01 to 2021/03/31.

1.18 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity to obtain benefits from its activities. Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the ventures).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family are those family members who may be expected to influence, or be influenced by that person in their dealings with the entity. As a minimum, a person is considered to be a close member of a family of another person if they are:

- married or live together in a relationship similar to a marriage; or
- separated by no more than two degrees of natural or legal consanguinity or affinity;
- dependents of that person or that person's spouse or domestic partner;
- a grandparent, grandchild, parent, brother or sister, and
- a parent-in-law, brother-in-law or sister-in-law.

An entity is related to the reporting entity if any of the following conditions apply:

- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
- one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
- both entities are joint ventures of the same third party;
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
- the entity is controlled or jointly controlled by a person identified in (a); and
- a person identified in management and has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favorable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.19 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.20 Loan commitments

Loan Commitment is a firm commitment to provide credit under pre-specified terms and conditions. A Loan Commitment is recognised when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

The entity provides a provision for commitments where there contract has been signed by both parties at year end but not yet paid. The entity raises a long term assets for these provisions.

1.21 Accounting policies, estimates and errors

A change in the accounting treatment, recognition or measurement of a transaction, event or conditions within a basis of accounting is regarded as a change in accounting policy.

The following are however, not considered to be changes in accounting policies.

- The application of an accounting policy for events or transactions, other events or conditions that differ in substance from those previously occurring. In this case, another accounting policy will be used that is applicable to the specific type of transaction, or substance of the transaction.
- The application a new accounting policy for transactions, other events or conditions that did not occur previously. In this case, a new accounting policy will be applied to a new type or transaction, event or condition.
- the application of a new account policy for transactions, other events or conditions that were immaterial. In this case a new accounting policy will be applied to a new type of transaction, event or condition.
- Change in classification where the method of recognition and measurement remains the same.

The entity accounts for a change in accounting policy resulting from the initial application of a Standard of GRAP in accordance with the specific transitional provisions, if any, in that Standard; and when the changes in accounting policy upon initial application of a Standard of GRAP that does not include specific transitional provisions applying to that change, or changes an accounting policy voluntarily, it shall apply the change retrospectively.

When a change in accounting policy is applied retrospectively the entity shall adjust the opening balance of each affected component of net assets for the earliest prior period presented and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied.

Change in Accounting Estimate

A change in the accounting estimate is an adjustment of the carrying amount of an asset or a liability or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and, accordingly, are not corrections of errors. Changes in accounting estimates are recorded prospectively in the current period only, or current and future periods, depending on the period affected.

Prior Period Errors

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- was available when financial statements for those periods were authorised for issue; and
- could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

1.22 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity.

1.23 Other Investments

An associate is an entity over which the investor has significant influence.

Binding arrangement is an arrangement that confers enforceable rights and obligations on the parties to the arrangement as if it were in the form of a contract. It includes rights from contracts or other legal rights.

Consolidated annual financial statements are the annual financial statements of an economic entity in which assets, liabilities, net assets, revenue, expenses and cash flows of the controlling entity and its controlled entities are presented as those of a single economic entity.

The equity method is a method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post- acquisition change in the investor's share of the investee's net assets. The investor's surplus or deficit includes its share of the investee's surplus or deficit and the investor's net assets includes its share of changes in the investee's net assets that have not been recognised in the investee's surplus or deficit.

A joint arrangement is an arrangement of which two or more parties have joint control.

Joint control is the agreed sharing of control by way of a binding arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

A joint venturer is a party to a joint venture that has joint control of that joint venture.

Significant influence is the power to participate in the financial and operating policy decisions of another entity but is not control or joint control of those policies.

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

1.24 General expenses

An expense is defined as an outflow of economic resources or service potential during the reporting period that results in a decrease in net assets.

The entity recognises an expense when the related services or goods are received by the entity. The expense recognised is measured at the fair value of the consideration paid or payable.

Expenses incurred during the reporting period are recognised in surplus. The entity presents its operating expenses in terms of their function.



Notes to the Annual Financial Statements

The entity had a debt carrying value of R29.8 million, R8.8 million of the carrying value is due in the next twelve months. The entity has reviewed its impairment methodology in the year under review to consider the risk profile of the entity's loan book. The positive movement of R9 million impairment in the year under review represents net effect of impairment transferred to receivables as and when loans are due.

The entity recalculated the interest in the prior year, the interest calculation has had an impact on the prior year carrying amount. The amounts have been restated.

The entity had had a change in accounting policy, relating to the impairment methodology. The impairment methodology has been applied retrospectively to the previous periods. Refer to note 18 for the overall impairment amount.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
4. Receivables from exchange transactions		
Trade debtors	164 960 613	136 024 273
Impairment of trade receivables	<u>(160 542 350)</u>	<u>(134 086 447)</u>
Balance at 1 April	<u>(134 086 447)</u>	<u>(104 858 503)</u>
Current year movement	<u>(26 455 903)</u>	<u>(29 227 944)</u>
Net debtors	4 418 263	1 937 826
Deposits, other debtors and prepayments	<u>2 357 803</u>	<u>1 913 112</u>
	6 776 066	3 850 938

Receivables from exchange transactions 2019	Previously Stated	Adjustment	Restated amount 2019
Trade debtors	118 543 179	(12 324 860)	106 218 319
Impairment of trade receivables	<u>(71 417 796)</u>	<u>(33 440 707)</u>	<u>(104 858 503)</u>
Subtotal	47 125 383	(45 765 567)	1 359 816
Deposits, other debtors and prepayments	1 356 556	-	1 356 556
	48 481 939	(45 765 567)	2 716 372

The entity has reviewed its impairment methodology in the year under review to consider the risk profile of the entity's loan book. The entity has impaired 97% of the total trade debtors of R164 million, the net carrying amount is R4.4 million. This is due to that the majority of the trade receivables been handed over to legal services, due to non-payments of the loan amount. The impairment methodology has been applied retrospectively to the prior periods. No receivables have been pledged as security. The details relating to the ageing of the debtors are presented in Note 26: Risk Management (Credit risk)

Notes to the Annual Financial Statements

Figures in Rand	2021	Restated 2020
5. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	30 857	43 001
Main bank balances	395 759 784	135 873 330
Development fund bank balance	1 715 433	1 715 914
Financial support bank balances	1 770 322	2 885 074
	399 276 396	140 517 319

Cash balances relate to cash available for immediate use for the entity's main operations. Included in the cash balances is R250 million ring fenced amount to set up the SME Fund. The balance includes R86 million surplus not approved for retention by the provincial treasury relating to 2019/20 financial year, these funds were not spent or committed by 31 March 2020.

6. Property, plant and equipment

	2021				Restated 2020	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Motor vehicles	122 000	(121 999)	1	122 000	(121 390)	610
Office equipment	7 110 756	(5 620 738)	1 490 018	8 119 293	(6 658 089)	1 461 204
IT equipment	6 879 106	(4 050 156)	2 828 950	6 533 460	(4 212 468)	2 320 992
Leasehold improvements	1 252 038	(1 252 038)	-	1 252 038	(1 159 563)	92 475
Leased Assets	3 427 391	(2 094 517)	1 332 874	3 427 391	(952 053)	2 475 338
Total	18 791 291	(13 139 448)	5 651 843	19 454 182	(13 103 563)	6 350 619

Notes to the Annual Financial Statements

Reconciliation of property, plant and equipment - 31 March 2021

			2021	2020	
	Opening balance	Additions	Disposals	Depreciation	Total
Motor vehicles	610	-	-	(609)	1
Office equipment	1 461 204	-	(11 744)	40 558	1 490 018
IT equipment	2 320 992	1 302 553	(68 091)	(726 504)	2 828 950
Leasehold improvements	92 475	-	-	(92 475)	-
Leased Assets	2 475 338	-	-	(1 142 464)	1 332 874
	6 350 619	1 302 553	(79 835)	(1 921 494)	5 651 843

The disposals amount of (R79 835) is due to the disposals of the entity's assets which were no longer in use and stolen.

The entity assessed the useful life of its assets, the useful lifes are in line with the accounting policy. Assets which have fully depreciated, however not disposed and in use, have a carrying value of R1. The entity has not replaced these assets due to limited budget.

Reconciliation of property, plant and equipment - 31 March 2020

	Opening balance	Additions	Disposals	Depreciation	Total
Motor vehicles	1 220	-	-	(610)	610
Office equipment	2 348 493	89 790	(7 054)	(970 025)	1 461 204
IT equipment	2 523 862	899 850	(101 905)	(1 000 815)	2 320 992
Leasehold improvements	231 190	-	-	(138 715)	92 475
Leased Assets	-	3 427 391	-	(952 053)	2 475 338
	5 104 765	4 417 031	(108 959)	(3 062 218)	6 350 619

Prior-year adjustment: The entity adjusted a number of IT equipment and Office equipment accumulated depreciation to the value of R322 315 that were not depreciated in line with the entity's accounting policy.

Notes to the Annual Financial Statements

7. Intangible assets	2021	2021	2020
Reconciliation of intangible assets - 31 March 2020	Opening	Transfers	Total
Computer software	744 338	(744 338)	-

The entity had a prior period error due to wrong classification. Licenses with a book value of R696k were capitalised as intangible assets, and computer equipment to the value of R50k were incorrectly classified as intangible assets.

8. Other Investments

Balance at 31 March 2021

Over the years, the Gauteng Department of Economic Development ("the shareholder") transferred an investment to Gauteng Enterprise Propeller (GEP) in line with the mandate of GEP. The investment has devalued over a number of years to a value of R1 (for the purpose of disclosure). There is a loss of significant influence over the investment due to the company being placed under liquidation.

Wakegem (Pty) Ltd

1 1

9. Finance lease obligation

Minimum lease payments due

- within one year	1 331 940	1 331 940
- in second to fifth year inclusive	221 990	1 553 930
	1 553 930	2 885 870
less: future finance charges	(95 173)	(307 809)
Present value of minimum lease payments	1 458 757	2 578 061

Present value of minimum lease payments due

- within one year	1 239 579	1 119 304
- in second to fifth year inclusive	219 178	1 458 757
	1 458 757	2 578 061

Non-current liabilities

219 178 1 458 757

Current liabilities

1 239 579 1 119 304

1 458 757 2 578 061

The finance lease liability relates to equipment lease contracts. The lease periods are from 01/06/2019 to 31/03/2023 for printers.

Notes to the Annual Financial Statements

10. Operating lease liability	2021	2020
Operating lease accrual	39 852	<u>1 461 798</u>

The straight-line accrual relates to office accommodation lease contracts with escalation clause. The amounts payable under the contract are charged to the statement of financial performance on a straight-line basis over the term of the contract.

11. Payables from exchange transactions		
Trade payables	14 117 129	7 590 181
Accrued leave pay	6 835 117	5 224 263
Accrued 13th Cheque	806 386	700 003
	21 758 632	13 514 447

The trade payables of R14 million relates to invoices to be paid by the entity within the next 30 days. Leave of R6.8 million is provided for employees in line with the entity's leave policy, the leave will be utilised in the next six months.

12. Payables from non exchange transactions		
Government grants	86 979 617	

The entity has an amount of R86 million that was not approved by provincial treasury for retention in 2019/20. The entity will deposit the amount the the revenue funds within the next twelve months.

13. Revenue from non-exchange transactions		
The amount included in revenue arising from non-exchange transactions are as follows:		
Government grants	477 897 000	245 771 000

14. Revenue from exchange transactions		
Sundry Income (Initiation fees)	84 189	53 500
*Finance Income: financial support loans	14 942 687	18 229 811
	15 026 876	18 283 311

*Finance Income: Financial Support Loans comprises of non-cash interest of R15.m and cash interest of R585k.

Notes to the Annual Financial Statements

15. Other Income	2021	2020
SETA claims	400 531	53 377
Insurance claims	113 469	140 924
Bad debts recovered: financial support loans	241 763	854 677
	755 763	1 048 978

Other income relates to income received for SETA claims for skills development and internship, Insurance claims relating to assets lost or stolen. The amount of R241 763 relates to bad debts write off that have been recovered.

16. Programs and project	2021	2020
SMME product development	15 849 470	1 091 103
SMME seminars and training	20 000	1 940 481
SMME sponsorships	-	2 369 999
SMME business development support	45 634 751	36 115 076
Community grant funding	2 181 364	3 528 979
	63 685 585	45 045 638

In the year under review, the entity has increased its support for SMME business development support and SMME product development , through the increase in the number of applications received, approved and funds disbursed.

17. Operating surplus (deficit)	2021	2020
Operating surplus (deficit) for the year:		
Surplus (deficit) for the year	21 436 414	(67 965 289)
Surplus for the year		

18. Employee related costs	2021	2020
Basic Salary	71 135 019	69 313 240
Medical aid - company contributions	3 634 651	3 407 099
Unemployment Insurance Fund	245 705	248 865
Skills Development Levy	570 533	798 456
Leave pay provision charge	2 210 006	1 370 943
Employee Wellness	41 980	41 247
Labour Relations Awards - employee settlements	-	4 901 236
Travel, motor car, accommodation, subsistence and other allowances	2 781 590	3 028 090
13th cheques	2 742 251	2 323 840
Acting allowances	1 350 466	1 166 362
Retirement benefits (Contribution to retirement fund)	13 966 684	13 288 631
Cell Phone Allowance	1 165 634	1 088 850
	99 844 519	100 976 859

Notes to the Annual Financial Statements

19. Debt impairment adjustments	2021	2020
Provision for debt impairment adjustments		
Financial support loans	2021 9 720 129	2020 Restated 10 917 998
Trade and other receivables	(26 455 903)	(29 227 944)
	(16 735 774)	(18 309 946)
		(122 312 005)
Reconciliation of Impairment		
Opening balance	(18 309 946)	(122 312 005)
Movement for the year	1 556 173	104 002 059
	(16 753 773)	(18 309 946)

The entity had a change in accounting policy, the change related to the change in the impairment methodology. The change has been applied retrospectively.

20. Finance income

Interest revenue

Finance Income - Bank	361 041	4 229 636
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The entity received interest of R361 041.00 in the year under review, the low interest earned is due to the lower interest rates in the year under review.

21. Finance costs

Finance leases	212 636	260 619
GEP incurred interest cost on finance lease for printers.		

22. Auditors' remuneration

External audit fees	2 390 309	2 716 822
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Notes to the Annual Financial Statements

23. Cash generated from (used in) operations	2021	2020
Surplus (deficit)	21 436 414	(67 965 289)
Adjustments for:		
Depreciation and amortisation	2 020 397	3 067 639
Profit/(Loss) on write-off assets	79 834	108 959
Finance costs - Finance leases	212 636	260 618
Debt impairment	16 753 773	18 309 946
Movements in operating lease assets and accruals	(1 421 946)	(326 791)
Other non-cash items	(4 406 645)	(6 840 883)
(Increase)/decrease in financial support loans	(7 703 103)	7 941 093
Changes in working capital:		
Receivables from exchange transactions	(29 381 031)	(29 805 954)
Payables from exchange transactions	8 244 184	3 814 186
Payables from non exchange transactions	86 979 617	-
Movement in Provisions	168 579 440	128 251 721
	261 393 570	56 815 245

24. Commitments

Operating leases - as lessee

Minimum lease payments due

- within one year	225 698	8 394 239
- in second to fifth year inclusive	620 912	-
	846 610	8 394 239

Operating lease payments represent rentals payable for the use of office accommodation for regional offices. Leases escalate at rates between 5% and 9% per annum.

Notes to the Annual Financial Statements

25. Contingencies Contingent liabilities

As at 31 March 2021, there were two litigation case against the Gauteng Enterprise Propeller (GEP). These two matters were raised in 2019/2020 and are still underway.

- Litigation matter against the entity, namely ARDHI CONCEPTS CC //GEP under case number: 1123/2019 in the High Court of South Africa (Gauteng Division, Johannesburg). The matter relates to a loan applicant who has issued summons against the entity, for the loan amount of R2.5 million that was not approved. The matter is currently not yet conclude and under way.
- GEP received an amplified letter of demand from the Township Entrepreneurship Awards (TEA) nominees, through their attorneys records, the nominees is demanding R1,075 million as she claims to have been unduly eliminated. The claim relates to the participant claiming that she was unduly eliminated therein, and stated that the adjudication process was unfair as the rules were constantly changed. The matter is currently not yet conclude and under way

As at 31 March 2020, there were two litigation case against the Gauteng Enterprise Propeller (GEP).

A loan applicant whereby the was not approved has issued summons against GEP for the value of R2.5 million. GEP attorneys of record, have since filed a notice of intention to defend this matter.

GEP received an amplified letter of demand dated 25 July 2019 from one of the Township Entrepreneurship Awards (TEA) nominees, through their attorneys of records, where in she demands R1.075 million. Her claim relates to TEA in which she was a participant - she averred that she was unduly eliminated therein. In addition, she inter alia stated that the adjudication process was unfair because the rules thereof were constantly changed.

26. Related parties

Relationships

Gauteng Department of Economic Development	Government Department
Gauteng Gambling Board (GGB)	Public Entity
Gauteng Growth Development Agency (GGDA)	Public Entity
Gauteng Liquor Board (GLB)	Public Entity
Gauteng Tourism Authority (GTA)	Public Entity
Cradle of Humankind World Heritage Site	Trading Entity
Dinokeng	Trading Entity
Gauteng Department of Agriculture and Rural Development	Government Department
Wakegem (Pty) Ltd Other investments	Other investments

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

Notes to the Annual Financial Statements

26. Related party transactions	2021	2020
The management of the Gauteng Enterprise Propeller is not aware of any related party transactions with directors or any other parties, apart from those mentioned below, amounting to any significant value. If there were any such transactions, they were on terms which were no more or less favourable than those entered into with third parties.		
Gauteng Provincial Department of Economic Development	477 897 000	245 771 000
Gauteng Provincial Department of Economic Development		
Operating lease and utilities	13 550 805	16 347 975
GEP entered into an arm's length lease agreement with the Gauteng Development of Economic Development (GDED) in 2015 for office space at 124 Main Street. The lease agreement terminated in November 2020. The entity has entered into an arm's length lease agreement with GDED for office space in Sedibeng. GEP currently occupies offices at 124 Main Street, however the entity has not signed a lease agreement to occupy the building, since the previous contract expired. The entity has received the lease contract from the landlord, however, has not yet signed as there are various disputes it has with the lease contract. The entity is continuing to occupy the building, the entity has made a provision for the year under review for the space occupied. The unsigned lease contract is for a period of five years at an average cost of R14 million per annum, which is a lease contract to the value of R70 million of the five years.		
Remuneration of Non-Executive Directors Term ended 30 September 2020		
K.Mthembu	105 205	320 881
M.Diedricks	98 202	120 520
C.Kneale	32 739	88 482
L.Marincowitz	114 799	151 417
T.Ratshitanga	65 478	73 662
C.Walters	-	98 216
T.Magerman	94 124	110 493
D.Maithufi	118 678	53 200
S.Njikelana	90 275	135 047
O.Mlonyeni	77 755	102 817
D.Dakile	-	12 277
	797 255	1 267 012

Directors attendance of Board and Board Committee meetings

Notes to the Annual Financial Statements

Remuneration of Non-Executive Directors Term commenced 1 October 2020	2021	2020
P. Mangu	102 313	-
D. Maithufi	146 644	-
L. Marincowitz	144 644	-
N. Mufamadi	132 007	-
D. Golding	148 722	-
K. Mokgotsi	148 523	-
E. Ranamane	90 338	-
S. Mkhize	121 249	-
T. Rasenyallo	103 975	-
B. Mahlutshana	102 975	-
D. Maphanzela	48 669	-
L. Mphahlele	2 000	-
	1 292 059	-

Board members term ended 30 September 2020	Board	ARGC	REMCO	CC	BDC	SPECIAL MEETINGS	
K. Mthembu	3/3	*	*	2/2	*	10/11	-
M. Diedricks	2/3	*	3/3	*	1/3	8/8	-
C. Kneale	2/3	4/4	*	*	*	3/7	-
D. Dakile	1/3	*	*	*	*	*	-
L. Marincowitz	2/3	3/4	*	*	2/3	10/10	-
T. Ratshitanga	2/3	*	*	2/2	2/3	6/7	-
C. Walters	1/3	4/4	*	*	*		-
T. Magerman	3/3	*	*	2/2	3/3	7/7	-
D. Maithufi	0/3	2/4	*	1/2	*	*	-
M. Hlophe	0/3	*	*	*	*	*	-
S. Njikelana	3/3	4/4	3/3	*	*	6/7	-

meetings

Notes to the Annual Financial Statements

26. Related parties						2021	2020
O. Mlonyeni	2/3	1/4	2/3	*	*	6/7	-
L. Mphahlele*	3/3	2/4	1/1	1/1	2/2	22/22	-
D. Golding*	3/3	3/3			4/4	22/23	-
K. Mogotsi*	3/3	10/10	-	-	4/4	20/20	-
E. Ranamane*	3/3		3/3	4/4	2/4	12/17	-
L. Marincowitz*	2/3	3/3		2/2	4/4	24/24	-
S. Mkhize*	3/3	10/10	-	-		17/18	-
T. Rasenyallo*	3/3			4/4	4/4	21/21	-
B. Mahlutshana*	3/3			4/4	3/4	16/17	-
D. Maithufi*	3/3	11/11		-		20/20	-
N. Mafamadi*	3/3	8/10	3/3			17/20	-
D. Maphanzela*	3/3	3/3	3/3	-		16/16	-
P. Mangcu*	3/3	3/3	-	-		19/20	-

*The board members were appointed from 1 October 2020.

Senior management remuneration	2021	Salary	Acting Allowance	Total
M. Moholwa - Acting Chief Executive Officer		-	327 486	327 486
VB. Ntshoko - GM: Strategy, Planning and M&E	938 333		-	938 333
	-	-	-	-
N. Genuka - Chief Financial Officer**	1 037 210		-	1 037 210
K. Bogatsu - Chief Financial Officer*	447 844		-	447 844
PM. Tshiredo- Acting Chief Operations Officer		-	79 631	79 631
TJ. Guliwe - Acting Specialist : Strategy, Planning and M&E		-	119 446	119 446
NV. Mulaudzi - GM: Corporate Support & Administration	1 650 788		-	1 650 788
LHS Dube - GM: Risk & Audit	1 655 196		-	1 655 196
	-	-	-	-
	5 729 371	526 563	6 255 934	

The Gauteng Department of Economic Development (Shareholder) seconded the Acting CEO, M. Moholwa who is paid an acting allowance by GEP in the year under review. The entity appointed T. Guliwe and PM Tshiredo in acting capacity, both employees were paid acting allowance in the year under review.

** Resigned in October 2020.

*Contracted from 11 January 2021.

Notes to the Annual Financial Statements

2020	Salary	Acting Allowance	2021	2020
			Total	
M Moholwa - Acting Chief Executive Officer	-	39 984	39 984	
VB. Ntshoko - GM: Strategy, Planning and M&E & Acting Chief Executive Officer (from July 2019 until January 2020)	1 661 103	104 003	1 765 106	
L. Manenzhe - Acting Chief Executive Officer	-	81 262	81 262	
N. Genuka - Chief Financial Officer	1 658 124	-	1 658 124	
K. Nokoane (Acting Chief Financial Officer (April to May 2019)	-	31 537	31 537	
R. Lebelo - Acting Chief Operations Officer	-	57 841	57 841	
ND. Tshatsha - Acting Chief Operations Officer (from July 2019 until January 2020)	1 149 515	75 527	1 225 042	
NV. Mulaudzi - GM: Corporate Support & Administration	1 626 150	-	1 626 150	
	-	-	-	
TJ. Guliwe - Acting Specialist : Strategy, Planning and M&E (July 2019 to 13 March 2020)	-	133 595	133 595	
LHS. Dube - GM: Risk & Audit	1 660 243	-	1 660 243	
Total emoluments	7 755 135	523 749	8 278 884	

27. Financial instruments disclosure

Categories of financial instruments Statement of financial

performance Financial assets by class

Financial Support Loans	29 863 911	8 150 936
Trade and other receivables from exchange transactions	6 776 066	3 850 938
Cash and cash equivalents	399 276 396	140 517 319
	435 916 373	152 519 193

Financial liabilities by class - at carrying value and fair value

Trade and other payables	21 779 619	13 535 435
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28. Risk Management

Financial risk management

The Board of Directors have overall responsibility for the establishment and oversight of the entity's risk management framework. The Board has established the Audit, Risk and Governance Committee, which is responsible for monitoring the entity's risk management policies and processes. The Committee reports regularly to the Board of Directors on its activities.

The entity is exposed to credit risks, interest risks and liquidity risks.

The entity's senior management oversees the management of these risks and is supported by various committees such as Audit, Risk and Governance Compliance Committee, Credit Committee and Debt Management Committee.

Notes to the Annual Financial Statements

28. Risk Management

2021

2020

Liquidity risk

The entity manages liquidity risk through the compilation and monitoring of cash flow forecasts as well as ensuring that there are adequate banking facilities.

Financial liabilities	0 - 12 months	1 - 5 years	5 years	5 years
Trade and other payables	21 758 632	-	-	21 758 632

Credit risk

Potential concentration of credit risk consists mainly of trade receivables and financial support debtors.

Trade and other receivables comprise of customers dispersed across different industries and geographical areas. Credit evaluations are performed through Management by Credit Committee as well as the Board depending on the threshold of the transaction and the financial condition of these receivables. Where appropriate, the necessary credit guarantees are arranged. Trade and other receivables are shown as net of impairment.

The Debt Management Committee monitors the performance of receivables on a regular basis. At 31 March 2021, the entity did not consider there to be any significant concentration of credit risk which had not been insured or adequately provided for.

Debtor type	Current	Current	Current	Current	Current	Current
Contract Finance	1 530 697	596 245	-	-	-	2 126 942
Expansion	440 547	-	-	-	-	440 547
Franchise	12 778	-	-	-	-	12 778
Mafisa	3 128	-	-	-	-	3 128
Micro Finance	7 399	-	-	-	-	7 399
Start-up	92 028	-	-	-	-	92 028
TMR	121 107	-	-	-	-	121 107
Handover	1 614 324	-	-	-	-	1 614 324
	3 822 008	596 245	-	-	-	4 418 253

Notes to the Annual Financial Statements

28. Risk Management

2021

2020

Interest rate risk

Bank deposits are linked to the South African prime interest rate. The net interest income at 31 March 2021 is R361 041 (2020: R4 229 636). The sensitivity analysis below has been determined based on the exposure to interest rate on financial instruments at the balance sheet date. For the floating rate instruments, the analysis is prepared assuming the number of instruments outstanding at the balance sheet date was outstanding for the whole year. A 50-basis points increase is used and presents management's assessment of the reasonably possible change in interest rates.

The entity's interest rate profile consists of floating loan rate and bank balances which exposes the entity to fair value interest risk and cash flow interest risk. The interest rate re-pricing profile at 31 March 2021 is summarised as follows:

	0 - 12 months	Beyond one year	Total floating rate borrowings/investments
Financial support loans	20 986 632	8 877 279	29 863 911
Receivables from exchange transactions	6 776 066	-	6 776 066
Cash & cash equivalents	399 276 396	-	399 276 396
	427 039 094	8 877 279	435 916 373

29. Going concern

We draw attention to the fact that as at 31 March 2021, the entity had an accumulated surplus of R 34 500 003 and that the entity's total assets exceed its Liabilities by R 34 500 199.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

- After the reporting date, there is no intention to liquidate GEP or to cease operating, nor is there a realistic alternative to do so.
- The entire world has been affected by COVID-19. The pandemic which will continue to negatively impact the GEP Loan book due to the national lockdown that has resulted in SMME's not being able to make their monthly repayments. Thus, GEP resolved to provide debit relief (payment holiday) to assist these businesses, who are in good standing, for a period of six (6) months, which elapsed. GEP continues to assess the impact of COVID-19 on its operations and in particular it's Going Concern. This assessment includes, amongst others, further assessment of the recoverability of Debtor amounts.
- The assessment will take place over the coming few months, and its impact will be monitored in the coming financial year.
- Further, the Grant funding from the provincial government remains in place, therefore GEP is confident that it will be able to fund it's operations going forward, for at least the coming financial year.
- After considering the above, management has concluded that the entity will be able to operate for the next twelve years, and therefore is a Going Concern.

Notes to the Annual Financial Statements

30. Changes in accounting policy

The annual financial statements have been prepared on a basis consistent with the prior year except for the adoption of the following new or revised accounting policy

- 1.2 Significant judgements and sources of estimation uncertainty: The impairment methodology has been reviewed and changed in the year under review. The changes have been applied retrospectively.
- The entity has adjusted the impairment methodology in line with GRAP 104 paragraph 46, 57, 58, 61-63.

The changes affected the Current Assets: Financial support loans, receivables from exchange transactions and non-current assets: Financial support loans. The changes had an impact to the operating expenses: debt impairment. The entity reviewed the impairment methodology due to the risk analysis of its debtors. The change in accounting policy has been applied retrospectively to the prior - years, which had an impact on the 2019/20 financial year and 2018/2019 prior years. The change in impairment methodology provides a more reliable and useful information in disclosing the accurate carrying amount of the loans owed to the entity.

	2021	2020
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Reconciliation of provisions - Statement of financial performance

	Opening Balance	Additions	Utilised during the year	Total
Sedibeng	78 315	-	(78 315)	-
Maponya Mall	2 106 896	591 659	-	2 698 555
Provision for surrender of surplus funds	125 887 143	250 852 714	(86 979 617)	289 760 240
Provisions for Financial Support Loans	179 366	4 192 999	-	4 372 365
	128 251 720	255 637 372	(87 057 932)	296 831 160

During the financial year, the entity was not invoiced for rent expenses related to its Maponya Mall satellite office. A provision has been raised based on that GEP occupies Maponya Mall, however the entity has utilized prior year confirmation letters provided by the lessor to make estimates. The entity has used the estimate based on the possible amounts to be charged for the space occupied. GEP intends to conclude the accurate charges in the next twelve months. For the prior year, a prior year adjustment has been effected.

The entity made the provision for loans contracted by yearend but not yet paid to the value of R4.3 million.

The entity made a provision for surplus in line with the Treasury instruction note 12 of 2020/21. The provision relates to the grants that were unspent at yearend to the value of R289 million. The amount includes the R250 million to set up the Gauteng SMME fund.

32. Lease rentals on operating lease Premises

Premises

Contractual amounts	13 592 433	15 533 109
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Notes to the Annual Financial Statements

33. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior year adjustments: disclosures that have been affected by prior-year adjustments:

Statement of financial position

2019	As previously reported	Correction/adjustment	Restated
Accumulated surplus	138 628 925	(57 609 844)	81 029 081
2020	As previously reported	Correction/adjustment	Restated
Intangible assets	746 761	(746 761)	-
Property, plant and equipment	6 676 987	(326 368)	6 350 619
Current financial support loans	14 430 450	(9 433 847)	4 996 603
Receivable from exchange transaction	39 589 044	(35 738 106)	3 850 938
Non-current financial support loans	15 552 187	(12 397 854)	3 154 333
Accumulated surplus	125 176 173	(112 112 386)	13 063 787
Payables from exchange transactions	10 171 905	3 342 542	13 514 447
Provisions	2 185 211	126 066 509	128 251 720
Unspent conditional grants & receipts	(75 939 601)	75 939 601	-
	138 589 117	34 593 330	173 182 447

Property, plant and equipment: The entity had implemented the accounting policy incorrectly in depreciating the assets. The assets have been depreciated in line with accounting policy, which has increased the accumulated depreciation and reduced the carrying value of the assets.

Intangible assets: The entity had incorrectly classified software licenses as an assets, the software licenses have a useful life of twelve months. These assets have been derocognised from intangible assets.

Receivables from exchange transactions & Financial support loans at amortised cost: The entity recalculated the interest in the prior year, relating to debtors handed to legal services. Interest was not initially calculated on handed over debtors. The recalculation has been applied to all debtors handed over to legal for collection.

Payables from exchange transaction: The entity received invoices relating to utilities and cellphones that relates to prior years. The entity provided for surplus provision in the prior year for unspent grants.

Accumulated surplus: The increase in prior year adjustment of interest, impairment, general expenses reduced the entity's surplus.

Notes to the Annual Financial Statements

Statement of financial performance	As previously reported	Correction/adjustment	Restated
General expenses - maintenance of software	(2 056 086)	(139 915)	(2 196 001)
Revenue from exchange transaction	16 471 095	1 812 216	18 283 311
Program and projects	(1 739 481)	(201 000)	(1 940 481)
Revenue from non-exchange transactions	201 581 205	44 189 795	245 771 000
Consulting and professional fees	(6 279 384)	(307 748)	(6 587 132)
Provision for surplus expense	-	(125 887 143)	(125 887 143)
Provision for credit debtor balance	-	(66 282)	(66 282)
Debt impairment	(45 111 371)	26 801 425	(18 309 946)
Depreciation	(3 056 582)	(11 057)	(3 067 639)
Operating leases	(14 840 084)	(693 025)	(15 533 108)
	144 969 312	(54 502 734)	90 466 579
Statement of financial performance 2019	As previously reported	Correction/ adjustment	Restated
Revenue from non-exchange transactions	241 112 650	31 749 805	272 862 455
Debt impairment	(31 750 280)	(90 561 725)	(122 312 005)
Revenue from exchange transactions	15 114 354	1 202 075	16 316 429
	224 476 724	(57 609 845)	166 866 879

Presented above is the correction of an error. This note mainly refers to interest recalculation for financial support loans which were handed over and did not incur interest. The related debt impairment is also raised on these clients. The adjustments affected the accumulated surplus to move from R138 million to R81 million.

Cash flow statement

Cash flow	As previously reported	Correction/ adjustment	Total
Employee cost and suppliers	(189 853 609)	(734 511)	(190 588 120)
Purchase of other intangibles assets	(734 511)	734 511	-
	(190 588 120)	-	(190 588 120)

Errors

In the prior periods, the entity identified material errors that relates to related parties, financial instruments and commitments. The errors were due to incorrect application of the GRAP 23, and Treasury instruction Note 12 of 2020/21. The errors have been corrected and restated in the years they related to. The entity disclosed the related parties, financial instruments and commitment which have been corrected as follows:

Notes to the Annual Financial Statements

33. Prior-year adjustments (continued)	2021	2020
2020 Related party disclosures	Re-stated amount	Prior year amount
Revenue from non-exchange transaction	245 771 000	201 581 205
Related party liability	-	(75 903 515)

The following prior period errors
adjustments occurred:

2020 Financial instruments disclosures	Prior year Amount	Re-stated amount	Difference
Financial assets	152 536 494	152 519 193	(17 301)
Financial liabilities	13 026 680	13 535 435	508 755
	165 563 174	166 054 628	491 454

2020 Commitments	Prior year Amount	Re-stated amount	Difference
Financial Support loans contracted but not yet paid	2 248 927	-	(2 248 927)

34. Comparative figures

The entity prepared the annual financial statements with comparative figures.

35. Events after the reporting date

The entity has reviewed the event after reporting date. The review included assessing any shareholders announcements, any significant decisions that will affect or impact the entity, review of management and board decisions from 1st April 2021 to 31 July 2021. The entity has implemented measures in dealing with the Covid19 pandemic. There has been no major events or activities that requires the entity to make any adjustments to the annual financial statements.

Notes to the Annual Financial Statements

36. Fruitless and wasteful expenditure	2021	2020
Opening Balance	4 426	-
Fruitless and wasteful expenditure - current year: Penalty fees (Sanlam)	-	3 926
Non-compliance with Treasury Regulations (Tender advert not approved)	-	500
Fruitless and wasteful expenditure - current year: Payment for IT System	411 302	-
	415 728	4 426

37. Irregular expenditure

Opening balance	51 475 144	-
Add: Irregular Expenditure - incurred in the current year	19 187 170	51 475 144
Irregular Expenditure - incurred in the prior year but identified in the current year	2 528 275	-
Irregular expenditure identified in the current year but not yet confirmed	-	-
	73 190 589	51 475 144

Details of irregular expenditure – current year

Opening balance	51 475 144
Consumption of services on expired contracts and without proper variation approval.	4 816 517
Prior year: Award contract to a service provider without following prescribed SCM laws and regulations	2 462 275
Various service provider: Price Standardisation Tender Contract arranged not inline with prescribed tender processes	14 436 653
	73 190 589

Details of irregular expenditure - Prior year (Not condoned)

Consumption of services on expired contract and contracts arranged not inline with tender processes	51 475 144
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The entity has identified irregular expenditure for the year under review, and prior year. The determination process is currently under way for the irregular expenditure identified.

The entity identified potential irregular expenditure of R3.2 million, that is not yet confirmed.

Notes to the Annual Financial Statements

		2021	2020
38. Retirement benefit information			
It is the policy of the entity to encourage, facilitate and contribute to the provision of retirements for all permanent employees. To this end the entity's permanent employees are required to be members of an independently administered provident fund. The total charge to the statement of financial performance as at 31 March 2021: R13 966 684 (2020: R13 288 631) represents contributions payable to those schemes by the entity at rates specified in the rules of schemes. The entity had no post-retirement obligations for retirement benefits, at year end.			
39. Deviation from supply chain management regulations			
Treasury Regulations:16A6.4 If in a specific case it is impractical to invite competitive bids, the accounting authority may produce the required goods or services by other means, provided that the reasons for deviating from inviting competitive bids must be recorded and approved by the accounting authority. Practice note 8 of 2007/2008, paragraph 3.3.3. stipulates that if it not possible to obtain at least three written price quotations, the reasons should be recorded and approved by the accounting officer / authority or his / her delegate".			
The below table reflects the approved deviations:			
Service Details	Type of Service	Type of Deviation	Total
Finance	Import asset register	Single Source	3 450
Finance	Assets Insurance	Otained minimum quote	379 968
Marketing	2019/20 Annual report	Otained minimum quote	468 000
Human Resources	Virtual conference	Single Source	137 977
Office of the CEO	Companies secretary	Single Source	122 223
Human Resources	Virtual course King IV	Single Source	17 820
Finance	Pastel Subscription Pchometric	Single Source	68 668
Human Resources	Assessment (CFO	Otained minimum quote	5 290
ICT	Caseware Solutions	Otained minimum quote	268 688
ICT	Customer Relations Management	Otained minimum quote	93 885
Office of the CEO	SAVCA Conference for Board	Single Source	45 000
Office of the CEO	Virtual course King IV	Single Source	23 999
			<u>1 634 968</u>

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
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40. Budget differences

Material differences between budget and actual amounts

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

- A) For the year 2020/21 financial year, the entity collected revenue of R 4.4 m which includes cash interest of R585m. The projected revenue was R3.2m which shows an over-collection of R1.3k from the collected revenue.
- B) The entity recognised R8.6m at year end compared to the budget of R5.3m. The positive variance of R17.5m is due to the interest on the loan book for R17.5m.
- C) At year end, GEP had met the conditions for an amount of R18.1m for conditional grants and R329.9m remains unspent as at year end. From the remaining unspent grant of R329.9m, R75m of it must be returned to GPT and the R254m is committed to be utilised in 2021/22 financial year.
- (D) For employee cost budget, the entity has a positive variance of R17.7 m due to vacant positions.
- (E) This is a non-cash items not budgeted for.
- F) For general expenditure, the entity had an original budget of R86.4m and an adjustment of R301m of which the R250m was received as an adjustment and the R53m is a roll over from the 2019/20 financial year which got approved in March 2021. The expenditure for the year amounted to R146.9m with a positive variance of R240m committed.
- (G) Repairs and maintenance had a budget of R70k with actuals of R2.6m. The overspending will be covered by the positive variance from personnel line item.
- H) GEP commenced the year with an original budget of R20.1m and an approved roll over of R2.2m bringing the total budget to R22.4m. Total expenditure amounts to R26.9m which translates to an over expenditure of R4.5m to be covered by collection money.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
41. General expenses		
Advertising	1 164 843	868 094
Auditors remuneration	2 390 309	2 716 822
Bank charges	127 042	84 560
Cleaning	1 373 184	2 182 753
Board Fees	2 093 105	1 256 260
Consulting and professional fees	5 083 034	6 587 138
Provision for credit debtor balances	(114 747)	66 282
Catering	15 736	30 164
Fines and penalties	-	3 926
Community grant funding	2 181 364	3 528 979
Office equipment rental	115 792	350 151
Insurance	377 623	356 522
IT expenses	2 236 503	2 318 625
Cellphone costs	2 085 576	-
Motor vehicle expenses	-	1 977
Printing, stationery & office supplies	175 067	819 732
Library maintenance	6 676	14 510
Security	641 731	1 559 014
Maintenance of Software	2 996 805	2 196 001
Telephone and fax	364 746	813 855
Training	204 285	577 225
Travel - local	5 348	155 783
Provision for surplus expense	250 852 714	125 887 143
Board meetings	15 449	96 270
Bursaries	1 020 214	877 635
SMME business development support	45 634 751	36 115 076
Travel reimbursement	54 360	576 055
Recruitment	574 114	1 004 004
SMME product development	15 849 470	1 091 103
SMME seminars and training	20 000	1 940 481
SMME sponsorships	-	2 369 999
	337 545 094	196 446 139

Notes to the Annual Financial Statements

Figures in Rand		2021	2020
42. Operating expenses			
Employee Costs	18	99 844 519	100 976 859
Depreciation and Amortisation	6&7	2 020 397	3 067 438
Operating Lease		13 692 432	15 533 108
Debt Impairment	19	16 753 774	18 309 946
Repairs and Maintenance		2 555 580	2 595 147
General Expenses *	41	273 859 509	151 400 501
Loss on Disposal of Assets	6	79 834	108 959
		408 806 045	291 991 958

* General expenses excludes Programs and projects of R63 898 585 which is disclosed separately in note 16.

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