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Abbreviations

AUSAID	Australian Aid Agency
DOC	Department of Communications
DOL	Department of Labour
DHET	Department of Higher Education and Training
EU	European Union
FET	Further Education and Training Colleges
GDP	Gross Domestic Product
HRDCSA	Human Resource Development Council of SA
ICTs	Information Communications Technology
IDC	International Data Corporation
Institute	Refers to NEMISA, eSI and ISSA Integration
ISAD	Information Society and Development
ISSA	Institute for Space and Software Applications
ITU	International Telecommunications Union
MDGs	Millennium Development Goals
MGI	McKinsey Global Institute
MICT SETA	Media, Information Communications Technologies, Sector Education Training Authority
MTSF	Medium Term Strategic Framework
NDP	National Development Plan
NDS III	National Development Strategy
NEMISA	National Electronic Media Institute of South Africa
NeSPA	National e-Skills Plan of Action
PIAC	Presidential International Advisory Council
ResNeS	Research Network for e-Skills
SOC	State Owned Companies
UN	United Nations
UNDP	United Nations Development Programme
USAASA	Universal Service Access Agency of South Africa
WEF	World Economic Forum
WSIS	World Summit on Information Society 2.

Chairperson's Report

The 2013/14 financial year brought together the former National Electronic Media Institute of South Africa (NEMISA), the e-Skills Institute and the Institute for Space and Software Applications (ISSA) to create a dynamic entity that can now stand on the solid foundation developed by a wide consultation process. A foundation that is clearly focused on need and with a roadmap in our hands that takes the very best of world praxis contextualised to suit our South African environment and one that is directly aligned to our National Development Plan, SA Connect (Broadband Policy) and the National Integrated ICT policy.

A major achievement for us was the official launch of the Ikamva National e-Skills Institute (iNeSI) on 21 February 2014 by the Ministers Trevor Manual, Yunus Carrim, Deputy Minister Stella Ndabeni-Abrahams and the Portfolio Committee on Communications. We are now recognised as the national catalyst, facilitator, responsive change agent and thought leader in the development of South Africa's and Africa's human resource capacity in the optimum utilisation of ICTS for the development and growth of an inclusive Information Society and Knowledge Economy.

The model of iNeSI harnesses the existing resources of strategic partners (relationships) across Government, Business, Education and Civil Society to South Africa's global e-readiness rankings which have fallen from 47th in 2007 to 70th in 2013 out of a total of 140 countries. We lag behind comparable economies in five of the ten criteria – Skills, Individual Usage, Government Usage, Social impacts and affordability.

Engagement with stakeholders in Government, Business, Education and Civil Society demonstrated that sustainable success could only be achieved if we sought to establish a framework that would encourage, sustain and enable collaboration across all stakeholders to consider how they might refocus their efforts in ways that created appropriate demand and in ways that helped build an aggregated dynamic that was responsive to real needs.

In addition to the strategic positioning of iNeSI we have also been extremely successful in strengthening our decentralised model designed for real impact at community level. Firstly, our CoLabs and our hosting universities should be congratulated as they have been instrumental in establishing our national model for multi-stakeholder collaboration at a provincial and community level going forward.

Secondly, the new model of providing a framework of shared responsibility for addressing SA's e-readiness position and building e-astuteness across society in the pursuit of delivering on the NDP and SA Connect is increasingly being understood and valued at the institutional level in universities and FET colleges as well as with other service deliverers operating in the e-capacity building space.

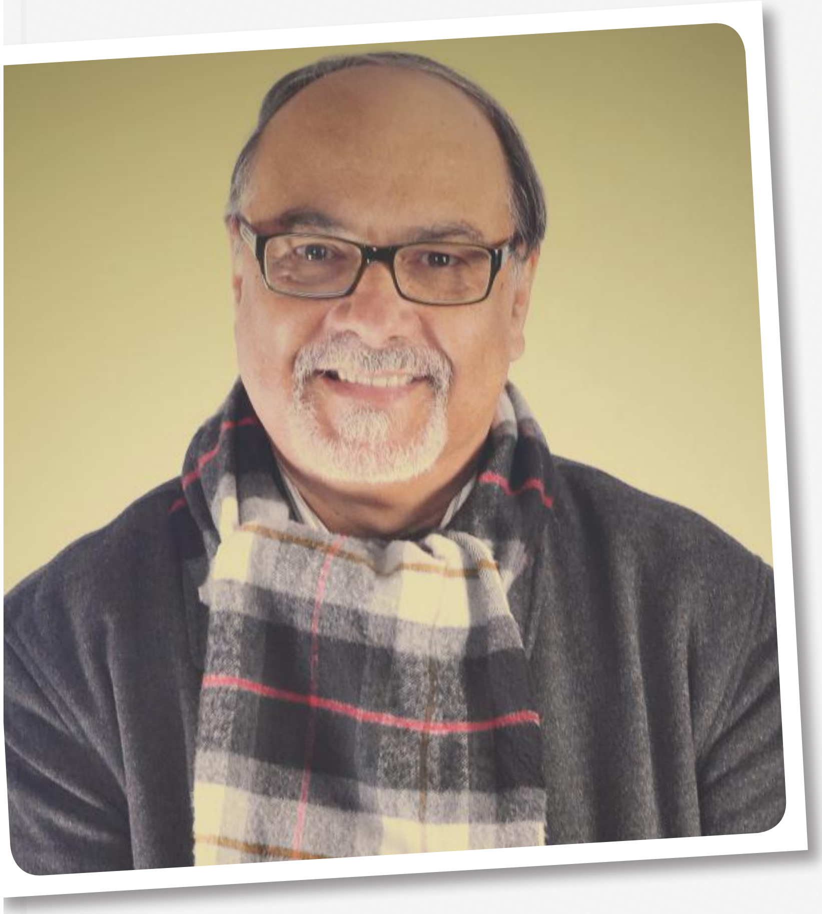
Thirdly, the increasing number of courses, training, local entrepreneurship, post graduate enrolments and completions, the development and publication of applied research and policy development and the number of formal collaboration networks directed towards new job opportunities, self-reliance, innovation, creativity and e-social astuteness in such as short time is impressive. Hence the performance indicators are very strong and the commitment of participants is generally very high across the stakeholder groups.

The original investment made in laying the foundation for multi-stakeholder collaboration and knowledge for innovation i.e. iNeSI, and its provincial CoLabs and ResNeS, to develop e-astuteness for socio-economic opportunities in a knowledge driven-economy going forward in 2014/15 will require appropriate human, financial and technology resources, the establishment of an e-Readiness Programme and Fund to attract major funding investments, host the biennial e-Skills Summit and elevating the mandate of iNeSI nationally and globally.

In conclusion and given the challenges facing integration of the three entities, the realignment and repositioning of iNeSI as a national catalytic organisation and delivering on its targets outlined in the Annual Performance Plan 2013/14, we would like to acknowledge the efforts and continuous support of senior management and staff of iNeSI, senior management of business, government, and civil society, our vice chancellors and senior management of our CoLabs and ReSNeS.

Dr Molatelo Maloka
Chairperson
Ikamva National e-Skills Institute
Date: 29 May 2014

Acting Chief Executive Officer's Report



By integrating the former National Electronic Media Institute of South Africa (NEMISA), the e-Skills Institute established within the Department of Communications and the Institute for Satellite and Software Applications (ISSA), is a significant step to help South Africa build its e-astuteness capabilities and to improve the way that we harness limited financial and human resources and modern ICT to fight poverty and to improve our international competitiveness.

The delivery model for impact adopted by iNeSI and the Department is based on the National e-Skills Plans of Action developed in 2010 and 2013 and has been endorsed by the International Telecommunications Union's Global ICT Forum on Human Capital Development. Key to this model is the new collaborative architecture that brings together business, government, education and civil society to aggregate effort, be more responsive in the dynamic ICT enabled environment that is sweeping the world, be a catalyst for new approaches, help existing efforts be more effective and better align energy to realise the goals set out in SA Connect (Broadband Policy) and the National Development Plan.

Major achievements in 2013/14 should be seen in the areas of:

- Repositioning the integrated Institute to support SA Connect (Broadband Policy), the National Development Plan (NDP) and to increase the e-readiness ranking of the country;
- Opportunity to establish an e-Readiness Programme and Fund in collaboration with key stakeholders;
- Securing limited funding to the tune of R15m to continue deliver against the approved 2013/14 APP whilst migration was taking place.

Direct impact made by the Institute in the 2013/14 financial year includes:

- Increase in the number of e-Skills stakeholders and commitments to address the e-readiness ranking of the country;
- Increase in and the integration of knowledge workers in all sectors against new targeted course developed and tested against a National Curriculum and Competency Framework. As a result the is an increase in the enrolments in ICT focused education including that of mobile applications development and enrolments in the social appropriation of ICT for local benefit across all six thematic areas;
- Increased research capacity in e-Skills/e-astuteness aligned to incubation, job opportunities and that of a developmental state;
- Increased the awareness of life chances through the effective social appropriation of ICT and raised the multi-stakeholder collaborative architecture across government, business, education and civil society of iNeSI;
- Better analysis of impact data across the thematic areas of iNeSI to influence policies around employment, innovation, productivity, inequity and skills development for an inclusive knowledge economy and capable state.

Going into 2014/15 and beyond, it is important that as a national catalytic organisation responsible for the development of e-Skills/e-astuteness focus on the following:

1. We need to better align collective e-Skills efforts across government, business, education and civil society to support the SA Connect (Broadband Policy) and the National Development Plan in visible and measurable ways. It is obvious that we need to immediately move to establish a national 'e-readiness programme and fund' that can commence this process forthwith; raise the credibility of the Institute and thus contributing to the sustainability of the Institute.

2. We must commence a process to develop evidence based policy development; delivery and evaluation to better position South Africa in the emerging world which is increasingly dominated by modern ICT. For this to be effective, it needs to facilitate the establishment of relevant Professorial chairs across the country, unite them in a cohesive manner and develop relevant communication and publication processes. Further, it needs to ensure that it can develop sound approaches to add to the collection of our national statistics. It also needs to develop a supported framework that it can engage with to make better use of international programmes and interest in helping us develop well targeted research, evaluation and policies to impact our e-readiness position.

3. We need to recognise that youth hold the key to our collective future. Youth are the most committed users of these new technologies and have the highest levels of unemployment. We have already embarked on a process to develop a well-integrated multi-layered national youth intervention that can develop youth to become motivators and leaders in leveraging the opportunities presented by SA Connect (Broadband Policy) and in making South Africa a more e-astute society.

4. Whilst revenue decreased in 2013 due to changes in strategy and the phasing out of the NEMISA model, the Institute was able to maintain its expenditure for 2012/13 and 2013/14. Additional funds to the tune of R15m was received to support the iNeSI decentralised model in December 2013. Funds not utilised will be carried over into the 2014/15 financial year.

To ensure good financial governance management developed the supply chain management code of conduct which will assist with adherence to supply chain management regulations such as the Treasury Regulations and the PPPFA. Management has also taken supply chain management staff to training to ensure that staff are updated and adequately trained to assit the Institute with procurement matters. To further enhance performance management has ensured that all SCM processes are in place. An external audit remedial log which is an action plan to assist management in ensuring that external audit findings raised in the previous financial year are addressed has been developed.

As Acting CEO of iNeSI, I would like to acknowledge the contributions made by all staf and our stakeholders in positioning and addressing the country's e-readiness challenge. In relative terms when compared to other government investments in science and technology, the requirements to establish a sustainable effort to address South Africa's relatively low level of e-Skills and e-readiness which directly affect GDP and Direct Foreign Investment in a significant and very quantifiable manner, are modest. The cost to the socio-economic position for South Africa for not making this investment will be profound, as it will directly affect increasing inequity, the development of an inclusive knowledge economy and the capacity of South Africans to be increasingly self reliant.

Dr Harold Wesso
Acting Chief Executive Officer
Ikamva National e-Skills Institute
Date: 29 May 2014

Annual Report Submission

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

All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor General.

The annual report is complete, accurate and is free from any omissions.

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

The Annual Financial Statements (Part E) have been prepared in accordance with the standards applicable to the public entity.

The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The accounting authority is responsible for establishing, and implementing a system of internal control has been 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 are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2014.

Yours faithfully

Acting Chief Executive Officer
Name: Dr Harold Wesso
Date: 31 July 2014

Chairperson of the Board
Name: Dr Molatelo Maloka
Date: 31 July 2014

Strategic Overview

Vision

Be a recognised catalyst, facilitator, responsive change agent and thought leader in the development of SA's and Africa's human resource capacity in the optimum utilisation of ICTs for the development and growth of an inclusive Information Society and Knowledge Economy.

Mission

The Institute will

- Provide a decentralised integrated collaborative architecture across government, business, education and civil society that will better position South Africa globally (enabling platform);
- Provide diversified, unique e-Skills education, training programmes and e-Skills upliftment programmes across key stakeholder groups (empower users);
- Achieve change by acting as a catalyst to achieve national goals in developing an active citizenry and inclusive Information Society and Knowledge Economy (aggregation);
- Play a leading role by orchestrating the various existing and new initiatives around e-Skills and undertaking an advocacy role in developing active citizenry for a growing and inclusive Knowledge Economy (leadership through advocacy at all levels);
- Through thought leadership, be an actor and a stimulus for research and innovation (innovation);
- Enable and promote innovation that responds to the developmental needs of the South African society by providing physical facilities for learners, communities and business to exploit new ICTs, develop new local software applications and create new job opportunities (cyberpreneurship);
- Ensure that all communities, including specific groups (unemployed, elderly, disabled, low-income earners and women) in deep rural, rural and peri-urban areas are able to leverage from the opportunities and the e-Skills virtual network for knowledge production and transfer (e-Skills virtual cloud); and
- Work collaboratively to leverage existing capacity and resources and help existing service providers better align to the MTSF 2009 -2014 and NDP 2012 (collaboration for impact).

Core Values

- Responsiveness
- Enabling the capacity of emerging talent
- Collaboration
- Innovation
- Developmental approaches

Mandate

The Broadcasting School of South Africa was established in 1988 as a Section 21 Company in terms of the Companies Act (1973) to deliver requisite skills for the broadcasting industry (radio and TV). The school was renamed in 2001 as the National Electronic Media Institute of South Africa (NEMISA) and re-launched in 2006 with an expanded scope to include qualifications in animation and graphic design.

The e-Skills Institute was established following the 2007 recommendations of the Presidential International Advisory Council (PIAC) on the Information Society and Development (ISAD). The shortage of ICT-related skills (e-Skills) was identified as a serious problem and the Department was mandated to drive the national the e-Skills agenda through its e-SI.

The Institute derives its mandate from the DoC and in particular "to contribute to e-skilling the nation for equitable prosperity and global competitiveness."

The mandate of the Department is now strengthened through the integration of NEMISA (State Owned Company), e-SI (Branch) and ISSA (Directorate) into a single entity. This is done to ensure that the appropriate e-Skills are delivered for an emerging Information Society and Knowledge Economy in an efficient and cost effective way.

Board of Directors

Dr Molatelo Maloka
Chairperson

Loren Braithwaite - Kabosha
Non - Executive Member

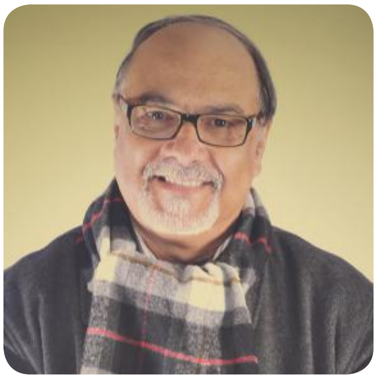
Thami ka Plaatjie
Non - Executive Member

Khanyi Nga'mbi
Non - Executive Member

Lucas Mello
Non - Executive Member

Gaitsiwe Lenepa
Non - Executive Member

Prof. Roy Marcus
Non - Executive Member



Harold Wesso
Acting Chief Executive Officer

Moira Malakalaka
Chief Financial Officer

Staff of NEMISA


Peter Ramatswana


Kuben David


Bongiwe Kubheka


Mary Moleke


Doc Fick


Itumeleng Mokoena


Lungile Xulu


Robert Bocking


Robert Chrich


Jacky Tshokwe


Mirriam Mathebula


Louise Jardin


Fidel Regueros


Sibongile Imenda


Tebogo Serobatse


Jankie Ngobeni


Thembi Sibeko


Mohapi Moiloa


Brenda Mfaku

Training

Human Resources and Administration

Information Tech.

Company Secretary Office

Facilities

Marketing and Business Development

CEO's Office

Finance, Procurement and Administration

Corporate Services

Franschhoek


Thembinkosi Sibankulu


Peter Jembula


Petrus Mojaki


Bheki Khumalo


Moipone Motlhatlego


Victoria Tau


Thabang Phetla


Gopolang Lebakeng


Minette Cloete


Mpho Maedi


Phora Moshome


Khomotso Malaka


Rofunwa Ligege


Ferial Kaylas


Lungile Mbokazi


Antoinette Young


Jacques Fortuin


Lizette Rudy


Theresa Juries

Staff at the Department of Communications – eSi branch


Lise Hendricks


Linda Dimbaza


Treveen Rabindhnath


Derrick Sonamzi


Dumisani Sondlo


Marius van Niekerk


Debbi Schultz

Launch of New Institute

iNeSI

Ikamva National eSkills Institute

Performance Information

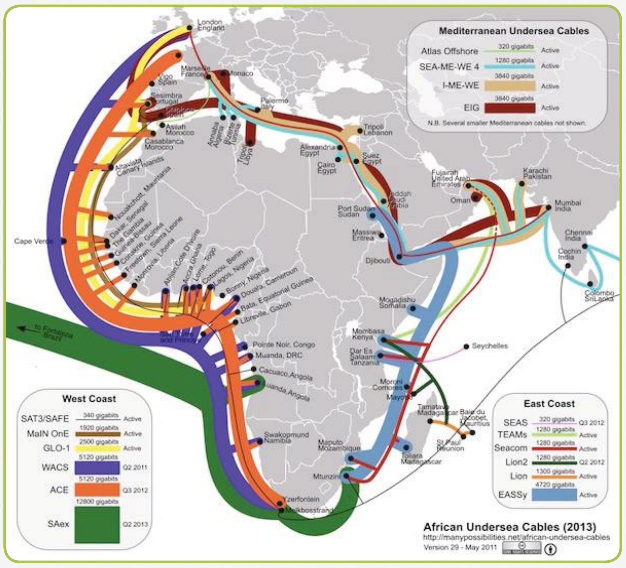
1. Situational analysis

1.1 Performance environment

It is widely recognised that the 21st Century will be driven by knowledge, and a nation's competitive advantage in the global economy will be sustained by approaches that valorise e-social astuteness across Business, Government, Education, organised Labour and Civil Society. To meet the challenges of this century, South Africa needs to usher in a social e-astuteness revolution that seeks to bring about systemic changes across all societal structures and categories of the country. Reform in the full societal system needs to seriously consider a[1] methodical approach to the role of ICTs in the development of adequate skills and competencies since they are critical for meeting the challenges posed by demography, disparity and development, and for creating an empowered generation for the future.

The pervasive and ubiquitous nature of the global dispersal of modern ICT is rapidly redefining base concepts of 'economies of scale' for socio-economic sustainability both vertically and horizontally across all spheres of service delivery, management, business analysis, education, innovation and research.

The rapidly escalating capacity, mobility, affordability and access ability of ICT when coupled with the impact of imminent bandwidth capacity being delivered to South Africa means that the nation is completely unprepared to make effective use of the technology which is fundamental to addressing its national strategic objectives of addressing inequity. All current experience demonstrates that whilst



effective social appropriation of ICT is widely recognised as being fundamental to addressing issues of inequity in developmental states, an unplanned approach to harnessing ICT leads directly to increasing inequity. South Africa now finds itself in this space.

In the last six years, we have seen the gap increasing in internet bandwidth in developed and developing countries. We are also witnessing an increase of mobile cellular subscriptions. The implication of these two trends indicates that access to technology has created more inequity right across the world to date and that the technology is rapidly converging, and increasing in capacity and becoming more mobile.

What we are seeing is that the pace of technological advance is accelerating and ICT is increasingly becoming ubiquitous and intrinsic part of people's behaviour and social networks as well as of business practices and government activities and service provision.

Further, these trends are changing the very nature of work itself and recent McKinsey Global Institute (MGI) report (The Evolution of Work, 2012) quantified the shift to interaction (knowledge) work in all jurisdictions across developed and developing economies alike. This will create huge global gaps between skills needs and emerging 'job fit'. According

1 The concept of e-astuteness is closely related to developing e-competent individuals by giving them appropriate ICT-related knowledge and skills and training them to develop a competent attitude and knowledge to use and adapt to the rapidly changing new forms of ICT devices and associated software. If applied to benefit the community's socio-economic context (and possibly combined with other "e-astute" community members), e-astuteness then transitions into e-social astuteness, i.e. it becomes a smart way to apply acquired e-Skills for everyday socio-economic development and better life opportunities for all. If applied appropriately, e-social astuteness can further help in developing ICT-supported social cohesion (impacting on basic issues including health, safety, food security, youth unemployment, increasing self-reliance, education and training, business development, etc.) which is very high on the agenda of the NDP and MTSF. [NeSPA 2013]

Performance Information

to the MGI, a failure to address this gap in developmental states will inevitably 'result in higher unemployment, rising inequity and heightened political tensions testing political stability'. This is a position that South Africa cannot afford to face.

The big issue for South Africa is how to leverage ICT capabilities and tools to address our socio-economic needs and improve our human resources base of the country for equitable prosperity and global competitiveness.

1.2 South Africa's falling position on the Development Index

As a country, South Africa is dropping down the global ranking for e-readiness. This is not because we are not progressing or that our programmes are not working but simply because the others are moving faster than we are.

The 2012 WEF Networked Readiness report of 142 countries across the world points out that 'Despite counting on one of the most solid political and regulatory environments (23rd) and better framework conditions for entrepreneurship and innovation (50th) in the (Sub-Saharan African) region, South Africa at 72nd place (down from 47 five years ago), is not yet leveraging the potential benefits associated with ICT. Important shortcomings in terms of basic skills availability (94th) in large segments of the population and the high costs (94th) of accessing the insufficiently developed ICT infrastructure (82nd) result in poor rates of ICT usage (76th) despite efforts on the part of the business community to use ICT and integrate it in a broader, firm based innovation system (34th). As result, the economic impacts accruing from ICT are patchy (59th) and the social impacts are disappointing (98th). Upgrading the overall skills at all layers of society and increasing efforts to build affordable infrastructure for all would allow the country to increase its ICT readiness and uptake and, in turn, spread its impacts across society.' (World Economic Forum - Networked Readiness Report 2012).

Further, South Africa has been recently ranked as 49th out of 50 in Global dynamism rankings. The evaluation points to the lack of skills as the most important contributor to the falling position.

Together, this situation provides a 'clear clarion call' for collaborative action at a national level in a way that harnesses all of the capability in Government, Education, Business, Civil Society and Organised Labour across the country.

1.3 Global trends and e-Skills[2] needed

Current trends in the impact of ICT deployment demonstrates that aggregation of both supply and demand into increasingly large economies of scale and lost leader time frames across much of business, education and government service delivery are well beyond the capacity of traditional concepts of market competition within nation states to operate in the national interest.

Key global trends include:

1. The developing world with more than half the world's population provides the biggest opportunity for many ICT providers given the increase in new users;

2. ICT development is converging, becoming more mobile, more affordable and more accessible in ways that suit developmental agendas for many countries;

3. There can be no sustainable progress in developing equity of life chances in developmental states without the effective social appropriation of ICT;

4. The rate of ubiquitous development of ICT is moving past the current capacity and attitudes of many societal, organisational and service delivery structures for effective deployment and adoption;

2 e-Skills refers to "the ability to use and develop ICTs within the context of an emerging South African Information Society and global Knowledge Economy, and associated competencies that enable individuals to actively participate in a world in which ICT is a requirement for advancement in government, business, education and society in general."

5. An increasing and massive mismatch between skills required and the dramatic trend to integration (knowledge) work in all economies; and

6. An increasing shift across Governments, Education, Research & Development and Business towards new formal structural agency aggregations to align diverse capabilities around addressing issues of employment, innovation, productivity, inequity and skills development for the challenges of the knowledge economy. This effort is coupled with a programme based approach which separates 'form' (organisational structures) from 'function' (mid-term collaborations for impact).

Collectively these trends are irrevocably changing the fundamentals of many services, businesses, educational approaches, the praxis of governance and the way in which life is led across much of society. These impacts are likely to be greatest in places where there are existing large equity gaps.

All analysis of the threats and opportunities afforded by the necessary deployment of ICT points to the need for formal mechanisms for collaboration across the stakeholder groups; organised Business, Government, Education, organised Labour and Community (sometimes known as the quadruple helix approach). In many countries, the complex matters surrounding increasing productivity in the Information Society and Knowledge-based Economy are being addressed in three (3) main ways:

1. Aggregating diverse specialist expertise and abilities in large government departments focussed on addressing the mega national priorities determined by analysis of the increasing impact of ICT in the socio-economic space.

2. Separating organisational structures from programme delivery in new forms of matrix management where individual and work group capacities are seconded, leased or contracted into programmes which are funded to deliver against national priorities. Such arrangements include proportional secondment allocations, contracted specialist staff and formal alliances between Government, Business and Education. These programmes are medium to long term i.e. 3 to 10-15 years with annual reviews by external expert panels.

3. Establishing co-operative research centres or research centres of excellence models which undertake:
   a. Monitoring and evaluations
   b. The development of innovative, technical and service delivery applications for mega issues, and
   c. Incubation, accelerator, privitisations, start-ups, and patenting for business development, industry, and job creation aligned to interaction or knowledge work.

South Africa has little alternative but to adapt such approaches into reshaping its skills set and socio-economic positioning in the face of its frightening decline in the global e-readiness indicators, which are significant predictors of capacity development, aligned to inevitable trends in the impact of ICT which has little regard for national boundaries.

At a skills level, globally there is an increasing need for:

- The population to be able to access all relevant government information and services including health services electronically;
- Workers to be competent (combining both technical and business skills);
- A career structure and enhanced perception of the IT profession, to attract ICT practitioners to enter the profession;
- A formal education structure that support the development of a range of e-Skills for employment and fuller participation in both a national and global society;
- Clear guidance and frameworks to encourage the development of transferable skills and skills that are in most demand; and
- Skills development, training and services to be made available on multiple platforms, and particularly on mobile services.

Performance Information

Locally, there is wide spread agreement of the importance of information and communication technologies and associated knowledge production for building a more equitable prosperity and globally competitiveness economy in South Africa. There is also substantive evidence [including but not limited to ISETT (MICT) SETA, 2007; DOL, 2007; Accenture, 2008; ITWeb 2008; NeSPA 2010] that in South Africa there is a serious shortage of skills that will enable an effective use of the contemporary information and communication technologies to access information and services in almost every aspect of everyday life.

The diagram below shows that South Africa does not compare well with other countries in terms of ICT skills availability. Research regarding the underlying reasons, and measurements related to them, show that South Africa scores poorly in terms of youth interest in science, quality of mathematics and science education, government prioritization of ICT and the extent of staff training[3]. This results in ICT skills not being readily available for industry.

3 Accenture (2008) The ICT skills landscape of South Africa: A view-point on demand, supply and applicable international benchmarks prepared by Accenture for the South African e-Skills Working Group, August 2008

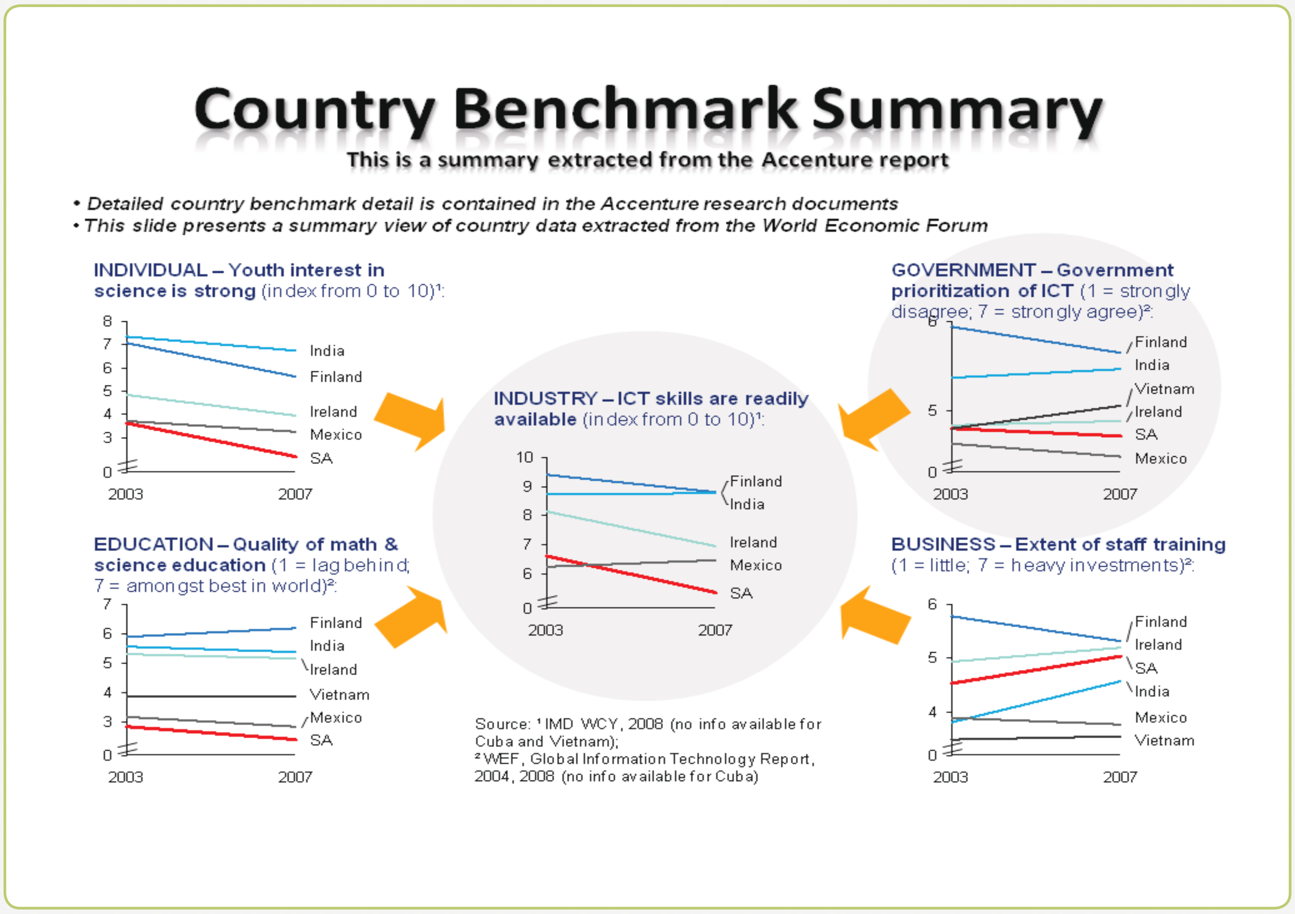


Diagram: Skills availability

The Accenture study (2008) also indicated that a positive relationship between ICT skills development and other factors such as connectivity, adoption and usage of ICTs, access to ICTs and available services, awareness of the functionality and benefits of ICTs.

e-Skills is a powerful engine for innovation, social inclusion and economic sustainability and as such the diagram below depicts e-Skills as a key component for e-readiness and further shows the enabling environment across stakeholders needed for developing e-Skills capacity for national impact. [ITU and WEF, 2012]

Performance Information

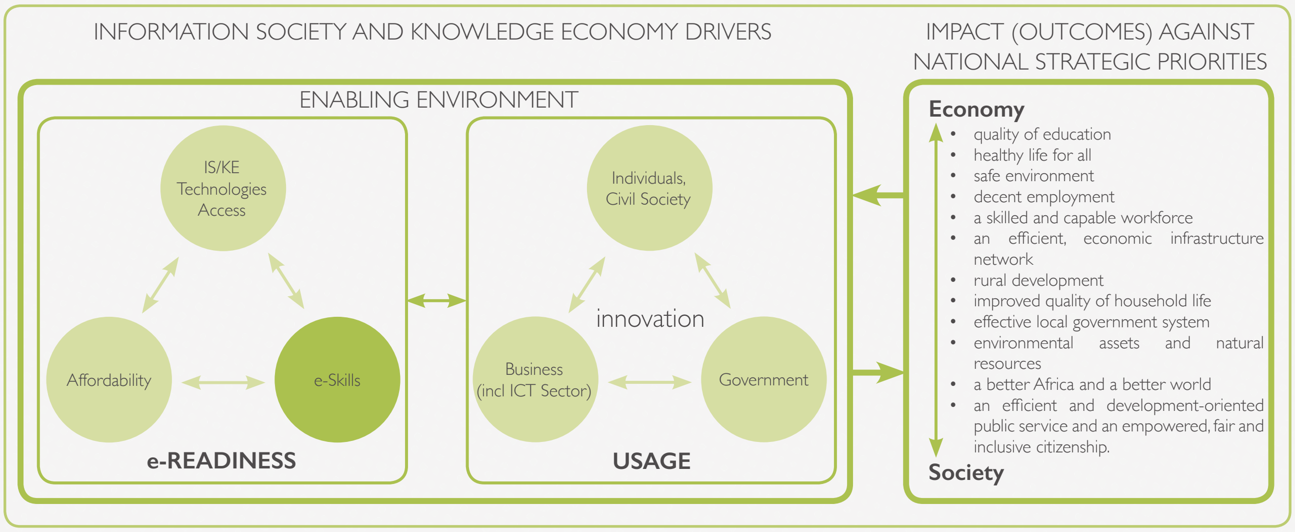
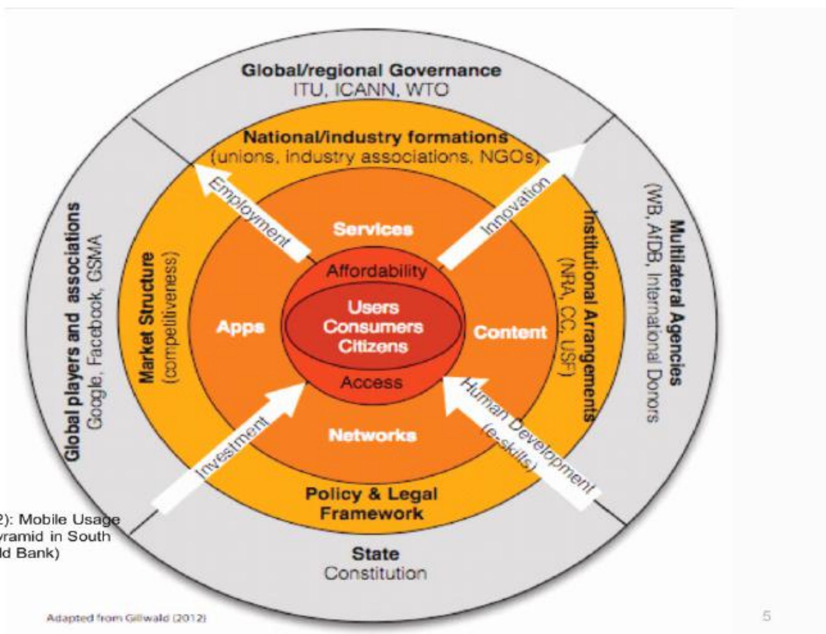


Diagram amended for SA context (Wesso and Sharif 2012)

Jobs can be created at a variety of skills levels (from call centres to development of highly sophisticated software and electronic devices), in various contexts (business, Government, civil society) and that are suitable for people of different abilities and interests (Wesso, 2007)[4]. The International Data Corporation (IDC) emphasised that more than 90% of the jobs available in 2014 will require e-skilled (ICT) workers.

4 SA DoC (2007) Towards a strategic framework for ICT skills development in South Africa (Internal, discussion document). No e-version.

Calandro, et al (2012): in their model below confirm the radical approach adopted by the Institute i.e. developing an aggregated framework that can harness existing resources and develop new responsive approaches to the coordination of capacity development across all stakeholders that contributes to the massification of e-Skills delivery at all levels. They further argue the need for both human development (e-Skills) and investments (infrastructure and access) to impact employment and innovation opportunities at scale.



Calandro, et al (2012): Mobile Usage at the Base of the Pyramid in South Africa. InfoDev (World Bank)

1.4 Technological changes, new set of skills and emerging conceptual requirements

It is well recognised that the rapid capacity and paradigm changes occurring in the ICT world are having significant impact on the way businesses, governments and societies conduct their affairs. The shift in appropriation of ICT is changing the value propositions across the breadth of the socio-economic platform and this has particular ramifications for developmental states. The unprecedented escalation in capacity, affordability, mobility, differentiation and availability of ICT devices as well as the rapid shift towards high quality displays on mobile devices pose a significant challenge in e-skilling people within their current jobs, better preparing people for existing vacancies, creating e-capacity for emerging jobs and in creating an e-social astuteness in the citizenry for achieving more self reliance and more equitable prosperity.

According to research from globally reputable Gartner, the following trends in the next three years have the potential to affect individuals, businesses and societies – thus requiring new set of skills:

- Increased use of mobile devices in everyday life and greater use of tablet devices for work and business;
- Mobile-centric applications and interfaces are considered as one of the top strategic technology trends;
- Context-aware computing and social media are increasingly transforming the user experience;
- The internet of things: a "network of networks" (e.g. networks across commerce, business, transport, education etc. are connected to each other and networks of people using social media);
- The use of application (App) stores in business and in the marketplace (e.g. supporting the notion of Bring Your Own Device –BYOD);
- The next generation of advanced analytics: predictive, collaborative and pervasive;
- Big Data including Open Government Data;
- In-memory computing, which emerges from the converging evolution of memory technology, system architectures and enabling infrastructure software;
- Extreme low-energy servers that are greener than traditional servers; and
- Cloud computing as the main enabler of corporate and public organisations.

These above trends are heavily influenced by the growing importance of new levels of connectivity, decreasing costs for connectivity and an unprecedented rise of mobile computing. In South Africa, this will have significant influence on skilling our people for more equitable prosperity and global competitiveness.

The exponential growth in the use of "smart" mobile devices by a large portion of the population clearly demonstrates that the ability of South Africans to achieve more equitable prosperity and global competitiveness largely depends on the recognising that the 21st century requires a new approach to the use of rapidly developing ICT devices. Developing the capacity to produce new understanding and knowledge and their effective use to advance the economy and society through innovation, new job opportunities, communication and information management, require a broadly defined set of skills that include:

- skills to use the ever advancing technologies (e.g. mobile devices, cloud computing); and
- to use the acquired skills in the economic and social context; through
- developing capabilities and attitudes to effectively use skills for the individual (e-astuteness) and societal (e-social astuteness) advancements.

1.5 Challenges facing South Africa

There is general acceptance that e-Skills (ICT) is not just a "nice to have" as it affects the capacity of a country to address every substantive issue that communities face now and into the future. This was acknowledged in all the national strategies of the county i.e. NDS III, Industry Strategies, Strategic Plan for Higher Education and Training

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(DHET, New Growth Path), Department of Economic Development, Green Paper for Post School Education and Training (DHET). New Vision 2030 all calls for capacity development for the Information Society and a vibrant Knowledge Economy.

The NDP 2012 highlight three priorities namely that of:

- raising employment through faster economic growth;
- improving the quality of education, skills development and innovation; and
- building the capability of the state to play a developmental and transformative role.

According to the NDP 2012, Government should "outline interventions to promote ICT diffusion such as e-literacy programmes to stimulate demand, ICT skills development and institutional capacity-building".

The challenges facing the country amongst others are:

- We are not leveraging the potential benefits associated with ICT. Important shortcomings in terms of basic skills availability are the large segments of the population and the high costs of insufficiently developed ICT infrastructure results in poor rates of ICT usage.
- Lack of coordination across the full spectrum of service delivery, business, education and policy frameworks (i.e. enabling environment, innovation and capacity) as being a significant impediment to addressing the serious matter of e-skilling South Africa; a crucial need in addressing socio-economic equity in South Africa.
- Education, articulation and ICT for Learning: the need for e-Skills to be embedded in all spheres of learning (primary, secondary and tertiary levels). The need to target universities (including new universities in the Northern Cape and Mpumalanga), Colleges of Education, FET colleges, schools and community-based organisations to embed e-Skills in respective curriculum to prepare learners for the Information society and Knowledge Economy.
- Access Centres/Distance Education: the provision of e-Skills for learners and communities based in deep rural, rural and peri-urban areas are a huge problem. Current centres across the country are not utilised optimally nor are they adequately equipped or connected virtually for open distance education (e-learning and m-learning).

To meet the country's commitment to the Millennium Development Goals (MDGs), the World Summit on Information Society goals (WSIS, 2005), the Medium Term Strategic Framework 2009-2014, the National Development Plan 2012 goals and to accelerate the development of e-Skills capacity in the country will require new approaches to the utilisation of ICTs, sufficient resources and support to create a big impact on the socio-economic growth of the country by creating a large number of new job opportunities.

A national intervention to support the goals of the Department of Communications (National Broadband Network; Digital Broadcast Migration, e-Skills and e-competencies for the Information Society and Knowledge Economy), Department of Rural Development and Land Reform, the Department of Science Technology (Innovation Landscape Review), Department of Higher Education and Training (National Skills Development Strategy 2010, Green Paper Post School Education and Training, Distance Education Policy), the Diagnostic Report 2011 of the National Planning Commission, the National Development Plan (e-literate society by 2030), the Medium Term Strategic Framework (MTSF 2009 – 2014) and Millennium Development Goals (MDGs) is urgently required to achieve a rapid large scale improvement in the supply of those e-Skills for which there is a genuine need for, together with the essential understanding of how to use those skills optimally within the various contexts noted above.

A great deal of money is already being invested in ICT education and training by business, academia, government and civil society. Currently, a range of uncoordinated efforts deliver the provision of e-Skills across education, government, business and civil society funded by private service provider models, government support contributory schemes, donor agency supported free access schemes. A number of thought leaders (national and international) across business, education, government, civil society including labour and global development partners have been consulted. They have confirmed that the Institute can only be justified if it takes an entirely new approach to e-Skills interventions that are based on harnessing ICT for equitable prosperity and global competitiveness within the context of national goals.

The e-Skills agenda is a multi-disciplinary approach that goes beyond mere technology training and involves a broad spectrum of competency, needs and delivery options for an Information Society and Knowledge Economy. More and more e-Skills are becoming central to the development of jobs in Information Societies and Knowledge–based Economies and refers to "…the ability to use and develop ICTs within the context of an emerging South African Information Society and global Knowledge Economy, and associated competencies that enable individuals to actively participate in a world in which ICT is a requirement for advancement in government, business, education and society in general." Thus the establishment of the Institute (e-Skills Institute, NEMISA and ISSA) as a key national catalytic collaborator in e-skilling the nation in relation to employment readiness; effective e-governance and service delivery; business development; socio-economic development; and; research and development is critical in the development of South Africa (NeSPA 2010 and 2013)[5].

5 National e-Skills Plan of Action (NeSPA) - an e-Skills action plan developed in collaboration with key stakeholders i.e. government, business, education, civil society and global development partners at biennial national e-Skills summits.

2 Organisational environment

2.1 Skills development entities in the DoC to be integrated

Skills development for an ICT-enabled world by the Department of Communications is currently carried out by two key institutions namely NEMISA and the e-Skills Institute. Below is a high-level overview of each of these entities and ISSA.

Institute of Space and Software Applications (ISSA)

ISSA was established in 2001 as a directorate in the DoC to deliver appropriately skilled software engineers for the space industry. Students were trained in collaboration with the University of Stellenbosch. The programme was officially terminated in 2005. Since then the remaining staff mainly focused on the development of software applications for Government.

National Electronic Media Institute of South Africa (NEMISA)

Currently, NEMISA offers 5 MICT SETA accredited courses namely:

- National Certificate: 2D Animation (NQF Level 5)
- National Certificate: 3D Animation and Visual Effects (NQF Level 5)
- National Certificate: Radio Production (NQF Level 5)
- FET Certificate: Design Foundation (NQF Level 4)
- FET Certificate: Film, Television and Video Production Operations (NQF Level 4)

In addition to the above, NEMISA is delivering two major national projects: (1) the National Digital Repository: captures: local heritage content is captured in an online environment; and (2) the skilling of employees of local community radio stations.

NEMISA accommodates a maximum of 140 students at its campus in Parktown and 60 students at is facility in Franschhoek in the Western Cape. Currently it has 100 registered students. Most of its students (77%) come from the provinces of Gauteng, Limpopo and Mpumalanga.

e-Skills Institute (e-SI)

The e-SI focuses on six thematic areas:

- e-Inclusion and Social Innovation
- Creative New Media Industries
- e-Enablement for Government Service Delivery
- ICT for Rural Development
- Knowledge-based economy and e-social astuteness
- Connected Health

Given its mandate and through its decentralized network architecture, the e-SI during the financial year 2012/13 made the following inroads at a national and international level:

- Increased the number of accredited courses through participating universities that are relevant to new market needs and demands in a coordinated environment;
- Increased University and FET colleges intake in relevant e-Skills aligned to and accepted by industry, government and educational needs;
- Identified Creative Industries (incl. Broadcasting and ICT) as industries for sustainable employment;
- Established a national e-Skills research network focusing on continuous research in cross disciplinary manner to concentrate on new ways to embed technology to improved business opportunities, access to government services and social cohesion;
- A major recognized contributor and aggregator to improving the country's global e-readiness indicator rankings. The e-SI has directly influenced national departments on the usage of ICTs in national plans and programmes to promote growth of the human resource e-Skills base in the country. The International Communications Union (ITU) at the recent national

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e-Skills Summit 2012 endorsed the e-SI model;

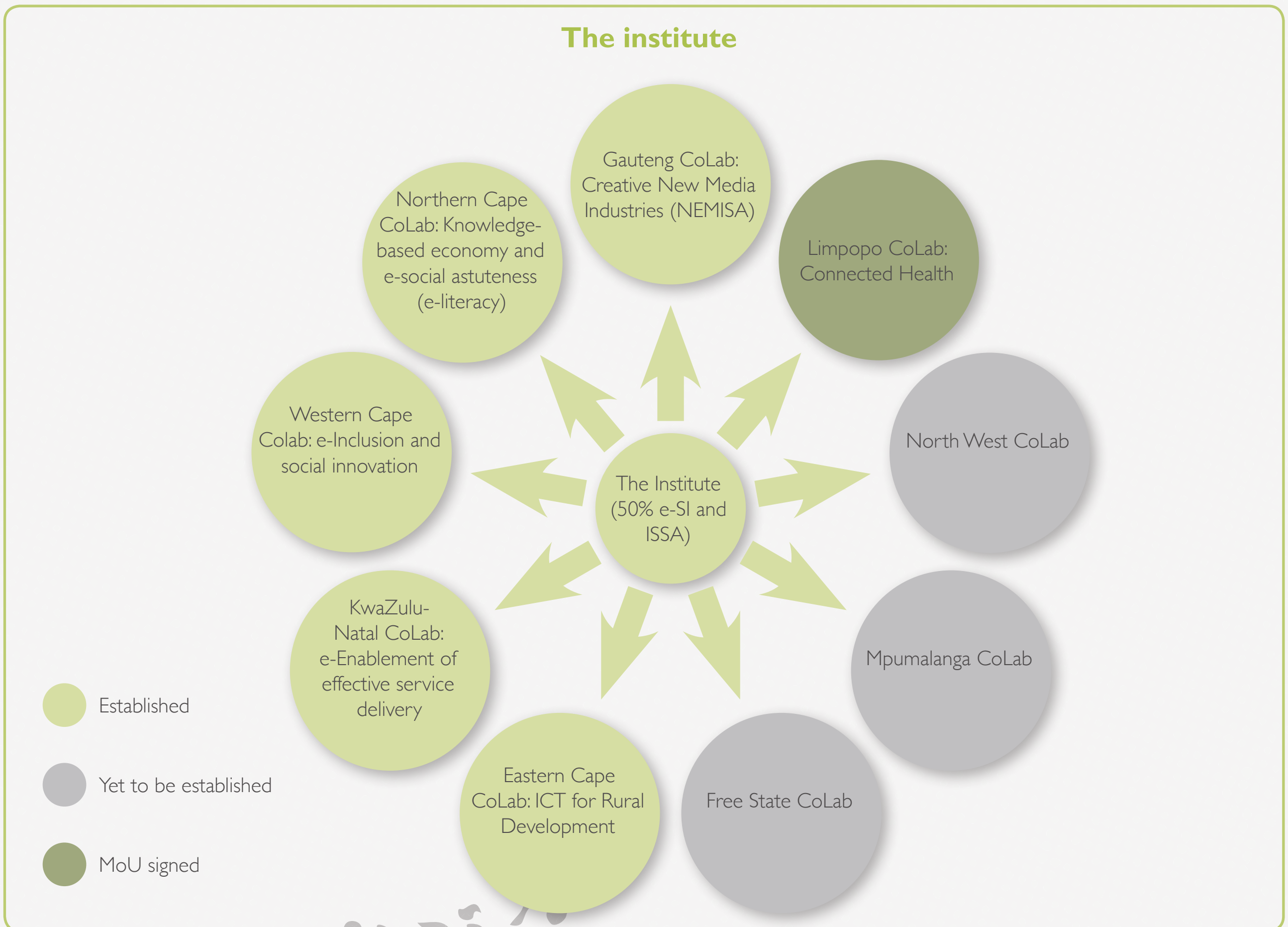
- Established a proactive approach to environmental scanning in a rapidly changing landscape that can more adequately assess gaps, overlaps and opportunities for collaborative approaches for e-skilling the nation; and
- Through its proof of concepts impacted on over 10 000 citizens across a wide spectrum of society, from PhD students to individuals in communities.

2.2 The Integrated Model - Distributed

The model for the Institute is based on the outcomes of a workshop held late 2012. The workshop accepted the intent of the Department of Communications and confirmed that to radically advance the capacity development of e-Skills in the country the integrated Institute must:

- Act as a national catalyst and change agent for the development of e-Skills;
- Play a leading and advocacy role in developing users, consumers and citizens for a Knowledge Economy;
- Through a distributed model i.e. physical presence in each of the nine provinces allow for government, business, education, organized labour, civil society and organized labour to better position South Africa for a Knowledge Economy;
- Collaborate with key stakeholders i.e. government, business, education, organised labour, civil society and global development partners for impact; and
- Broaden its scope to address all e-Skills interventions (i.e. teaching and learning, research, innovation, monitoring and evaluation, and aggregation).

The diagram below depicts the distributed model that allows for the Institute (NEMISA, ISSA and e-SI) to carry out its mandate and activities.



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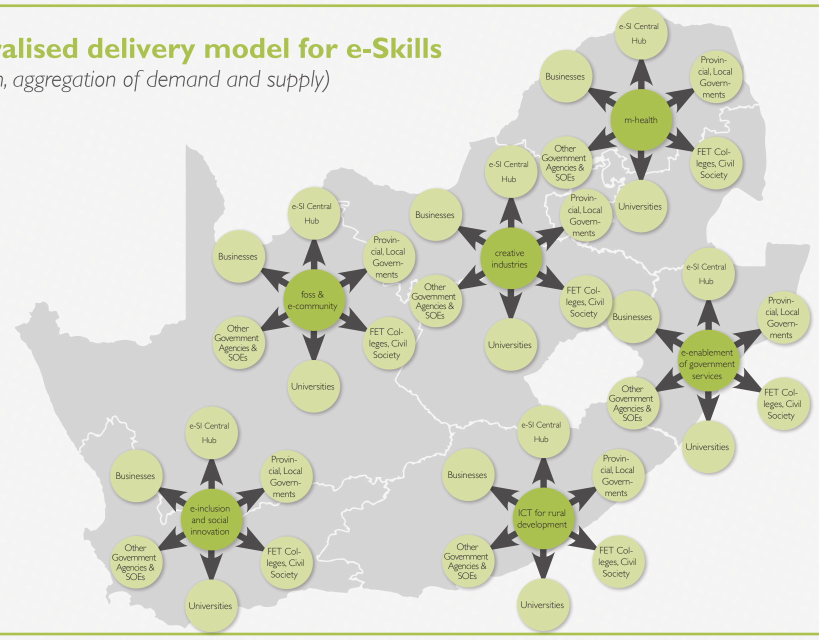
Provincial e-Skills CoLabs

The Institute's provincial CoLabs (previously referred to as hubs) in association with local universities will provide:

Decentralised delivery model for e-Skills

(coordination, aggregation of demand and supply)



1. A positive engagement with stakeholder groups locally and provincially. These will bring to bear context, praxis and resource networks to existing programme delivery in subject matter that by its very nature is multi-disciplinary and multi-layered.

2. Develop relevant curricula and training in line with the national curriculum and competency framework and standardised curriculum guidelines.

3. Establish a sound basis for innovative research and evaluation tied to the MTSF and NDP 2012 and which provides us with substance to develop relevant policy. Link to university networks in South Africa and across the world that can help evaluate case study approaches, provide post graduate research capacity and internships and provide new approaches to skilling existing resources in ways that are more responsive to emerging trends and technological development.

4. The means to increase the size of the national and international opportunity within a 'government recognised', 'business credible' and integrated framework that is responsive to new development and delivery approaches.

5. A collective energy for developing appropriate methodologies applicable to a range of markets in developmental states, whilst also providing a base for collaborative approach towards these markets.

6. A useful network across academia, business, government, international agencies and civil society for pedagogy, research, innovation and policy development in a trans-disciplinary area that has been highlighted by all evaluations of limits to growth, sustainability, equity and global competitiveness.

The diagram below shows the human resource capacity required at each provincial e-Skills colab to carry out the above-mentioned functions.

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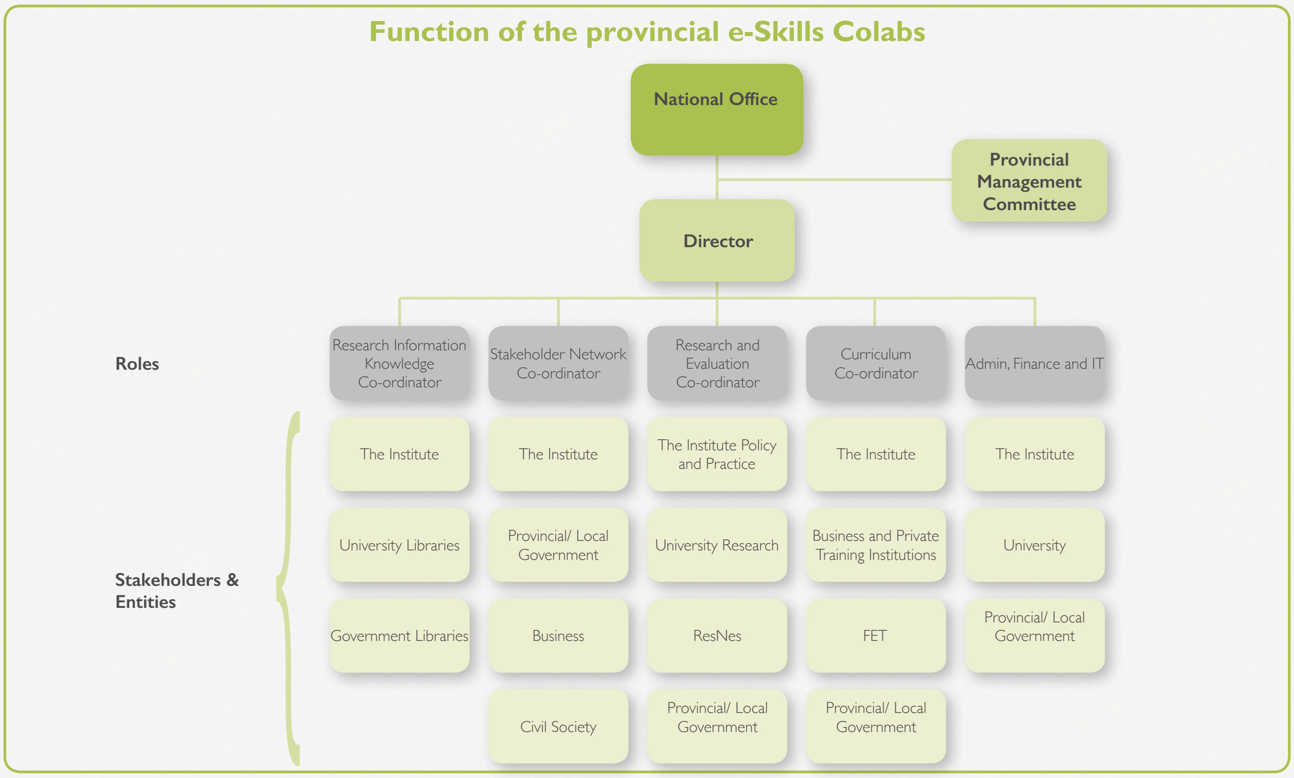

Currently, there are six provincial e-Skills knowledge production and coordination CoLabs in the country (see table below). Each of the CoLabs supports a national thematic e-Skills area.

National e-Skills Thematic Area	Hosting University	Province
Enhanced government e-enablement through skilling of employees and use of Web 2.0 technologies for service delivery, e-participation and e-democracy, and efficient use of broadband.	Durban University of Technology	KwaZulu-Natal
Creative New Media Industries including that of cyberentrepreneurship to support a connected society	University of Pretoria	Gauteng
e-Inclusion and social innovation that includes the empowerment of e-centre managers in the social sector	University of the Western Cape	Western Cape
Knowledge-based economy and e-social astuteness (e-literacy)	Vaal University of Technology	Northern Cape and Southern Gauteng
ICT for rural development including production and distribution	Walter Sisulu University	Eastern Cape
Connected Health	University of Limpopo	Limpopo

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2.3 Key Policy development and legislature changes

iNeSI contributes directly to the following key, in some case new, policies and legislations.

- SA Connect (Broadband Policy) and National Integrated ICT Policy: Department of Communications
- Structural Improvement Programme (SIP 15)
- Human Resource Development Strategy of South Africa: Human Resource Development Council
- Turnaround strategy of Further Education and Training: Department of Higher Education
- Green Paper for Post School Education and Training: Department of Higher Education
- New Development Plan 2012

2.4 Strategic outcome and orientated goals

Strategic Outcome and Orientated Goal		Progress Made
Strategic Outcome Oriented Goal 1:	Build an Institute that will be responsive to the needs and demands of a knowledge and learning organisation	• **Integrating the skills development entities of the DoC must be seen as the key priority. The following progress in this regard should be noted:** • Strategy to guide delivery: Consolidated and approved all strategic documentation to guide the delivery of the programmes. • Corporate Governance and Human Resources: Approved an interim organisational structure to oversee the delivery of the programmes as outlined in the Annual Performance Plan • Corporate Governance and Legal: Completed Regulatory Compliance Process (new name, MOI and registration of new name) • Corporate Governance: Appointed the NEMISA Board of Directors for Ikamva National e-Skills Institute • Human Resources, Finance including Assets: Commenced the transfer of assets, budget and staff of the e-SI and ISSA • Positioning and Strategy: • Launched Ikamva National e-Skills Institute. Ongoing commitment and support received by the Minister and the Deputy Minister. Positioning iNeSI as the organisation to deliver against the digital opportunities pillar of SA Connect: Creating Opportunities, Ensuring Inclusion: South Africa's Broadband Policy and the National Integrated ICT Policy that emphasises the critical need for e-Skills human capacity development.
Goal Statement	Ensure that the organisation functions optimally to achieve its strategic plan.	

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Strategic Outcome and Orientated Goal		Progress Made
Strategic Outcome Oriented Goal 2:	Formalised multi-stakeholder collaborative networks for e-Skills delivery	• Increased the commitment and support for the National e-Skills Plan of Action across Government/s, Business, Civil Society and Organised Labour and Global Development Agencies and Partners that address the gaps, shortages and mismatches of existing e-Skills and competencies; explored innovative ways to address systemic problems and other inefficiencies and weaknesses in achieving learning success; and contributed to new curriculum planning, course development and course presentation. • The new model of providing a framework of shared responsibility for addressing SA's e-readiness position and building e-astuteness across society in the pursuit of delivering on the NDP and SA Connect (Broadband Policy) is increasingly being understood and valued at the institutional level in universities and FET colleges as well as with other service deliverers operating in the e-capacity building space. • Willingness by our Embassies and International Branch of the Department to lobby and unlock support for the National e-Skills Plan of Action e.g. Australia, EU Bilateral Agreement and ITU. Funding commitment by the EU was approved. • Strong commitment and support at local and provincial levels to drive the implementation of e-Skills capacity development in the country. A national database of more than 700 stakeholders is currently being maintained. • Strong commitment and support for the establishment of the e-Readiness Programme and Fund by Government, Business, Education, Civil Society, Organised Labour and Global Development Partners that allows them to bring their skills and resources to the table to grow the environment for e-skilling the nation. IBM funded the planning and design of such a Programme and Fund.
Goal Statement	Build a network of partnerships to stretch and combine resources to accomplish projects and objectives of mutual interest and benefit	
Strategic Outcome Oriented Goal 3:	Create a strong human capital base for life opportunities in a knowledge driven-economy	• Made substantial progress in establishing the iNeSI model for multi-stakeholder collaboration at a provincial level going forward. • Increased the number of courses, training, local entrepreneurship, post graduate enrolments and completions, the development and publication of applied research and policy development and the number of formal collaboration networks in such as short time is impressive. • Re-evaluated the NEMISA offerings against the approved integrated model (phase-out and phase-in of new courses).
Goal Statement	Leveraging existing ICT education and training expertise, infrastructure and courses to deliver the requisite e-Skills that the society and economy need	

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Strategic Outcome and Orientated Goal		Progress Made
Strategic Outcome Oriented Goal 4:	Create a critical mass of students and researchers that will propel e-Skills development for a Knowledge Economy	• An approved e-Skills Research framework • Host a national workshop to promote the use of case studies to increase SA's research capacity in the area of e-Skills. This was done in collaboration with the Institute for the Informing Science and the University of South Florida. • Plans are underway to produce the first National e-Skills Research Publication.
Goal Statement	Provide a focus for continuous research and innovation in a trans-disciplinary manner to concentrate on new ways to embed ICT into peoples lives for socio-economic benefit	
Strategic Outcome Oriented Goal 5:	Ensure that the e-Skills, expertise, knowledge and resources impact the developmental strategies of Government	• Developed a national aggregation framework for e-Skills.
Goal Statement	Implement a monitoring and evaluation framework to aggregate the uptake of ICT within society and address the opportunities highlighted between supply and demand of e-Skills	

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3 Performance Analysis

3.1 Programmes

Programme 1: Multi-Stakeholder Collaboration

The purpose of Programme 1 is to build a substantive formalised multi-stakeholder collaborative network involving partners across Government, Business, State Owned Companies (SOCs), global development partners and agencies, continental and international partners, civil society and organised labour. It will also (i) expand the current network of CoLabs, (ii) transform existing ICT centres into smart community knowledge production centers, (iii) establish an e-readiness fund that allow stakeholders to contribute financially to the e-Skills agenda, and (iv) facilitate the establishment of a national e-Skills Expert Advisory Council and a national e-Skills Congress.

In collaboration with local universities it will strengthen the existing provincial e-Skills knowledge production and coordination 'CoLabs' responsible for coordinating effort across all stakeholder groups within each province and to provide an operational platform to engage Business, Education, Government, Community, Organised Labour and International bodies across Africa and internationally. The CoLabs will also develop appropriate evaluation processes and act as knowledge hubs to inform pedagogy, training, policy development and project delivery.

There are already five CoLabs (Gauteng, Eastern Cape, KwaZulu-Natal, Northern Cape and Southern Gauteng and Western Cape) established. The sixth Colab is currently being established in the Limpopo Province. The plan is to advance and expand the provincial e-Skills knowledge production and coordination CoLabs to all nine (9) provinces.

In collaboration with Government Department (DHET, Department of Rural Development and Land Reform and provincial and local governments) and State Owned Companies (USAASA) it will establish smart community knowledge production centres as local ICT kernels to address growing inequalities, poverty and joblessness in deep rural, rural and peri-urban communities. The aim is to transform existing e-centres into smart community knowledge production centres.

A much needed e-Readiness Fund will be established that will allow key stakeholders i.e. Government, Business, Education and International Companies and Development Agencies to contribute to the national e-Skills agenda both in cash and in-kind.

Performance Information

Key performance indicators, planned targets and actual achievements

Programme 1: Multi-Stakeholder Collaboration					
Strategic objective: Strengthen national and international profile and visibility					
No	**Performance Indicator**	**Annual Planned Target 2013/14**	**Actual Achievement 2013/14**	**Deviation from planned target to Actual Achievement for 2013/14**	**Comments on deviations**
1.1.1	Increased collaboration with targeted international agencies (national e-Skills expert advisory council and national e-Skills congress)	Establish a formal partnership through a signed MOU with the UN to create a regional platform for e-Skills collaboration across the United Nations (UN) agencies, participate in the national e-Skills Expert Advisory Council and the national e-Skills Congress.	Partially achieved. • e-Skills part of the UN/UNDP Country Plan of Action. • MOU with the DOC and the UN exists.	Participation in the national e-Skills Expert Advisory Council still in progress.	National e-Skills Expert Advisory Council and Congress were delayed due to the official launch of iNeSI.
		Establish a formal partnership through a signed MOU with the International Telecommunications Union (ITU) to assist in the establishment of a national e-Skills Expert Advisory Council, participate in the national e-Skills Congress and utilize their international platform (Global ICT Human Forum, Regional Centre for Excellence and WSIS Forum to promote the South African e-Skills agenda.	Partially achieved. Participated at the WSIS Forum in Geneva organised by the ITU. A Letter of Intent was signed as advised by DIRCO instead of an MOU.	Participation in the national e-Skills Expert Advisory Council still in progress.	Absence of a name and the official launch of the Institute make it difficult to build credibility and to formalize relationships with international organizational. The official launch took place on 21 February 2014 in Quarter 4. National e-Skills Expert Advisory Council and Congress were delayed due to the official launch of iNeSI

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Programme 1: Multi-Stakeholder Collaboration					
Strategic objective: Grow the international, national and local collaborative partnerships					
No	**Performance Indicator**	**Annual Planned Target 2013/14**	**Actual Achievement 2013/14**	**Deviation from planned target to Actual Achievement for 2013/14**	**Comments on deviations**
1.1.2	Increase the number of national and international partnerships.	Develop a formal relationship with at least five (5) South African Consulates – Australia, New Zealand, Brazil, Kenya and Rwanda.	Partially achieved - 3 out 5 (Rwanda, Australia and Kenya) achieved in terms of Youth proposal developed; proposal developed in collaboration with AUSAID and Queensland University of Technology; Received approval from IBM for work to be done in collaboration with Digital Opportunities Trust. The latter is a result of the visit to Kenya and Rwanda.	New engagements with the SADC DTT PMO and Government of Zambia; Only Brazil and New Zealand are still in progress	Absence of a strategic plan from the International Branch of the Department makes it difficult to fast track these national and international partnerships. Absence of a name and the official launch of the Institute made it difficult to build credibility and to formalize relationships. Appropriate budget for the Institute 2014/15 and beyond.
1.1.3	Increase the number of local partnerships.	Develop a formal relationship with local partners to establish smart community knowledge production centres – Provincial and Local Governments, FET colleges, schools and USAASA. (18)	Achieved - 18 was the target we have identified 31 centres collaboration with provincial and local stakeholders (currently 552 members across 6 provinces) and against the selection criteria identified. (See Impact 2013 Report – Annex 1)	None	None

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Programme 1: Multi-Stakeholder Collaboration					
Strategic objective: Ensure financial sustainability					
No	**Performance Indicator**	**Annual Planned Target 2013/14**	**Actual Achievement 2013/14**	**Deviation from planned target to Actual Achievement for 2013/14**	**Comments on deviations**
1.1.4	Implement a financial vehicle to promote e-Skills capacity development	Establish an e-Readiness Fund that will allow for collaborative partners to contribute to capacitating e- skills in the country.	Partially achieved– Hosted meetings with targeted government, business and international organisations. Created an interim e-Readiness Fund account and is currently maintaining an e-Readiness register of contributions. In collaboration with an international company they have funded further work in elevating the e-Readiness Programme and Fund.	Terms of reference were not developed.	The positioning of the e-Skills e-readiness programme and fund is critical for the success of the Institute and requires Ministerial and Deputy Minister support post the launch of iNeSI.

Performance Information

Programme 2: Teaching and Learning (Curriculum Development)

The purpose of Programme 2 is to leverage existing ICT education and training expertise, infrastructure and courses and help existing service providers better align to the MTSF 2009-2014, NDP 2012. It will collaborate with existing national and international institutions, civil society, organised labour, private corporations and invite them to partner with the Institute in various ways such as contributing to new curriculum planning, course development and course presentation.

It will identify the gaps, shortages and mismatches in course content vis-à-vis the demand for ICT and ICT related skills and competencies across organisational boundaries. It will do this through broad consultation between the Institute and its stakeholder community to ensure alignment between skills supply and skills demand as well as respond to futuristic needs. This consultative approach will be informed by research and the experience of leaders and innovators in the field of ICT and e-education and training, research and policy development thus ensuring that the Institute remains at the forefront of the development of e-Skills curricula.

Programme 2 is responsible for a national e-Skills curriculum and competency framework; develop and deliver through face-to-face and blended learning targeted courses in the areas of e-enablement of government services; ICT for rural development, e-inclusion and social innovation, knowledge-based economy and e-social astuteness (e-literacy), creative new media industries and connected health; and expand its virtual network into targeted communities through its smart community knowledge centres.

Key performance indicators, planned targets and actual achievements

Programme 2: Teaching and Learning (Curriculum Development)					
Strategic objective: Pursue excellence in teaching and learning					
No	**Performance Indicator**	**Annual Planned Target 2013/14**	**Actual Achievement 2013/14**	**Deviation from planned target to Actual Achievement for 2013/14**	**Comments on deviations**
2.1.1	Develop and facilitate a national e-Skills curriculum framework	Produce and implement a national e-Skills curriculum and competency framework with all major e-Skills stakeholders.	Partially achieved - Approved NCCF of the Institute guided continuous work in this area at a provincial level.	Inability to host the national workshop with all stakeholders.	Budget delays and the absence of a new name for the institute and the launch hindered. progress.

2.1.2		Conduct environmental scans and use findings to develop courseware relevant to the current and future socio-economic needs and in developing an e-Skills workforce. Targeted courses developed, accredited and offered i.e.: • e-enablement of government service delivery (Community Development Workers) • creative and media industries (broadcast digital migration installation technicians and community field agents) • e-inclusion and social innovation (e-centre manager) • ICT for Rural Development (capacitating FET ICT college lecturers) • Knowledge- based Economy and e- astuteness (e- literacy includes basic, information and mobility - communities). • e-Health (targeting communities of health practitioners)	Partially achieved despite the delay in funds targeted e-Skills courseware was developed in line with the NCCF and in collaboration with key stakeholders. 20 Courses were developed across the national thematic areas. (See Impact 2013 Report – Annex 1). Also see NEMISA 2013/14 Report – Annex 2)	The development of more courseware is still in progress.	Environmental scans were delayed in the 2013 due to the funding allocations from the Department. Funds were only transferred to the Institute at the end of Quarter 3 which impacted negatively on the activities of the Institute and its Colabs.

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Programme 2: Teaching and Learning (Curriculum Development)					
Strategic objective: Increase access and diversity					
No	**Performance Indicator**	**Annual Planned Target 2013/14**	**Actual Achievement 2013/14**	**Deviation from planned target to Actual Achievement for 2013/14**	**Comments on deviations**
2.2.1	Implement delivery for impact strategy.	Develop a delivery for impact strategy and implement the virtual e-Skills knowledge transfer network that supports the development and dissemination of online content.	Achieved. Developed and tested the strategy. 3 497 learners were impacted directly. (See Impact 2013 Report – Annex 1). • The Institute and its CoLabs have been operating under substantial good will and a very strong commitment to implement the National e-Skills Plan of Action. The intent and the delivery model has received wide spread support across key SA stakeholder groups and has been endorsed by high level international forums (incl. ITU). Going forward it is critical that an appropriate budget be allocated to the Institute to impact against the NDP 2012 and the SA Connect (Broadband Policy).	None	None

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Programme 3: Research and Innovation

The purpose of Programme 3 is to look for appropriate, and innovative, ways to address systemic problems and other inefficiencies and weaknesses in achieving learning success. This would include finding ways to identify entrants with potential that do not have the normally required entrance qualifications; supporting under-prepared students; introducing work integrated learning and practical components into programmes. As a core function the Institute will be responsible for research and policy development and developing a citizenry for the Information Society and Knowledge Economy. This process of reflection and renewal will be central to its vision of being responsive, flexible and innovative.

It will provide a focus for continuous research in a trans-disciplinary manner to concentrate on new ways to embed technology into people's lives to improve business opportunities, access government services and build social cohesion; manage evidence-based research and development for a collaborative knowledge economy to address the national goals (MTSF 2009-2014 and NDP 2012) e.g. thought leaders (policy and practice); participate in the development of an evaluation and monitoring framework for collaborative knowledge economy based efforts to address national goals i.e. MTSF 2009-2014 and NDP 2012; and has a proactive approach to environmental scanning in a rapidly changing landscape through its national platform that can more adequately assess gaps, overlaps and opportunities for collaborative approaches.

The goals of programme 3 will be realised by strengthening the national e-Skills Research Network (ResNES); host an annual research colloquium; and provide for the establishment of research chairs to support the national thematic areas of the provincial CoLabs.

In addition, Programme 3 will build on the three existing application factories to stimulate local innovation. These factories will provide collaborative spaces for learners, entrepreneurs and the community for mutual support in skills development, idea sharing and product development and networking. Three application factories are already in existence in the Western Cape, Eastern Cape and Gauteng.

Key performance indicators, planned targets and actual achievements

Programme 3: Research and Innovation					
Strategic objective: Lead the e-Skills research and innovation					
No	**Performance Indicator**	**Annual Planned Target 2013/14**	**Actual Achievement 2013/14**	**Deviation from planned target to Actual Achievement for 2013/14**	**Comments on deviations**
3.1.1	Increase e-skills research output through establishment of a formalised research network for e-skills	Strengthen the national e-Skills research platform (ResNES) through: • National framework • Collaborative research proposals • Host national e-Skills research colloquium.	Partially achieved - 39 research projects initiated and completed; 13 PhD students, 50 journal/ conference papers developed and presented. (See Impact 2013 Report – Annex 1)	No hosting of national e-Skills research colloquium.	Funds were only transferred to the Institute at the end of Quarter 3 which impacted negatively on the activities of the Institute and its CoLabs.

3.1.2	Increase the number of apps factories and number of local applications developed.	Establish an innovative and stimulating environment for research focusing on the use and uptake of mobile technology	Achieved. 44 mobile apps were developed/ initiated across three provinces i.e. Eastern Cape, Western Cape and Gauteng. Hosted 3 Mobile Apps Development campaigns across three provinces and have impacted 1 505 learners in mobile apps development (See Impact 2013 Report – Annex 1) Despite the above, it is important to note that the funds were only transferred to the Institute at the end of Quarter 3 which impacted negatively on the activities of the Institute and its CoLabs.	None	None

Programme 4: Advocacy and Awareness

The purpose of Programme 4 is to develop a national awareness campaign that will gain the understanding, support and recognition from the highest levels of Government, Business, Education, Civil Society and Organised Labour. It will involve all available channels (e.g. SABC, community radio, print and social media and all Government communication programmes.

Key performance indicators, planned targets and actual achievements

Programme 4: Advocacy and Awareness					
Strategic objective: Strengthen national and internal profile and visibility					
No	**Performance Indicator**	**Annual Planned Target 2013/14**	**Actual Achievement 2013/14**	**Deviation from planned target to Actual Achievement for 2013/14**	**Comments on deviations**
4.1.1	Implement a national innovative advocacy and awareness campaign through the provincial e-Skills colabs and smart community knowledge centres	Design and implement a combined national advocacy and awareness campaign	Partially achieved - e-Skills Communication strategy. The strategy guides the monthly newsletter (12) and the advocacy and awareness campaigns in the provinces i.e. 13 campaigns/workshops and radio talk show; 3 Mobile Apps Development Campaign. As a direct result we have a national e-Skills database more than 700 Stakeholders.	The implementation of the combined national advocacy and awareness campaign is still in progress.	Appropriate budget to support the APP of the Institute. Launch of Ikamva National e-Skills Institute took place in Quarter 4.

Performance Information

Programme 5: e-Skills Aggregation, Monitoring and Evaluation

The purpose of Programme 5 is to build a formalised multi-stakeholder aggregation and collaborative network that allows the Institute to link outputs and impact and helping existing service providers to demonstrate measurable impact against national strategic plans. It will implement a monitoring framework to aggregate the uptake of technology within society and consistently address the opportunities highlighted between supply and demand of e-Skills to deliver against the MTSF 2009 – 2014 goals, the NDP 2012, the MDGs and to support the local needs of an ever-evolving information society and a vibrant knowledge economy.

It will address many of the reasons for the current shortage. It will increase the pool of entrants; actively work towards improving throughput and graduation success rates; continually introduce new and updated courses in response to market requirements; focus on up-skilling and re-skilling those whose existing qualifications prevent them from finding work, those who are not maximally effective within their current jobs, and among trainers and educators.

The Institute will be in a position to consider the current supply of and demand for skills, an appropriate portfolio of offerings, and innovative ways of teaching and learning from a variety of perspectives and without needing to defend entrenched opinions. At the same time they will collaborate with stakeholders who have in the past been in competition with each other. This does not mean that the very significant challenges that they will face as a new organization are not being recognized. The most immediate of these is obtaining exceptionally capable staff and building credibility as well as a brand.

Performance Information

Key performance indicators, planned targets and actual achievements

Programme 5: e-Skills Aggregation, Monitoring and Evaluation					
Strategic objective: Impact SA's economic and social development					
No	**Performance Indicator**	**Annual Planned Target 2013/14**	**Actual Achievement 2013/14**	**Deviation from planned target to Actual Achievement for 2013/14**	**Comments on deviations**
5.1.1	Create an e-Skills aggregation monitoring and evaluation framework with relevant stakeholders to support the NDP and the Human Resource Developme nt Strategy of South Africa (HRDSA)	Develop an e- skills aggregation monitoring and evaluation mechanism with relevant stakeholders including that of DHET to aggregate resources, effort and assessment of stakeholder e- skills initiatives for achieving optimal socio-economic impact.	Partially achieved Aggregation framework developed and approved.	National workshop with relevant stakeholders including DPME yet to take place.	Appropriate budget to support the APP of the Institute. Launch of Ikamva National e- Skills Institute took place in Quarter 4.
		Plan and commence the audit of e-Skills activities across the Portfolio of Departments and State-Owned Enterprises involving National Treasury, Department of Monitoring and Evaluation and Department of Planning.	Partially achieved – audit report has been completed	National eSkills summit with stakeholders will only be held in the next financial year.	Absence of a name and the official launch of the Institute make it difficult to build credibility and to formalize relationships.
		Develop and test an e-Skills integration for impact framework. Produce report on findings.	Partially achieved - Produced the Impact 2013 Report and the Annual Reports of each of the CoLabs 2013.	Impact framework still in progress.	Absence of a name and the official launch of the Institute make it difficult to build credibility and to formalize relationships. Appropriate budget to support the APP of the Institute. Delays in the execution of the EU/SA Dialogue Project.

Performance Information

Programme 6: Governance & Administration

The purpose of Programme 6 is to provide support to the overall management of the Institute and consists of Departmental Management, Internal Audit, Legal Services, Corporate Services, Financial Management and Facilities Management.

Key performance indicators, planned targets and actual achievements

Programme 6: Governance & Administration					
Strategic objective: Attract and retain excellent diverse staff					
	Performance Indicator	**Annual Planned Target 2013/14**	**Actual Achievement 2013/14**	**Deviation from planned target to Actual Achievement for 2013/14**	**Comments on deviations**
6.1.1	Appoint the required people (staff) that supports the mandate of a catalytic Institution.	Develop professional Development strategy and plan for the Institute	Partially achieved - approved an interim organisational structure comprising of eSI, NEMISA and ISSA staff to oversee the delivery of the programmes.	The design of the complete and comprehensive organogram for the new institute is still in progress.	Delays in the transfer of the approved eSI budget and organogram for new appointments. Moratorium was placed by the Board on all new appointments. Completion of Regulatory Compliance Process (new name, MOI and registration of new name)
Strategic objective: Implement world-class processes and systems to support a national catalytic, facilitator and change agent institution					
6.1.2	Effective and efficient organisation, business processes and systems that supports the mandate of a catalytic Institution	Organisational design process commenced focusing on culture, values and performance processes and systems.	Not achieved	The organisational design is still in progress.	Delays in the transfer of appropriate budget by the Department to conclude on the integration process.

Strategic objective: Ensure physical presence of the Institute across the country					
6.13	Build and expand the operations of the Institute.	Build and expand on existing provincial CoLabs (five in place) and improve central operation. Establish four (4) provincial e-skills CoLabs in the other four provinces and in collaboration with the DHET (two new universities).	Partially achieved - 2 of 4 was achieved i.e. in Limpopo Province an MOU was signed with the University of Limpopo and delivery of e-Skills activities commenced; in the North West we secured funding for the establishment of a CoLab in the North West Province in collaboration with the local university and International organisations.	2 Universities out of the targeted 4 are still outstanding.	Delays in the transfer of appropriate budget by the Department.

Corporate Governance

1. Introduction

This report sets out the key governance principles adopted by the directors in governing NEMISA.

The stringent requirements for more effective corporate governance practices by organisations are rapidly escalating, both globally and in South Africa.

The Board endorses the principles of accountability, integrity and transparency underlying the Code of Corporate Practices and Conduct as contained in the King III Report on Corporate Governance and also endorses the principles contained in the Protocol on Corporate Governance for State Owned Enterprises as well as the dictates of the Public Finance Management Act 1 of 1999, as amended.

The Board fully appreciates the growing demand for accountability, honesty and transparency in fulfilling its fiduciary duties towards the shareholder and NEMISA. To this end, the Board is striving to comply with best corporate governance practices in order to:

- Promote informed and sound decision making;
- Mitigate against reputational impacts;
- Gain the trust and confidence of stakeholders;
- Lead to effectiveness and efficiency; and
- Enable legal compliance.

In addition to King III, as referred to above, NEMISA takes cognisance of corporate governance requirements addressed in documents such as the:

- Public Finance Management Act No. 1 of 1999, as amended;
- National Treasury Regulations in terms of Government Notice No. R740 in the Government Gazette No.23463, published on 25 May 2002;
- Protocol on Corporate Governance in the Public Sector, 2002;
- Strategic plan and Annual Performance Plan;
- Board Charter; and
- Memorandum of Incorporation of NEMISA.

2. Portfolio Committees

Parliament exercises its role through evaluating the performance of NEMISA by considering its annual financial statements and other relevant documents which, together with other documents, have to be tabled from time to time.

3. Executive Authority

The Minister of Communications is the executive authority responsible for NEMISA. The Minister is responsible for appointing the Board members and for ensuring that the Board members appointed have the necessary skills and expertise.

4. The Accounting Authority / Board

NEMISA has a unitary Board structure. As at 31 March 2014 the board comprised of seven (7) non-executive directors and two (2) executive directors. Three (3) non-executive directors were appointed during the 2013/2014 financial year. All of the non-executive directors are independent, and are expected to contribute an unfettered and independent view on matters considered by the Board. They have significant influence in deliberations at meetings.

In line with good corporate governance, it remains the policy of NEMISA to have more non-executive directors than executive directors serving on the Board.

The names of all Board members, as well as members of various Board Committees can be found on page 46 of the Annual Report. Information regarding directors' attendance and remuneration is on page 66 of the Annual Report.

Corporate Governance

The non-executive directors, appointed by the Minister of Communications, bring a wide range of experience and professional skills to the Board, and they are required to execute their duties properly and to participate actively at Board meetings.

Remuneration of Board members is determined by the Minister of Communication. The directors are entitled, at NEMISA's expense, to seek independent professional advice where there is doubt as to whether a proposed course of action by the Board is consistent with the director's statutory and/or fiduciary duties and responsibilities. A policy on board access to independent professional advice was approved by the board.

The Board is responsible for the ongoing oversight and assessment of NEMISA's policies relating to:

- Strategic and Annual Plans;
- Reviews of management performance against objectives;
- Ongoing assessment of policies, which include;
    - Delegation of powers of Board Committees;
    - Responsibilities and Terms of Reference of Board Committees; and
    - Determination of the level of authority of Board Committees.
    - Board and Board Committee self assessment for the year.

In preparing the annual financial statements, NEMISA used appropriate accounting policies supported by reasonable and prudent judgements and estimates, and has complied with all applicable standards. The Board is of the opinion that the annual financial statements fairly present the financial position of NEMISA as at 31 March 2014, and the results of operations and cash flows for the year then ended. The table below discloses relevant information on non-executive Board members:

Composition of the Board

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
Dr Molatelo Maloka	Chairperson of the Board Independent non-executive member	1 March 2012		Doctrate	Business and Administration	OSHEQ (Pty) Ltd	Member of the HRRC	10
Mr G Lenepa	Independent non-executive member	1 April 2010, Re-appointed for a second term on 1 March 2013		MBA	Business and Administration. Public sector.	Lenepa Consulting (Pty) Ltd	Chairperson of BARC Member of the NAC	10
Prof Roy Marcus	Independent non-executive member	1 March 2012		PHD	Education and training ICT	Da vinci Institute Future Managers (Pty) Ltd	Chairperson of NAC Member of the HRRC	10
Mr Thami Ka Plaatjie	Independent non-executive member	1 April 2012		Masters	Public sector Education	Asanda Magcina Holdings Siyandanozi Holdings	Chairperson of HRRC Member of the BARC Member of the NAC	11
Ms Loren Braithwaite Kabosha	Independent non-executive member	1 May 2013		Juris Docturis	ICT Public sector	South African Communication forum LMBLMK Soka Gakkai international (NPC)	Member of the BARC Member of the NAC	9
Ms Khanyi Ngambi	Independent non-executive member	1 May 2013		B Com Industrial and Organisational Psychology	Public sector Human Resources Management	None	Member of the HRRC	6
Mr Lucas Mello				Diploma in Education Public Finance and Administration	Public sector Education and Training	None	Member of the BARC	7

5. Board Committees

NEMISA currently has three (3) permanent committees to assist the Board in the execution of its responsibilities. The committees are the Board Audit and Risk Committee (BARC), the Human Resources and Remuneration Committee (HRRC) and NEMISA Academic Committee (NAC). The reports and recommendations of the committees to the Board ensure transparency and full disclosure of committee and business related activities. Each committee operates within terms of references that set out the composition, role, responsibilities, delegated authority and the requirements for convening meetings.

Committee meeting agendas, papers and minutes are made available to all members of the Board on request. Sub-committees may also be formed on an ad hoc basis to deal with specific matter.

The Chief Executive Officer, the Chief Financial Officer and Chief Operations Officer are ex-officio members of the committees. The tabled below discloses relevant information on the various Board committee members:

Committee	No. of meetings held	No. of members	Name of members
Board Audit and Risk Management Committee (BARC)	5	4	• Mr Gaitsiwe Lenepa (chairperson) • Mr Thami ka Plaatjie • Ms Loren Braithwaite Kabosha • Mr Lucas Mello
Human Resources and Remuneration Committee (HRRC)	5	4	• Mr Thami ka Plaatjie (chairperson) • Dr Molatelo Maloka • Prof Roy Marcus • Ms Khanyi Ngambi
NEMISA Academic Committee	5	4	• Prof Roy Marcus(chairperson) • Mr Thami ka Plaatjie • Ms Loren Braithwaite Kabosha • Mr Gaitsewe Lenepa

5.1 Board Audit and Risk Committee

The Committee was established to assist in relation to the reporting of financial information, the appropriate application and amendment of accounting policies, the identification and management of risk, the internal control systems and governing external and internal audit.

For the period under review, the Committee has performed its duties and responsibilities in line with its formal charter. The Chief Financial Officer, representatives of the Auditor General, and representatives of the Internal Audit and Risk Management team are invited to attend every meeting of the Committee. The external and internal auditors have unrestricted access to the Chairperson of the Committee, as well as the Chairperson of the Board and every non-executive board member.

Two of the non-executive members of the Committee became part of the committee in 2013 and this increased the membership composition of the committee from two non-executive directors to four (4) non executive directors (including the Chairperson). The attendance schedule for the meetings of the Committee is included on page 46 of this Annual Report. The report by the Chairperson of the Committee is included on page 57.

Corporate Governance

5.2 Human Resources and Remuneration Committee

The primary responsibility of the Committee is to assist the Board in all matters related to Human Resources and remuneration. The Committee is dedicated to supporting the strategic goals of NEMISA through guidance and support in areas such as the formulation, development and implementation of human resources strategies, policies, plans and programmes.

The attendance schedule for the meetings of the Committee is included on page 46 of this Annual Report. A report by the Chairperson of the Committee is included on page 49.

5.3 NEMISA Academic Committee

The Academic Committee assists the board on matters related to teaching and learning in accordance with the vision, mission, and core values of NEMISA, the strategic goals and subsequent Key Performance Areas and Indicators, the principles of corporate governance and within the legal and management framework of NEMISA.

The attendance schedule for the meetings of the Committee is included on page 46 of this Annual Report. A report by the Chairperson of the Committee, pertaining to NEMISA's performance is included on page 14.

6. Risk Management and Internal Control

The Board, with the assistance of internal audit and the Board Audit and Risk committee, needs to ensure that an effective, efficient and transparent system of internal control is implemented and maintained so that NEMISA can meet its strategic objectives and goals. This is done through the establishment of an appropriate control environment. Due to the size and the nature of NEMISA's operations, a complete system of internal control and risk management is not feasible. The CEO is responsible for supervising the operations of NEMISA on a daily basis while the Management Committee monitors the compliance with applicable laws and regulations against NEMISA's approved operating and policy procedures to ensure that NEMISA's goals and objectives are achieved. Reliance is also placed on the internal and external audit, as these functions play an important role in maintaining effective internal control systems. The Board has ensured that the necessary policies, procedures and practices are in place to identify and respond to all risks faced by NEMISA in a timely and adequate manner. This includes an annual assessment of risks associated with the functions and operations of NEMISA, and frequently updating its risk management strategy in response to these risks.

7. Internal Audit

Internal audit assists the Board to maintain an effective and efficient internal control environment. Internal audit is responsible to evaluate NEMISA's controls in determining its effectiveness. Internal audit is also responsible to develop recommendations, where appropriate, to improve and enhance existing control.

NEMISA has outsourced their internal audit function to Outsourced Risk and Compliance Assessment (ORCA).

8. Compliance With Laws and Regulations

With the assistance of internal and external audit, NEMISA has established and implemented various policies to consider compliance with the applicable laws and regulations on a regular basis.

9. Fraud and Corruption

The Board has developed and implemented a fraud prevention plan to address the risk of fraud and corruption. NEMISA outsourced the fraud hotline services to Nkonki Incorporated. During the year under review no fraud cases were reported.

10. Minimising Conflict of Interest

In order to minimise conflict of interest at NEMISA, the Board has developed and implemented appropriate procedures to deal with this matter. All Board members and the Secretariat are required to complete an annual declaration of interests. At each Board meeting, the declarations from Board members are updated, where appropriate. Newly appointed employees are required to declare all actual or perceived conflicts of interest on appointment. When new conflicts of interest arise, employees are required to declare such interest in the appropriate register, after which it is reported to the Board.

11. Code of Conduct

The Board has approved a code of conduct that requires all Board members, Secretariat and all NEMISA employees to conduct its business fairly, impartially, in an ethical and proper manner, and in full compliance with all known and applicable laws and regulations. NEMISA expects all employees to share its commitment to high moral, ethical and legal standards.

The Board with assistance of the Board Audit and Risk Management Committee has also approved supply chain management code of conduct.

12. Health Safety and Environmental Issues

The Board has approved an occupational health and safety policy aimed at providing and maintaining a safe and healthy working environment for all employees of NEMISA. The Acting CEO has appointed Health and Safety committee to oversee the health and safety issues.

13. Social Responsibility

As NEMISA is financed by transfer payments from the Department of Communications, it has made no donations or contributions from its funds for social responsibility.

Human Resources

1. Introduction

The employment of dedicated and competent staff is fundamental for NEMISA in meeting its goals and objectives, especially since the year 2013/2014 is the first year of the integrated entity. The Institute's biggest, and most important asset, is its staff. NEMISA is therefore committed to employ, train, utilise and retain the best personnel available, and to make diligent efforts to develop and motivate all employees towards higher standards of performance.

The new integrated Annual Performance Plan 2013/2014 ensures that the Institutes operates within a broader mandate of ensuring that South Africa improves its competitiveness in ICT through impacting all levels and sectors of society; from Foundation Phase to Higher Education and from labour to executive management in both the private and public sectors.

The impact on change and continuity therefore meant that NEMISA had to balance the imperatives of running current projects with consideration for migrating into readiness for implementing the new vision of the new Institute. This had implications for additions to the organisational structure so that NEMISA minimises new long-term engagements of staff before the new business model could be adopted to ensure that our organisational structure is properly geared to deliver on our new business model. The Board approved an interim governance structure for 2013/2014 to be in place in order for the institute to be able to deliver on its current Annual Performance Plan and Strategic Plan.

The Board, through the Human Resources and Remuneration Committee, regularly reviews existing policies and procedures in addressing all human resource related matters and any challenges faced by the Institute. One of the biggest challenges remains the recruitment and retention of skilled technical staff in order to meet NEMISA's objectives as set out in its strategic plan. The Board has approved Code of Ethics and Business Conduct which will ensure that everyone involved with NEMISA conducts business with the highest standards of ethics, desired business conduct and professional behaviour; and the integrity of both NEMISA and its employees is not compromised.

Total personnel expenditure for the financial year 2013/2014 amounted to R18.1 million. Incentives were approved for the period ended 2012/2013 which had been provided for in the previous year's financial statements, this is after the HRRC approve a performance management framework which defines the processes that are performed throughout the evaluation of performance incentive to ensure fairness and transparency in adhering to the Performance Management Policy.

2. Personnel Cost by programme/ activity/ objective

Programme/ activity/ objective	Total Expenditure for the entity	Personnel Expenditure	Personnel exp. as a % of total exp.	No. of employees	Average personnel cost per employee
Teaching and Learning	13 139 229	10 463 283	80%	48	217 985
Administration	26 243 112	7 685 096	29%	25	307 403
Multi stakeholder collaboration	2 985 875		0%		
Total	**42 368 217**	**18 148 379**		**73**	**525 388**

3. Personnel cost by salary band

Level	Personnel Expenditure	Expenditure % of personnel exp. to total personnel cost	No. of employees	Average personnel cost per employee
Top Management	2 616 047	14%	2	1 308 023
Senior Management	2 523 639	14%	4	630 909
Professional qualified	5 939 814	33%	8	742 476
Skilled	5 133 223	28%	50	102 664
Semi Skilled	1 935 654	11%	9	215 072
Total	**18 148 379**	**100%**	**73**	**2 999 147**

4. Performance rewards

Level	Performance rewards	Personnel Expenditure	% of performance rewards to total personnel cost
Top Management		2 616 047	
Senior Management		2 523 639	0%
Professional qualified	79 428	5 939 814	1%
Skilled	31 759	5 133 223	1%
Semi Skilled	54 811	1 935 654	3%
Total	**165 998**	**18 148 379**	**1%**

Human Resources

5. Training Costs

Programme/ activity/ objective	Personnel Expenditure	Training Expenditure	Training Expenditure as a % of Personnel Cost	No. of employees trained	Average training cost per employee
Teaching and Learning	10 463 283	75 467	1%	7	10 781
Administration	7 685 096	69 953	1%	15	4 663
Multi stakeholder collaboration	2 985 875				
Total	**21 134 255**	**145 420**	**2%**	**22**	**15 444**

6. Employment and vacancies

At the level of Top Management and Senior Management, the position of Chief Executive Officer which impacted negatively on the delivery of organisational performance and the rest being Chief Operations Officer. The position of Acting CEO is now occupied by Dr Harold Wesso who has been seconded by the Department of Communications. Most vacant positions pertain to the lecturing staff and other administrative positions. Below are the tables indicating vacancies per level and vacancies by programme.

Level	2012/2013 No. of Employees	2013/2014 Approved Posts	2013/2014 No. of Employees	2013/2014 Vacancies	% of vacancies
Top Management	2	3	1	2	67%
Senior Management	3	5	2	3	60%
Professional qualified	8	8	7	1	13%
Skilled	38	27	24	3	11%
Semi Skilled	14	14	9	5	36%
Total	**65**	**57**	**43**	**14**	**25%**
Teaching and Learning	0	29	21	8	28%
Administration	0	28	22	6	21%
Multi stakeholder collaboration					
Total	**0**	**57**	**43**	**14**	**25%**

Human Resources

6.1 Employment changes

Level	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	2		1	1
Senior Management	3	1	2	2
Professional qualified	8	2	1	9
Skilled	42	3	24	21
Semi Skilled	10			10
Total	**65**	**6**	**28**	**43**

6.2 Reasons for leaving

Reason	Number	% of total no. of staff leaving
Death		0%
Resignation	6	21%
Dismissal		0%
Retirement		0%
Ill Health		0%
Expiry of contract	22	79%
Other		0%
Total	**28**	**100%**

7. Equity target and employment equity status

7.1 Employment equity

NEMISA supports employment equity in the workplace although there are no disabled employees; the Institute strives to meet its targets. The demographic composition of the Institute at reporting date was follows:

Gender	African		Coloured		Indian		White		Foreign	
	Current	Target - EAP	Current	Target - EAP	Current	Target - EAP	Current	Target - EAP	Current	Target - EAP
Male	29.5%	40.5%	4.5%	6%	2.3%	1.9%	4.5%	6.70%	4.55%	0%
	13		2		1		2		1	19
Female	40.9%	33.0%	6.8%	5.0%	0%	1.3%	6.8%	5.40%		
	18		3		0		3			24
Total	**31**		**5**		**1**		**5**		**1**	**43**

Annual Financial Statements
for the year ended 31 March 2014

GENERAL INFORMATION

REGISTERED OFFICE
21 Girton Road
Parktown
Johannesburg
2193

BUSINESS ADDRESS
21 Girton Road
Parktown
Johannesburg
2193

POSTAL ADDRESS
P.O. Box 545
Auckland Park
Johannesburg
2006

BANKERS
Standard Bank of South Africa
5 St David's Place
Parktown
2193

EXTERNAL AUDITORS
Auditor-General South Africa

COMPANY SECRETARY
Mr Hulisani Murovhi

COMPANY REGISTRATION NUMBER
1998/014825/08

Annual Financial Statements

for the year ended 31 March 2014

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The reports and statements set out below comprise the financial statements presented to Parliament:

NEMISA NPC
National Electronic Media Institute of South Africa

Directors' Responsibilities and Approval of the Annual Financial Statements

for the year ended 31 March 2014

The Board of Directors is responsible for ensuring the maintenance of adequate accounting records, the preparation and integrity of the financial statements and related information.

In order for the Board to discharge its responsibilities management has developed and continues to maintain systems of internal controls. The Board of Directors has ultimate responsibility for the systems of internal controls and reviews its operations primarily through the Board Audit and Risk Management Committee.

The internal controls include a risk-based system of internal auditing and administrative controls designed to provide reasonable but not absolute assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board.

The auditors are responsible for independently auditing and reporting on the fair presentation of financial statements in conformity with Public Audit Act of South Africa, 2004 (Act No. 25 of 2004).

The annual financial statements have been prepared on a going concern basis, since the directors have every reason to believe that the company has adequate resources in place to continue in operation for the foreseeable future.

The Board of Directors is also of the opinion that the Code of Corporate Practices and Conduct has been adhered to. The financial statements for the year ended 31 March 2014 as set on pages 62 to 98, were submitted for auditing on 31 May 2013 and were approved by the Board of Directors in terms of section 51(1)(f) of the Public Finance Management Act, 1999 (Act No.1 of 1999), as amended, and section 30(1 and (2)) of the Companies Act 71 of 2008, as amended.

The financial statements for the year ended 31 March 2014 as set on pages 62 to 98, have been approved by the Board of Directors and are signed on its behalf by:

Dr M Maloka
Board Chairperson

Mr G Lenepa
Board Audit and Risk Management Chairperson

Report of the Board Audit and Risk Management Committee

for the year ended 31 March 2014

We are pleased to present our report for the financial year ended 31 March 2014.

Board Audit and Risk Management Committee

The Board Audit and Risk Management Committee (BARC) consisted of the members listed hereunder and should meet 6 times per annum as per its approved terms of reference. During the current year, 5 meetings were held.

Name of member	Number of meetings attended
Mr G Lenepa *(Chairperson)*	5
Mr T Ka Plaatjie	5
Mr L Mello *(appointment 01/ 05/2013)*	3
Ms L Braithwaite Kabosha *(appointment 01/05/2013)*	3

Responsibilities

The Board Audit and Risk Management Committee reports that it has complied with its responsibilities arising from section 55(1)(a) of the PFMA and Treasury Regulation 27.1.

The Board of Directors has the general responsibility to ensure that the company has and maintains effective, efficient and transparent systems of risk management and internal controls.

The responsibility to ensure the adequacy and effectiveness of these systems are delegated to the Board Audit and Risk Management Committee, acting in an advisory capacity to the Board and operating as overseer with an independent and objective stance.

Board Audit and Risk Management Committee Charter

The Board Audit and Risk Management Committee also reports that it has adopted appropriate formal terms of reference as its Board Audit and Risk Management Committee Charter, has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained in it. Accordingly, the Committee operates in accordance with the terms of the said Charter and is satisfied that it has discharged its responsibilities in compliance with it.

Internal Control System

Combined Assurance

In determining the need for combined assurance in terms of King III, the Board Audit and Risk Management Committee has taken into account the three pillars of combined assurance being Management, Internal Assurance providers and External Assurance providers.

Risk Management

Growing recognition and acceptance of risk management as a central element of good corporate governance and as a valid management tool to support strategic and operational planning, has many potential benefits for NEMISA. The approach encourages a more outward looking examination of NEMISA, thereby increasing strategic focus, including a greater emphasis on outcomes, and concentrating on resource priorities and performance assessment as part of management decisions. Risk governance operates within a defined structure that is agreed to by the NEMISA Board of Directors and monitored by the Executive Committee and the Board Audit and Risk Management Committee.

Report of the Board Audit and Risk Management Committee

for the year ended 31 March 2014

The NEMISA executive management has established a Risk Management Committee which convened twice during the financial year. The committee met to discuss its terms of reference, risk policies, risk strategy and status of risks identified and the development of divisional risk registers that have to be identified within operations of the business. Internal Audit was invited to the meetings to assist as advisers to the committee.

Risk governance operates within a strongly defined structure that is agreed by the Board and Executive Management and is monitored by the Board Audit and Risk Management Committee.

A risk profile is prepared on the basis of the value drivers and mandates of NEMISA. The challenge is to ensure that risk management is aligned to the strategic objectives at the various levels in NEMISA.

NEMISA has assessed its risk profile. The risk profile addresses the following elements:

- Key risk areas (e.g. strategic, operational and projects);
- Strengths and weaknesses of NEMISA;
- Major opportunities and threats;
- Materiality framework that defines the acceptable materiality levels;
- Capacity to manage risks;
- Learning needs and tools;
- NEMISA's risk tolerance levels, priority-setting and ability to mitigate risks, and
- Linkages with management processes.

During the period under review, an organisational risk assessment workshop was conducted with management of NEMISA in view of the new Strategic Plan and Annual Performance Plan. This workshop was to:

- Re-evaluate the strategic and operational risks identified in the previous risk workshops,
- Identify any new and any emerging risks, and
- Update the risk registers and to enable risk management to be elevated to a strategic level, thus ensuring the progression of risk management maturity.

In order to further improve the company's risk management maturity, regular assessment, evaluation and prioritisation of risks with a view to ensure optimal risk management and related results should be conducted, and entity-wide risk management within the strategic and operational activities of the company should be embedded so that it becomes part of the corporate culture.

The workshop on Fraud Prevention Plan was conducted by the independent service provider to address the three key management principles of prevention, detection and reaction. The Board Audit and Risk Management Committee is committed to a culture of "zero tolerance" to fraud and unethical behaviour.

Evaluation of financial statements

The Board Audit Risk Management Committee has:

- Reviewed and discussed the audited financial statements to be included in the annual report, with the Auditor-General;
- Reviewed the Auditor-General of South Africa's management report and management's response thereto;
- Reviewed changes in accounting policies and practices;
- Reviewed the entity's compliance with legal and regulatory provisions, and
- Reviewed significant adjustments resulting from the audit.

The Board Audit Risk Management Committee concur with and accept the Auditor-General of South Africa's report on the financial statements, and are of the opinion that the audited financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

Report of the Board Audit and Risk Management Committee

for the year ended 31 March 2014

Having reviewed and evaluated the financial statements for the year ended 31 March 2014, the members of the Board Audit and Risk Management Committee believe that the financial statements fairly present the state of affairs of the company, its business, financial results and its financial position at the end of the financial year, and that the company is a going-concern.

Internal audit

The Board Audit and Risk Management Committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the entity and its audits.

In addition, the internal auditing function provides a supportive role to management and the Board Audit and Risk Management Committee by identifying and evaluating significant exposures to risk and contributing to the improvement of risk management and control systems.

The internal audit function, which is currently outsourced, is responsible for independently and objectively evaluating the company's system of internal controls and for bringing significant business risks and exposures to the attention of management and the Board Audit and Risk Management Committee via comprehensive internal audit reports.

The following internal audit work was completed during the year under

- External Audit findings follow-up audit;
- Performance Information audit;
- Facilities audit;
- Occupational health and safety audit;
- Marketing and Communitions audit;
- Human Resources audit, and
- Quality Assurance audit.

Legal and Regulatory Compliance

Legal and regulatory compliance is monitored by the members of the Board Audit and Risk Management Committee in respect of the relevant legislation applicable to the company's operations. Major legislation and regulations under consideration (for which the company has achieved compliance except for those instances detailed in the Director's Report) include the Company's Act 71 of 2008, as amended, and the Public Finance Management Act 1 of 1999 as amended, and Treasury Regulations.

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

Funding

Finance required to fund the operational overheads of the company is provided for by the Department of Communications and the National Treasury. Funding is also made available through specific projects from external sources.

Auditor-General of South Africa

The Board Audit and Risk Management committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

Mr G Lenepa
Board Audit and Risk Management Committee
Chairperson

Report of the Auditor-General

for the year ended 31 March 2014

Report on the Financial Statements

Introduction

1. I have audited the financial statements of the National Electronic Media Institute of South Africa (NEMISA) set out on pages 56 to 100, which comprise the appropriation statement, the statement of financial position as at 31 March 2014, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act, (Act No.1 of 1999) (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.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Electronic Media Institute of South Africa (NEMISA) as at 31 March 2014 and its financial performance and cash flows for the year then ended, in accordance with Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act, (Act No.1 of 1999) (PFMA).

Report on Other Legal and Regulatory Requirements

7. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, non-

compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined Objectives

8. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the entity for the year ended 31 March 2014:

   - Programme 1: Multi-Stakeholder Collaboration on pages 29 to 32
   - Programme 2: Teaching and Learning on pages 33 to 35
   - Programme 3: Research and Innovation on pages 36 to 37
   - Programme 5: e-Skills Aggregation, Monitoring and Evaluation on pages 39 to 40

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

10. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPI).

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

12. The material findings in respect of the selected programmes are as follows:

Programme 1: Multi-stakeholder collaboration

Usefulness of reported performance information

13. The FMPPI requires that performance indicators must be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use. A total of 25% of the reported indicators were not well defined.This was due to a lack of properly compiled technical indicator descriptions.

Reliability of reported performance information

14. I did not raise any material findings on reliability of the reported performance information for this programme.

Programme 2: Teaching and Learning

15. I did not raise any material findings on the usefulness and reliability of the reported performance information for Programme 2: Teaching and Learning.

Programme 3: Research and innovation

16. The FMPPI requires performance targets to be specific in clearly identifying the nature and required level of performance. A total of 50% of the reported targets were not specific.

17. The FMPPI requires performance targets to be measurable. A total of 50% of the reported targets were not measurable.

18. This was due to a lack of properly compiled technical indicator descriptions.

Reliability of reported performance information

15. I did not raise any material findings on reliability of the reported performance information for this programme.

Programme 5: e-Skills Aggregation, Monitoring and Evaluation

19. I did not raise any material findings on usefulness and reliability of the reported performance information for this programme.

Additional matters

20. I draw attention to the following matters:

Achievement of planned targets

21. Refer to the annual performance report on page 29 to 42 for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness of the reported performance information for the selected programmes reported in paragraph 60 to 63 of this report.

Adjustment of material misstatements

22. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for Programme 1: Multi-stakeholder collaboration, Programme 2: Teaching and Learning and Programme 3: Research and Innovation. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness of the reported performance information.

Unaudited supplementary schedules

23. The supplementary information set out on pages 14 to 28 does not form part of the annual performance report and is presented as additional information. I have not audited these schedules and, accordingly, I do not report thereon.

Compliance with legislation

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

Strategic planning and performance management

25. Effective, efficient and transparent systems of risk management and internal controls with respect to performance information and management was not in place as required by section 51(1)(a)(i) of the PFMA.

Internal control

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

Leadership

27. Management did not exercise oversight over processes that ensure that there is adequate compliance with laws and regulations and proper processes and management of performance information.

Governance

28. Lack of adequate oversight by governance structures and management in ensuring that a proper risk management process is followed.

Auditor - General

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Pretoria

31 July 2014

Report of the Directors

for the year ended 31 March 2014

The directors present their report for the year ended 31 March 2014.

1. Review of Activities

Main business and operations

The company's mandate is to position NEMISA as a sustainable and industry-relevant provider of advanced multimedia and technical skills for content generation and to establish NEMISA as the electronic content development centre for the Government of South Africa, while its vision is to become a leader in the development of world class electronic media skills in the ICT sector. The Department of Communications has started a process to transfer the e-Skills Institute branch and ISSA branch to NEMISA in order to establish a new institute that will become a key national catalytic collaborator in eskilling the nation in relation to employment readiness; effective e-governance and service delivery; business development; socio-economic development; and; research and development is critical in the development of South Africa. The 2013/14 financial year is the first year of the new integrated Institute (i.e. NEMISA, e-SI and ISSA) and we believe that the Strategic Plan 2013-2018 and the Annual Performance Plan 2013-14 addresses some of the relevant national goals expressed in the NDP and the MTSF 2009-2014. The Plan is designed in such a way that it allows the Institute to impact over the next five years 10 million South Africans.

The operating results and state of affairs of the entity are fully set out in the attached financial statements and do not in our opinion require any further comment.

Net surplus of the entity was R 559 095 (2013: deficit R 950 991), for the year ended 31 March 2014

2. Going Concern

The 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.

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the members continue to procure funding for the ongoing operations for the entity and that the Appropriation Income from the Department of Communications mentioned in these financial statements will remain in force in the foreseeable future.

3. Events Subsequent to Balance Sheet Date

The directors are not aware of any other material circumstances arising subsequent to the end of the financial year, not otherwise dealt with in the annual financial statements and the notes thereto, that would affect the operations or the results of operations significantly.

4. Directors' Interests

At 31 March 2014, the directors had no interest in the capital of the company. No contracts involving directors' interests were entered into in the current period.

5. Note on Accounting Standards

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and in the manner required by the Companies Act 71, 2008, as amended.

Report of the Directors

for the year ended 31 March 2014

6. Leases

The company renewed the agreement for the company's leased premises for a period of two years commencing on 1 December 2013. The operating lease costs have, accordingly, been recognised at a fixed rental based on the time pattern of the benefits rather than any financial benefit that may arise from the transaction, in terms of GRAP 13 Leases, resulting in the equalisation of rental costs for the duration of the agreement.

7. Management and Control

NEMISA is wholly-owned by the State through the Department of Communications.

8. Company Secretary

The company secretary duties are duly performed by a competent and qualified Company Secretary. The company secretary Mr Hulisani Murovhi resigned as secretary of the entity on 31 March 2014.

9. Prior Year Audit Report

The financial statements for the previous financial year were unqualified by the Auditor- General.

10. External Auditors

In terms of Chapter 2, section 4 of the Public Audit Act, 2004 (Act 25 of 2004) the Auditor-General must audit and report on the accounts, financial statements and financial management of all national state departments and accounting entities, including NEMISA. The Auditor-General South Africa will continue in office for the next financial period.

11. Funding

Finance required to fund the operational overheads of the company is provided by the Department of Communications and the National Treasury. Project funding is also sourced from various sources to facilitate the skills development within the sector.

12. Taxation

No provision for Income tax has been made since the company is tax-exempt and qualifies as a Public Benefit Organisation (PBO) in terms of section 10(1)(cN) of the Income Tax Act. The company is also exempt from Value Added Tax (VAT).

13. Accounting Authority (Board of NEMISA)

The members of the entity during the year and to the date of this report are as follows:

Name	Nationality	Changes
Dr M Maloka	South African	
Mr G Lenepa	South African	
Prof R Marcus	South African	
Mr T ka Plaatjie	South African	
Mr L Mello	South African	Appointed 01 May 2013
Ms L Braithwaite Kabosha	American	Appointed 01 May 2013
Ms K Ngambi	South African	Appointed 01 May 2013
Dr H Wesso	South African	
Mrs M M Malakalaka (CFO)	South African	
Mr T Nwedamutswu (COO)	South African	Resigned 31 January 2014

14. Member and Executive Managers Emoluments

PRIOR YEAR AUDIT REPORT

	Salary or Fee	Termination payment	Travel Expense	Other allowances (#)	Total package 2014	Total package 2013
Non-Executive Members						
Dr L Maloka (Chairperson)	189 848	-	162	-	190 010	211 577
Mr G Lenepa	139 719	-	832	-	140 551	157 689
Prof R Marcus	137 586	-	1 040	-	138 626	125 056
Mr T Plaatjie	232 510	-	11 733	-	244 243	141 724
Ms K Ngambi	81 859	-	180	-	82 039	164 078
Ms L Braithwaite Kabosha	125 587	-	260	-	125 847	-
Mr L Mello	95 724	-	17 340	-	113 064	-
Ms N Majokweni	-	-	-	-	-	32 068
Ms D Dube	-	-	-	-	-	1 263
	1 002 833	**-**	**31 547**	**-**	**1 034 380**	**833 455**

Report of the Directors

for the year ended 31 March 2014

	Salary or Fee	Termination payment	Travel Expense	Other allowances (#)	Total package 2014	Total package 2013
Executive Members						
Dr H Wesso (A-CEO)	-	-	12 291	-	12 291	1 612
Ms M Malakalaka	946 332	-	-	33 000	979 332	921 711
Mr T Nwedamutswu	807 000	802 215	-	27 500	1 636 715	921 711
	1 753 332	**802 215**	**12 291**	**60 500**	**2 628 338**	**1 845 034**
Senior Management						
Mr P Ramatswana	707 982	-	85 771	21 000	814 753	778 198
Mr H Murovhi	893 007	76 308	-	21 000	990 315	826 078
Ms H Ndou	483 415	74 152	-	12 250	569 817	754 429
Ms M Cloete	148 754	-	-	-	148 754	-
Mr S Ngcobo	-	-	-	-	-	438 869
	2 233 158	**150 460**	**85 771**	**54 250**	**2 523 639**	**2 797 574**
	4 989 323	**952 675**	**129 609**	**114 750**	**6 186 357**	**5 476 063**

Company Secretary's Certification

for the year ended 31 March 2014

Declaration by the company secretary in respect of Section 88(2)(e) of the Companies Act.

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, I certify that the company has lodged with the Commissioner all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

Statement of Financial Position

for the year ended 31 March 2014

	Note(s)	2014 R	2013 Restated* R
ASSETS			
Current Assets			
Inventories	2	54 842	201 741
Receivables from exchange transactions	3	6 320 582	3 327 939
Cash and cash equivalents	4	18 752 470	5 034 380
		25 127 894	**8 564 060**
Non-Current Assets			
Property, plant and equipment	5	2 861 778	3 765 975
Intangible assets	6	25 911	44 387
		2 887 689	**3 810 362**
Total Assets		**28 015 583**	**12 374 422**
LIABILITIES			
Current Liabilities			
Other financial liabilities	7	65 125	353 613
Payables from exchange transactions	8	5 323 321	1 968 698
Non-exchange revenue liability	9	12 014 120	-
Exchange revenue liability	10	3 721 516	3 910 715
Provisions	11	3 490 827	3 299 820
		24 614 909	**9 532 846**
Total Liabilities		**24 614 909**	**9 532 846**
Net Assets		**3 400 672**	**2 841 576**
Accumulated surplus		**3 400 672**	**2 841 576**

Statement of Financial Performance

for the year ended 31 March 2014

	Note(s)	2014 R	2013 Restated* R
Revenue			
Exchange revenue	12	3 666 660	6 251 331
Interest received	13	590 098	495 447
Non exchange revenue	14	38 731 880	34 116 000
Total revenue		**42 988 638**	**40 862 778**
Expenditure			
Staff costs/staff training expenses	15	(14 429 491)	(14 033 992)
Directors' emoluments and travel expenses		(4 189 363)	(2 878 085)
Audit Fees - external		(843 386)	(915 724)
Network expenses		(179 662)	(158 374)
Depreciation and amortisation		(1 357 469)	(1 954 129)
Finance cost	17	(53 903)	(46 209)
Debt impairment		(300 805)	(640 110)
Repairs and maintenance		(407 615)	(208 012)
Consulting		(1 486 167)	(1 309 874)
Professional fees- outsourced services		(1 545 012)	(1 348 130)
Operating expenses	16	(17 636 670)	(18 321 130)
Total expenditure		**(42 429 543)**	**(41 813 769)**
Operating surplus (deficit)		**559 095**	**(950 991)**
Surplus (deficit) for the year		**559 095**	**(950 991)**

Statement of Changes in Net Assets

for the year ended 31 March 2014

	Accumulated surplus R	Total net assets R
Opening balance as previously reported on 1 April 2011	3 965 967	3 965 967
Adjustments		
Prior year adjustments	(173 400)	(173 400)
Balance at 01 April 2012 as restated*	**3 792 567**	**3 792 567**
Changes in net assets		
Deficit for the year	(950 991)	(950 991)
Total changes	(950 991)	(950 991)
Balance at 01 April 2013 as restated*	**2 841 577**	**2 841 577**
Changes in net assets		
Deficit for the year	559 095	559 095
Total changes	559 095	559 095
Balance at 31 March 2014	**3 400 672**	**3 400 672**

Cash Flow Statement

for the year ended 31 March 2014

	Note(s)	2014 R	2013 Restated* R
Cash flows from operating activities			
Receipts			
Sale of goods and services		373 212	4 341 481
Grants		50 746 000	34 116 000
Interest received		590 098	495 447
		51 709 310	38 952 928
Payments			
Employee costs		(18 427 845)	(18 001 278)
Suppliers		(18 559 906)	(24 979 721)
Finance costs		(53 903)	(46 209)
		(37 041 652)	(43 027 208)
Net cash flows from operating activities	18	**14 667 658**	**(4 074 280)**
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(633 321)	(518 661)
Purchase of other intangible assets	6	(27 759)	-
Net cash flows from investing activities		**(661 080)**	**(518 661)**
Cash flows from financing activities			
Net movement on other financial liabilities		(288 488)	(166 633)
Net cash flows from financing activities		**(288 488)**	**(166 633)**
Net increase/(decrease) in cash and cash equivalents		**13 718 090**	**(4 759 574)**
Cash and cash equivalents at the beginning of the year		5 034 380	9 793 954
Cash and cash equivalents at the end of the year	4	**18 752 470**	**5 034 380**

Accounting Policies

for the year ended 31 March 2014

1. Presentation of Financial Statements

The 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).

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention unless specified otherwise.

All figures are presented in South African Rand.

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

1.1 INVENTORIES

Initial recognition and measurement

Inventories comprise current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition.

Where inventory is acquired by the entity for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Subsequent measurement

Inventories, consisting of consumable stores are measured at the lower of cost and current replacement cost. The basis of determining cost is the first-in-first-out basis.

Redundant and slow-moving inventories are identified and written down from cost to replacement cost with regard to their estimated economic or realisable values.

A provision is maintained for obsolete or damaged inventory. The level of the provision for obsolete inventory is equivalent to the value of the difference between the cost of the inventory and its current replacement cost at financial year-end.

Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction of inventories recognised as an expense in the period in which the reversal occurs.

Derecognition

The carrying amount of inventories are recognised as an expense in the period that the inventory was sold, distributed, written-off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

1.2 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 reporting period.

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 or fair value of the item can be measured reliably.

On initial recognition, an item of property, plant and equipment is measured at cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

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.

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

Property, including buildings, plant and equipment are stated at cost, less accumulated depreciation and impairment losses. The costs of self-constructed assets include the cost of materials, direct labour and other costs incurred directly in the construction of the asset.

Subsequent expenditure

The company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the economic benefits embodied in the item will flow to the company and the cost of the item can be measured reliably. All other costs are recognised in the Statement of Financial Performance as an expense in the period that they are incurred.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

Depreciation

Improvements and interior decorating, signage and canteen equipment costs relate to the costs of revamping and preparing the office building leased under an operating lease for its intended use and are amortised over the lease period. Furniture, fittings and motor vehicles are wholly-owned, while equipment consists of both wholly-owned assets as well as assets subject to financial leases which are capitalised. These assets are stated at historical cost less depreciation calculated on a straight-line basis to write off the cost of each asset (less its residual value) over its estimated useful life, as follows:

Item	Average useful life
Buildings	20 years
Improvements and interior decorating	10 years
Canteen equipment	10 years
Furniture and fittings	6 years
Motor vehicles	5 years
Office equipment	5 years
Computer equipment	5 years
Non linear editing labs	4 years
Television equipment	5 years
Radio equipment	5 years
Signage	10 years

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

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 or disposal of the asset.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment, lease and intangible assets is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance. Where appropriate, and if significant, expected residual values are taken into account in determining the depreciable values of assets. Where parts of an item have different useful lives, they are accounted for as separate items of property, plant and equipment.

Residual values, methods of depreciation and useful lives of all assets are reassessed annually. Depreciation of an item of property, plant and equipment begins when it is available for use and ceases at the earlier of the date it is classified as held for sale or the date it is derecognised.

1.3 LEASES

Leases of property, plant and equipment, where the company assumes substantially all the benefits and risks of ownership, are classified as financial leases. Assets leased in terms of financial lease agreements are capitalised at amounts equal at the inception of the lease to the fair value of the property or, if lower, at the present value of the minimum lease payments and are depreciated in accordance with the policies applicable to equivalent items of property, plant and equipment. The corresponding rental obligations, net of finance charges, are included in other long-term payables. Lease finance charges are amortised over the duration of the leases by using a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases under which the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Obligations incurred under operating leases are charged to expenses in equal instalments over the period of the lease. In keeping with International Accounting Standards, operating lease costs are recognised on the time pattern of the benefits of the lease as opposed to recognition of any financial benefit arising from the transaction.

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.

1.4 INTANGIBLE ASSETS

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Licensed information systems	5 years
Computer software	3 years

1.5 FINANCIAL INSTRUMENTS

Financial instruments recognised in the Statement of Financial Position include cash and cash equivalents, trade receivables and trade payables. Fair value adjustments to the annual financial statements are recognised in the Statement of Financial Performance in the period in which they occurred.

Financial instruments are initially measured at fair value plus, in the case of financial instruments not at fair value through surplus or deficit, transaction costs. The fair value of a financial instrument that is initially recognised is normally the transaction price, unless the fair value is evident from the observable market data.

Financial assets

Financial assets are recognised when the company becomes a party to the contractual provisions of the financial asset. Such assets consist of cash and cash equivalents, a contractual right to receive cash or another financial asset, or a contractual right to exchange financial instruments with another entity on potentially- favourable terms.

Trade and other receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are provided for during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current and are present value adjusted.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and are recognised at fair value. Fair value adjustments are recognised in surplus and deficit. Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly-liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to insignificant risk of change in value.

Financial liabilities

Financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Financial liabilities consist of obligations to delivery of cash or another financial asset or to exchange financial instruments with another entity on potentially-unfavourable terms. Financial liabilities, other than derivative instruments, are measured at amortised cost. Trade and other payables are stated at their nominal value.

Initial recognition and measurement

Financial instruments are recognised initially when the entity becomes a party to the contractual provisions of the instruments.

The entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Regular way purchases of financial assets are accounted for at trade date.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the entity establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Trade and other receivables

Trade and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and subsequently stated at amortised cost, less provision for impairment. All trade and other receivables are assessed at least annually for possible impairment. Impairments of trade and other receivables are determined in accordance with the accounting policy for impairments. Impairment adjustments are made through the use of an allowance account.

Bad debts are written off in the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the reporting date are classified as current. Interest is charged on overdue accounts..

Trade and other payables

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

Derivatives

Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts and interest rate swaps, are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in surplus or deficit.

Changes in the fair value of derivative financial instruments are recognised in surplus or deficit as they arise.

Derivatives are classified as financial assets at fair value through surplus or deficit - held for trading.

1.6 IMPAIRMENT OF NON-FINANCIAL ASSETS

Non-financial assets are assessed at each reporting date to determine whether there is an indication that the carrying amount of the asset may be impaired. If such an indication exists, the recoverable amount of the asset is determined. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. In determining the value in use, the estimated cash flow of the asset is discounted to the present value based on the time value of money and the risks that are specific to the asset. If the value in use of an individual asset for which an indication of impairment cannot be determined, the recoverable amount of the asset is determined.

An impairment loss is recognised in surplus or deficit when the carrying amount of an individual asset exceeds its recoverable amount. Impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount of the asset. Impairment losses are reversed only to the extent of the carrying amount that would have been determined if no impairment loss had been recognised in the past. Reversal of impairment losses are recognised directly in surplus or deficit.

1.7 IMPAIRMENT OF FINANCIAL ASSETS

Impairment losses are recognised on loans and receivables when there is objective evidence of impairment. An impairment loss is recognised in surplus and deficit when the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate of the instrument.

1.8 PROVISIONS AND CONTINGENCIES

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.

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 recognised in the Statement of Financial Position when the company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived from a contract are lower than the unavoidable costs of meeting its obligations under the contract.

Contingent liabilities

Contingent liabilities are not recognised. Contingent liabilities are disclosed in the notes to the financial statements unless the possibility of an outflow of resources embodying the economic benefits is remote. Contingent liabilities are continually assessed to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the financial statements in the period in which the change in probability occurs, unless a reliable estimate can be made.

1.9 EMPLOYEE BENEFITS

Short-term employee benefits

The cost of short-term employee benefits is recognised during the period in which the related service is rendered. Accruals for employee entitlements to salaries, performance incentives and annual leave represent the amounts which the company has a present obligation to pay as a result of employees services provided to the reporting date. The accruals have been calculated at undiscounted amounts based on current salary rates. The expected cost of incentives payments is recognised as an liability when there is a legal or constructive obligation to make such payments as a result of past performance.

1.10 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the 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 financial statements. Significant judgements include:

Trade receivables

The entity assesses its trade 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 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.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the entity is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the entity for similar financial instruments.

Impairment testing

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 11 - Provisions.

Effective interest rate

The entity used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.11 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Appropriation income is recognised at fair value where there is reasonable assurance that the income will be received and all attached conditions will be complied with and when the amount of the revenue can be measured reliably.

1.12 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion of costs incurred to date bear to the total estimated costs of the transaction.

Contract revenue comprises:

- the initial amount of revenue agreed in the contract; and
- variations in contract work, claims and incentive payments:
  - to the extent that it is probable that they will result in revenue; and
  - they are capable of being reliably measured.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Equipment/ facilities hire

Revenue from Equipment/facilities hire is recognised in the accounting period in which they are hired out to customers.

Courses rendered

Revenue on courses rendered are recognised in the accounting period in which the courses are rendered.

Project administration fees

Project administration fees are recognised on completion of the project. When a project is longer than 12 months, administration fees are recognised systematically during the life of the project.

Conditional project funding

Revenues received from project funding are not conditional grants and are recognised as revenue to the extent that the company has complied with general criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

Student fees

Student course fees is accounted for on an accrual basis. The registration fee is recognised upon enrolment of a student, and the course fee is recognised over the period of the presentation of the course.

1.13 INVESTMENT INCOME

Revenue is recognised as the interest accrues (using the effective interest method, that is, the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

1.14 BORROWING COSTS

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.15 RELATED PARTIES

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

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 of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.16 COMPARATIVE FIGURES

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

1.17 TAXATION

No provision for taxation has been made since the company is directly funded by the government and exemption from taxation has been granted by South African Revenue Service (SARS). The company has also been exempted from Value- Added Tax (VAT) registration.

1.18 FRUITLESS AND WASTEFUL EXPENDITURE

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.19 IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

Irregular expenditure as defined in section 1 of the PFMA as expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

(a) this Act; 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.

National Treasury Practice Note No. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

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 must also be 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.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year-end must be 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 must be updated with the amount condoned.

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation, including the Public Finance Management Act 1 of 1999 (as amended by Act 29 of 1999). All irregular expenditure is charged against income in the period in which it is incurred.

	2014 R	2013 Restated* R

2. Inventories

Consumable stores	54 842	201 741

3. Receivables from exchange transactions

Trade debtors	6 444 199	3 327 154
Less: Provision for doubtful debts	(2 969 182)	(2 614 474)
Prepayments/deferred expenses	1 493 483	232 958
Deposits	1 352 082	1 352 082
Transfer from Exchange Revenue Liability	-	1 030 219
	6 320 582	**3 327 939**

The deposit isrequired in terms of the renewed lease agreement for the premises.

Receivables from exchange transactions are carried at amortised cost.

Fairvalue of trade and other receivables

Trade and other receivables	6 320 582	3 327 939
Aged trade receivables		
The aged trade receivables at reporting date was:		
0 - 30 days	547 795	378 388
31 - 60 days	109 782	123 609
61 - 90 days	67 200	1 110 808
More than 90 days	5 595 805	1 715 134
	6 320 582	**3 327 939**

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 12 months past due are not considered to be impaired.

At 31 March 2014, R 3 467 349 (2013: R 458 763) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

0 - 30 days	-	-
31 - 60 days	-	-
61 - 90 days	-	-
More than 90 days	3 467 349	458 763
	3 467 349	**458 763**

* See Note 24

	2014 R	2013 Restated* R
Trade and other receivables impaired		

As of 31 March 2014, trade and other receivables of R 2 969 182 (2013: R 2 614 474) were impaired and provided for.

The ageing of these receivables are as follows:

	2014 R	2013 Restated* R
Older than 12 months	2 969 182	2 614 474
Reconciliation of provision for impairment of trade and other receivables		
Opening balance	2 614 474	1 974 364
Increase in provision for impairment	354 708	640 110
	2 969 182	**2 614 474**

The creation and release of provision for impaired receivables have been included in operating expenses in surplus or deficit (note).

In determining the recoverability of trade receivables, NEMISA considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

* See Note 24

	2014 R	2013 Restated* R

4. Cash and cash equivalents

Cash and cash equivalents consist of:

	2014 R	2013 Restated* R
Cash on hand	794	3 000
Bank balances	922 254	1 292 057
Corporation for Public Deposits balance	17 829 422	3 739 323
	18 752 470	**5 034 380**

5. Property, plant and equipment

	2014			2013		
	Cost / Valuation	Accumulated depreciation/ impairment	Carrying value	Cost / Valuation	Accumulated depreciation/ impairment	Carrying value
Land and buildings	189 396	(59 154)	130 242	189 396	(49 684)	139 712
Improvements and interior decorating	1 161 858	(623 213)	538 645	9 508 041	(8 853 134)	654 907
Furniture and fittings	915 502	(645 189)	270 313	915 502	(542 796)	372 706
Motor vehicles	1 580 237	(1 431 847)	148 390	1 580 237	(1 322 157)	258 080
Radio equipment	908 394	(721 107)	187 287	908 394	(588 855)	319 539
Computer equipment	3 639 649	(2 961 119)	678 530	5 150 299	(4 420 220)	730 079
Canteen equipment	43 951	(40 722)	3 229	217 916	(199 999)	17 917
Television equipment	3 847 590	(3 136 641)	710 949	4 708 722	(3 823 590)	885 132
Radio equipment	1 474 294	(1 280 101)	194 193	1 659 096	(1 271 193)	387 903
Total assets	**13 760 871**	**(10 899 093)**	**2 861 778**	**24 837 603**	**(21 071 628)**	**3 765 975**

* See Note 24

Reconciliation of property, plant and equipment - 2014	Opening balance	Additions	Scrapped assets	Depreciation	Total
Land and building	139 712	-	-	(9 470)	130 242
Improvements and interior decorating	654 907	-	(81)	(116 181)	538 645
Furniture and fittings	372 706	-	-	(102 393)	270 313
Motor vehicles	258 080	-	-	(109 690)	148 390
Office equipment	319 539	-	-	(132 252)	187 287
Computer equipment	730 079	249 398	(113 255)	(187 692)	678 530
Canteen equipment	17 917	-	(12 813)	(1 875)	3 229
Television equipment	885 132	383 923	(83 217)	(474 889)	710 949
Radio equipment	387 903	-	(12 786)	(180 924)	194 193
	3 765 975	**633 321**	**(222 152)**	**(1 315 366)**	**2 861 778**

Reconciliation of property, plant and equipment - 2013	Opening balance	Additions	Scrapped assets	Depreciation	Total
Land and buildings	149 182	-	-	(9 470)	139 712
Improvements and interior decorating	708 299	71 761	-	(125 153)	654 907
Furniture and fittings	485 115	-	-	(112 409)	372 706
Motor vehicles	547 049	-	-	(288 969)	258 080
Office equipment	453 074	14 807	-	(148 342)	319 539
Computer equipment	840 178	432 093	(1 146)	(541 046)	730 079
Canteen equipment	19 985	-	-	(2 068)	17 917
Television equipment	1 301 098	-	-	(415 966)	885 132
Radio equipment	568 829	-	-	(180 926)	387 903
	5 072 809	**518 661**	**(1 146)**	**(1 824 349)**	**3 765 975**

Details of properties

Land and buildings comprises of an office building in Franschoek, in the Stellenbosch Municipality, division of Paarl, Western Cape under sectional plan number SS135/2003 and held by Certificate of Registered Sectional Title No ST 5853/2003. A register is available for inspection at the registered office of the entity.

* See Note 24

	2014 R	2013 Restated* R

6. Intangible assets

	2014			2013		
	Cost / Valuation	Accumulated depreciation/ impairment	Carrying value	Cost / Valuation	Accumulated depreciation/ impairment	Carrying value
Computer software	411 726	(385 815)	25 911	1 131 878	(1 087 491)	44 387

Reconciliation of intangible assets - 2014

	Opening balance	Additions	Scrapped assets	Amortisation	Total
Computer software	44 387	27 759	(4 136)	(42 099)	25 911

Reconciliation of intangible assets - 2013

	Opening balance	Amortisation	Total
Computer software	174 165	(129 778)	44 387

7. Other financial liabilities

	2014 R	2013 Restated* R
Long-term liability under operating property lease		
Adjustment of straight-lined property lease	65 125	353 613

8. Payables from exchange transactions

	2014 R	2013 Restated* R
Accounts payables	3 883 329	509 514
Prepaid student fees/income received in advance	1 439 992	1 459 184
	5 323 321	**1 968 698**

9. Non-exchange revenue liability

	2014 R	2013 Restated* R
DOC funds transfer e-Skills CoLab	12 014 120	-

The company received R 15 million from the Department of Communications to be used for the funding of the strategic objectives. At year end, only R 2 985 880 was utilised.

* See Note 24

Notes To The Financial Statements
for the year ended 31 March 2014

	2014 R	2013 Restated* R

10. Exchange revenue liability

	2014 R	2013 Restated* R
Exchange revenue liability comprises of:		
DOC funds transfer - Community Radio	3 721 516	3 910 715
Movement during the year		
Balance at the beginning of the year	3 910 715	7 627 300
Project funding recognised current year	(189 199)	(4 746 804)
Transfer to receivable from exchange transactions	-	1 030 219
Balance carried forward	**3 721 516**	**3 910 715**
Non-current liabilities	-	-
Current liabilities	3 721 516	3 910 715
	3 721 516	**3 910 715**

The company received funding from the Department of Communications to be used for the Community Radio Project.

11. Provisions

Reconciliation of provisions - 2014

	Opening balance	Additions	Utilised during the year	Total
Staff incentives	1 869 512	750 397	(165 999)	2 453 910
Leave pay	1 195 054	90 832	(416 941)	868 945
13th cheque	235 254	167 972	(235 254)	167 972
	3 299 820	**1 009 201**	**(818 194)**	**3 490 827**

Reconciliation of provisions - 2013

	Opening balance	Additions	Utilised during the year	Total
Staff incentives	1 361 826	507 686	-	1 869 512
Leave pay	916 166	581 169	(302 281)	1 195 054
13th cheque	261 210	235 254	(261 210)	235 254
	2 539 202	**1 324 109**	**(563 491)**	**3 299 820**

Provisions are made up of employee related costs, namely, staff incentives, leave pay and 13th cheques, which represents management's best estimate of the liability at year end.

* See Note 24

	2014 R	2013 Restated* R

12. Exchange revenue

Training and development	1 498 780	4 949 786
Sundry income from students	1 464 282	1 174 302
Other income	126 079	30 513
Project transfer deferred revenue	-	96 730
Credit received	577 519	-
	3 666 660	**6 251 331**

13. Interest received

Interest revenue		
Bank	590 098	495 447

14. Non-exchange revenue

Appropriation Income received - CoLabs	2 985 880	-
Appropriation Income received - Department of Communications	35 746 000	34 116 000
	38 731 880	**34 116 000**

15. Employee related costs

Basic	14 312 128	13 394 907
Leave pay provision charge	(326 109)	278 889
Staff cost training	144 112	58 131
Staff cost refreshments	297 827	35 570
Staff cost other	1 533	266 495
	14 429 491	**14 033 992**

Remuneration of members and other key management are disclosed in the Report of the Directors on page 66.

* See Note 24

Notes To The Financial Statements
for the year ended 31 March 2014

	2014 R	2013 Restated* R
16. General expenses		
Direct expenditure		
Accreditation/membership fees	9 325	6 500
CoLab expenditure	2 929 515	-
Lecturer facilitation fees	1 383 409	3 539 622
Productions	43 100	422 864
Student accommodation	1 216 073	2 729 071
Student meals	404 155	645 248
Student stationery and printing costs	36 573	128 242
Student training/examination costs	53 862	10 192
Student transportation costs	80 267	128 409
Overhead expenditure		
Bank charges	37 213	39 596
Business development/marketing/communications	893 635	1 138 095
Equipment costs	216 015	197 302
Fines and penalties	70	172 260
Insurance	1 455 388	1 388 153
Property rates and taxes	1 397 740	865 868
Property rental costs	6 223 931	5 982 001
Stationery costs	454 335	162 810
Transportation costs	114 702	241 602
Travel and accommodation costs	461 073	522 149
Assets written off	226 289	1 146
	17 636 670	**18 321 130**

17. Finance costs

	2014 R	2013 Restated* R
Fair value adjustments: Accounts receivable	53 903	46 209

* See Note 24

18. Cash generated from operations

	2014 R	2013 Restated* R
Surplus (deficit)	559 095	(950 991)
Adjustments for:		
Depreciation and amortisation	1 357 469	1 954 129
Debt impairment	300 805	640 110
Movement in provisions	191 007	760 618
Scrapped assets	226 285	1 146
Changes in working capital:		
Inventories	146 899	(69 128)
Receivables from exchange transactions	(2 992 643)	(589 403)
Consumer debtors	(300 805)	(640 110)
Payables from exchange transactions	3 354 623	(1 464 066)
Taxes and transfers payable (non exchange)	12 014 120	-
Exchange revenue liability	(189 199)	(3 716 585)
	14 667 656	**(4 074 280)**

* See Note 24

	2014 R	2013 Restated* R

19. Financial instruments disclosure

Categories of financial instruments

Financial assets - 2014

	At fair value	At amortised cost	Total
Consumer debtors	-	4 880 569	4 880 569
Cash and cash equivalents	18 752 470	-	18 752 470
	18 752 470	**4 880 569**	**23 633 039**

Financial liabilities - 2014

	At amortised cost	Total
Trade and other payables from exchange transactions	9 044 837	9 044 837
Non-exchange revenue liability	12 014 120	12 014 120
	21 058 957	**21 058 957**

Financial assets - 2013

	At fair value	At amortised cost	Total
Consumer debtors	-	3 134 148	3 134 148
Cash and cash equivalents	5 034 380	-	5 034 380
	5 034 380	**3 134 148**	**8 168 528**

Financial liabilities - 2013

	At amortised cost	Total
Trade and other payables from exchange transactions	5 879 413	5 879 413

Financial instruments in Statement of financial performance

2014

	At amortised cost	Total
Interest expense for financial instruments at amortised cost	53 903	53 903

2013

	At amortised cost	Total
Interest expense for financial instruments at amortised cost	46 209	46 209

* See Note 24

	2014	2013 Restated*
	R	R

20. Risk management

Financial risk management

The entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments.

Cash flow forecasts are prepared during and submitted to the Department of Communications in the beginning of each year to determine the frequency of the drawdown of Appropriation Income.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Credit risk

Financial assets which potentially subject the company to concentrations of credit risk consist primarily of cash, short term deposits and trade receivables. The organisation's cash equivalents are held by high credit quality financial institutions. Credit risk with regard to receivables is limited. This is because the nature of the company's activities for the period focused on providing training to previously disadvantaged persons. Accordingly, the company has no significant concentration of credit risk. The carrying amounts of financial assets included in the Statement of Financial Position represent the company's exposure to credit risk in relation to these assets.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2014	2013
Cash and cash equivalents	18 752 470	5 034 380
Receivables from exchange transactions	4 880 569	3 739 323

Market risk

Interest rate risk

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

* See Note 24

	2014 R	2013 Restated* R

21. Operating lease

The lease agreement for the company's premises was renewed during the course of the financial year for the period ended 31 March 2011 for a period of three years, commencing on 1 December 2010 at an initial rental of R 455 570 per month, escalating at 9% per annum. This contract was extended for an additional period of 18 months, commencing 1 December 2013 to 31 May 2015 at R 541 702 per month. Rentals are recognised on a straight line basis in keeping with GRAP 13, whereby the operating lease costs are recognised based on the time pattern of the benefits rather than any financial benefit that may arise from the transaction, resulting in an equalisation of rental recognised.

	2014 R	2013 Restated* R
Minimum lease payments due		
Not later than one year	6 707 792	4 341 613
Later than one year not later than five years	1 183 089	-
	7 890 881	**4 341 613**

22. Commitments

Authorised expenditure

	2014 R	2013 Restated* R
Already committed for but not provided for		
• Operating expenditure	-	116 193
• Operating lease - as lessee (note 21)	7 890 881	4 341 613
• Damelin - RPL	222 222	0
	8 113 103	**4 457 806**

During the previous financial year, commitments were made to acquire goods and services. These goods were not yet delivered and the services not rendered before year end.

* See Note 24

	2014 R	2013 Restated* R

23. Related parties

Relationships

Ultimate controlling entity	National Executive
Controlling entity	Department of Communications

The main related party with whom the company interacted is the Department of Communications, who is the sole shareholder and provides finance to fund the operational overheads of the institute. The Minister of Communications is the Executive Authority of NEMISA. NEMISA is ultimately controlled by the National Executive.

NEMISA received transfer payments of R 35.7 million funding for its administrative activities as well as R15 million funding for its strategic objectives from the Department of Communications.

NEMISA provides training to and on behalf of the Department of Communications in respect of Community Radio, National Digital Repository (NDR) and FET Multi Media and other adhoc projects.

NEMISA used several national public sector entities as service providers during the year. These transactions were concluded on normal operating terms. These balances are included in trade payables in the Statement of Financial Position and the income and expenditure as part of the Statement of Financial Performance.

Related party balances

	2014 R	2013 Restated* R
Department of Communications		
Gross amount - Receivables	2 422 096	1 192 714
Gross amount - Income received in advance	1 363 561	1 363 561
Gross amount - Deferred income	15 735 635	3 910 715
South African Broadcasting Corporation		
Gross amount - Receivables	153 842	153 842
Doubtful debt provision	(153 842)	(153 842)
MICT SETA		
Gross amount - Receivables	651 519	108 360

* See Note 24

	2014 R	2013 Restated* R
Related party transactions		
Department of Communications		
Revenue	40 150 460	39 122 029
Direct expenditure	(3 316 809)	(280 710)
MICT SETA		
Revenue	252 000	79 860

Compensation to members and other key management

NEMISA is governed by its Board of Directors as the Accounting Authority. During the financial year the Minister of Communications appointed three non-executive directors. The Board of Directors along with the Acting CEO, and CFO are responsible for planning, directing and controlling of the activities of the entity. Emoluments paid to the Board of Directors are reflected in the report of the director's page 64.

24. Prior period adjustment

Prior period adjustments relate to overstatement of revenue and trade receivables in prior years. The prior year financial results have been restated.

The impact on the Statement of Financial Performance and Financial Position is shown below.

Statement of financial position		
Receivables from exchange transactions	-	(149 673)
Opening Accumulated Surplus or Deficit	-	173 400
Statement of Financial Performance		
Exchange revenue	-	23 727
Notes to the Cash Flow Statement		
Changes in working capital	-	-
Decrease/(increase) in Receivables from exchange transactions	-	(23 727)
Financial instruments		
Financial assets	-	-
Consumer debtors	-	(149 673)

* See Note 24

	2014 R	2013 Restated* R

25. Change in estimate

Property, plant and equipment

The useful life of Computer equipment was estimated as 3 years on purchase date. At the beginning of the current period management has revised their estimate to 5 years. The effect of this revision has decreased the depreciation charge for the current and the future period by R 222 098 and will increase the depreciation charge in the future periods by R 222 098.

The useful life of Motor vehicles was estimated as 4 years on purchase date. At the beginning of the current period management has revised their estimate to 5 years. The effect of this revision has decreased the depreciation charge for the current period by R 109 690 and will increase the depreciation charge in the future period by R 109 690.

26. Fruitless and wasteful expenditure

	2014 R	2013 Restated* R
SARS penalties	-	172 260
Companies and Intellectual Property Commission penalty	1 000	-
Interest paid to suppliers	1 280	-
Less: Condoned	-	(172 260)
	2 280	**0**

27. Irregular expenditure

	2014 R	2013 Restated* R
Opening balance	70 853	-
Add: Irregular Expenditure - current year	742 172	70 853
Less: Amounts condoned	(813 025)	-
	-	**70 853**

Details of irregular expenditure – current year

-

Details of irregular expenditure condoned

	Condoned by (condoning authority)	
Prior year irregular expenditure	Accounting Authority	70 853
Canteen suppliers	Accounting Authority	264 787
Thuleni Foods	Accounting Authority	397 430
Europcar	Accounting Authority	79 955
		813 025

* See Note 24

	2014 R	2013 Restated* R

28. Reconciliation between budget and statement of financial performance

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:

	2014 R	2013 Restated* R
Net surplus (deficit) per the statement of financial performance	559	(949)
Adjusted for:		
Fair value adjustments	-	46
Increases / decreases in provisions	-	761
Restatement	-	(26)
Difference between actual and budget	(559)	168
Net surplus per approved budget	**-**	**-**

29. Actual operating expenditure versus budgeted operating expenditure

The total appropriation funding due to NEMISA by way of transfer payments from the Department of Communications for the current year amounted to R 50.7 million. The positive variance on revenue is due to additional funding of R15 million received from the Department of Communications for funding of its strategic objectives of which R12 million was deferred. Other income exceeded the budget due to project revenue.

Compensation of employees exceeded budget figures due to termination payments made to employees not budgeted for.

Statement of Financial Performance

	Budget	Adjustment	Adjusted budget	Actual	Difference
Appropriation income	35 746	15 000	50 746	38 732	(12 014)
Interest received	250	-	250	590	340
Other income	1 905	-	1 905	3 667	1 762
Total revenue	37 901	15 000	52 901	42 989	(9 912)
Compensation of employees	(16 723)	-	(16 723)	(18 618)	(1 895)
Goods and services	(18 701)	-	(18 701)	(19 469)	(768)
Other expenditure	(2 477)	-	(2 477)	(1 357)	1 120
Transfers and subsidies	-	(15 000)	(15 000)	(2 986)	12 014
Surplus for the period	**-**	**-**	**-**	**559**	**559**

* See Note 24

30. New standards and interpretations

30.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 25: Employee benefits	01 April 2013	The impact of the standard is not material.

30.2 Standards and interpretations early adopted

The entity has chosen to early adopt the following standards and interpretations:

GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:
- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that 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. As a minimum, the following are regarded as related parties of the reporting entity:

Notes To The Financial Statements

for the year ended 31 March 2014

- A person or a close member of that person's family is related to the reporting entity if that person:
  - has control or joint control over the reporting entity;
  - has significant influence over the reporting entity;
  - is a member of the management of the entity or its controlling entity.
- 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 (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that 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.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management

The effective date of the standard is for years beginning on or after 01 April 2014.

The entity has early adopted the standard for the first time in the 2014 financial statements.

The impact of the standard is not material.