

FOODBEV SETA ANNUAL REPORT
1 APRIL 2008 – 31 MARCH 2009



VISION To have sufficient and appropriate knowledge and skills available in the food and beverages manufacturing sector in order to contribute to:

- the growth and development of the sector;
- a safe, healthy, productive and competitive industry;
- the promotion of access to quality education and training to participate in work and life, and
- the redress of past inequalities in education and training.

MISSION The stakeholders of the food and beverages manufacturing sector are committed to ensuring that:

- relevant and quality learning standards and qualifications are available in this sector;
- a high quality of learning provision is maintained in this sector, and
- access to knowledge and skills is improved for all in the sector.

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CHAIRPERSON'S REPORT



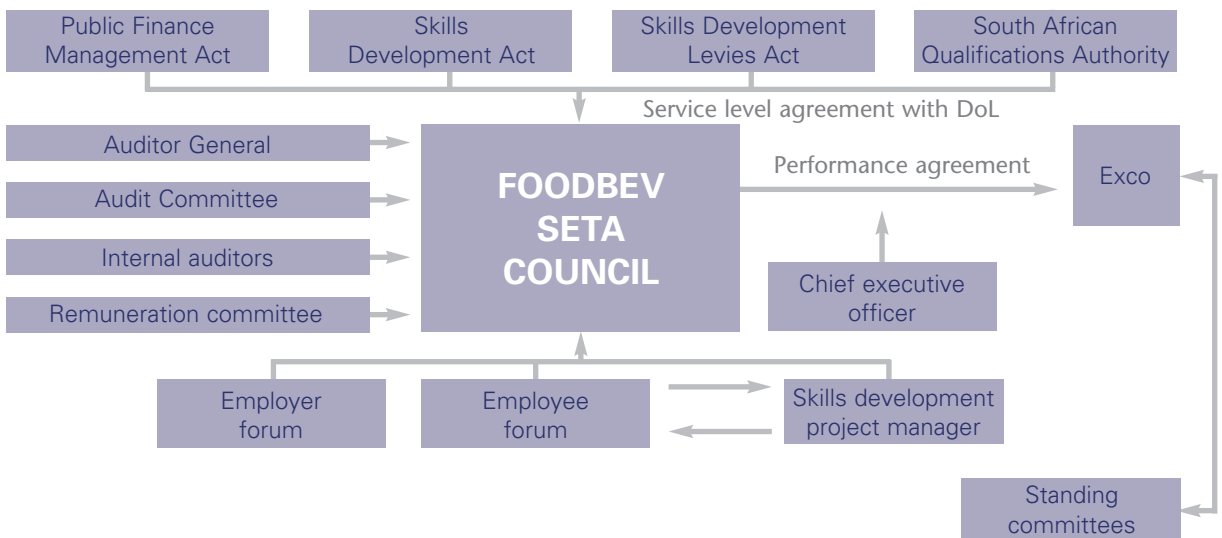
It is hard to believe that FoodBev Seta has been operational for almost 10 years. My association with chief executive officer Ravin Deonarain and his team dates back to those early days, when the Seta was finding its feet and the learning curves were numerous and tortuous. Some would say they still are, but at least we have worked through and conquered similar challenges along the way.

In 2000, who had ever heard of learnerships? Now it is a term used by any organisation, small, large and in between, that realises the value of training to productivity and professionalism. Work experience was receiving a tongue-lashing from the boss. Now, it's the most exciting element of a training programme, offering learners the chance to practice the theory they have gained in the study room. Skills programmes are much more than just episodes of Die Nutsman.

When the skills development strategy was launched, it had its fair share of detractors. Some diehards remain. It's worth imagining, however, where we would be today had it not been for the government's decision to redress the inequalities of the past education system. A completely discontented nation whose people have no prospect of self improvement?

It is generally accepted today that there is a strong correlation between skills levels and productivity. Even basic workplace skills have been shown to yield positive results – greater use of reading and writing on the job, better employee participation in meetings, asking of questions and making of suggestions and improvements in job attendance and safety.

The eighth sitting of the International Labour Conference skills committee in June 2008 in Geneva noted that: *"Countries that had succeeded in linking skills development to productivity and employment addressed three objectives. First, they sought to improve the match between demand and supply of skills, including extending better access to training especially for women, people with disabilities, those in the informal economy and rural communities. Secondly, skills development policies aimed at helping workers and enterprises adjust to change. New products, markets and technologies could result in some skills being made redundant, but lifelong learning could help maintain workers' employability and enterprises' sustainability. These short- to medium-term objectives were matched with a third long-term objective, to sustain a dynamic development process by anticipating and delivering the skills needed in future."*



I would say, given those criteria, we are winning.

During my time as a FoodBev Seta council member, I have witnessed many achievements of which we can be extremely proud, from the Seta's initial accreditation as an education and training quality assurance body (ETQA) in 2001 to its first learnership graduation ceremonies in 2005 and then its sterling record of performance against Department of Labour (DoL) targets, which saw it placed in the top three Setas for three successive years.

The 2008/9 financial year saw another significant development, this time in the restructure of the Seta council in line with the latest thinking in the world of corporative governance about the composition of boards of parastatals.

In a move away from quantity to quality, the FoodBev council was reduced from 20 members to 12, six each from business and labour. The previous five-chamber structure – dairy, beverages, food preparation, processed foods, and baking, cereals, confectionery and snacks – gave way to an employer forum and a labour forum, each with a maximum of 40 members. The council members were elected at the inaugural meetings of the forums in July 2008.

Almost a year down the line, there is general consensus that the move was sound. It has proven its worth in the quality of council deliberations and in more efficient decision-making. Furthermore, the forums have brought together all the industries into one body, creating greater cohesion than the chamber committees, whose members tended, naturally, to see things from a company, a union or an industry point of view, rather than from a holistic sector perspective.

Yes, we have come a long way, but, as they say, you're only as good as your last performance. I invite you, our stakeholders, to challenge us if you don't agree with what we're doing, to criticise when you feel it is necessary. But, at the same time, offer ideas and suggestions on how we could do things differently and more effectively. Above all, become involved. To be a truly strong nation, we all need to take part. We cannot rely on the next person to do it for us.

To my deputy chairperson, Attwell Nazo, my fellow board members, and to the FoodBev team, ably headed as always by Ravin, thank you for your support during my first year as chair.

To our stakeholders across the country, your contribution has enabled us to record another highly successful year against our National Skills Development Strategy (NSDS) objectives. Last, but not least, congratulations to all our learners who, for the purposes of this annual report, are recorded as numbers, but who in the sector are standing up and being counted for the tremendous contribution their skills and talents are making.



Willie Prinsloo
Chairperson

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CHIEF EXECUTIVE OFFICER'S REPORT



The date 31 March 2009 was not only the end of the fourth year of NSDS 2, but the deadline for submission of Seta applications for re-registration for NSDS 3, from 2010 to 2015. Our application called for re-registration in our current form to enable us to build on the great work our sector has achieved over the last nine years, without any disruptions to continuity.

Should the minister propose changes to any sector or any of its industries, there will be public hearings before a final decision is made. The council and its forums expect that there will be none when, at the Department of Labour (DoL) skills development conference in October, the minister announces the new Seta landscape going forward.

We look forward to studying the objectives and demands of NSDS 3, which will be launched at this conference.

It will be a new start for all in skills development but the end of an era too, as Minister Membathisi Mdladlana will hand over responsibility for the Setas to Minister Blade Nzimande and the newly established Department of Higher Education and Training. Given the need for greater synergy between institutions' course content and the requirements of the workplace, this should be a positive move.

The Quality Council on Trades and Occupations (QCTO) is another element of the changing skills development environment and it will have implications that still need clarifying for our education and quality assurance (ETQA) functions and qualifications. FoodBev continues to represent the interests of the sector as a member of the QCTO working group, which will debate the new body's role and functions in the runup to its launch in 2010.

Performance against targets

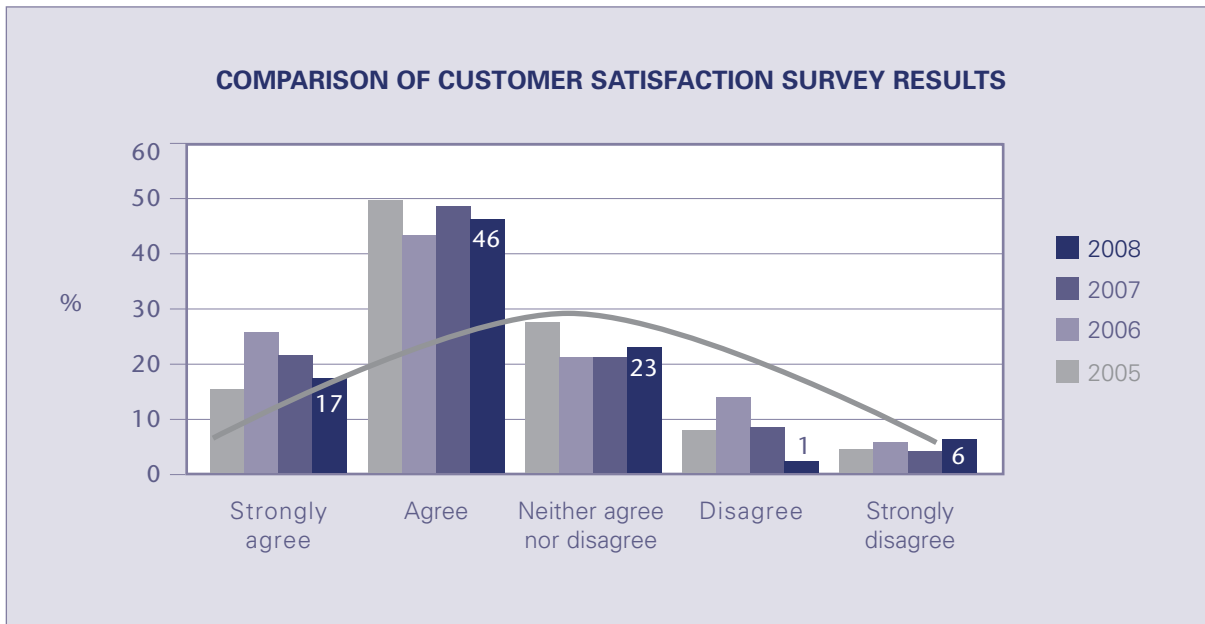
The food and beverage sector enjoyed another tremendous year of skills development on many levels. In line with our first FoodBev strategic objective, all the NSDS targets for the year were exceeded, which is a testament to the many strong partnerships that the Seta has forged with employers and providers who share its commitment to taking skills to the people.

Particularly pleasing was our performance in adult basic education and training (Abet), which has traditionally been an area of concern as it has proved difficult to interest people in learning literacy and numeracy and, particularly, in completing a level and moving on to the next. In this scenario, our achievement of more than 500% completion rates on levels three and four is most impressive.

The numbers of individuals enrolling for learning programmes is very encouraging and reflects the very real need for skills in the sector. Whilst we also surpassed our targets for persons completing learning programmes, this area remains a challenge and we are working with employers and providers to realise higher completion rates.

Contact and communication

Our third strategic objective calls on us to 'maintain above-average levels of service delivery to our stakeholders', and again, it would seem that we are fulfilling this. Our annual customer satisfaction survey revealed that stakeholders continue to view our service and product offerings in a positive light.



Our annual roadshow, held in four centres towards the end of the year, attracted hundreds of delegates. For the first time, the roadshow was supported by regional sessions in seven provinces at which FoodBev representatives met with stakeholders by appointment.

Based on responses to questionnaires completed by guests at various FoodBev events, a new initiative was trialled during the year, the first FoodBev technical seminar. The event focused on microbiology and food safety, and featured prominent speakers such as Prof Chris Griffiths of the University of Wales Institute in Cardiff and Dr Lucia Anelich of the Food Safety Initiative. Our intention is to make this a regular event that adds value to stakeholders' skills development strategies.

Partnerships

We made headway during 2008/9 in several areas that promise to benefit the sector in the years to come.

The focus on strategic alliances continued, with the partnership formed in 2006/7 with the Institute for Brewing and Distilling (IBD) and UP, and those of 2007/8 with the Consumer Goods Council of South Africa (CGCSA) and with the South African Association for Food Science and Technology (Saafost), followed this year by similar arrangements with UK-based Edexcel International and the South African Milk Processors Organisation (Sampro). FoodBev is assisting all these organisations to become institutes of sectoral or occupational excellence (ISOEs).

The partnership with Edexcel is particularly significant, as the organisation has endorsed five of our qualifications, giving them international status. This gives local learners a new realm of opportunities on the global food and beverage manufacturing stage.

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CHIEF EXECUTIVE OFFICER'S REPORT

Management development

Our leadership and management development programme (LMDP), launched the previous year to great response from employers eager to address the shortage of management skills in their organisations, continued during 2008/9, with two new programmes being introduced, namely the senior management development programme (SMDP) and the executive development programme (EDP).

A total of 38 managers graduated from the first LMDP, the top performer being FoodBev Seta's corporate services manager Liezl Gerrits, a source of great pride for all at the Seta.

To complement the management programmes, a groundbreaking mentoring programme initiated by FoodBev will provide tailored mentoring and support strategies for executives earmarked for development.

More detailed information on our projects is to be found in the departmental reports that follow.

Reward and recognition

Celebrating achievements is an integral part of skills development and we use our annual graduation ceremonies in Johannesburg, Cape Town and Durban to acknowledge the people who enable us to meet the targets of our service level agreement (SLA) with DoL; the many youngsters who have changed their lives through learning. More than 700 graduates attended this year's events and received nationally recognised certificates.

The seventh annual FoodBev conference, held in October 2008, not only provided valuable insights into leadership and empowerment, and an opportunity for employers and union members to share experiences and network, but allowed us to recognise the organisations supporting our graduates.

FoodBev Baobab awards for excellence in skills development went to:

- The Company of Wine People and Delaire Winery for the highest completion rate of employees on learnerships;
- Pioneer Fishing West Coast and Delheim Wines for the highest completion rate of unemployed persons on learnerships;
- Pioneer Fishing West Coast, Delheim Wines and Live Fish Tanks West Coast for the highest placement rate of unemployed persons;
- Nedan Oil and Summerpride for Abet completion rates;
- Premier Foods and NutriFeeds for enrolment rate of employees on apprenticeships;
- Distell, Pacmar and Afoodable for enrolment rate of unemployed persons on workplace experience and assisting with placement;
- Emang Ka Maoto, Siyavuna Buhlebemvelo, Sihamba Kanye Kanye, Unyawolwabasha, Rixele Baker, Gwebindlala Poultry, Songozwi Bakery, Sivukile Agricultural Cooperative, Ezimtoti Cooperative and Lubabala Cooperative for their efforts to become accredited providers and/or initiatives to develop entrepreneurial skills and promote small business development, and
- Training providers Intercept Consulting and Training Solutions, and Sesto for commitment to the NSDS.

Three particularly notable award winners were McCain Foods, SAB and Fruits du Sud, who were honoured in terms of the inaugural DoL good practice in skills development awards for those who have excelled in training and development.

We congratulate all these companies again for proving that skills development works.

Appreciation

The year's achievements can be attributed largely to the commitment of all our staff, who once again contributed significantly in their various roles. Well done to you all on another great year.

To the members of our new council, led by chairperson Willie Prinsloo, your guidance during the year has been invaluable. Our appreciation goes also to the members of our labour and employer forums and to our many colleagues and friends in the sector.

Our emphasis during 2009/10, as the last stage of NSDS 2, will be on meeting our five-year targets and this should not be too tall an order.

Whatever changes occur thereafter, I have no doubt that together we will adapt and persevere, and that food and beverage sector skills development will go from strength to strength.



Ravin Deonarain
Chief executive officer

GOVERNANCE AND STRUCTURE

COUNCIL MEMBERS AND MEETING ATTENDANCE						
			2008		2009	
Member	Gender	Race	25 July 2008	14 Oct 2008	29 Jan 2009	11 Mar 2009
Andile Nkosibomvu	Male	Black	P	P	P	P
Attwell Nazo	Male	Black	P	P	P	P
Boaz Mashele	Male	Black	A	P	P	P
De Wet Coetzee	Male	White	P	Suspended Alt	Suspended Alt	Suspended Alt
Dick Khumalo	Male	Black	New member			P
Geoff Ryding	Male	Coloured	P	P	P	P
Gerhard Venter	Male	White	P	P	P	P
Hennie Korff	Male	White	A	P	P	P
Katishi Masemola	Male	Black	A	A	A	P
Leon Roman	Male	White		P	P	P
Mfundo Thango	Male	Black	P	R	R	R
Tanya Hulse	Female	White	A	Alt	Alt	Alt
Willie Prinsloo	Male	White	P	P	P	P

P Present
A Absent
R Resigned
Alt Alternate

% black – 54% % female – 8%

** FoodBev council members receive no remuneration.*

** Council was restructured as at June 2008*

EXCO MEMBERS AND MEETING ATTENDANCE					
			2008		2009
Member	Gender	Race	8 July 2008	12 September 2008	3 March 2009
Boaz Mashele	Male	Black	P	–	–
Gerhard Venter	Male	White		New member	
Willie Prinsloo	Male	White	P	P	–
Hennie Korff	Male	White	P	A	P
Rajendra Rajcoomar	Male	Indian	–	P	P
Andile Nkosibomvu	Male	Black	–	P	P
Ravin Deonarain	Male	Indian	P	P	P

* Exco was restructured as at June 2008

REMUNERATION COMMITTEE MEMBERS AND MEETING ATTENDANCE				
			2008	2009
Member	Gender	Race	5 May 2008	17 Mar 2009
Hennie Korff	Male	White	P	P
Andrew Phiri	Male	Black	P	R
Geoff Ryding	Male	Coloured	P	P
Liezl Gerryts	Female	White	P	Apology
Ravin Deonarain	Male	Indian	P	P
Sebina Hlapolisa	Female	Black	Apology	R
SJ de Klerk	Male	White	P	P
Kirk Kruger	Male	White		Apology

EMPLOYMENT EQUITY										
Occupational groups	Black		Indian		Coloured		White		Total	
	M	F	M	F	M	F	M	F	M	F
Top management			1						1	–
Senior management	1		1				1	2	3	2
Professionally qualified and experienced specialists					1	1		2	1	3
Skilled technical and academically qualified workers, junior managers, supervisors, foremen	3	4				2		1	3	7
Semi-skilled and discretionary decision-making	3	7		1			1		4	8
Unskilled and defined decision-making		2							–	2
Sub-total	7	13	2	1	1	3	2	5	12	22
Temporary employees		1							–	1
TOTAL	7	14	2	1	1	3	2	5	12	23

SKILLS PLANNING

The sector skills plan (SSP) was updated, submitted to DoL and approved.

Work continued on scarce and critical skills research, with new skills in high demand identified, namely confectionery maker, grain miller, brewer, airconditioning and refrigeration mechanic, and information and communications technology business analyst. These will be incorporated into a revised guide to be published early in 2009/10.

A skills forecasting tool was developed during the year and is being piloted with five companies prior to rollout. The tool has been built into a statistical model that will enable companies to forecast skills needs for each occupation, with minimal data input. Skills forecasting and the status of scarce skills will be more accurate. The benefits are expected to reflect in the workplace skills plans (WSPs) submitted in 2010.

FoodBev's R23-million National Skills Fund (NSF) project to develop scarce and critical skills moved into its second year and a step closer to achieving its overall target of 800 learners completing apprenticeships, learnerships and internships.

Of the 270 learners on learnerships, 85 have completed their programmes in customer management on NQF level 4. Against a target of 400, there are 344 active apprentices in 21 trades judged by the Accelerated Shared Growth Initiative of SA (Asgisa) to be scarce skills. Most of these learners are being hosted by companies aligned with Coega Development Corporation, the South African Stainless Steel Development Association (Sassda) and AgriSeta, with which FoodBev concluded strategic alliances during 2007/8 for the purpose.

Twelve apprentices have completed their programmes and are awaiting notification of their trade tests from the engineering Seta, Merseta. Four have passed the test. At year-end, FoodBev was finalising an agreement with the Northern Cape provincial transport department to train an additional 50 apprentices.

Thirteen of the 130 learners being hosted for work experience had completed their internships by 31 March 2009.

Corporate services projects

Company compliance with mandatory grant requirements remained at a similar level to previous years, with targets topped for both large and medium firms.

The R20 000 small and micro enterprise (SME) support grant was in great demand among companies employing fewer than 50 people. A total of 450 small companies took advantage of the grant, which was available for any type of training identified as important by the company. Courses undertaken ranged from first aid and forklift driving to HIV/Aids awareness. This support will continue into 2009/10, when the grant value will increase to R30 000.

Skills development projects

With the impetus created by the SME grant, the Seta was able to double its target for support of non-levy paying enterprises, non-governmental organisations (NGOs) and community-based organisations (CBOs), to 82, and to exceed expectations in support for black empowered enterprises (BEEs).

The target for sustainable new ventures was also surpassed. A countrywide survey of FoodBev's new venture creation (NVC) graduates from the past three years indicated a need for support and mentorship,

and FoodBev launched a R2-million intervention that benefited 120 entrepreneurs during the year. The service centred on activities that ensure business longevity, such as bookkeeping, inventory management, supplier price negotiation, marketing and food hygiene awareness.

The LMDP moved into its second year, with a budget of R1,3-million for 60 learners at the University of South Africa (Unisa) and University of Stellenbosch Business School (USB). The programme integrates human resources, operations and finance and, with the success of the inaugural programme, the concept has been expanded to senior managers and executives. The SMDP is aimed at managers who oversee other managers in their companies and who hold promise, whilst the EDP targets high-calibre managers. FoodBev has set aside R1,3-million for executive programmes alone during 2009/10.

To develop talent further, FoodBev and USB have joined forces in a mentoring programme for selected executives, involving on-site development and implementation of customised mentoring and support strategies in cooperation with human resources professionals at the candidates' organisations. The concept has created great interest and 25 participants from about 12 companies are expected to take part in the first programme, which will unfold in the next financial year.

Mindful of the 4% target of people with disabilities (PWD) benefiting from skills development, FoodBev continued work on its PWD project, with four service providers appointed to deliver training. This follows a pilot project towards the end of the previous year with the Cato Manor campus of Thekwini Further Education and Training (FET) Institution, during which 16 learners with disabilities including dyslexia and cerebral palsy were equipped with fitting and turning skills before completing an internship programme with Amalgamated Beverages Industries (ABI).

A checklist has been developed to enable companies to assess their readiness to accommodate PWD and will be distributed widely in 2009/10.

As in past years, sessions were held to build capacity of the labour unions on corporate governance, communications and general corporate practices. Attendance has been disappointing and it is planned in future that in addition to communicating with labour leadership, employers will be made aware of the value of the programme so they will be more willing to free their employees to attend.

ETQA

The year saw a successful South African Qualifications Authority (SAQA) audit, during which FoodBev demonstrated full compliance with all requirements, including the capacity to upload information to the National Learners' Records Database (NLRD).

At year-end, FoodBev had on its books 97 primary focus providers, 28 of whom were fully accredited, and 18 secondary focus providers. Ten learning programmes were evaluated and 54 skills programmes were registered.

A total of 159 assessors and 85 moderators were registered, bringing the totals to 594 and 171 respectively.

The standards generating body (SGB) continued its qualification update process. During the year, it formed a task team to review the existing manufacturing management diploma programme on NQF level 6. It also

ETQA

looked into the creation of a new general education and training certificate programme on NQF 1 and reviewed qualifications in brewing and beverage, wine and distilling, baking, dairy and food processing.

A certificate in fish and seafood processing on NQF 2 was approved by SAQA, as were certificates in meat processing and fresh meat processing on NQF 3. The fish and seafood processing programmes on NQF levels 2 and 3 made way for a frozen fish or seafood processing qualification and a fish or seafood canning qualification, both on NQF 2.

In this process, the SGB expanded and refined the sector's ladder of learning into a clear career path, with qualifications to support this.

The ETQA team conducted 21 provider monitoring visits in 2008/9, which revealed trends and problem areas. A need was identified for more rigorous training provider quality assurance in all areas except learner induction. Areas of greatest concern were evaluation and monitoring of learning programmes, use of registered internal moderators and assessors, compliance with health and safety requirements, pre-assessment of learners and establishing that the provider has the relevant accreditation.

The partnership with Edexcel, the UK's largest and oldest qualifications awarding body and a member of Pearson, the largest education group in the world, was formalised after a successful Edexcel audit of FoodBev by an international quality manager early in 2009.

A pilot project involving five qualifications will be run by FoodBev in partnership with Edexcel to ensure that all processes run smoothly before the accreditation is extended to all FoodBev qualifications.

The pilot qualifications are:

- National Certificate: Manufacturing Management, NQF level 5;
- National Certificate: Food and Beverage Packaging Operations, NQF level 3;
- National Certificate: Meat Processing, NQF level 3;
- National Certificate: Food and Beverage Processing, Wine Processing, NQF level 3, and
- National Certificate: Bread and Flour Confectionery Baking, NQF Level 2.

In addition to the international endorsement of qualifications for the benefit of both FoodBev Seta and learners, the partnership is expected to assist with the identification of best practice and international trends; thus improving the Seta's product offering, and to provide access to a high standard of quality assurance methods and documentation and exposure to international research, including that on e-learning.

Some 56 learners were scheduled to receive Edexcel-endorsed certificates at the FoodBev graduation ceremonies just after year-end.

Edexcel, in turn, is working towards FoodBev ISOE status, as is Sampro, which brings the total number of organisations striving for ISOE accreditation, to five.

In addition to FoodBev's financial support of aspirant ISOEs to meet Seta criteria, it was decided to make bursaries available to these organisations to encourage the development of scarce skills.

The first to benefit was the IBD partnership. At the 2008 intervarsity beer brewing competition – said to be a world first – initiated by SA Breweries, IBD and FoodBev Seta, and held at University of KwaZulu-Natal, FoodBev awarded five bursaries to the University of Pretoria, which brewed the winning beers in all

categories - beer, ale, lager and speciality beer. Subsequently, 15 bursaries were granted to other universities.

These bursaries have been allocated to students studying aspects of the brewing industry supply chain, including raw materials, brewing engineering, biochemical and biological sciences in fermentation, environmental sciences, water purification and a host of other topics. Some of these postgraduate students are conducting groundbreaking research that will be extremely valuable to the entire food and beverage manufacturing sector.

The remaining 40 bursaries went to the CGCSA (19), Saafost (16) and Sampro (5), which will support revolutionary research work at a number of different South African universities.

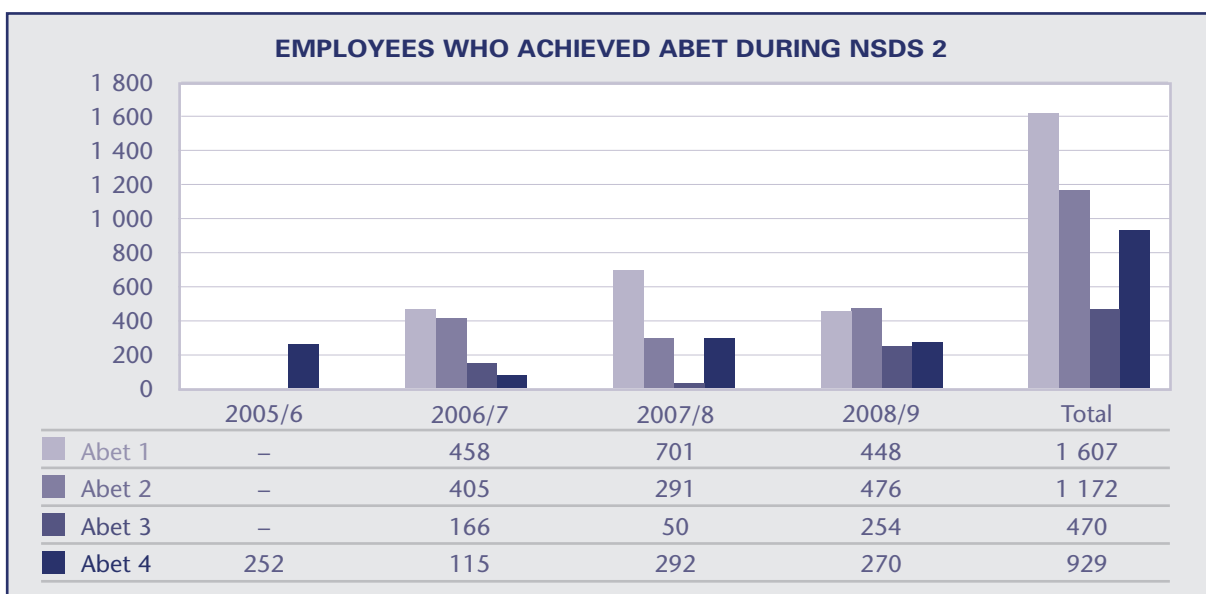
During the year, the ETQA department issued 575 full qualifications and 1 003 skills programme endorsement certificates.

FOODBEV SETA PERFORMANCE AGAINST NSDS 2008/9 TARGETS

MANDATORY GRANTS					
Success indicator	Reporting information required	Seta MoU target for 2008/9	Seta achievements	% achieved	Reason for over-/underachievement
2.1	By March 2010, at least 80% of large firms' and 60% of medium firms' employment equity targets are supported by skills development. Impact on overall equity profile assessed				
	No of large firms received WSP/annual training report (ATR) grants for 2008/9 financial year	128	140	109%	Much effort has been put into encouraging companies to comply for the year and this has allowed the Seta to exceed targets
	No of medium firms received WSP/ATR grants for 2008/9 financial year	140	148	106%	
2.2	By March 2010, at least 40% of small levy paying firms supported and the impact of support measured				
	No of small levy-paying supported by Setas for 2008/9 financial year	330	450	136%	Greater interest and take up of SME support grant in line with total SME budget
2.3	By March 2010, at least 80% of government departments spend at least 1% of personnel budget on training and impact of training on service delivery measured and reported				
	Not applicable				

DISCRETIONARY GRANTS					
Success indicator	Reporting information required	Seta MoU target for 2008/9	Seta achievements	% achieved	Reason for over-/underachievement
1.1	Skills development supports national and sectoral growth, development and equity priorities				
	Sector skills plan submitted submitted as per DoL guidelines and accepted by DoL	1	1	100%	Met DoL target
1.2	Information on critical skills is widely available to learners. Impact of information dissemination researched, measured and communicated in terms of rising entry, completion and placement of learners				
	Target number of skills development facilitators (SDFs) or skills specialists to be trained in the use of the guide	100	138	138%	Request for the guide higher than anticipated
2.4	By March 2010, at least 500 enterprises achieve a national standard of good practice in skills development approved by the Minister of Labour				
	Good practice awards approved by the Minister of Labour	–	3	300%	Excellent response from sector

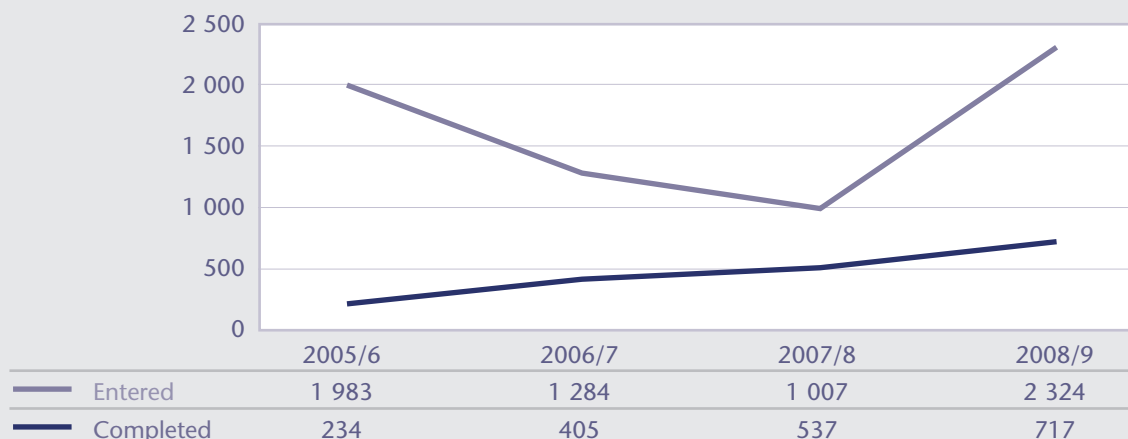
DISCRETIONARY GRANTS continued					
Success indicator	Reporting information required	Seta MoU target for 2008/9	Seta achievements	% achieved	Reason for over-/underachievement
2.5	Annually increasing number of small BEE firms and cooperatives supported by skills development. Progress measured through an annual survey within the sector from the second year onwards				
	No of small BEE firms supported	24	36	150%	Higher participation due to extensive marketing
2.7	Setas use discretionary funds and may with the agreement of their boards include the provision of Abet as a criterion for the release of WSP grants. Total sum of all Seta targets to be at least 700 000 workers				
Entered	No of workers who entered Abet level 1	400	506	127%	Need in the sector higher than anticipated
	No of workers who entered Abet level 2	220	584	265%	
	No of workers who entered Abet level 3	100	317	317%	
	No of workers who entered Abet level 4	80	397	496%	
	Total	800	1 804	226%	
Comple- tions	No of workers who have achieved Abet level 1	300	448	149%	Strong advocacy and support in previous years, resulted in higher completion rates than anticipated
	No of workers who have achieved Abet level 2	200	476	238%	
	No of workers who have achieved Abet level 3	50	254	508%	
	No of workers who have achieved Abet level 4	50	270	548%	
	Total	600	1 448	241%	



FOODBEV SETA PERFORMANCE AGAINST NSDS 2008/9 TARGETS

DISCRETIONARY GRANTS continued					
Success indicator	Reporting information required	Seta MoU target for 2008/9	Seta achievements	% achieved	Reason for over-/underachievement
2.8	By March 2010, at least 125 000 workers assisted to enter and at least 50% successfully complete programmes, including learnerships and apprenticeships, leading to basic entry, intermediate and high level scarce skills. Impact of assistance measured				
Entered	Entered learnerships	300	601	200%	Need in the sector higher than anticipated
	Entered bursaries	100	120	120%	
	Entered MTA Section 28 apprenticeships	100	149	149%	
	Entered skills programmes	300	1 464	488%	
	Total no of learners entered learning programmes	800	2 334	292%	
Completions	Completed learnerships	250	309	124%	Completion in next financial year
	Completed Section 28 MTA apprenticeships	50	–	–	
	Completed skills programmes	200	408	204%	Completions were accelerated through stronger monitoring and evaluation
	Total no of learners completed learning programmes	500	717	143%	

NUMBER OF EMPLOYEES WHO ENTERED AND COMPLETED LEARNING PROGRAMMES



DISCRETIONARY GRANTS continued					
Success indicator	Reporting information required	Seta MoU target for 2008/9	Seta achievements	% achieved	Reason for over-/underachievement
3.2	By March 2010, at least 2 000 non-levy-paying enterprises, NGOs, CBOs and community-based cooperatives supported by skills development. Impact of support on sustainability measured, with a targeted 75% success rate				
	No of organisations supported	40	82	205%	Need in the sector higher than anticipated. Additional funding available through SME support grants
4.1	By March 2010, at least 125 000 unemployed people assisted to enter and at least 50% successfully complete programmes, including learnerships and apprenticeships, leading to basic entry, intermediate and high level scarce skills. Impact of assistance measured				
Entered	Entered learnerships	200	669	335%	Completions were accelerated
	Entered bursaries	50	60	120%	
	Entered MTA Section 13 apprenticeships	100	206	206%	
	Entered internships	250	300	120%	
	Total no of unemployed people entered learning programmes	600	1 235	206%	Need in the sector higher than anticipated
Comple- tions	Completed learnerships	250	381	152%	14 apprentices have completed, but certificates have not been received. Others are still in training
	Completed Section 13 MTA apprenticeships	50	–	–	
	Total no of unemployed learners completed learning programmes	300	381	127%	



FOODBEV SETA PERFORMANCE AGAINST NSDS 2008/9 TARGETS

DISCRETIONARY GRANTS continued					
Success indicator	Reporting information required	Seta MoU target for 2008/9	Seta achievements	% achieved	Reason for over-/underachievement
4.2	100% of learners in critical-skills programmes covered by sector agreements from FET and higher education and training (HET) institutions assisted to gain work experience, of whom at least 70% find placement in employment or self-employment				
	No of learners assisted to gain work experience	5	7	140%	Need higher than anticipated
	No of learners placed in employment or self-employment	70	63	90%	Difficulty in keeping track of learners
4.3	By March 2010, at least 10 000 young people trained and mentored to form sustainable new ventures and at least 70% of new ventures in operation 12 months after completion of the programme				
	No of young people who have entered new venture creation programmes	5	12	240%	Excellent uptake of the NVC programme and available funds
	No of new ventures in operation 12 months after completion of the programme	90	111	123%	Midterm budget review provided additional funds to expand the NVC project

UNEMPLOYED PERSONS WHO ENTERED AND COMPLETED LEARNING PROGRAMMES DURING NSDS 2



QUALITY ASSURANCE					
Success indicator	Reporting information required	Seta MoU target for 2008/9	Seta achievements	% achieved	Reason for over-/underachievement
5.1	By March 2010, each Seta recognises and supports at least five ISOEs within public institutions and through public private partnerships (PPPs)	1	2	200%	
5.2	By March 2010, each province has at least two provider institutions accredited to manage the delivery of the new venture creation qualification	4	5	125%	To achieve provincial spread
5.3	By March 2010 there are measurable improvements in the quality of the services delivered by skills development institutions and those institutions responsible for the implementation of the National Qualifications Framework (NQF) in support of the NSDS				
	Positive SAQA audit report	Seta to meet SAQA audit and SAQA NLRD upload requirements	Positive SAQA audit report	100%	
5.4	By March 2010, there is a National Skills Authority (NSA) constituency based assessment of an improvement in stakeholder capacity and commitment to the NSDS				
	No target for 2008/9				



REPORT OF THE AUDIT COMMITTEE

REPORT OF THE AUDIT COMMITTEE REQUIRED BY TREASURY REGULATIONS 27.1.7 AND 27.1.10 (B) AND (C) ISSUED IN TERMS OF THE PUBLIC FINANCE MANAGEMENT ACT 1 OF 1999, AS AMENDED BY ACT 29 OF 1999

We are pleased to present our report for the financial year ended 31 March 2009.

Audit Committee members and attendance

The Audit Committee consists of the members listed hereunder. During the period the committee met on four occasions and appropriate feedback was provided to the council on matters that fell within the mandate of the committee.

Members	Designation	Constituency	Qualification	Date started	27 May 2008	17 July 2008	10 Dec 2008	27 Mar 2009
Jeff Rapoo*	Independent consultant	Independent	B Compt (Hons)	8 Nov 2006	✓	✓	✓	✓
Carl Komape	Independent consultant	Independent	B Com (Hons)	12 Feb 2008	✓	✗	✗	✓
Mzomtsha Jonase‡	Fawu National Treasury	Fawu (organised labour)	B Com	3 Aug 2004	✓	✓	✗	✓
Pratiksha Ranchod	SA Breweries	Employer representative	B Com (Hons) CA (SA)	27 May 2008	✓	✓	✓	✗

* Chairperson ‡ Vice Chair ✓ Attended ✗ Apology noted

Audit Committee responsibility

The Audit Committee reports that it has adopted appropriate formal terms of reference as its Audit Committee charter, and has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

Internal control and risk management

The system of controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the Public Finance Management Act, No 1 of 1999 (PFMA) and the King II Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are adequate and effective to mitigate the risks applicable to FoodBev Seta. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

In the conduct of its duties, the Audit Committee has, among other things, reviewed the following:

- The effectiveness of internal control systems.
- The effectiveness of the Internal Audit function.
- The risk areas of the entity's operations covered in the scope of internal and external audits.
- The adequacy, reliability and accuracy of financial information provided by management for users of such information.
- Accounting and auditing concerns identified as a result of internal and external audits.
- The entity's compliance with legal and regulatory provisions.
- The activities of the Internal Audit function, including its annual work programme, coordination with the external auditors, the reports and the responses of management to specific recommendations.
- The independence and objectivity of both the internal and external auditors.

The Audit Committee is of the opinion, based on the information and explanations given by management and the Internal Auditors and discussions with the independent external auditors on the results of their audits, that the internal accounting controls are operating to ensure that the financial records may be relied upon for preparing the annual financial statements, and accountability for assets and liabilities is maintained.

For the period under review, the Audit Committee is satisfied that it has carried out the mandate in accordance with its charter, good governance principles and the requirements of the PFMA.

We can report that the key systems of internal controls for the period under review were adequate and in areas where they were partially effective, management has taken corrective steps to address problems identified or is in the process of taking corrective action.

Having carried out this review, we are satisfied that the above areas have been adequately addressed.

Evaluation of annual financial statements

Following our review of the annual financial statements for the year ended 31 March 2009, we are of the opinion that they comply in all material respects with the relevant provisions of the PFMA, No 1 of 1999, as amended, South African Statements of Generally Recognised Accounting Practice (GRAP), and South African Statements of Generally Accepted Accounting Practice (GAAP), including any interpretations of such statements, where no GRAP standard exists, and that they fairly present the results of operations, cash flow and the financial position of FoodBev Seta. We therefore recommend that the financial statements submitted be approved.

The council, after consultation with the relevant stakeholders, has applied for recertification to the Department of Labour on 31 March 2009, for the period 2010 to 2015. This application is based on FoodBev Seta continuing to operate as is, together with FoodBev forming alliances/strategic partnerships with others, aligned to support the national growth strategy. The Audit Committee concurs with members of the council that the adoption of the going concern assertion in the preparation of the annual financial statements is appropriate.



Jeff Rapoo
Chairperson

23 July 2009

REPORT OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE FOOD AND BEVERAGES MANUFACTURING INDUSTRY SECTOR EDUCATION AND TRAINING AUTHORITY FOR THE YEAR ENDED 31 MARCH 2009

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Food and Beverages Manufacturing Industry Sector Education and Training Authority (FoodBev Seta), which comprise the Statement of Financial Position as at 31 March 2009, the Statement of Financial Performance, the Statement of Changes in Net Assets and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 26 to 61.

The accounting authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting determined by the National Treasury, as set out in accounting policy note 1 to the financial statements and in the manner required by the Public Finance Management Act, 1999 (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.

The Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and section 14(6)(a) of the Skills Development Act, 1998 (Act No. 97 of 1998), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

7. In my opinion the financial statements present fairly, in all material respects, the financial position of FoodBev Seta as at 31 March 2009 and its financial performance and its cash flows for the year then ended, in accordance with the basis of accounting determined by the National Treasury, as set out in accounting policy note 1 to the financial statements and in the manner required by the PFMA.

Basis of accounting

8. Without qualifying my opinion, the public entity's policy is to prepare financial statements on the basis of accounting determined by the National Treasury, as set out in accounting policy note 1 to the financial statements.

Other matters

Without qualifying my opinion, I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

Relicensing

9. Setas were established for a five-year period until 31 March 2010. FoodBev Seta has applied for the renewal of its certificate of establishment. It is expected that the legislated renewal process will be concluded by 31 March 2010.

Governance framework

10. The governance principles that impact the auditor's opinion on the financial statements are related to the responsibilities and practices exercised by the accounting authority and executive management and are reflected in the key governance responsibilities addressed below:

Key governance responsibilities

11. The PFMA tasks the accounting authority with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:

No	Matter	Yes	No
Clear trail of supporting documentation that is easily available and provided in a timely manner			
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.	✓	
Quality of financial statements and related management information			
2.	The financial statements were not subject to any material amendments resulting from the audit.		✓
3.	The annual report was submitted for consideration prior to the tabling of the auditor's report.	✓	
Timeliness of financial statements and management information			
4.	The annual financial statements were submitted for auditing as per the legislated deadlines (section 55 of the PFMA).	✓	
Availability of key officials during audit			
5.	Key officials were available throughout the audit process.	✓	
Development and compliance with risk management, effective internal control and governance practices			
6.	Audit Committee <ul style="list-style-type: none"> • FoodBev Seta had an Audit Committee in operation throughout the financial year. • The Audit Committee operates in accordance with approved, written terms of reference. • The Audit Committee substantially fulfilled its responsibilities for the year, as set out in section 77 of the PFMA and Treasury Regulation 27.1.8. 	✓	
7.	Internal Audit <ul style="list-style-type: none"> • FoodBev Seta had an Internal Audit function in operation throughout the financial year. • The Internal Audit function operates in terms of an approved Internal Audit plan. • The Internal Audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 27.2. 	✓	
8.	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.	✓	
9.	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.	✓	
10.	The information systems were appropriate to facilitate the preparation of the financial statements.	✓	
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in Treasury Regulation 27.2.	✓	

REPORT OF THE AUDITOR-GENERAL

No	Matter	Yes	No
12.	Powers and duties have been assigned as set out in section 56 of the PFMA.	✓	
Issues relating to the reporting of performance information			
13.	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.	✓	
14.	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.	✓	
15.	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by FoodBev Seta against its mandate, predetermined objectives, outputs, indicators and targets as set out in Treasury Regulation 30.1.	✓	
16.	There is a functioning performance management system and performance bonuses are paid only after proper assessment and approval by those charged with governance.	✓	

12. The overall governance framework of FoodBev Seta is adequate.

Investigation

13. FoodBev Seta's monitoring and control mechanisms detected an underperforming service provider on which an external audit was conducted. Following this, legal proceedings were instituted against the service provider. Legal proceedings to recover the money paid to the service provider are underway and was not finalised at the date of this report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on performance information

14. I have reviewed the performance information as set out on pages 14 to 19.

The accounting authority's responsibility for the performance information

15. The accounting authority has additional responsibilities as required by section 55(2)(a) of the PFMA to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the public entity.

The Auditor-General's responsibility

16. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*.

17. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

18. I believe that the evidence I have obtained is sufficient and appropriate to report that no significant findings have been identified as a result of my review.

APPRECIATION

19. The assistance rendered by the staff of FoodBev SETA during the audit is sincerely appreciated.

Auditor-General

Pretoria

31 July 2009



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

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REPORT OF THE ACCOUNTING AUTHORITY

STATEMENT OF RESPONSIBILITY BY THE FOODBEV SETA COUNCIL

The FoodBev Seta council, as the accounting authority under the Public Finance Management Act (PFMA), is responsible for ensuring that the annual financial statements fairly present FoodBev Seta's financial position as at 31 March 2009 and the financial transactions it has conducted during the period under review.

The council has implemented policies and procedures to guide FoodbeV Seta management in the execution of its duties and has ensured the monitoring thereof through regular Internal Audits. The council believes that the financial management of FoodbeV Seta has been conducted in accordance with FoodbeV Seta's financial policies and procedures, which comply with Generally Accepted Accounting Practice (GAAP), Generally Recognised Accounting Practice (GRAP) and the PFMA.

GENERAL REVIEW OF THE STATE OF AFFAIRS

LEVY INCOME

The recent downturn in the economic environment has not materially impacted levy income during the year under review. This has displayed the robustness of the food and beverages manufacturing sector to the adverse economic environment, as the number of levy paying companies remained stable. Levy income growth was characterised by organic growth of the sector.

Skills levy income

FoodbeV Seta saw levy income increasing by 12,8% over the 2007/8 financial year, which was higher than budget forecasts based on average industry wage increases that were in line with CPIX of between 10% and 12%.

Interest and penalties

Revenue from interest and penalties increased by R176 000 over the previous financial year, indicating strong enforcement of the Skills Development Levies Act for defaulting companies, by SARS.

National Skills Fund (NSF) income

Income for NSF-funded projects increased by R10,1m due to much of the planning and preparatory work for this project being completed in F2007/8. This included the full implementation of artisan development projects with Coega Development Corporation, Agriseta and the Southern African Stainless Steel Development Association to undertake artisan development. It is expected that drawings and disbursements from the National Skills Fund will increase in F2009/10 as the project reaches maturity.

Investment income

The favourable interest rates on investments due to the economic climate have yielded higher returns. This investment income is ploughed back into discretionary grants.

MAJOR EXPENDITURE AREAS

Employer grant and project expenditure increased by 18% over the previous year to R128,7-million. Learnerships, skills programmes, Abet and apprenticeships remained priority interventions and other areas such as internships, SME assistance, new venture creation and training provider capacity development projects were implemented. The leadership and management development programme and the labour capacity building project have been successfully implemented and completed and have received excellent feedback from participating stakeholders.

Significant expenditure was deployed for apprenticeship training, as 530 unemployed persons are currently placed in apprenticeships and 149 employed persons in artisan development programmes.

FoodBeV Seta ended the financial year with 2 324 unemployed persons on learnerships and skills programmes and a further 1 296 employed persons benefiting from learning programmes. Since the

inception of NSDS 2 in 2005, FoodBev Seta has administered around 5 000 learnerships for employed people and 6 182 for unemployed people, totalling 7 578 people on learnerships alone.

SERVICES AND CAPACITY

A customer satisfaction survey is carried out each year. Indications in this report show constant high levels of service to the industry, with an observed 80% satisfaction with service delivery.

DISCONTINUED ACTIVITY AREAS AND PROPOSED NEW ACTIVITY AREAS

In the F2009/10 financial year, FoodBev Seta will continue a strong focus on scarce and critical skills as identified in the skills research in the sector. Special emphasis will be on artisan development, sales and marketing and food technology skills. Also identified in the sector are scarce skills in general management, which are expected to be addressed through FoodBev's leadership and management development programmes at Stellenbosch Business School and Unisa School of Business Leadership.

CORPORATE GOVERNANCE

The revised council and committee structures of the Seta that were under review in F2007/8 were successfully implemented during F2008/9. The FoodBev Seta constitution has been reviewed and approved by the council and submitted to the Minister of Labour on 6 May 2008. This review was intended to ensure that the constitution of FoodBev Seta is more closely aligned with King II and the Public Finance Management Act No 1 of 1999. The new constitution has not been gazetted yet due to the recertification process of the Seta.

RISK MANAGEMENT

FoodBev Seta is accountable for the process of risk management and the system of internal control, which are regularly reviewed for effectiveness and for establishing appropriate risk and control policies that are communicated throughout the entity.

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the entity. An adequate system of internal controls is in place to mitigate to an acceptable level the significant risks faced by FoodBev Seta. The system is designed to manage rather than eliminate the risk and maximise the opportunities to achieve business objectives. This system can provide reasonable, but not absolute, assurance.

FoodBev Seta has a documented and tested process that will allow it to continue its critical business processes in the event of a disastrous incident impacting its activities. A disaster recovery plan is in place for critical information.

CODE OF ETHICS

All staff are required to sign and abide by an ethics pledge, and to the knowledge of FoodBev Seta council these standards have been maintained. The FoodBev Seta constitution contains a code of ethics and a process to deal with transgressions.

OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENT

FoodBev SETA has adopted an occupational health and safety (OHS) policy in which management and staff recognise and accept their legislative responsibilities and are committed to establishing and maintaining an environment in which employees continuously improve safety and health.

The organisation is committed to ensuring that the requirements of the Occupational Health and Safety Act No 85 of 1993 and Regulations are fully met.

REPORT OF THE ACCOUNTING AUTHORITY

The following structures have been established in terms of the OHS policy:

- Health and safety officer
- Health and safety representative.

Health and safety committee

FoodBev Seta has adopted an HIV/Aids policy intended to promote awareness among employees and prevent discrimination of those infected and/or affected by HIV/Aids. Due consideration is given to the environment in all decision making.

HUMAN CAPITAL DEVELOPMENT

FoodBev Seta's training and development policy provides for:

- Investment of about 3 - 5 % of payroll annually
- A consultative employee forum, the training and employment equity committee (TEEC), which promotes equal opportunity in training and adherence to the Employment Equity Act
- The employment equity plan and report is submitted to the Department of Labour annually
- Management development of senior staff is undertaken to provide for succession planning.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT (BBBEE)

All procurement policies and procedures comply with the government's preferential procurement framework.

REMUNERATION

Accounting authority members

The members of the accounting authority (FoodBev Seta council) do not receive remuneration. FoodbeV Seta pays all subsistence and travel expenses.

Chief executive officer and chief financial officer

The annual total cost-to-company remuneration appears below:

APRIL 2008 – MARCH 2009									
Position	Basic (incl annual bonus and backpay)	Travel allowance	Entertainment allowance	Cellphone allowance	Performance bonus	Provident fund	Medical aid	Total salary 2008/9	Total salary 2007/8
Chief executive officer	1 143 879	84 000	2 500	13 570	149 072	170 424	23 865	1 587 309	1 195 001
Chief financial officer	555 440	110 000	–	6 000	87 601	86 812	38 235	884 088	706 000
Total	1 699 319	194 000	2 500	19 570	236 673	257 236	62 100	2 471 398	1 901 001

EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

No significant events occurred after the Statement of Financial Position date.

AUDIT COMMITTEE

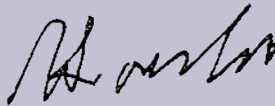
The Audit Committee reviewed the annual financial statements and has approved them for submission to the various legislative stakeholders.

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements for the year ended 31 March 2009 have been prepared on the going concern basis and have been approved by the accounting authority in terms of section 51(1)(f) of the Public Finance Management Act (PFMA), No 1 of 1999, on 26 May 2009. The council, after consultation with relevant stakeholders, applied for recertification to the Department of Labour on 31 March 2009, for the period 2010 to 2015. This application is based on FoodBev Seta continuing to operate as is, and forming alliances/strategic partnerships with other Setas, aligned to support the national growth strategy.



Ravin Deonarain
CEO



Willie Prinsloo
Chairperson

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2009

	Note	2008/09 R'000	2007/08 R'000 Restated
REVENUE			
Non-exchange revenue			
		153 716	127 217
Skills development levy: income	3	142 039	125 870
Skills development levy: penalties and interest	4	870	694
Government grants and other donor funding: revenue	19	10 807	653
Exchange revenue			
		22 295	10 551
Investment income	5	14 534	10 538
Other income	6	7 761	13
Total revenue		176 011	137 768
EXPENSES			
Employer grant and project expenses	7	(128 709)	(109 095)
Administration expenses	8	(16 797)	(13 607)
Finance costs	9	(62)	(51)
Government grants and other donor funding: expenditure	19	(10 807)	(653)
Total expenses		(156 375)	(123 406)
NET SURPLUS FOR THE YEAR	2	19 636	14 362

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2009

	Note	2008/09 R'000	2007/08 R'000 Restated
ASSETS			
Current assets			
		138 418	133 035
Prepayments and advances	12	5 165	1 633
Trade and other receivables from non-exchange transactions	13	529	842
Trade and other receivables from exchange transactions	13	6 905	2 572
Inventory	15	26	25
Cash and cash equivalents	16	125 793	127 963
Non-current assets			
		3 044	2 289
Property, plant and equipment	10	1 913	1 530
Intangible assets	11	1 131	759
Total assets			
		141 462	135 324
LIABILITIES			
Current liabilities			
		22 673	36 067
Trade and other payables from non-exchange transactions	18	17 608	21 115
Trade and other payables from exchange transactions	18	3 166	8 591
National Skills Fund received in advance	19	829	5 396
Current portion of finance lease obligations	17	114	92
Provisions	20	956	873
Non-current liabilities			
		82	186
Finance lease obligations	17	82	186
Total liabilities			
		22 755	36 253
Net assets			
		118 707	99 071
NET ASSETS			
Administration reserve		3 045	2 289
Employer grant reserve		-	100
Discretionary reserve		115 660	96 680
Total net assets			
		118 707	99 071

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2009

		Administration reserve	Employer grant reserve	Discretionary grant reserve	Accumulated surplus	Total
Note	R'000	R'000	R'000	R'000	R'000	R'000
Balance at 1 April 2007		1 680	41	82 554	–	84 275
Prior year error	27	432	–	–	(432)	–
Restated balance		2 112	41	82 554	(432)	84 275
Net surplus per statement of financial performance as restated		–	–	–	14 362	14 362
Allocation of unappropriated surplus		2 173	11 094	1 096	(14 363)	–
Excess reserves transferred to discretionary reserve		(1 995)	(11 035)	13 030	–	–
Balance at 31 March 2008		2 289	100	96 680	(433)	98 638
Error	27	–	–	–	433	433
Restated balance		2 289	100	96 680	–	99 070
Net surplus per statement of financial performance		–	–	–	19 636	19 636
Allocation of unappropriated surplus	2	905	16 432	2 299	(19 636)	–
Excess reserves transferred to discretionary reserve		(149)	(16 532)	16 681	–	–
Balance at 31 March 2009		3 045	–	115 660	–	118 707

The transfer between reserves is as per the stipulation in the Skills Development Act, which requires surplus fund from administration reserves and any unclaimed mandatory grants to be transferred to the discretionary grant reserve and is done on the accrual basis of accounting.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2009

	Note	2008/09 R'000	2007/08 R'000 Restated
CASH FLOW FROM OPERATING ACTIVITIES			
Operating activities			
Cash receipts from stakeholders		153 707	129 413
Levies, interest and penalties received	3	141 783	127 389
Other cash receipts from stakeholders		11 924	2 024
Cash paid to stakeholders, suppliers and employees		(168 864)	(102 023)
Grants and project payments		(133 968)	(92 986)
Special projects		(10 807)	(653)
Compensation of employees		(10 083)	(8 094)
Payments to suppliers and other		(13 877)	(290)
InterSeta transfers		(129)	–
Cash generated utilised in operations	21	(15 157)	27 390
Interest received	5	14 500	9 703
Interest paid	9	(62)	(52)
Net cash (outflow)/inflow from operating activities		(719)	37 041
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	10	(883)	(563)
Purchase of intangible assets	11	(568)	(109)
Net cash (outflow) from investing activities		(1 451)	(672)
CASH FLOW FROM FINANCING ACTIVITIES			
Net cash inflow from financing activities		–	–
Net (decrease)/increase in cash and cash equivalents		(2 170)	36 369
Cash and cash equivalents at beginning of year	16	127 963	91 594
Cash and cash equivalents at end of year	16	125 793	127 963

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

1 ACCOUNTING POLICIES

The annual financial statements have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GAAP) including any interpretations of such Statements issued by the Accounting Practices Board, with the prescribed standards of Standards of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board replacing the equivalent GAAP Statement as follows:

Standard of GRAP

GRAP 1: Presentation of financial statements
GRAP 2: Cash flow statements
GRAP 3: Accounting policies, changes in accounting estimates and errors.

Replaced statement of GAAP

AC 101: Presentation of financial statements
AC 118: Cash flow statements
AC 103: Accounting policies, changes in accounting estimates and errors.

The recognition and measurement principles in the above GRAP and GAAP statements do not differ or result in material differences in items presented and disclosed in the financial statements. The implementation of GRAP 1, 2 and 3 has resulted in the following significant changes in the presentation of the financial statements:

1. Terminology differences

Standard of GRAP

Statement of financial performance
Statement of financial position
Statement in changes in net assets
Net assets
Surplus/deficit for the period
Accumulated surplus/deficit
Contribution from owners
Distribution to owners
Reporting date

Replaced statement of GAAP

Income statement
Balance sheet
Statement of changes in net assets
Net assets
Profit/loss for the period
Retained earnings
Share capital
Dividends
Balance sheet date

2. The Cash Flow Statement can be prepared in accordance only with the direct method.
3. Specific information has been presented separately on the Statement of Financial Position such as:
 - (a) receivables from non-exchange transactions, including taxes and transfers;
 - (b) taxes and transfers payable;
 - (c) trade and other payables from non-exchange transactions.
4. The amount and nature of any restrictions on cash balances are required to be disclosed.

Paragraphs 11-15 of GRAP 1 have not been implemented as the budget reporting standard is in the process of being developed by the international and local standard setters. Although the inclusion of budget information would enhance the usefulness of the financial statements, non-disclosure will not affect fair presentation.

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

1.1 Basis of preparation

The financial statements have been prepared on the historical cost basis except where adjusted for present/fair values as required by the respective accounting standards.

1.2 Currency

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

1.3 Revenue recognition

Revenue is recognised when it is probable that future economic benefits will flow to the enterprise and these benefits can be measured reliably.

1.4 Levy income

In terms of section 3(1) and 3(4) of the Skills Development Levies Act, 1999 (Act No 9 of 1999), registered member companies of Foodbev Seta pay a skills development levy of 1% of the total payroll cost to the South African Revenue Service (SARS).

Eighty percent (80%) of skills development levies are paid over to Foodbev Seta (net of the 20% contribution to the National Skills Fund).

Skills development levy (SDL) transfers are recognised when it is probable that future economic benefit will flow to the Seta and these benefits can be measured reliably. This occurs when the Department of Labour (DoL) either makes an allocation or payment, whichever occurs first, to the Seta, as required by Section 8 of the Skills Development Levies Act, 1999 (Act No 9 of 1999). The SDL transfer is measured at the fair value of the consideration receivable or received.

Foodbev Seta refunds amounts to employers in the form of grants, based on information from SARS. Where SARS retrospectively amends the information on levies collected, it may result in grants that have been paid to certain employers that are in excess of the amount Foodbev Seta is permitted to have granted to employers. A receivable relating to the overpayment to the employer in earlier periods is raised at the amount of such grant overpayment, at the fair value of the consideration receivable or received.

Revenue is adjusted for interSeta transfers due to employers changing Setas. Such adjustments are separately disclosed as interSeta transfers. The amount of the interSeta adjustment is calculated according to the standard operating procedure issued by DoL in June 2001.

When a new employer is transferred to FoodBev Seta, the levies transferred by the former Seta are recognised as revenue and allocated to the respective category to maintain its original identity.

1.5 Interest and penalties

Interest and penalties on the skills development levy are recognised when they accrue based on the amount received.

1.6 Government grants

Funds transferred by the government are accounted for in the financial statements of FoodBev Seta as a liability until the related eligible expenses are incurred, when the liability is extinguished and revenue recognised.

Property, plant and equipment obtained with government grants and other donor funding are capitalised when the risk and rewards have been transferred and are depreciated in accordance with the property, plant and equipment policy over the useful life of the assets. The assets are derecognised on disposal or when the assets are transferred in accordance with the respective agreement.

1.7 Investment income

Interest income is accrued on a time proportion basis, taking into account the principal outstanding and the effective interest rate over the period to maturity.

1.8 Grants and project expenditure

A registered company may recover a maximum of 70% (mandatory grant 50% and discretionary grant 20%) of its total levy payment by complying with the grant criteria in accordance with the skills development regulations issued in terms of the Skills Development Act 1999 (Act No 9 of 1999).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

Mandatory grants

The grant payable and the related expenditure are recognised when the employer has submitted an application for a grant in the prescribed form within the agreed upon cut-off period and the application has been approved, as the payment then becomes probable. The grant is equivalent to 50% (prior period: 50%) of the total levies paid by the employer during the corresponding financial period.

Discretionary grants and project expenditure

A Seta may out of any surplus funds determine and allocate discretionary grants to employers, education and training providers and workers of the employers who have submitted an application for a discretionary grant in the prescribed form within the agreed upon cut-off period. The grant payable and the related expenditure are recognised when the application has been approved, training has taken place and conditions have been met.

Project expenditure comprises:

- costs that relate directly to the specific contract;
 - costs that are attributable to contract activity in general and can be allocated to the project, and
 - such other costs as are specifically chargeable to FoodBev Seta under the terms of the contract.
- Such costs are allocated using methods that are systematic and rational and are applied consistently to all costs having similar characteristics.

Discretionary grants and project costs are recognised as expenses in the period in which they are incurred. A receivable is recognised at the fair value of consideration received or receivable for incentive and other payments made to the extent of expenses not yet incurred in terms of the contract.

1.8.1 Provisions for grants

Grant payments

A provision is recognised for grant payments once the specific criteria set out in the regulations to the Skills Development Act, 97 of 1998 have been complied with by member companies and it is probable that FoodBev Seta will make the relevant payments. The measurement of the obligation is based on the levies received.

Projects

No provision is made for projects approved at year-end, unless the service in terms of the contract has been delivered or the contract is of an onerous nature. Where a contract has been approved, but has not been accrued for or provided for, it is disclosed as commitments in the notes to the financial statements.

1.9 Irregular, and fruitless and wasteful expenditure

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

- the PFMA,
- the Skills Development Act,
- the materiality and significance framework approved by the FoodBev Seta council.

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

All irregular, and fruitless and wasteful expenditure is recognised against the respective class of expense and disclosed in a note in the financial statements when it has been identified.

1.10 Property, plant and equipment

Property, plant and equipment is stated at cost less any subsequent accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the

acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Seta and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in surplus or deficit as incurred.

Depreciation

Depreciation is recognised in surplus or deficit on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful life unless it is reasonably certain that the Seta will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

- Computer equipment 11% – 20%
- Office furniture and fittings 9% – 12,5%
- Office equipment 9% – 20%

The depreciation method, useful lives and residual values of items of property, plant and equipment are reviewed annually and altered if circumstances or expectations have changed significantly.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in surplus or deficit.

Intangible assets

Intangible assets are stated at cost less any subsequent accumulated amortisation and accumulated impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortisation

Amortisation is recognised in surplus or deficit on a straight line method over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful life for the current and comparative periods is as follows:

- Intangible assets (computer software) 10% – 20%

The amortisation method and useful lives of items of intangible assets are reviewed annually and altered if circumstances or expectations have changed significantly.

Gains and losses on disposal of intangible assets are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in surplus or deficit.

1.11 Leasing

Leases in terms of which the Seta assumes substantially all the risks and rewards of ownership are classified as finance leases. Other leases are operating leases and the leased assets are not recognised on the Seta's Statement of Financial Position.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

Foodbev Seta as a lessee

Assets held under finance leases and the corresponding liability are initially recognised at their present value of the minimum lease payments at the date of acquisition. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the estimated present value of the assets acquired, are charged to the Statement of Financial Position over the term of the relevant lease so as to produce a constant periodic rate of interest on the remaining balance of the obligations for each accounting period.

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Financial Performance on a straight line basis over the period of the lease. Lease incentives received are recognised as an integral part of the total expense over the term of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which the termination takes place.

1.12 Impairment

1.12.1 Impairment of non-financial assets

The carrying amounts of the Seta's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit).

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in surplus or deficit. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.12.2 Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows

discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in surplus or deficit.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in surplus or deficit.

1.13 Provisions

Provisions are recognised when FoodBev Seta has a present legal or constructive obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be estimated reliably. Long-term provisions are discounted to net present value.

1.13.1 Provision for employee entitlements

The cost of employee benefits is recognised during the period in which the employee renders the related service. Employee entitlements are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to the Statement of Financial Position date. Provisions included in the Statement of Financial Position are provisions for leave (based on the current salary rates) and bonuses.

1.13.2 Short-term employee benefits

The cost of short-term employee benefits is recognised during the period in which the employee renders the related service. Employee entitlements to annual leave and long-service leave are recognised when they accrue to the employee. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the Statement of Financial Position date. The provision has been calculated at undiscounted amounts based on current salary rates.

1.13.3 Termination benefits

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

1.13.4 Post-employment benefit costs

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

1.13.5 Medical benefits

FoodBev Seta provides medical benefits for all its employees through defined contribution plans. Payments to the fund are charged as an expense as they fall due.

1.13.6 Provident fund benefits

FoodBev Seta provides for a provident fund for all its employees through a defined contribution plan. Payments to the fund are charged as an expense as they fall due.

1.14 Financial instruments

Recognition

Financial assets and financial liabilities are recognised on FoodBev Seta's Statement of Financial Position when FoodBev Seta becomes a party to the contractual provisions of the instrument.

All 'regular way' purchases and sales of financial assets are initially recognised using trade date accounting.

Measurement

Financial instruments are initially measured at fair value plus transaction costs directly attributable to the acquisition or issue of the financial asset/liability. Subsequent to initial recognition these instruments are measured as set out overleaf.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

Financial assets

FoodBev Seta's principal financial assets are accounts and other receivables and cash and cash equivalents.

Accounts and other receivables

Accounts and other receivables are measured at amortised cost using the effective interest rate method. Impairment losses are recognised in an allowance account where the carrying value exceeds the present value of estimated future cash flows discounted against the original effective interest rate.

Cash and cash equivalents

Cash and cash equivalents are measured at fair value.

Financial liabilities

FoodBev Seta's principal financial liabilities are accounts and other payables.

All financial liabilities are measured at amortised cost, comprising original debts less principal payments and amortisations.

Derecognition

A financial asset or a portion thereof is derecognised when FoodBev Seta realises the contractual rights to the benefits specified in the contract, the rights expire, or FoodBev Seta surrenders those rights or otherwise loses control of the contractual rights that comprise the financial asset. On derecognition, the difference between the carrying amount of the financial asset and the sum of the proceeds receivable and any prior adjustment to reflect the fair value of the asset that had been reported in net assets is included in net surplus or deficit for the period.

A financial liability or a part thereof is derecognised when the obligation specified in the contract is discharged, cancelled or expires. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and the amount paid for it is included in net surplus or deficit for the period.

Fair value considerations

The fair values at which financial instruments are carried at the Statement of Financial Position date have been determined using available market values. Where market values are not available, fair values have been calculated by discounting expected future cash flows at prevailing interest rates. The fair values have been estimated using available market information and appropriate valuation methodologies, but are not necessarily indicative of the amounts that FoodBev Seta could realise in the normal course of business. The carrying amount of financial assets and financial liabilities with a maturity of less than one year is based on cost as fair value due to the short-term trading cycle of these items.

Offsetting

Financial assets and financial liabilities are offset if there is any intention to realise the asset and settle the liability simultaneously and a legally enforceable right to set off exists.

1.15 Net assets

Net assets is sub-classified in the Statement of Financial Position into the following reserves:

- Administration reserve
- Employer grant reserve
- Discretionary grant reserve.

This sub-classification is made based on the restrictions placed on the distribution of funds received in accordance with the regulations issued in terms of the Skills Development Act, 1998 (Act No 97 of 1998).

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

	2008/09	2007/08
	%	%
Administration costs of the Seta	10	10
Employer grant fund levy	50	50
Discretionary grants and projects	<u>20</u>	<u>20</u>
	<u>80</u>	<u>80</u>

In addition, contributions received from public service employers in the national or provincial spheres of government may be used to pay for the Seta's administration costs.

Interest and penalties received from SARS as well as interest received on investments are utilised for discretionary grants and projects.

The net surplus/deficit is allocated to the administration reserve, the mandatory grant reserve and the discretionary fund reserve.

The transfer between reserves is as per the stipulation in the Skills Development Act, which requires surplus funds from administration reserves and any unclaimed mandatory grants to be transferred to the discretionary grant reserve, and is done on the accrual basis of accounting.

1.16 Inventory

Inventory is stated at the lower of cost or net realisable value. Cost is determined on a first-in-first-out basis.

1.17 Related party transactions

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

Key management is defined as individuals with the authority and responsibility for planning, directing and controlling the activities of the Seta. All individuals from the level of executive management up to the council are regarded as key management per the definition of SA GAAP.

Close family members of key management personnel are considered to be those family members who may be influenced by key management individuals in their dealings with the Seta.

1.18 Contingencies

In terms of the PFMA, all surplus funds as at year-end may be forfeited to National Treasury, should an application for retention of surplus funds be denied. A submission to retain surplus funds has been made to DoL.

1.19 Comparative figures

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

2 ALLOCATION OF NET SURPLUS FOR THE YEAR TO RESERVES:

	Total per Statement of Financial Performance	Administration reserve
2009		
Total revenue	176 011	17 764
Skills development levy: income		
Administration levy income (10%)	17 745	17 745
Grant levy income (70%)	124 295	–
Skills development levy: penalties and interest	870	–
National Skills Fund income	10 807	–
Investment income	14 534	–
Other income	7 761	19
Total expenses	156 375	16 859
Administration expenses	16 797	16 797
Finance costs	62	62
National Skills Fund expenses	10 807	–
Employer grants and project expenses	128 709	–
Net surplus per Statement of Financial Performance allocated	19 636	905

	Total per Statement of Financial Performance	Administration reserve
2008		
Total revenue	137 769	15 831
Skills development levy: income		
Administration levy income (10%)	15 831	15 818
Grant levy income (70%)	110 053	–
Skills development levy: penalties and interest	694	–
National Skills Fund income	653	–
Government grants and other donor funding	–	–
Investment income	10 538	–
Other income	–	13
Total expenses	123 406	13 658
Administration expenses	13 607	13 607
Finance costs	51	51
Government grants and other donor funding	653	–
Employer grants and project expenses	109 095	–
Net surplus per Statement of Financial Performance allocated	14 362	2 173

Employer grant reserve		Discretionary reserve		
Mandatory skills planning grant	Total	Discretionary grants	Special projects government grants	Total discretionary
88 730	88 730	58 710	10 807	69 517
-	-	-	-	-
88 730	88 730	35 565	-	35 565
-	-	870	-	870
-	-	-	10 807	10 807
-	-	14 534	-	14 534
-	-	7 742	-	7 742
72 298	72 298	56 411	10 807	67 218
-	-	-	-	-
-	-	-	-	-
-	-	-	10 807	10 807
72 298	72 298	56 411	-	56 411
16 432	16 432	2 299	-	2 299

Employer grant reserve		Discretionary reserve		
Mandatory skills planning grant	Total	Discretionary grants	Special projects government grants	Total discretionary
78 570	78 570	42 715	653	43 368
-	-	-	-	-
78 570	-	31 483	-	31 483
-	78 570	694	-	694
-	-	-	-	-
-	-	-	653	653
-	-	10 538	-	10 538
-	-	-	-	-
67 476	67 476	41 619	653	42 272
-	-	-	-	-
-	-	-	-	-
-	-	-	653	653
67 476	67 476	41 619	-	41 619
11 094	11 094	1 096	-	1 096

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

	2008/09 R'000	2007/08 R'000 Restated
3 SKILLS DEVELOPMENT LEVY INCOME		
The total levy income per the Statement of Financial Performance is as follows:		
Levy income transfer: administration	17 745	15 817
Levies received	17 745	15 886
Levies received from SARS	17 544	15 921
InterSeta transfers in	221	14
InterSeta transfers out	(21)	(49)
Levies accrued	–	(69)
Levy income transfer: employer grants	88 730	78 569
Levies received	88 730	78 912
Levies received from SARS	87 732	79 085
InterSeta transfers in	1 098	71
InterSeta transfers out	(101)	(244)
Levies accrued	–	(343)
Levy income transfer: discretionary grants	35 565	31 485
Levies received from SARS	35 565	31 620
Levies received	35 166	31 688
InterSeta transfers in	439	29
InterSeta transfers out	(40)	(97)
Levies accrued	–	(135)
	<u>142 039</u>	<u>125 870</u>
4 INTEREST AND PENALTIES		
Interest	285	190
Penalties	585	504
	<u>870</u>	<u>694</u>
Penalties are levied by SARS on employers at a rate of 10% of the amount due, who pay their skills development levy after the due date as legislated. Interest rate accrues at the prescribed rate of 10,5% per annum.		
5 INVESTMENT INCOME		
Interest income	14 534	10 538
6 OTHER INCOME		
Grant recovery from employers	7 742	–
Proceeds from insurance	19	13
	<u>7 761</u>	<u>13</u>

	Note	2008/09 R'000	2007/08 R'000 Restated
7 EMPLOYER GRANT AND PROJECT EXPENSES			
Mandatory grants		72 298	67 476
Disbursed		76 308	56 803
Movement in provisions and accruals		(4 010)	10 673
Discretionary grants		49 356	36 638
Disbursed		49 356	36 638
Project expenditure	7.1	7 055	4 981
Disbursed		7 055	4 981
		<u>128 709</u>	<u>109 095</u>
7.1 Project expenditure consists of:			
Direct salaries and wages		2 113	2 111
Direct project administration expenses		4 942	2 870
SSP research		374	9
Scarce skills guide		139	346
Training provider capacity		59	38
Advertising, promotions and publicity material		465	574
Catering and event hosting		337	150
Consulting fees		670	300
External moderation		343	173
Travel and accommodation		1 252	1 150
Project management		1 256	115
Other administration expenses		47	15
		<u>7 055</u>	<u>4 981</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

	2008/09 R'000	2007/08 R'000 Restated
8 ADMINISTRATION EXPENSES		
Depreciation	430	306
Amortisation	186	176
Loss on disposal of property, plant and equipment	40	13
Operating lease rentals	1 247	1 248
Maintenance, repairs and running costs	194	114
Advertising, marketing and promotions, communication	1 378	1 040
Entertainment expenses	121	127
Consultancy and service provider fees	112	166
Legal fees	75	47
Cost of employment	8.1 10 359	8 478
Travel and subsistence	209	476
Staff training and development	494	363
Remuneration to members of the Audit Committee	20	15
External auditor's remuneration	669	298
Other	3 377	2 851
IT expenses	903	864
Internal audit fees	351	328
Postage and courier	122	114
Recruitment costs	86	407
Stationery and printing	129	165
Conference/strategic planning/venue hire	252	100
Seta functional costs	1 534	873
Less: amounts allocated to project expenditure	(2 113)	(2 111)
	<u>16 797</u>	<u>13 607</u>

		2008/09 R'000	2007/08 R'000 Restated
8.1 Cost of employment			
Salaries and wages		9 018	7 457
Basic salaries		<u>9 018</u>	<u>7 457</u>
Social contributions		1 342	1 021
Medical aid contributions		<u>353</u>	<u>342</u>
Pension contributions: defined contribution plans		<u>989</u>	<u>679</u>
		<u>10 359</u>	<u>8 478</u>
Allocation of cost of employment			
Administration expenses	8	8 246	6 367
Project expenses	7	<u>2 113</u>	<u>2 111</u>
		<u>10 359</u>	<u>8 478</u>
Average number of employees		35	34
Refer to the report by the accounting authority for disclosure concerning the emoluments of members of the accounting authority, the chief executive officer and the chief financial officer.			
9 FINANCE COSTS			
Interest expense:			
Obligations under finance leases		62	51
Total interest expense		<u>62</u>	<u>51</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

10 PROPERTY, PLANT AND EQUIPMENT

	Cost R'000	Accumulated depreciation R'000	Closing carrying amount R'000
Year ended 31 March 2009			
Computer equipment	1 322	(448)	874
Office furniture and fittings	785	(362)	422
Office equipment	972	(355)	617
Balance at end of period	3 078	(1 165)	1 913
Made up as follows:			
– Owned assets	2 685	(932)	1 753
– Lease assets	393	(233)	160
Year ended 31 March 2008			
Computer equipment	1 095	(448)	647
Office furniture and fittings	746	(298)	448
Office equipment	769	(334)	435
Balance at end of period	2 610	(1 080)	1 530
Made up as follows:			
– Owned assets	2 217	(926)	1 291
– Lease assets	393	(154)	239

Movement summary 2009

	Carrying amount 2008 R'000	Additions R'000	Disposals R'000	Depreciation charge R'000	Accumulated depreciation on disposals R'000	Carrying amount 2009 R'000
Computer equipment	647	458	(231)	(175)	176	874
Office furniture and fittings	448	86	(47)	(104)	40	422
Office equipment	435	339	(136)	(150)	128	617
Balance at end of period	1 530	883	(414)	(430)	344	1 913

Movement summary 2008

	Carrying amount 2007 R'000	Revised estimated useful life adjustment R'000	Restated carrying amount R'000	Additions R'000	Disposals R'000	Depreciation charge R'000	Accumulated depreciation on disposals R'000	Carrying amount 2008 R'000
Computer equipment	439	45	484	304	(66)	(129)	54	647
Office furniture and fittings	342	75	417	105	(2)	(73)	1	448
Office equipment	379	5	384	154	–	(103)	–	435
Balance at end of period	1 160	125	1 285	563	(68)	(305)	55	1 530

11 INTANGIBLE ASSETS

Year ended 31 March 2009

Intangible assets
 Balance at end of period
 Made up as follows:
 – Owned assets

	Cost R'000	Accumulated amortisation R'000	Closing carrying amount R'000
Intangible assets	1 913	(782)	1 131
Balance at end of period	1 913	(782)	1 131
Made up as follows:			
– Owned assets	1 913	(782)	1 131

Year ended 31 March 2008

Intangible assets
 Balance at end of period
 Made up as follows:
 – Owned assets

Intangible assets	1 567	(809)	759
Balance at end of period	1 567	(809)	759
Made up as follows:			
– Owned assets	1 567	(809)	759

Movement summary 2009

	Carrying amount 2008 R'000	Additions R'000	Disposals R'000	Amortisation charge R'000	Accumulated amortisation on disposals R'000	Carrying amount 2009 R'000
Intangible assets	759	568	(222)	(186)	212	1 131
Balance at end of period	759	568	(222)	(186)	212	1 131

Movement summary 2008

	Carrying amount 2007 R'000	Revised estimated useful life adjustment R'000	Restated carrying amount R'000	Additions R'000	Disposals R'000	Amortisation charge R'000	Accumulated amortisation on disposals R'000	Carrying amount 2009 R'000
Intangible assets	519	307	826	109	–	(176)	–	759
Balance at end of period	519	307	826	109	–	(176)	–	759

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

	2008/09 R'000	2007/08 R'000 Restated
12 PREPAYMENTS AND ADVANCES		
Discretionary grants prepaid	5 159	1 627
Deposits	6	6
Closing balance	<u>5 165</u>	<u>1 633</u>
13 ACCOUNTS RECEIVABLE		
Non-exchange transactions		
InterSeta debtors	529	842
Admin grant levy debtors	66	105
Employer grant levy debtors	331	526
Discretionary grant levy debtors	133	211
Exchange transactions		
Other receivables from employers	6 905	2 572
Payments in advance	5 409	959
Investment interest receivable	29	115
	1 466	1 498
	<u>7 434</u>	<u>3 414</u>
14 VAT		
FoodBev Seta is no longer a Vat vendor with effect from 1 April 2005		
15 INVENTORY		
Consumable stores	26	25
16 CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	5 609	82 600
Cash at bank	5 607	82 599
Cash on hand	2	1
Short term investments/instruments	120 184	45 363
Cash and cash equivalents at end of year	<u>125 793</u>	<u>127 963</u>

As required in Treasury Regulation 31.2, National Treasury approved the banks where the bank accounts are held. The weighted average interest rate on short-term bank deposits was 10% (2008: 9%). Included in the above balance is an amount of R1,64m that is reserved for NSF-approved projects.

17 FINANCE LEASE OBLIGATIONS

Analysed for financial reporting purposes:

Non-current finance lease liability (payable after 12 months)

Current finance lease liability (payable within 12 months)

Finance lease liability

	2008/09 R'000	2007/08 R'000 Restated
	82	186
	114	92
	<u>196</u>	<u>278</u>
Reconciliation between the total of the minimum lease payments and the present value:		
Up to one year		
Future minimum lease payments	144	143
Finance cost	(30)	(51)
Present value	<u>114</u>	<u>92</u>
One to five years		
Future minimum lease payments	88	220
Finance cost	(6)	(33)
Present value	<u>82</u>	<u>186</u>
	<u>196</u>	<u>278</u>
Finance lease repayments for the year	145	106

The finance lease liability is for three copiers and two printers that are leased from Gestetner. Interest is paid at an average of 26% per annum. The lease agreement for two copiers and two printers expires on 31 August 2010 and the other copier on 31 January 2011.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

	Note	2008/09 R'000	2007/08 R'000 Restated
18 ACCOUNTS PAYABLE			
Non-exchange transactions			
Skills development grants payable – mandatory	18.1	15 262	19 272
Income received in advance – SMMEs	18.2	2 275	1 806
InterSeta payables		71	37
		<u>17 608</u>	<u>21 115</u>
Exchange transactions			
Service provider fees outstanding		462	276
Sundry payables: accrued expenses		2 704	8 315
		<u>3 166</u>	<u>8 591</u>
Employee leave accrued is calculated on the number of leave days outstanding as at 31 March 2009 and based on the total cost to company.			
18.1 Skills development grants payable – mandatory			
Opening balance		19 272	8 599
Utilised		(11 659)	(8 599)
Change in estimate		7 649	19 272
Closing balance		<u>15 262</u>	<u>19 272</u>
18.2 Income received in advance – SMMEs			
Opening balance		1 806	1 247
Utilised – administration		(11)	(18)
Utilised – employer grant		(57)	(89)
Utilised – discretionary grant		(23)	(35)
Change in estimate – administration		70	88
Change in estimate – employer grant		350	439
Change in estimate – discretionary grant		140	175
Closing balance		<u>2 275</u>	<u>1 806</u>
19 GOVERNMENT GRANTS AND DONOR FUNDING: SPECIAL PROJECTS			
Opening balance		5 396	5 537
Received during the year		5 934	–
NSF – scarce skills project		<u>5 934</u>	<u>–</u>
Interest received		305	511
Utilised and recognised as revenue – conditions met:		(10 807)	(653)
NSF – scarce skills project		<u>(10 807)</u>	<u>(653)</u>
Closing balance		<u>829</u>	<u>5 396</u>

During the current year R5,934m was received from the government for the purposes of special projects. R10,8m was recognised as revenue as R10,8m of eligible expenses were incurred.

20 PROVISIONS

	2008/09 R'000	2007/08 R'000 Restated
Open carrying amount	873	907
Amounts utilised	(873)	(34)
Change in estimate	956	–
Closing carrying amount	<u>956</u>	<u>873</u>
Current	<u>956</u>	<u>873</u>

Employee bonus provision is calculated for employees' performance bonus.

	Note	2008/09 R'000	2007/08 R'000 Restated
21 RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES TO NET SURPLUS			
Net surplus as per Statement of Financial Performance		19 636	14 362
Adjusted for non-cash items:			
Depreciation	8	430	306
Amortisation	8	186	176
Loss/(profit) on disposal of property, plant and equipment	10	40	13
Increase in provisions		(83)	(34)
Special project income recognised		(10 807)	(6 53)
Adjusted for items separately disclosed			
Investment income	5	(14 500)	(9 703)
Finance costs	9	62	52
Adjusted for working capital changes:			
(Increase)/decrease in prepayments		3 532	3 305
(Increase)/decrease in inventory		(1)	(11)
Decrease/(increase) in receivables – non-exchange transactions		(313)	553
(Increase)/decrease in receivables – exchange transactions		(4 333)	666
(Decrease)/increase in payables – non-exchange transactions		(3 507)	11 613
(Decrease)/increase in payables – exchange transactions		(5 435)	6 745
(Decrease) in finance lease obligations		(82)	(12)
Proceeds from insurance claim		19	13
Cash (utilised)/generated in operations		<u>(15 157)</u>	<u>27 390</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

22 CONTINGENCIES

In terms of the PFMA, all surplus funds as at year-end can be forfeited to National Treasury if no application is made to roll over surplus funds to the next year. No formal approval has been obtained from National Treasury to retain surplus funds.

23 COMMITMENTS**23.1 Employer grant reserve**

As at the date of the the annual financial statements, no applications have been received for the payment of mandatory grants for those companies joining the sector post September 2008.

23.2 Discretionary grant reserve

Of the balance of R115,7m available in the discretionary grant reserve at the end of March 2009, R104,4m is committed for the various projects listed below. A request for the accumulation of these funds has been submitted to National Treasury. At the time of compiling the financial statements, no reply had been received.

Description of grant	Opening balance 2007/08 R'000	Approved by accounting authority R'000	Utilised R'000	Opening balance 2008/09 R'000	Approved by accounting authority R'000	Utilised R'000	Total R'000
Scarce skills guide	–	–	–	–	945	513	432
SMME support	4 367	(4 367)	–	–	6 230	6 230	–
BEE support	88	(88)	–	–	949	949	–
Abet	4 879	8 930	2 869	10 940	3 876	4 372	10 444
Learnerships	58 079	45 654	34 391	69 342	51 476	35 891	84 927
Non-levy-paying companies support	685	–	–	685	3 164	3 539	310
New venture creation	2 760	3 914	4 291	2 383	2 513	2 843	2 053
NVC providers	235	225	35	425	1 375	836	964
Training provider capacity	1 446	(510)	–	936	2 950	1 608	2 278
Project Life grants	3 067	–	33	3 034	–	–	3 034
TOTAL	75 606	53 758	41 619	87 745	73 478	56 781	104 442

24 OPERATING LEASES

Total of future minimum rental payments under non-cancellable rental agreement:

	2008/09 R'000	2007/08 R'000 Restated
Not later than one year	1 400	1 284
Later than one year and not later than five years	858	2 258
Later than five years	—	—
	<u>2 258</u>	<u>3 542</u>

The rental relates to the office building leased from Investec entered into on 1 November 2005 for a five year period ending on 31 October 2010. The lease payments escalate at 9% per annum on 1 November of each year. No provision has been made to renew the lease on expiry.

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

To the best of our knowledge, no material losses through criminal conduct were incurred during the year ended 31 March 2009.

Irregular expenditure

To the best of our knowledge, no irregular expenditure was incurred during the year ended 31 March 2009

26 FINANCIAL INSTRUMENTS

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

Interest rate risk

FoodBev Seta manages its interest rate risk by investing in the financial institutions approved by National Treasury.

FoodBev Seta's exposure to interest rate risk and the effective interest rates on financial instruments at Statement of Financial Position date are as follows:

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

	Floating rate		Fixed rate		Non-interest bearing	Total R'000
	Amount R'000	Effective interest rate	Amount R'000	Weighted average effective interest rate %	Amount R'000	
Year ended 31 March 2009						
Assets						
Cash	125 794	10%	–	–	1	125 795
Loans and accounts receivable	–	–	–	–	6 880	6 880
Total financial assets	125 794	10%	–	–	6 881	132 676
Liabilities						
Loans and accounts payable	–	–	–	–	(2 315)	(2 315)
Total financial liabilities	–	–	–	–	(2 315)	(2 315)
Year ended 31 March 2008						
Total financial assets	127 963	9%	–	–	2 462	130 425
Total financial liabilities	–	–	–	–	(7 896)	(7 896)
	127 963		–	–	(5 434)	122 529

Credit risk

Financial assets, which potentially subject FoodBev Seta to the risk of non-performance by counterparties and thereby subject it to concentrations of credit risk, consist mainly of cash and cash equivalents, investments and accounts receivable. The maximum exposure to credit risk is equal to the carrying amount of the financial instruments.

The ageing of trade and other receivable from non-exchange transactions:

	F2008/9		F2007/8	
	Gross	Impairment	Gross	Impairment
Not past due	–	–	–	–
Past due 0 - 30 days	2 989	–	1 498	–
Past due 31 - 120 days	3 885	–	958	–
More than one year	6	–	6	–

Trade and other receivables that are past due, are due from employers who have been invoiced because of their non-conformance to discretionary grant contracts for various learnership programmes. These companies have been making regular SDL payments to SARS. Management has taken a decision to withhold future discretionary grant payments until invoices have been settled in full; therefore no provision has been made for impairment.

Cash and cash equivalents:

Not past due	125 794	–	127 963	–
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FoodBev Seta manages/limits its treasury counterparty exposure by dealing only with well established institutions approved by National Treasury through the approval of their investment policy in terms of Treasury Regulations. FoodBev Seta's exposure is continuously monitored by the executive committee.

Liquidity risk

FoodBev Seta manages liquidity risk through proper management of working capital and capital expenditure. Adequate reserves and liquid resources are also maintained.

F2008/9	Carrying amount	Contractual cash flows	6 months or less	6-12 months average	1-2 years	More than 2 years
Trade and other payables from exchange transactions	(2 315)	(2 315)	(2 315)	–	–	–
F2007/8						
Trade and other payables from exchange transactions	(7 896)	(7 896)	(7 896)	–	–	–

Fair values

FoodBev Seta's financial instruments consist mainly of cash and cash equivalents, account and other receivables, and account and other payables.

No financial asset was carried at an amount in excess of its fair value and fair values could be reliably measured for all financial instruments.

The following methods and assumptions are used to determine the fair value of each class of financial instrument:

Cash and cash equivalents

The carrying amount of cash and cash equivalents approximates fair value due to the relatively short-term maturity of these financial assets.

Accounts receivable

The carrying amount of accounts receivable, net of allowance for impairment, approximates fair value due to the relatively short-term maturity of these financial assets. Interest is levied at the prescribed rate as determined by the Act should employers pay the skills development levy late. This interest is then transferred to Foodbev Seta via DoL.

Accounts payable

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

27 ERRORS

- 27.1 The useful life of property, plant and equipment, and intangible assets were not reviewed in the previous financial period and the financial statements for F2007/8 have been restated to correct this error. The effect of the restatement is summarised below:
- 27.2 The opening interSeta balances for F2007/8 had to be restated as these balances could not be confirmed with the other Setas. The effect of this restatement is summarised below:

	F2007/8	Prior year error
Allocation of (surplus)/deficit to administration grant reserve	96	432
Decrease in levy income	(389)	–
	(239)	432
Decrease in depreciation expense	24	125
Decrease in amortisation charge	72	306
	96	432
Increase in administration grant reserve	96	432
Decrease in interSeta receivables	(564)	–
Decrease in interSeta payables	175	–

28 RELATED PARTY TRANSACTIONS

DoL is the executive authority of Foodbev Seta. For the year Foodbev Seta has received an amount of R126,7m from DoL for skills development levies, interest and penalties collected by SARS on behalf of DoL.

Transactions with other Setas in R'000s

InterSeta transactions and balances arise due to the movement of employers from one Seta to another. During the year, Foodbev Seta received R2,07m from the other Setas and Foodbev Seta transferred R129k to the other Setas. At year end, there is an amount of R71k payable to the various Setas as listed below and an amount of R528k receivable from the various Setas listed below.

	F2008/9		F2008/9		F2007/8		F2007/8	
	Transfers in	Transfers out	Receiv- ables	Payables	Transfers in	Transfers out	Receiv- ables	Payables
Services Seta	796	–	94	(5)	–	–	598	–
Fasset	3	–	–	–	–	–	–	–
W&RSeta	105	–	61	(33)	92	–	–	–
HWSeta	–	–	2	–	–	–	2	–
Theta	–	–	1	(12)	–	–	–	(35)
Agriseta	1 123	(129)	14	(19)	22	–	22	–
Chieta	–	–	31	–	–	–	–	–
Fieta	–	–	11	–	–	–	11	–
Bank Seta	2	–	3	–	–	–	–	–
Ceta	41	–	–	–	–	–	–	–
Merseta	–	–	8	–	–	–	–	–
Mappp	–	–	78	–	–	–	209	–
Teta	–	–	225	(2)	–	–	–	(2)
Total								
transfers in	2 070	(129)	528	(71)	114	–	842	(37)

Transactions with employers of the members of council in R'000s

The transactions below arise due to the nature of the council members' employment and the fact that the employers contribute skills development levy to FoodBev Seta. The transactions listed below are for the payment of mandatory and discretionary grants.

Council member	Employer	Mandatory grant	Discretionary grant	Total	Levies received
W Prinsloo	Nestlé	3 731	225	3 956	6 001
H Korff	Enterprise	592	858	1 450	954
T Hulse	SAB	11 735	4 069	15 805	19 171
L Roman	KWV	581	327	908	928
G Venter	Sampro	–	100	100	–
TOTAL		16 639	5 580	22 219	27 054

Transactions with other national public entities in R'000s

Name of entity	Amount spent	Nature of expenditure
Eskom	74	Electricity supply
Telkom	145	Telephone and internet lines
SAA	1 618	Air travel

29 NEW ACCOUNTING PRONOUNCEMENTS

At the date of authorisation of these financial statements, there are standards and interpretations in issue but not yet effective.

		Effective date
GRAP 5	Borrowing costs	1 April 2009
GRAP 9	Revenue from exchange transactions	1 April 2009
GRAP 12	Inventories	1 April 2009
GRAP 13	Leases	1 April 2009
GRAP 14	Events after the reporting date	1 April 2009
GRAP 17	Property, plant and equipment	1 April 2009
GRAP 19	Provisions, contingent liabilities and contingent assets	1 April 2009
GRAP 100	Non-current assets held for sale and discontinued operations	1 April 2009
GRAP 102	Intangible assets	1 April 2009

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

GRAP 5

GRAP 5 – Borrowing costs. This standard prescribes the accounting treatment for borrowing costs. This standard generally requires an entity to capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. However, the standard permits the expensing of borrowing costs where it is inappropriate to capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Other borrowing costs are recognised as an expense. It is not expected that this standard will significantly impact future disclosure due to the limited nature and volume of transactions for which the Seta is expected to account.

GRAP 9

GRAP 9 – Revenue from exchange transactions. The standard provides additional South African public sector specific examples of revenue transactions. However it does not significantly differ from IAS 29

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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(AC 111) – Revenue. It is not expected that this standard will significantly impact future disclosure due to the limited nature and volume of exchange transactions for which a Seta is expected to account.

GRAP 12

GRAP 12 – Inventories. The standard provides additional guidance on the recognition and the initial measurement of inventories, including recognising inventories acquired at no cost, or for nominal consideration, at fair value as at the date of acquisition. It is not expected that this standard will significantly impact future disclosure due to the limited nature and volume of inventory for which a Seta is expected to account.

GRAP 13

GRAP 13 – Leases. The standard clarifies that the leases standard should still be applied even where legislation may prohibit an entity from entering into certain types of lease agreements. It further adds an additional requirement to disclose the depreciation and finance charge relating to the leased asset underaccounted for as a finance lease by the lessee.

GRAP 14

GRAP 14 – Leases. The objective of this standard is to prescribe, for lessees and lessors, the appropriate accounting policies and disclosures to apply in relation to finance and operating leases. It is not expected that this standard will significantly impact future disclosure due to the limited nature and volume of transactions for which the Seta is expected to account.

GRAP 17

GRAP 17 – Property, plant and equipment. On initial application the standard requires that assets which were acquired at no cost, or for a nominal cost, are accounted for at fair value as at the date of acquisition. This treatment is different to the current treatment, which accounts for such assets at cost. It is not expected that this standard will significantly impact the carrying value of the property, plant and equipment.

GRAP 19

GRAP 19 – Provisions, contingent liabilities and contingent assets. The objective of this standard is to define provisions, contingent liabilities and contingent assets, identify the circumstances in which provisions should be recognised, how they should be measured and the disclosures that should be made about them. The standard also requires that certain information be disclosed about contingent liabilities and contingent assets in the notes to the financial statements to enable users to understand their nature, timing and amount. This standard will impact the disclosure and other requirements as specified in the standard.

GRAP 100

GRAP 100 – Non-current assets held for sale and discontinued operations. The standard provides public sector specific examples and refer to non-cash-generating assets that are relevant to the public sector. However it does not significantly differ from IFRS 5 – non-current assets held for sale and discontinued operations. It is not expected that this standard will significantly impact future disclosure due to the limited nature and volume of such transactions for which a Seta is expected to account.

GRAP 102

GRAP 102 – Intangible assets. This standard is drawn primarily from the International Accounting Standard on intangible assets (IAS 38). The standard does provide additional public sector specific examples. It also expands the identifiable criterion in the definition of an intangible asset to include contractual rights arising from binding arrangements, and to exclude rights granted by statute. The standard will also require where an intangible asset is acquired at no cost or for a nominal consideration, that its cost is recorded at its fair value as at the date it is required.

30 TAXATION

No provision has been made for taxation as FoodBev Seta is exempt from income tax in terms of Section 10 of the Income Tax Act.

31 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Seta's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

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

Useful lives of property, plant and equipment

The Seta reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period (refer note 10 for the carrying values of property, plant and equipment). The Seta is currently established until 31 March 2010 and in terms of the Act, read with Government Notice No R1082 of 7 September 1999, a Seta is required to apply to the Minister for a renewal of its certificate of establishment by 1 April 2009.

In the light of the requirement to apply for a renewal of a Seta's certificate of establishment, management was required to consider how it impacts the period over which assets are expected to be available for use by the Seta. Management determined that the estimated useful lives of the assets are limited to the re-estimated useful life of the assets as management believes that the Seta's licence to operate beyond 2010 will be renewed, which also has support from the various stakeholders within the food and beverages manufacturing sector. An application for re-establishment was submitted to DoL prior to 31 March 2009. It is also envisaged that should the operations of the Seta terminate, then DoL will redistribute or transfer the assets to another entity replacing FoodBev Seta.

ACRONYMS

Abet	Adult basic education and training
Asgisa	Accelerated Shared Growth Initiative of SA
ATR	Annual training report
BBBEE	Broad-based black economic empowerment
BEE	Black economic empowerment
CBO	Community-based organisation
CGCSA	Consumer Goods Council of South Africa
CEO	Chief executive officer
CFO	Chief financial officer
DoL	Department of Labour
EE	Employment equity
EEA	Employment Equity Act
ETQA	Education and training quality assurance body
Fawu	Food and Allied Workers Union
FET	Further education and training
FoodBev Seta	Food and Beverages Manufacturing Sector Education and Training Authority
GAAP	Generally accepted accounting practice
GRAP	Generally recognised accounting practice
HET	Higher education and training
ISOE	Institute of sectoral or occupational excellence
Jipsa	Joint Initiative on Priority Skills Acquisition
LMDP	Leadership and management development programme
MoU	Memorandum of understanding
NGO	Non-governmental organisation
NLPE	Non-levy-paying employers
NQF	National Qualifications Framework
NSDS	National Skills Development Strategy
NSF	National Skills Fund
NVC	New venture creation
OHS	Occupational health and safety
PAYE	Pay as you earn
PFMA	Public Finance Management Act
QCTO	Quality Council for Trades and Occupations
QMS	Quality management system
Saafost	South African Association for Food Science and Technology
SAB	South African Breweries
Sampro	South African Milk Processors Organisation
SAQA	South African Qualifications Authority
SARS	South African Revenue Service
Sassda	Southern African Stainless Steel Development Association
SDF	Skills development facilitator
Seta	Sector education and training authority
SGB	Standards generating body
SLA	Service level agreement
SME	Small and medium enterprise
SMME	Small, medium and micro enterprise
TEEC	Training and employment equity committee
WE	Work experience
WSP	Workplace skills plan

NOTES

NOTES

2009/10

SOME PRIORITIES AND TARGETS

- 500 unemployed learners to enter and 385 to successfully complete learnerships, apprenticeships, internships and bursary programmes
- 768 employees to enter and 460 to complete learning programmes
- 367 learners to enter Abet programmes
- 21 new ventures sustainable and in operation 12 months after programme completion
- 54 non-levy-paying employers (NLPEs) and 12 non-governmental organisations (NGOs) supported in skills development
- One further institute of sectoral or occupational excellence (ISOE) supported

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