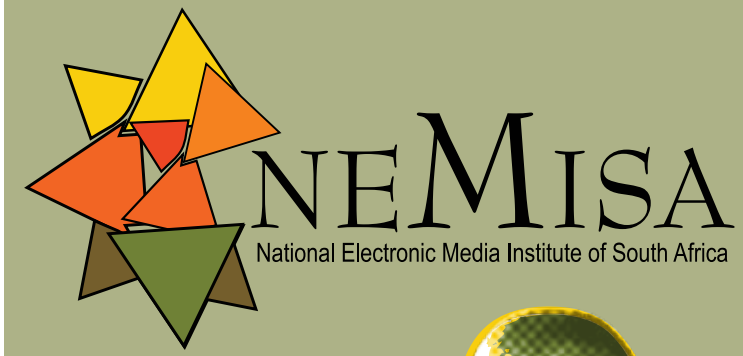
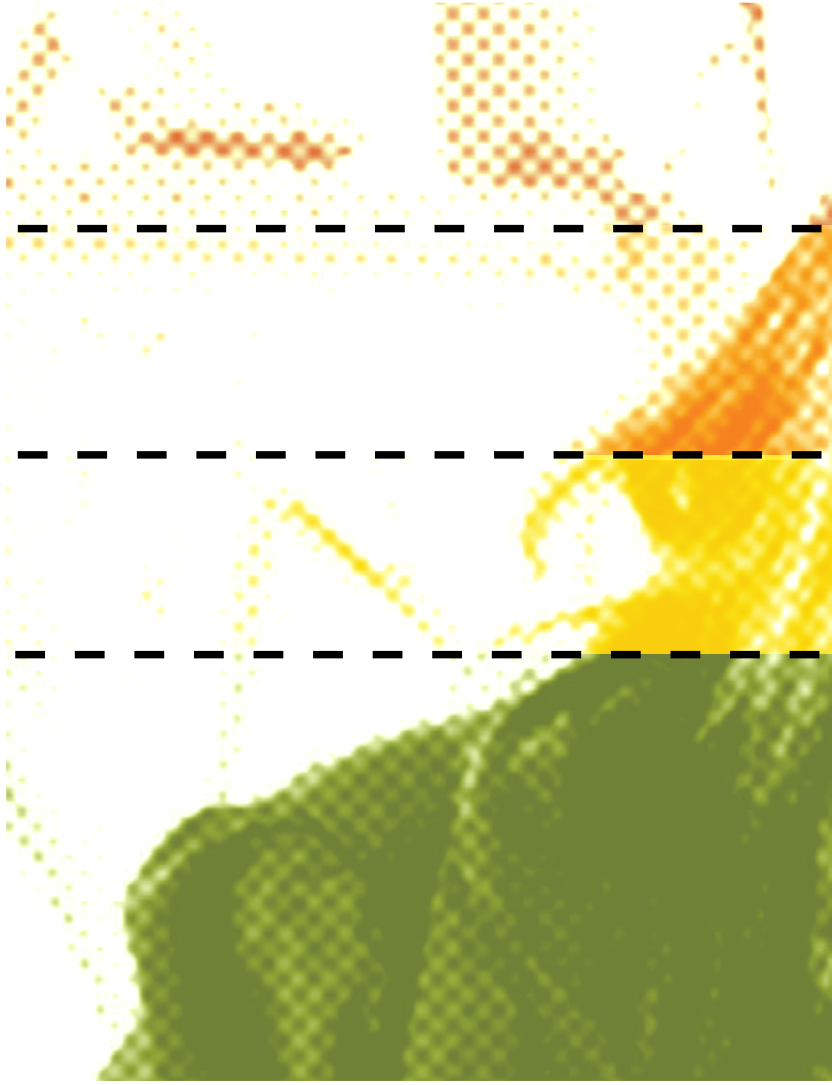


ANNUAL REPORT 2009/2010

A DECADE IN ELECTRONIC MEDIA SKILLS DEVELOPMENT

Acronyms

DoC	*Department of Communications*
ICT	*Information and Communications Technologies*
MAPPP	*Media Advertising Publishing Printing Packaging*
PFMA	*Public Finance and Management Act*
PNC on ISAD	*Presidential National Commission on Information Strategy and Development*
SABC	*South African Broadcasting Corporation*
SA GAAP	*South African Generally Accepted Accounting Practice*
SETA	*Sector Education Training Authority*
TETA	*Transport Education and Training Authority*
SA GRAP	*South African Generally Recognised Accounting Practice*
NEMISA	*National Electronic Media Institute of South Africa*
PBO	*Public Benefit Organisation*
FET	*Further Education and Training*



contents

Corporate Profile

NEMISA was established as an institution of higher learning in 1998 and began training in broadcasting in the year 2000.

The introduction of the creative multimedia programmes followed in 2001. The programme was expanded in the 2007 calendar year and today includes animation, radio and television broadcasting, graphic design in multimedia and broadcast engineering.

Mandate

To position NEMISA as a sustainable and industry relevant provider of advanced multimedia and technical skills for content generation and to establish NEMISA as the electronic content development centre for the Government of South Africa.

Vision

To become a leader in the development of world class electronic media skills in the ICT sector.

Mission

Accelerate skills development in the ICT sector to achieve inclusivity and transformation goals of the Republic of South Africa with specific focus on Electronic Media skills.


NeMisa
National Electronic Media Institute of South Africa

Statement of Responsibility

The Public Finance Management Act, 1999 (Act No.1 of 1999), as amended, requires that the directors/ accounting authority ensure that the Public Entity keeps full and proper records of its financial affairs.

The annual financial statements are the responsibility of the accounting authority, which is the Board of Directors of NEMISA. The Auditor-General is responsible for independently auditing and reporting on the financial statements. The Auditor-General has audited the entity's financial statements and the Auditor-General's report appears on pages 26 to 27.

The annual financial statements fairly present the state of affairs of NEMISA, it's financial results, it's performance against predetermined objectives and its financial position at the end of the year in accordance with the statements of Generally Recognised Accounting Practice (GRAP) including any interpretations of such standard issued by the Accounting Practices Board, with the prescribed standard of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board and replacing the equivalent GAAP standard, and with the Companies Act (Act No. 61 of 1973). These annual financial statements are based on appropriate accounting policies, supported by reasonable and prudent judgements and estimates.

The Board of Directors has reviewed the company's budgets and cash flow for the year ended 31 March 2011. On the basis of this review and in view of the current financial position, the Board of Directors has every reason to believe that NEMISA will be a going concern in the year ahead, and will continue to adopt the going concern basis in preparing the financial statements. The company maintains internal financial controls to provide assurance regarding:

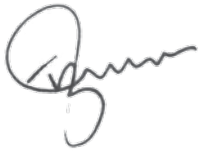
1. The safeguarding of assets against unauthorised use or disposal.
2. The maintenance of proper accounting records and the reliability of financial information used within the business, or for publication.

These controls contain self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified. NEMISA's system of Internal Control aims to provide reasonable assurance with respect to reliability of financial information and, in particular, the presentation of financial statements. Furthermore, because of changes in conditions, the effectiveness of internal financial controls may vary over time.

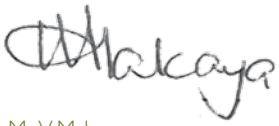
The Board of Directors has reviewed the company's systems of internal control risk management for the period from 1 April 2009 to 31 March 2010. In the opinion of the Board of Directors, the company's systems of Internal Control and Risk Management was effective for the period under review, and, based on the information available to date, the annual financial statements fairly present the financial position of NEMISA as at 31 March 2010 and the results of its operations and cash flow information for the financial year. The Board however note that even an effective system of Internal Control, no matter how well designed, has inherent limitations, including the possibility of circumvention or the overriding of controls.

The Board of Directors is also of the opinion that the Code of Corporate Practices and Conduct has been adhered to. The annual financial statements for the year ended 31 March 2010, set out on pages 26 to 61, were submitted for auditing on 31 May 2010 and were approved by the Board of Directors in terms of section 51(1)(f) of the Public Finance Management Act, 1999 (Act No.1 of 1999), as amended, and section 298(1) of the Companies Act, as amended.

Signed on behalf of the Board by:



Mr Tsediso Gcabashe
Acting Chairperson



Mr V Makaya
Acting Chief Executive Officer

Corporate Governance Report

Introduction

The stringent requirements for more effective corporate governance practices by organisations are rapidly escalating, both globally and in South Africa. NEMISA is committed to the principles of efficient corporate governance and application of the highest ethical standards in the conduct of its business. The institute endorses the principles of integrity and accountability advocated by the Code of Corporate Practices and Conduct set out in the King II Report on Corporate Governance as well as compliance with the requirements of the Public Finance Management Act 1 of 1999, as amended.

The Board of Directors fully appreciates the growing demand for accountability, honesty and transparency in fulfilling its fiduciary duties towards the shareholder and the institute. To this end, the Board is striving to comply with all material aspects of the Code of Corporate Practices and Conduct as contained in the King Report on Corporate Governance in order to :

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

In addition to the King Code, as referred to above, the institute has to take cognisance of corporate governance requirements addressed in documents such as the:

- Public Finance Management Act 1 of 1999, as amended
- National Treasury Regulations in terms of Government Notice No. R740 in the Government Gazette No. 23463, published on 25 May 2002
- Protocol on Corporate Governance in the Public Sector, 2002
- Shareholders' Compact
- Board Charter, and
- Memorandum and Articles of Association of the institute.

Board of Directors

The names of all Board members and the members of the various Board committees are provided on page 29 of this report. Information regarding directors' attendance at meetings is on page 29 and the directors' remuneration is on page 30.

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

The Minister of Communications has the right to appoint directors to the Board in terms of the institute's Articles of Association. Directors are, however, appointed on the basis of their skill, acumen, experience and level of contribution to, and impact on, the activities of the institute. Non-executive directors are expected to contribute an unfettered and independent view on matters considered by the Board and they have significant influence in deliberations at meetings. All directors have the requisite knowledge and experience required to execute their duties properly and to participate actively in the proceedings at Board meetings.

The directors are entitled, at the institute's expense, to seek independent professional advice about the affairs of the institute regarding the execution of their duties.

Meetings and related matters

The Board meets regularly and retains full and effective control over the institute. It monitors the management team in the implementation of Board approved plans and strategies. The information needs of the directors are considered on a regular basis and directors are given unrestricted access to all institute information, records, documents and property.

Board Committees

The Board has constituted the committees listed below. The Audit and Risk Management Committee is regulated by an Audit and Risk Management Committee Charter that addresses issues and responsibilities and its scope of authority. Membership of the various committees is provided on page 29. The Acting Chief Executive Officer, the Chief Financial Officer ant the Chief Operation Officer are ex officio members of all the committees.

Board Audit and Risk Management Committee

The Committee meets at least twice a year and is responsible primarily for assisting the Board in carrying out its duties relating to accounting policies and procedures, internal controls, financial reporting practices, the relationship with the external auditors and the internal auditors and risk management function. The Committee has, for the period under review, performed its duties and responsibilities in line with its formal charter. The Chief Financial Officer, representatives of the Auditor-General and representatives of the Internal Audit and Risk Management team attend every meeting

of the Committee. The external and internal auditors have unrestricted access to the Chairperson of the Committee, the Chairperson of the Board and every non-executive board member.

Human Resources Committee

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

External Audit

In terms of Chapter 2, section 4 of the Public Audit Act, 2004 (Act 25 of 2004) the Auditor-General must audit and report on the accounts, financial statements and financial management of all national state departments and accounting entities. The Auditor-General is therefore responsible for the auditing of NEMISA.

Internal Audit

The internal Audit function plays an important role in ensuring effective corporate governance processes in number of areas. Its main areas of focus include all aspects relating to internal controls and risk management, compliance, the reliability of the financial records and the safeguarding of assets.

With the active involvement and support of the Audit and Risk Management Committee, the Internal Audit team, which is currently outsourced, assists the Board in ensuring a sound system of risk management and internal control. In its day-to-day operations, the Institute enjoys the full support of the Internal Audit function. It is fully mandated by, and accountable to, the Audit and Risk Management Committee as an independent appraisal activity for review of all operation. The audit and Risk Management Committee approves the Internal Audit work plan for the year and monitors the team's performance against the plan. The Internal Audit Charter defines the purpose, authority and responsibility of the Internal Audit function.

Materiality and Significance Framework

The Public Finance Management Act 1 of 1999 (as amended by the Act 29 of 1999) and the accompanying Treasury Regulations require all public entities to develop a materiality framework for management and reporting purposes.

Materiality and significance levels can be defined as a measure of materiality for management accountability and reporting purposes. The measure is applied by the Board to design, develop and implement reasonable management policies and procedures in order to discharge its responsibilities in terms of the Public Finance Management Act.

The measure is also judgment of the level at which errors (intentional/unintentional), either individual or in aggregate, might be considered material/significant in relation to the institute's annual financial statements taken as a whole.

Quantitative Materiality and Significance

Guidelines	Basis	% Used	Value per Mar 2009 Financial Statements R'000	Materiality Amount R'000
0.25% - 1.0%	Total expenditure	1.0%	R 40.786	R 410
0.25% - 2.0%	Total assets	2.0%	R 28.354	R 567

Qualitative Materiality and Significance

Guidelines	% Used based on total assets	Materiality Amount R'000
PFMA Section 54 (2)		
(a) Establishment or participation in the establishment of a company;	0.0%	R0
(b) Participation in a significant partnership, trust, unincorporated joint venture or similar arrangement;	2.0%	R567
(c) Acquisition or disposal of a significant shareholding in a company;	0.0%	R0
(d) Acquisition or disposal of a significant asset;	2.0%	R567
(e) Commencement or cessation of a significant business activity;	2.0%	R567
(f) A significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement.	2.0%	R567
PFMA Section 55 (2) (b)		
(i) Any material losses through criminal conduct and irregular expenditure and fruitless and wasteful expenditure;	2.0%	R567
(ii) Any criminal or disciplinary steps taken as a consequence of such losses or irregular expenditure or fruitless and wasteful expenditure;	-	-
(iii) any losses recovered or written off;	2.0%	R567
(iv) any financial assistance received from the state and commitments made by the state on its behalf; and	2.0%	R567
(v) any other matters that may be prescribed;	-	-

In addition to the above-mentioned guidelines, full particulars of the following are to be provided in the Annual Report:

a) Losses resulting from criminal conduct (without any threshold amount)
b) Losses emanating from irregular, fruitless and wasteful expenditure.

Acting Chairperson's Report

It is a pleasure for me to submit this report on behalf of NEMISA for the year ending 31 March 2010. Over the past few years, I have had the privilege of participating in the steady evolution of an organisation with huge potential and a noble mission of contributing to the country's post-liberation transformation goals. I have equally pondered over the country's expectations of an organisation such as NEMISA, and occasionally debated whether it could be too much to ask of such a small operation. Today, I look into the short life of this organisation and see both pockets of excellence and short-comings. Indeed, the story of NEMISA tells a tale of the birth of a new society as seen in the lives and times of post-liberation South Africa.

During the year under review we continued to ensure that the mission and the vision of NEMISA is being pursued. The areas that we have prioritised continue to be:

- The recognition and accreditation of training programmes;
- Provision of quality training;
- Revision and strengthening of governance processes and systems;
- Streamlining of the administration practice; and
- The solidification of strategic partnerships.

The annual report which includes the Acting Chief Executive Officer's report, performance and the financial report will deal with these matters in greater detail.

It is appropriate at this juncture to salute the commitment of the Department of Communications, the Minister and the Director General to this organisation. During the year a number of changes occurred in the Board which included the appointment and resignation of directors. We extend our best wishes to those who has since left in their new endeavours and welcome the new directors with the understanding that their effort and contribution will take the organisation to its next level of growth.

Finally, we wish to thank the Executive Directors, their Management team and the collective dedication of the staff of NEMISA, who have continued to contribute tremendously to the development of the organisation. We also commend the admirable interest and support of a range of our stakeholders. More effort still needs to be put in to consolidate the gains made. It is indeed my firm belief that NEMISA is ready for the next level.

Mr T Gcabashe
Acting Board Chairperson

Acting Chief Executive Officer's Report

On the occasion of the celebration of ten years of existence of the National Electronic Media Institute of South Africa, it is fitting to reflect on the 2009/10 financial year journey of this strategic organisation with a view to asking critical questions in relation to its success and lessons learned. From the onset, the operations of NEMISA during the period under review have been against the backdrop of the negative impact of the global economic recession on governments, businesses and individuals alike. Invariably these conditions had a ripple effect on the focus on skills development as various entities battled with fitting their operations into leaner budgets as well as shedding jobs. For these reasons, the strategy of NEMISA was adapted and focus shifted to catering for niche training.

The Results

To this end, the enrolment of large numbers of full-time students was de-emphasised in favour of the recruitment of high performing grades of students; with the result that 91 best performing students were registered and bursaries covering tuition, accommodation and meals awarded to deserving individuals. This strategy demonstrated its worth when the target of an 80% pass rate was exceeded by 2%. At the same time, mindful of the restrictive nature of this strategy, opportunities were extended to 514 equally deserving students through the strategic partnership and community radio sector training initiatives. This part of the strategy resulted in 65% of the target numbers for this period being trained.

While there are several pockets of individual brilliance, the highlights for this period were in two parts. The first being the graduation of the first 10 students from the internationally benchmarked three year animation programme. During the year under review, students spent three months producing an animated dream sequence for a local film which was subsequently released on circuit and on DVD. As a result, and after careful assessments by one of the Cape Town based production houses, these students were recruited to work on an international co-production between South Africa and Canada. The second highlight was when our radio and television students took part in a CITY Festival sponsored by MTN and the City of Johannesburg and did the institution proud by winning four awards.

While these results paint a picture of well-oiled machinery, I must hasten to admit that the institution grappled with a number of legacy hitches typical to an institution of this nature. These range from stakeholder management dynamics, programme accreditation related considerations, staff capabilities as well as the standardisation and implementation of quality management systems and processes. As evidenced in the performance of the institution during the period under review, these issues have not brought the organisation to a grinding halt; however, leaving them unattended for longer periods may pose a detrimental risk. It is for this reason that these issues have been elevated to considerable levels on the risk register of the organisation. I am therefore confident that going forward, the appropriate mix of strategies, leadership and skill will enhance the prospects of this important developmental agency.

Vuyo Makaya
Acting Chief Executive Officer

Board of Directors

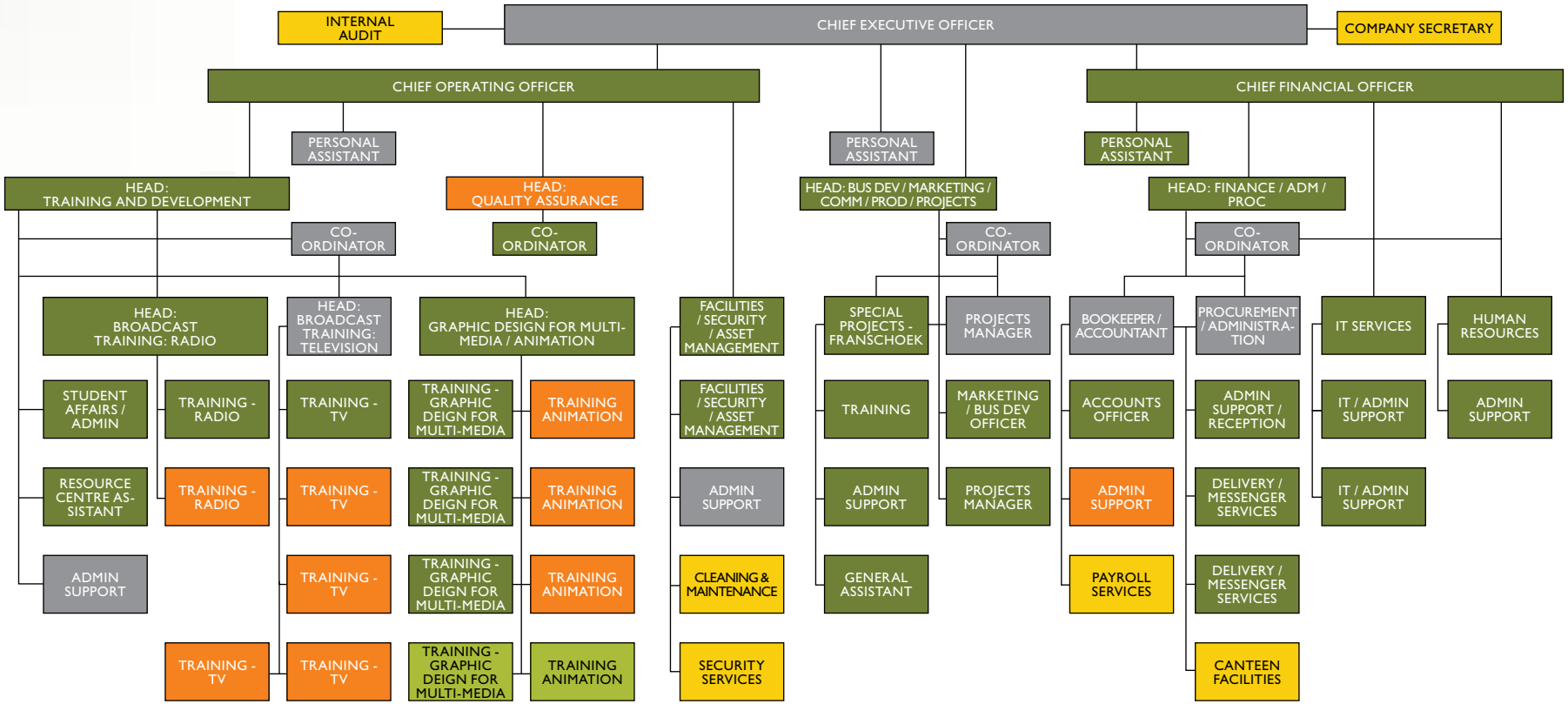
From left to right:
Nomaxabiso Majokweni, Gaitsiwe Lenepa, Karen de Wet, Vuyo Makaya, Tsediso Gcabashe, Lahlang Somo, Dinkie Dube, Ndivhoniswani Tshidzumba (with effect from 1 August 2010), Pholoho Mila Mohlathe

Executive Management

From left to right: Karen de Wet, (Chief Financial Officer)
Vuyo Makaya (Acting Chief Executive Officer)

From left to right:
Gaitsiwe Lenepa, Dinkie Dube, Ndivhoniswani Tshidzumba, Pholoho Mila Mohlathe,
Tsediso Gcabashe, Karen de Wet,
Vuyo Makaya, Lahlang Somo, Nomaxabiso Majokweni,

Organisational Structure



MANAGEMENT / EMPLOYEES		
FILLED POSTS - PERMANENT	31	54%
FILLED POSTS - FIXED TERM	12	21%
FILLED POSTS - PART TIME	2	4%
VACANT POSTS	12	21%
TOTAL STAFF COMPLIMENT	57	100%

OUTSOURCED SERVICES:	
INT AUDIT / CO SEC RETARIAT	2
PAYROLL	1
CANTEEN SERVICES	5
CLEANING / SECURITY	15
TOTAL OUTSOURCED SERVICES	**23**

Staff Establishment Report

As at 31 March 2010

NEMISA depends extensively on human capital to deliver on its mandate of being a sustainable and industry relevant provider of advanced multimedia and technical skills.

The Human Capital element in consequently of grant importance to the Institute and their contribution towards the achievements cannot be over-emphasised.

During the period under review, the executive management were supported by a total of forty five (45) staff compliment, which comprised both full-time employees and part-time employees. Key issues in regard to human capital have been tabled for review to ensure alignment to NEMISA's strategy. We are please to announce the appointment of Mr N. Tshidzumba as Chief Executive Officer from 1 August 2010.

The detailed analysis of the Institute's employees is disclosed in the information below.

Employment equity

NEMISA has met its employment equity targets in the categories for black employees and female employees. The target for the category for disabled employees has however still not been achieved – this will be aggressively pursued during the course of the new year. The proposed targets take into account NEMISA's strategic objectives and the company will:

- Proactively seek to employ suitable disabled candidates to achieve the targets required.
- Give purposeful consideration to the employment of suitably qualified equity candidates based on experience, prior learning, qualifications and potential.

Basis of remuneration

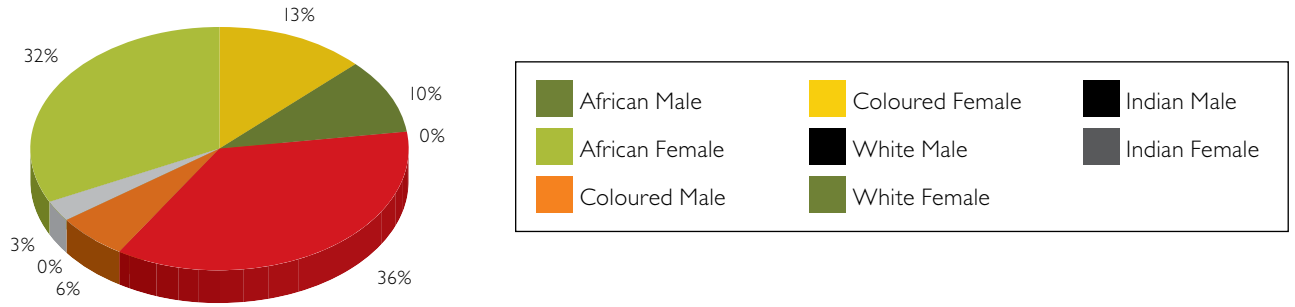
NEMISA has continued remuneration of its employees based on the DPSA grading system for the period under review. This system has been used to update job profiles and benchmark salary structures.

Human capital costs

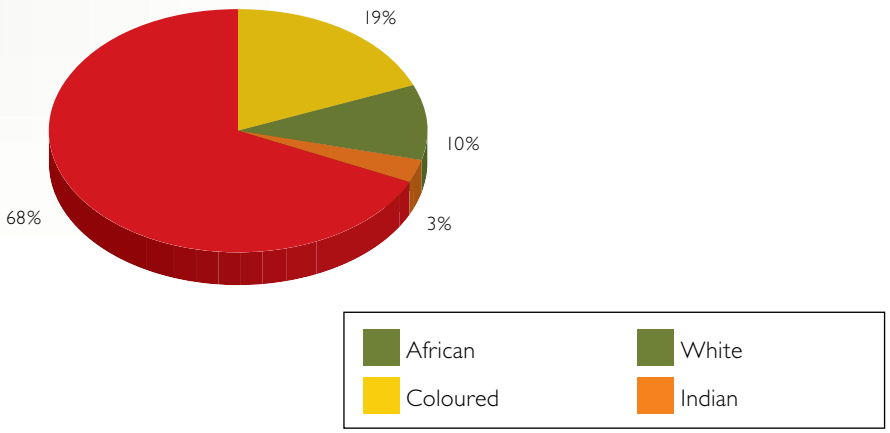
Total staff-related costs for the financial year amounted to R14.2 million. No overtime was paid during the year under review. While an accrual amounting to R675k has been made for the payment of staff-related incentive bonuses, no payments have as yet been made.

The total number of sick leave days taken by employees in 2009/10 amounted to 129. No employees were discharged due to ill health, no employees took more than 15 continuous days of sick leave or were put on unpaid sick leave, and no injury, illness or death occurred as a result of official duty or the work environment.

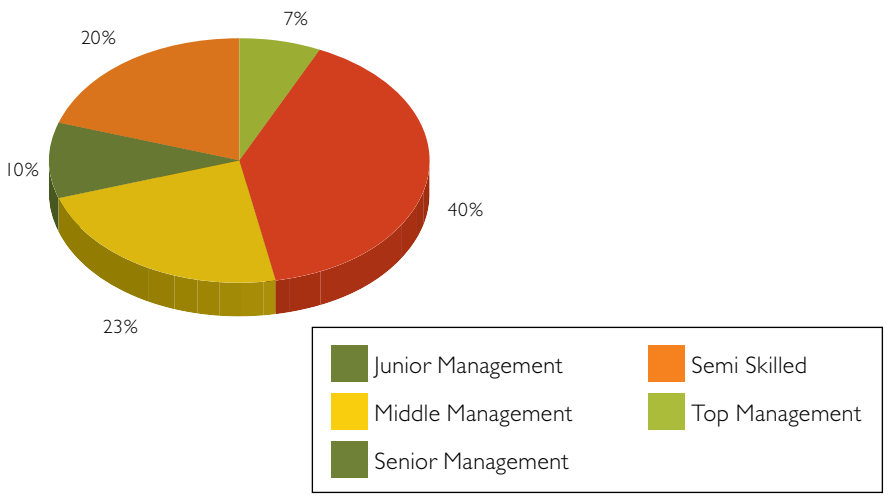
Equity Report by Gender and Race



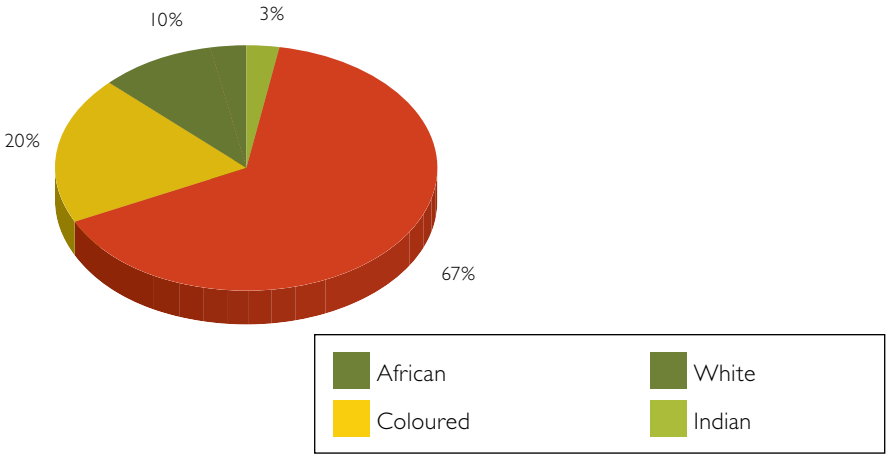
Equity Report by Race



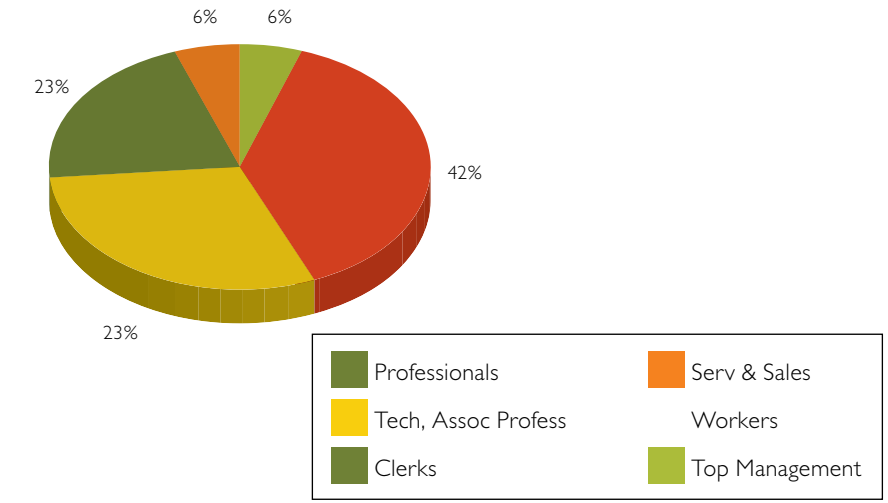
Equity Report by Occupational Levels



Equity Report by Race



Equity Report by Occupational Categories



NEMISA Staff

From left to right:

Tebogo Masia, Lizette Rudy, Robert Chrich, Jacqueline Jegels, Peter Ramatswana, Jankie Ngobeni, Simphiwe Ngcobo, Ferial Adams, Khomotso Kekana, Gopolang Lebakeng, Moira Malakalaka, Jacgues Fortuin, Jacky Tshokwe, Bheki Khumalo, Mohapi Moiloa, Thembi Sibeko, Jashua Nevhuhulwi, Petrus Mojaki, Di Wang, Peter Jembula, Victoria Tau, Antionette Young, Thabang Phetla, Kuben David, Wonderboy Peters, Doc Fick, Lungile Xulu, Elsie de Beer, Teresa Jurries, Tebogo Serobatse, Louise Weideman, Mary Moleke, Bruce Maweni, Makgotso Sekete, Mpho Maedi, Sarienne Kersh

Performance Report

1. Training and Development

A total of 91 students were registered on fulltime courses with an average pass rate of 82%:

Courses	Learners
Further Education & Training: Film, Television & Video Production Operations	35
National Certificate: Radio Production	25
Animation	19
Further Education & Training: Design Foundation	12
Total	**91**

2. Skills Programmes

A total of 171 learners were trained through the Community Radio sector training initiative:

Programmes	Province	Number of Learners
Radio Production	Western Cape	34
Radio Production	KwaZulu-Natal	25
Radio Production	Gauteng	37
Adobe Workshop	Gauteng	11
Adobe Workshop	Limpopo	12
Radio Trainers' Workshop	Gauteng	4
Radio Trainers' Workshop	KwaZulu Natal	2
Newcomers' Workshop	Gauteng	23
Leadership Workshop	Limpopo	13
Radio Journalism	Gauteng	10
Total		**171**

The Community Radio sector training initiative is a countrywide programme. While only four provinces were covered during the financial year under review, there are plans to reach the remaining five provinces during the 2010/11 financial year.

2.1 Multimedia Skills Programmes

As part of the strategic partnerships initiative, 252 learners were trained on multimedia skills programmes aimed at equipping them with content development skills.

Programmes	Province	Number of Learners
Multimedia Skills Programme(*)	Inter-Provincial	252

(*) A partnership with the Presidential National Commission on Information Society and Development (PNC on ISAD)

3. Training: Staff Development

The Department of Communications' International Relations Office facilitated training opportunities for NEMISA staff. Three facilitators were sent to Egypt and one to China for advanced broadcasting training.

Programmes	Location	Number of Facilitators
Radio & Television Broadcasting Techniques	Egypt	3
Television Broadcasting Techniques for Developing Countries	China	1
Facilitation & Assessment (*)	Gauteng	17
Total		**21**

(*) Fourteen of the seventeen facilitators and assessors have already been registered with ETDP SETA.

4. Business Development

4.1 Productions

This unit of two fulltime employees exceeded its target of three productions by delivering four productions which generated R1.7m in revenue:

- Telkom Centre for Learning
- National Digital Repository Content Development
- AU ICT Ministerial Conference
- Ministerial Video Presentation for Addis Ababa

4.2 Industry Collaboration

A collaboration with the SABC, Morula Pictures and NEMISA on the production of a three dimensional animated series, and an international award winner the Magic Cellar went into the second stage of production. The series will be completed during the 2010/11 financial year.

4.3 Marketing

NEMISA reached millions of potential learners through its four pronged marketing strategy and more than two thousand applications for the 2010 academic year:

(i) The institute participated in 22 exhibitions during the period under review and interacted with more than 100 000 learners in all the nine provinces. These exhibitions were part of strategic relationships the institution struck with SABC, Cell C and various FET colleges.

(ii) Further mileage was gained through features on the following radio stations: Ligwalagwala FM, Motsweding FM, Radio 786, Franschhoek FM, SAFM, and Umhlobo Wenene.

(iii) Furthermore, NEMISA was featured on promos broadcast on the following television stations: SABC 1, 2 & 3. In addition, the institute produced 26 two minute career features which were broadcast by SABC 2 as part of the programme titled AKANI.

(iv) NEMISA also advertised industry online magazines, newspapers and magazines.

4.4.1 Animation

During 2009 the students spent three months creating a dream sequence for a local film titled "Karate Kallie". The film was released on the Ster-Kinekor circuit and on DVD. The students that took part in this film, supervised by NEMISA's 2D Traditional Animation lecturer, Mr. Wang Di are:

- Nkululeko Cekiso – Character Design & Animation
- Sibusiso Mndaweni – Character Design & Animation
- Ofentse William Pule – Character Design & Animation
- Warren Panayides – Background Design & Editing

Upon completion of their third year studies, the students were assessed by Clockwork Zoo (Cape Town) for employment. By December 23, 2009 fifty percent of the class of 2009 was employed by Clockwork Zoo:

- Jacqueline Tladi – Jhb Office
- Nkululeko Cekiso – Jhb Office
- Sibusiso Mndaweni – Jhb Office
- Ofentse William Pule – Cape Town Studio
- Moses Tshingwala – Cape Town Studio

4.4.2 Competitions

NEMISA students also participated and won four awards in Radio and Television categories at the City Festival Awards sponsored by MTN Foundation and the City of Johannesburg.

5. Content Hub

The mandate of NEMISA states that the institution must be positioned to serve the government of South Africa in content generation capacity. With the proliferation of wireless and ubiquitous technological gadgets such as cellular phones, palmtops, etc., the capacity of government communications and service delivery can be enhanced immensely. To this end, the current funding model for NEMISA has been found to be inadequate to fund the activities of a sizeable operation. For this reason a business plan seeking additional funding has been developed and will be presented as part of the corporate plan submissions for the 2011/12 financial year funding cycle.

6. Digital Migration

As part of ongoing technology upgrades and in keeping with industry standards, NEMISA spend R6.5 million during the financial year under review upgrading the radio production facilities, handheld and post production facilities for television, general purpose computer laboratories, as well as graphic design and animation facilities. While significant progress has been achieved on this front, the 2011/12 business plan for NEMISA will reflect a need for additional funding estimated at R40 million to improve its Television Production studios in line with industry standards.

Report of Performance Against Predetermined Objectives

REPORT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES					
Key Performance Area (KPA)	KPA % Weighting	Key Performance Indicator (KPI)	Frequency	Success Indicator	Achievement as at March 2010
Governance	15 %	Ensure compliance with all statutory regulations	Annual	• Retention of institutional registration with the DoE and accreditation of the 4 programmes on offer viz. 1. MAPPP SETA accreditation of Further Education and Training in Design foundation. 2. MAPPP SETA accreditation of Further Education and Training in Film, Television and Video Production operations. 3. MAPPP SETA accreditation of Further Education and Training in Broadcast Engineering. 4. MAPPP SETA accreditation of Further Education and Training in Radio Production. 5. MAPPP SETA accreditation of Further Education and Training inLive Technical Production	• Full institutional accreditation ending January 2012 • Achieved Further Education and Training Certificate: Design Foundation (provisional accreditation from June 2010 and expires June 2011) (*) • Achieved Further Education and Training Certificate: Film, Television and Video Production operations (provisional accreditation from June 2010 and expires June 2011) (*). • Achieved National Certificate: Broadcast Engineering (provisional accreditation January 2008 and expires January 2012) (*) • Achieved National Certificate: Radio Production (provisional accreditation from June 2010 and expires June 2011) (*) • Achieved National Certificate: Radio Production (provisional accreditation from June 2010 and expires June 2011) (*)

REPORT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES					
Key Performance Area (KPA)	KPA % Weighting	Key Performance Indicator (KPI)	Frequency	Success Indicator	Achievement as at March 2010
Training and Development unit	40 %	Train a total of 873 learners and attain an average of 80% pass rate across all courses	Annual	Recruitment of 91 full-time students Achievement of 80% pass rate. Train 782 students through strategic partnerships.	91 full-time students were enrolled and the average pass rate of 82% was achieved. A total of 423 (**) was trained through strategic partnerships.
Marketing and Business Development	25%	Establish strategic technology transfer, training and content development partnerships	Annual	Implementation of Branding, Marketing, Stakeholder Management & Communications Plans; Service Level Agreements for 4 training and development projects; 3 content projects & 1 technology partner.	Marketing, Stakeholder Management and Communications Plans were developed and implementation commenced; 4 production projects were concluded; training and development projects were concluded in 4 provinces.
Organisational Sustainability	20%	Ensure responsible growth of a resourcefully sustainable organisation	Ongoing	Meeting technology requirements for each course as outlined in the National Qualifications Framework (SAQA); Compliance with the PFMA on Financial Management discipline.	Technology requirements were met with each training programme having access to suitable equipment for training. Complied with applicable provisions of the PFMA.
	100 %				

(*) Applications for the extension of scope with a view to acquiring full accreditation for these programmes have been submitted to the MAPPP SETA for processing. This process started during the 2009/10 and will extend over 2010/11financial year and in line with the 2010 academic calender year.

(**) NEMISA and the Presidential National Commision on Information Society and Development (PNC on ISAD) project team agreed to review the National Digital Repository (NDR) training and reduce the target number of 466 youth to be trained and in turn utilise the remaining financial resources to fund content development initiatives by the 252 students already trained on the project. The decision was informed by the realisation that the youth already trained, seemed to struggle with securing funding for their own content development initiatives where it was hoped they would be able to produce stories that would be uploaded on the project's portal.

Student Representative Council

From left to right:

Simangele Khanyile (Social, Cultural & Gender), Karabo Rabjanyane (Academic & Welfare Officer), Mbali Mazibuko (Projects, Community & Student Affairs), Bongiwe Kubheka (General Secretary), Mduduzi Mpala (Treasurer), Sylvester Sibanyoni (President).
Not present: April Motaung (Deputy President); Thato Lekhanya (Media & Sports).

Student Gallery

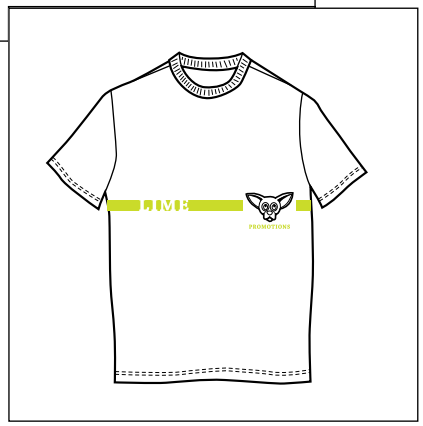
Bhekamhlaba Safaris

Corporate Identity & Stationary

Student Gallery

Camagwini
LP Cover

Student Gallery



Lime Dog

Branding & Logo Application

contents

National Electronic Media Institute of South Africa (Association Incorporated not for gain) Registration Number 1998/014825/08 Annual Financial Statements for the Financial Year ended March 2010.

COMPANY INFORMATION

DATE OF INCORPORATION
30 July 1998

BUSINESS ADDRESS
21 Girton Road,
Parktown
Johannesburg
2193

POSTAL ADDRESS
P O Box 545
Auckland Park
Johannesburg
2006

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

AUDITORS
Auditor-General South Africa

COMPANY REGISTRATION NUMBER
1998/014825/08

REGISTERED OFFICE
21 Girton Road,
Parktown,
Johannesburg
2193

SECRETARY
Computershare Investor Services (Pty) Ltd

LEGAL FORM OF ENTITY
Public Entity
Section 21 Company

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010
REPORT OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE NATIONAL ELECTRONIC MEDIA INSTITUTE OF SOUTH AFRICA FOR THE YEAR ENDED 31 MARCH 2010

REPORT ON THE FINANCIAL STATEMENTS

Introduction

I have audited the accompanying financial statements of the National Electronic Media Institute of South Africa, which comprise the statement of financial position as at 31 March 2010, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and the Accounting Authority's report, as set out on pages 31 to 61.

Accounting Authority's responsibility for the financial statements

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

Auditor-General's responsibility

As required by section 188 of the Constitution of South Africa and section 4 of the Public Audit Act of South Africa, my responsibility is to express an opinion on these financial statements based on my audit.

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

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

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Electronic Media Institute of South Africa as at 31 March 2010 and its financial performance and its cash flows for the year then ended in accordance with SA Standards of GRAP and in the manner required by the PFMA and the Companies Act of South Africa.

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010
REPORT OF THE AUDITOR-GENERAL

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

Irregular expenditure
As disclosed in note 24 to the financial statements, irregular expenditure of R 25 080 has been incurred due to three quotations not being received as per the supply chain management policy.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the PAA of South Africa and General notice 1570 of 2009, issued in Government Gazette No. 32758 of 27 November 2009 I include below my findings on the report on predetermined objectives, compliance with the PFMA, Preferential Procurement Policy Framework, 2005 (Act No. 5 of 2000) (PPPFA) and the Companies Act and financial management (internal control).

Predetermined objectives
Reliability of reported performance information
The following criteria were used to assess the reliability of the planned and reported performance:

- Validity: Has the actual reported performance occurred and does it pertain to the entity i.e. can the reported performance information be traced back to the source data or documentation?
- Accuracy: Amounts, numbers and other data relating to reported actual performance has been recorded and reported appropriately.
- Completeness: All actual results and events that should have been recorded have been included in the reported performance information.

The following audit findings relate to the above criteria:

No supporting source information
Sufficient appropriate audit evidence in relation to the Marketing and Business Development objective could not be obtained. There were also not satisfactory audit procedures that I could perform to obtain the required assurance as to the validity, accuracy and completeness of the reported information.

Compliance with laws and regulations
No matters to report.

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

- Leadership
  Policies and procedures were not developed and implemented to support the recording and reporting of performance information.
- Financial and performance management
  The financial statements were subject to material amendments resulting from the audit.

Auditor- General

Pretoria

30 July 2010

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

DIRECTORS' RESPONSIBILITIES AND APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

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

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

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

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

The auditors are responsible for independently auditing and reporting on the fair presentation of financial statements in conformity with International Auditing Standards.

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

The annual financial statements for the year ended 31 March 2010 as set on pages 27 to 61, have been approved by the Board of Directors and are signed on its behalf by:

Mr G Lenepa
Board Audit and Risk Management Committee
Chairperson

Mr T Gcabashe
Acting Board Chairperson

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010
REPORT OF THE BOARD AUDIT AND RISK MANAGEMENT COMMITTEE

Responsibilities
The Board of Directors has the general responsibility to ensure that the company has and maintains effective, efficient and transparent systems of risk management and internal control. The responsibility to ensure the adequacy and effectiveness of these systems are delegated to the Board Audit and Risk Management Committee, acting in an advisory capacity to the Board and operating as overseer with an independent and objective stance.

Board Audit and Risk Management Committee Charter
The Board Audit and Risk Management Committee has adopted the Board Audit and Risk Management Committee Charter to assist the Board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems of internal controls, control processes and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements, corporate governance and accounting standards. The Board Audit and Risk Management Committee has discharged its responsibilities in terms of the audit charter.

Internal auditing
Internal auditing provides a supportive role to management and the Board Audit and Risk Management Committee to achieve its objectives by identifying and evaluating significant exposures to risk and contributing to the improvement of risk management and control systems. The internal audit function, which is currently outsourced, is responsible for independently and objectively evaluating the company's system of internal controls and for bringing significant business risks and exposures to the attention of management and the Board Audit and Risk Management Committee via comprehensive internal audit reports.

Internal audit scope
The scope of the internal audit (IA) and Board Audit and Risk Management Committee included reviewing the processes and specific identified risk areas as agreed with management for the following audits:

- NEMISA entity-wide risk assessments
- Compilation of strategic rolling three-year IA plan (April 2009 to March 2012) and annual IA plan (April 2009 to March 2010)
- Training
- Follow-up audits on previous year's reported matters
- Business Development and Marketing
- Corporate Services - Contract Management
- Finance
- Human Resources
- Information Technology - General Controls Review and follow up on previous Internal Audit Report

Audit objectives
The overall objectives of the internal audit review are set out below:

- to assess the adequacy and effectiveness of controls in relation to the management of material risks
- to identify possible weaknesses in internal control systems
- to provide overall assurance with regard to the adequacy and effectiveness of NEMISA processes or systems, and
- where appropriate, to make recommendations that will strengthen the system of internal control and improve the management of material risks.

The definitions of adequacy and effectiveness applied for the purpose of this report are set out below:

- Adequacy: whether sufficient, efficient and economical controls are in place to provide reasonable assurance that objectives will be achieved
- Effectiveness: whether the system of internal control is functioning as intended.

Internal audit opinion on internal controls
Sufficient and appropriate audit procedures have been conducted and evidence gathered to support the accuracy of the conclusions reached and contained in this report. The conclusions were based on the results of the internal audit process. The evidence gathered meets the Standards for the Professional Practice of Internal Audit and is sufficient to provide NEMISA management with proof of the conclusions derived.

In the opinion of internal audit, internal controls relating to the identified risks were generally found to be adequate and effective.

Board Audit and Risk Management Committee Meetings
The Board Audit and Risk Management Committee convened four times during the year under review. In addition to the members, persons attending the meetings by standing invitation include representatives of Internal Audit, the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, and representatives of the Auditor-General. Where necessary, the Committee met separately with the internal and external auditors.

Internal control system
The members of the Board Audit and Risk Management Committee concur with the directors' assessment of the internal control processes as described in the financial statements and the notes thereto.

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

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010
REPORT OF THE BOARD AUDIT AND RISK MANAGEMENT COMMITTEE

Growing recognition and acceptance of risk management as a central element of good corporate governance and as a valid management tool to support strategic and operational planning, has many potential benefits for NEMISA. The approach encourages a more outward looking examination of NEMISA, thereby increasing strategic focus, including a greater emphasis on outcomes, and concentrating on resource priorities and performance assessment as part of management decisions.

Risk governance should operate within a strongly defined structure that is agreed by the Board and senior management and is monitored by the Board Audit and Risk Management Committee.

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

The risk profile should address the following elements:

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

During the period under review, risk assessment workshops were conducted with the Board and senior management of NEMISA to re-evaluate the strategic and operational risks identified in the previous risk workshops and to identify any new risks. The workshops were conducted successfully and results were reported to the Board and the Board Audit and Risk Management Committee.

Further risk management workshops were conducted with the executive and senior management of the company to update the risk registers to enable risk management to be elevated to a strategic level, thus ensuring the progression of risk management maturity.

In order to further improve the company's risk management maturity, regular assessment, evaluation and prioritisation of risks with a view to ensure optimal risk management and related results should be conducted, and entity-wide risk management within the strategic and operational activities of the company should be embedded so that it becomes part of the corporate culture. The Risk Management Committee has met 5 times during the financial year and now is an integral tool in embedding risk management throughout NEMISA.

The NEMISA Risk Management Strategy Framework has been developed to establish a dynamic and broad policy statement and related guidelines, to support the implementation of NEMISA's strategic mandate and related service delivery.

Auditor-General South Africa

We have met with the Auditor-General South Africa to ensure that there are no unresolved issues.

Legal and regulatory compliance

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

Funding

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

Financial statements

Having reviewed and evaluated the financial statements for the year ended 31 March 2010, the members of the Board Audit and Risk Management Committee believe that the financial statements fairly present the state of affairs of the company, its business, financial results and its financial position at the end of the financial year, and that the company is a going-concern.

Mr G Lenepa
Board Audit and Risk Management Committee
Chairperson

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010
REPORT OF THE ACCOUNTING AUTHORITY

The directors present their report for the year ended 31 March 2010. This report forms part of the audited financial statements.

1. COMPANY MEMBERS

The members of the company are ex officio:

- The Minister of the Department of Communications
- The Director General of the National Department of Communications
- The Director General of the National Department of Arts and Culture
- The Director General of the National Department of Education
- The Group CEO of the South African Broadcasting Corporation
- The CEO of the Meraka Institute
- The Chairperson of the South African Communications Forum

2. COMPANY DIRECTORS

The Articles of Association require that, unless otherwise determined by a meeting of the members of the company, the number of directors shall not be less than ten. The directors of the Board, the Board Audit and Risk Management Committee and the Human Resources Committee for the financial year ended 31 March 2010 are detailed below.

The Directors marked with an asterisk (*) have less than five convened meetings for the year indicating that director's term of office has expired. A hash (#) indicates that new directorship appointment has been made. The number of convened meetings for each director is therefore aligned with either the termination/ resignation date or the appointment date of the director.

SCHEDULE OF MEETINGS

			Board		Board audit and risk management committee		Human resources committee	
	Date Appointed	Date Terminated/Resigned	Meetings convened	Meetings attended	Meetings convened	Meetings attended	Meetings convened	Meetings attended
Non-executive directors								
Ms B Baloyi *	01-Oct-05	30-Sep-09	3	1	-	-	2	2
Mr I Marsh *	01-Nov-03	31-Oct-09	3	3	3	3	-	-
Mr M Mosimane *	01-Dec-06	30-Nov-09	4	2	3	1	-	-
Ms E Motsatsing *	01-Dec-06	30-Nov-09	4	2	-	-	2	2
Non-executive directors								
Mr K Moroka	01-Mar-04	28-Feb-10	5	2	-	-	-	-
Ms R Sampson	01-Nov-05	16-Mar-10	5	5	-	-	2	2
Mr T Gcabashe	01-Mar-04		5	5	4	4	-	-
Ms N Majokweni	01-Apr-08		5	5	4	4	-	-
Ms M Malaku #	01-Oct-09		2	1	-	-	-	-
Ms D Dube #	01-Nov-09		2	2	-	-	-	-
Ms L S Somo #	01-Dec-09		1	1	-	-	-	-
Ms P M Mohlathe #	01-Dec-09		1	1	-	-	-	-
Mr G Lenepa #	01-Apr-10		-	-	-	-	-	-
Executive directors								
Mr V Makaya (A-CEO/COO)	01-Jan-07		5	5	4	3	3	3
Ms K de Wet (CFO)	01-Mar-07		5	5	4	4	3	3

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010
REPORT OF THE ACCOUNTING AUTHORITY

3. DIRECTORS/SENIOR MANAGEMENT EMOLUMENTS

As at March 2010				
	Remuneration	Incentives/ other payments	Travel subsistence, reimbursements	Total
Non-Executive Directors				
Ms B Baloyi	-	-	1 680	1 680
Mr I Marsh	30 750	-	-	30 750
Mr M Mosimane	24 000	-	-	24 000
Ms E Motsatsing	28 000	-	-	28 000
Mr K Moroka	39 750	5 700	10 924	56 374
Ms R Sampson	55 198	28 000	1 358	84 556
Mr T Gcabashe	55 202	20 075	-	75 277
Ms N Majokweni	51 000	-	-	51 000
Ms M Malaku	-	-	1 464	1 464
Ms D Dube	16 250	9 425	-	25 675
Ms L S Somo	10 000	14 425	-	24 425
Ms P M Mohlathe	10 000	16 050	-	26 050
	320 150	93 675	15 426	429 251
Executive Directors				
Mr V Makaya	1 143 908	-	30 000	1 173 908
Ms K de Wet	892 602	-	30 000	922 602
	2 036 510	-	60 000	2 096 510
Senior management				
Mr S Ngcobo	731 392	-	26 485	757 877
Mr P Ramatswana	636 085	-	25 326	661 411
Ms M Malakalaka	560 812		18 632	579 444
Mr A Roman	107 397	-	2 859	110 256
Mr W Sithole	78 461	-	2 615	81 076
	2 114 147	-	75 917	2 190 064
	4 470 807	93 675	151 343	4 715 825

Remineration applicable to non-executive direcotrs inclides an anuual retainer as well as fees paid for the attendence of board and committee meetings.

Travel, subsisitence, reimbursements and other payments includes fees paid in compensation for time spent rendering services of a specific nature on behalf of the board to the company.

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010
REPORT OF THE ACCOUNTING AUTHORITY

As at March 2009				
	Remuneration	Incentives/ other payments	Travel subsistence, reimbursements	Total
Non-Executive Directors				
Ms R Sampson	100 000	-	5 385	105 385
Mr T Gcabashe	90 000	-	-	90 000
Mr I Marsh	74 000	-	-	74 000
Mr K Moroka	56 000	-	37 663	93 663
Ms B Baloyi	-	-	5 897	5 897
Ms E Motsatsing	60 000	-	-	60 000
Mr M Mosimane	62 000	-	-	62 000
Ms N Majokweni	53 000	-	-	53 000
	495 000	-	48 945	543 945
Executive Directors				
Mr P de Klerk	572 550	-	23 275	595 825
Mr V Makaya	781 600	50 064	35 737	867 401
Ms K de Wet	768 333	50 064	30 000	848 397
	2 122 483	100 128	89 012	2 311 623
	2 617 483	100 128	137 957	2 855 568
Senior management				
Mr S Ngcobo	597 323	58 565	41 991	697 879
Mr P Ramatswana	542 117	-	21 794	563 911
Ms M Malakalaka	399 000	43 200	10 188	452 388
Mr A Roman	476 340	42 048	11 536	529 924
Mr W Sithole	158 654	-	3 200	161 854
	2 173 434	143 813	88 709	2 405 956

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010
REPORT OF THE ACCOUNTING AUTHORITY

4. REVIEW OF ACTIVITIES

Principal activities of the company

The company's mandate is to position NEMISA as a sustainable and industry-relevant provider of advanced multimedia and technical skills for content generation and to establish NEMISA as the electronic content development centre for the Government of South Africa, while its vision is to become a leader in the development of world class electronic media skills in the ICT sector.

Operating results

The company's results amounted to a R4 472 474 deficit for the current financial year ended 31 March 2010, compared to a deficit of R2 870 376 for the financial year ended 31 March 2009. The deficits are due to the retrospective implementation of GRAP 23, to new accounting policy for the recognition of non-exchange revenue. which requires that deffered income be reclassified as a surplus. The effects of this reclassification has resulted in an adjustment to the accumulated surplus balance brought forward for the current financial year. The current year deficit has consequently arisen because of the allocation of its corresponding revenue to the prior year accumulated surplus.

World Cup 2010 expenditure

The Institute did not incur any expenditure relating to the Fifa World Cup 2010.

Review of operations

Total income received for the year (in the form of government funding, interest receivable and sundry income) amounted to R36 071 507 (2009: R37 916 323). These funds are recognised on a systematic basis over the periods necessary to match the grants with the related costs which they are intended to compensate. Operational expenditure amounted to R40 543 981 (2009: R40 786 699) for the period. Capital expenditure amounted to R 4 957 720 (2009: R1 765 329) for the period.

5. TAXATION

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

6. FUNDING

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

7. NOTE ON ACCOUNTING STANDARDS

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and in the manner required by the Companies Act, 1973.

8. PRIOR YEAR AUDIT REPORT

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

9. MANAGEMENT AND CONTROL

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

10. LEASES

During the financial period ended 31 March 2009, the company extended the finance lease agreement for certain of the company's leased equipment for a year commencing on 1 March 2009. The company has, accordingly, processed the necessary transactions to give effect to the increase in short-term liability as well as the increase in the value of lease owned assets.

During the financial period ended 31 March 2008, the company renewed the agreement for the company's leased premises for a period of three years commencing on 1 December 2007. The operating lease costs have, accordingly, been recognised at a fixed rental based on the time pattern of the benefits rather than any financial benefit that may arise from the transaction, in terms of GRAP 13 Leases, resulting in the equalisation of rental costs for the duration of the agreement.

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010
REPORT OF THE ACCOUNTING AUTHORITY

11. ACCREDITATION

The accrediting body for the company is MAPPP SETA.

During the period under review, NEMISA was accredited as follows:

Qualification:	Qualification ID:	Reference No:	Review Date:
• Full institutional Accreditation		MAPP-0-Noata 080130	January 2008 - February 2012
• Further Education and Training Certificate: Design foundation	49 127	MAPP-0-Noata 080130	June 2010 - June 2011
• Further Education and Training Certificate: Film, Television and Video Production Operations	49 120	MAPP-0-Noata 080130	June 2010 - June 2011
• National Certificate In Broadcast Engineering	48 792	MAPP-0-Noata 080130	January 2008 - June 2012
• National Certificate: Radio Production	49 125	MAPP-0-Noata 080130	June 2010 - June 2011
• National Certificate: Live Events Technical Production	48 669	MAPP-0-Noata 080130	June 2010 - June 2011

The overall accreditation for the institution issued by MAPPP SETA extends to January 2012, while the accreditation for individual programmes has been issued by MAPPP SETA indicating a commencement period from June 2010 instead of January 2010. The MAPPP SETA have agreed to revisit this matter and will re-issue the corrected certification.

12. DIRECTORS' INTERESTS

At 31 March 2010, the directors had no interest in the capital of the company. No contracts involving directors' interests were entered into in the current period.

13. COMPANY SECRETARY

The company has outsourced its company secretariat services to Computershare Investor Services (Pty) Ltd for the period.

14. EXTERNAL AUDITORS

In terms of Chapter 2, section 4 of the Public Audit Act, 2004 (Act 25 of 2004) the Auditor-General of South Africa must audit and report on the accounts, financial statements and financial management of all national state departments and accounting entities. The Auditor-General of South Africa is therefore responsible for the auditing of NEMISA.

15. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

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

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010
STATEMENT OF FINANCIAL POSITION

	Notes	March 2010	Restated March 2009 R
Assets			
CURRENT ASSETS			
Trade and other receivables	2	2 424 859	5 466 150
Cash and cash equivalents	3	15 761 655	17 427 901
		18 186 514	**22 894 051**
NON-CURRENT ASSETS			
Property, plant and equipment	4	6 861 226	5 269 434
Intangible assets	5	559 258	190 368
		7 420 484	**5 459 802**
TOTAL ASSETS		**25 606 998**	**28 353 853**
Liabilities			
CURRENT LIABILITIES			
Other financial liabilities	6	290 576	522 795
Trade and other payables	7	6 593 272	5 831 077
Provisions	18	2 030 123	543 904
		8 913 971	6 897 776
NON-CURRENT LIABILITIES			
Other financial liabilities	6	-	290 576
Non-exchange revenue liability	8	3 000 000	3 000 000
		3 000 000	3 290 576
TOTAL LIABILITIES		11 913 971	10 188 352
NET ASSETS		13 693 027	18 165 501
NET ASSETS			
Accumulated surplus		13 693 027	18 165 501

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010
STATEMENT OF FINANCIAL PERFORMANCE

	Notes	March 2010	Restated March 2009 R
Revenue			
Non-exchange revenue	9	29 059 000	25 303 000
Exchange revenue	10	6 061 641	11 234 484
Interest received	11	950 866	1 378 839
Total Revenue		**36 071 507**	**37 916 323**
Expenditure			
Audit Fees - external		(253 863)	(221 882)
Consulting		(1 661 306)	(1 648 823)
Debt impairment		(941 068)	(461 968)
Depreciation and amortisation		(2 865 667)	(2 755 188)
Directors emoluments and travel expenses		(2 525 761)	(2 855 033)
Finance activities	12	13 705	(59 877)
Legal recovery/expenses		31 722	(44 780)
Networks expenses		(55 539)	(27 068)
Operating expenses	13	(18 669 163)	(20 098 376)
Profesional fees- outsourced services		(1 645 840)	(1 095 318)
Repairs and maintenance		(242 971)	(582 375)
Staff costs/staff training expenses		(11 728 230)	(10 936 011)
Total Expenditure		**(40 543 981)**	**(40 786 699)**
Deficit for the year		**(4 472 474)**	**(2 870 376)**
Attributable to:			
Net Asset holders of the controlling entity		(4 472 474)	(2 870 376)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010
STATEMENT OF CHANGES IN NET ASSETS

	Notes	March 2010 R	Restated March 2009 R
Balance at 01 April 2008		**21 035 877**	**21 035 877**
Changes in net assets			
Deficit for the year		(2 870 376)	(2 870 376)
Total changes		(2 870 376)	(2 870 376)
Balance at 01 April 2009		**18 165 501**	**18 165 501**
Changes in net assets			
Deficit for the year		(4 472 474)	(4 472 474)
Total changes		(4 472 474)	(4 472 474)
Balance at 31 March 2010	15/26	**13 693 027**	**13 693 027**

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010
CASH FLOW STATEMENT

	Notes	March 2010 R	Restated March 2009 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		38 161 932	38 323 044
Cash paid to suppliers and employees		(35 312 234)	(36 168 600)
Cash generated from operations	16	2 849 698	2 154 444
Interest received		950 866	1 378 839
Finance activities		13 705	(59 877)
Net cash from operating activities		**3 814 269**	**3 473 406**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	4	(4 366 156)	(1 567 381)
Purchase of other intangible assets	5	(591 564)	(197 948)
Net cash from investing activities		**(4 957 720)**	**(1 765 329)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of other financial liabilities		(522 795)	(95 186)
Net cash from financing activities		**(522 795)**	**(95 186)**
Total cash movement for the year		**(1 666 246)**	**1 612 891**
Cash at the beginning of the year		17 427 901	15 815 010
Cash and cash equivalents at and of year	**3**	**15 761 655**	**17 427 901**

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

1. STATEMENTS OF COMPLIANCE

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board as stipulated by Section 91 of the Public Finance Management Act (Act 1 of 1999). These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

All figures are presented in South African Rand.

Basis of preparation

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) on a basis consistent with the prior year except for the adoption of the following new or revised standards:

GRAP 4: The effects of changes in foreign exchange rates
GRAP 5: Borrowing costs
GRAP 6: Consolidated and separate financial statements
GRAP 7: Investment in associates
GRAP 8: Investment in Joint Ventures
GRAP 9: Revenue for Exchange Transactions
GRAP 10: Financial reporting in Hyperinflationary Economies
GRAP 11: Construction Contracts
GRAP 12: Inventories
GRAP 13: Leases
GRAP 14: Events after the repoting date.
GRAP 16: Investment Property
GRAP 17: Property, Plant and Equipment
GRAP 19: Provisions, Contingent Liabilities and Contingent Assets
GRAP 24: Presentation of Budget Information in Financial Statements
GRAP 100: Non current Assets held for sale and Discontinued Operations.
GRAP 101: Agriculture
GRAP 102: Intangibles Assets

The provision of GRAP 23 - Revenue from Non-exchange Transactions (Taxes and Transfers) relating to transfers and subsidies received were adopted in accordance with the allowance made by GRAP 3 - Accounting Policies, changes in accounting estimates and errors, paragraph 7 and 11. Transfers and subsidies received from the Department of Communications were previously accounted for in terms of IAS 20 - Accounting of Goverment Grants and Disclosure of Goverment Assistance under the South African Statements of Generally Accepted Accounting Practice (SA GAAP) Framework.

The standards became effective for implementation in financial periods beginning on or after 1 April 2009, with the exception of GRAP 23 which was approved by the Accounting Standards Board but not yet effective as at 31 March 2010. Adoption of the standards has had material impact on the current and future periods. The following are the principle accounting policies of the NEMISA which are, in all material respects, consistent with those applied in the previous year.

The folllowing statement have been issued but not yet effective:
GRAP 18: Segment Reporting
GRAP 21: Impairment of Non cash generating assets
GRAP 25: Employee Benefits
GRAP 26: Impairment of cash generating assets
GRAP 103: Heritage Assets
GRAP 104: Financial Instruments

1.1 PROPERTY, PLANT AND EQUIPMENT

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

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and

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

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.
Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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

Subsequent expenditure

The company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the economic benefits embodied in the item will flow to the company and the cost of the item can be measured reliably. All other costs are recognised in the Statement of Financial Performance as an expense in the period that they are incurred.
The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

Depreciation

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

Item	Average useful life
Land and buildings	20 years
Improvements and interior decorating	10 years
Signage	10 years
Canteen equipment	10 years
Furniture and fittings	6 years
Office equipment	5 years
Television equipment	5 years
Radio equipment	5 years
Motor vehicles	4 years
Nonlinear editing labs	4 years
Computer equipment	3 years

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

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

1.2 LEASES

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

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

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

1.3 INTANGIBLE ASSETS

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or

- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the entity or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and

- the cost or fair value of the asset can be measured reliably. Intangible assets are initially recognised at cost.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

Amortisation begins when the intangible asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortisation ceases at the earlier of the date that the asset is classified as held for sale in accordance with IFRS 5: Non-current assets held for sale and discontinued operations, and derecognised. The amortisation method used reflects the pattern in which the intangible asset's future economic benefits are expected to be consumed by the entity. If that pattern cannot be determined reliably, the straight-line method is used. The amortisation charge for each period is recognised in the Statement of Financial Performance.

The residual value of an intangible asset with a finite useful life is assumed to be zero, unless there is a commitment by a third party to purchase the asset at the end of its useful life or there is an active market for the asset, the residual value can be determined by reference to that market and it is probable that such a market will exist at the end of the asset's useful life.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. The gain or loss arising from the derecognition is included in the surplus or deficit when the asset is derecognised. Gains are not classified as revenue.

Library information systems and computer software, classified as intangible assets, are wholly-owned and are stated at historical cost less amortisation. Amortisation is calculated on a straight-line basis to write off the cost of each asset (less its residual value) over its estimated useful life as follows:

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

1.4 FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include cash and cash equivalents, trade receivables and trade payables. Fair value adjustments to the annual financial statements are recognised in the Statement of Financial Performance in the period in which they occurred.
Financial instruments are initially measured at fair value plus, in the case of financial instruments not at fair value through surplus or deficit, transaction costs. The fair value of a financial instrument that is initially recognised is normally the transaction price, unless the fair value is evident from the observable market data.

A discounted cash flow model, which incorporates entity specific variables, is used to determine the fair value of financial instruments that are not traded in an active market. Differences may arise between the fair value initially recognised (which, in accordance with IAS 39, is generally the transaction price) and the amount initially determined using the valuation technique. Any such differences are subsequently recognised in surplus or deficit only to the extent that they relate to a change in the factors (including time) that market participants would consider in setting the price.

Financial assets are classified into the following categories:

- at fair value through surplus or deficit
- held-to-maturity
- loans and receivables, and
- available for sale.

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

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

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

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

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

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

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

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

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

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

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

Trade and other receivables
Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.
Prepayments are classified under Trade and other receivables. Trade and other receivables are classified as loans and receivables.

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

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

1.5 IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

1.6 IMPAIRMENT OF FINANCIAL ASSETS

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

1.7 PROVISIONS AND CONTINGENCIES

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

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

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

1.8 EMPLOYEE BENEFITS

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

Long-term service benefits
The company's net obligation in respect of long-term service benefits is the amount of benefit that employees have earned in return for their service in the current and prior periods.

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

1.9 TAXATION

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

1.10 IRREGULAR, 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 Public Finance Management Act 1 of 1999 (as amended by Act 29 of 1999). Fruitless and wasteful expenditure relates to expenditure that was made in vain and would have been avoided had reasonable care been exercised. All irregular, fruitless and wasteful expenditure is charged against income in the period in which it is incurred.

1.11 REVENUE RECOGNITION

Revenue comprises appropriation income from government, interest income, hire of equipment/facilities, courses rendered, fees from students, project administration fees and project income. Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates.

Non-exchange revenue:

Appropriation income from Department of Communications

Appropriation income is recognised at fair value where there is reasonable assurance that the income will be received and all attached conditions will be complied with. When the income relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Exchange revenue:

Interest income

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

Equipment/facilities hire

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

Courses rendered

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

Project administration fees

Project administration fees are recognised on completion of the project.

Conditional project funding

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

Student fees

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

1.12 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

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

The entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there

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

is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

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

Fair value estimation

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

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The entity uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 18 - Provisions.

Effective interest rate

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

Allowance for doubtful debts

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

1.13 BUDGET INFORMATION

Budget information is disclosed in terms of GRAP 1(Presentation of Financial Statements) which requires that entities, in their general purpose financial reporting, provide information on information on whether resources were obtained and used in accordance with their legally adopted budgets.

A reconciliation between the budget and cash flow statement is included in note 28 of the financial statements.

1.14 RELATED PARTIES

Parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

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

Related party transactions exclude transactions with any other entity that is a related party solely because of its economic dependence on the reporting entity or the government of which it forms part.

Related party transaction and outstanding balances or commitments owing between the reporting entity and related parties are disclosed in note 17 to the financial statements.

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

	March 2010 R	Restated March 2009 R
2. TRADE AND OTHER RECEIVABLES		
Trade debtors	2 881 158	4 763 105
Less: Provision for doubtful debts	(2 023 991)	(851 943)
	857 167	3 911 162
Prepayments/deferred expenses	215 610	202 906
Deposits	1 352 082	1 352 082
	2 424 859	**5 466 150**

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

Accounts payable include the receivables present value calculation amounting to R118 183 (2009: R163 997).

	March 2010 R	Restated March 2009 R
3. CASH AND CASH EQUIVALENTS		

Cash and cash equivalents included in the cash flow statement comprise the following amounts:

Cash on hand	3 000	3 000
Bank balances	7 893 534	1 503 015
Corporation for Public Deposits balance	7 865 121	15 921 886
	15 761 655	**17 427 901**

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

4. PROPERTY, PLANT AND EQUIPMENT

	As at March 2010			Restated As at March 2009		
	Cost / Valuation	Accumulated depreciation/ Impairment	Carrying value	Cost / Valuation	Accumulated depreciation/ Impairment	Carrying value
Owned assets						
Property/plant						
Land and buildings	189 396	(21 275)	168 121	189 396	(11 837)	177 559
Improvements and interior decorating	9 180 659	(8 309 407)	871 252	8 854 129	(7 538 529)	1 315 600
Canteen equipment	219 442	(158 791)	60 651	219 442	(138 701)	80 741
Production equipment						
Radio equipment	958 839	(749 329)	209 510	814 056	(723 815)	90 241
Television equipment	3 682 352	(2 381 904)	1 300 448	3 020 391	(2 177 120)	843 271
Office furniture and equipment						
Computer equipment	4 370 600	(2 350 432)	2 020 168	2 933 225	(1 840 136)	1 093 089
Office equipment	867 630	(149 308)	718 322	654 131	(30 198)	623 933
Furniture and fittings	435 358	(277 079)	158 279	440 419	(249 606)	190 813
Vehicles						
Motor vehicles	1 580 237	(262 419)	1 317 818	702 514	(96 424)	606 090
Total owned assets	21 484 513	(14 659 944)	6 824 569	17 827 703	(12 806 366)	5 021 337
Leased assets						
Leased office equipment	1 343 863	(1 307 206)	36 657	1 343 863	(1 095 766)	248 097
Total assets	**22 828 376**	**(15 967 150)**	**6 861 226**	**19 171 566**	**(13 902 132)**	**5 269 434**

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

Reconciliation of property, plant and equipment

	As at March 2010					
	Opening balance R	Additions R	Scrapped/ Miscellaneous R	Depreciation R	Impairment reversal	Total R
Owned assets						
Property/plant						
Land and buildings	177 559	-	-	(9 438)	-	168 121
Improvements and interior decorating	1 315 600	327 700	(186)	(771 862)	-	871 252
Canteen equipment	80 741	-	-	(20 090)	-	60 651
Production equipment						
Radio equipment	90 241	239 643	(75 625)	(44 749)	-	209 510
Television equipment	843 271	748 341	(1 990)	(435 208)	146 034	1 300 448
Office furniture and equipment						
Computer equipment	1 093 089	1 930 302	(62 553)	(940 670)	-	2 020 168
Office equipment	623 933	213 499	-	(119 110)	-	718 322
Furniture and fittings	190 813	28 947	(4 355)	(57 126)	-	158 279
Vehicles						
Motor vehicles	606 090	877 724	-	(165 996)	-	1 317 818
Total Owned Assets	5 021 337	4 366 156	(144 709)	(2 564 249)	146 034	6 824 569
Leased assets						
Leased assets	248 097	-	-	(211 440)	-	36 657
Total assets	**5 269 434**	**4 366 156**	**(144 709)**	**(2 775 689)**	**146 034**	**6 861 226**

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010
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Reconciliation of property, plant and equipment (Continued)

	As at March 2009 Restated				
	Opening balance R	Additions R	Scrapped/ Miscellaneous R	Depreciation R	Total R
Owned assets					
Property/plant					-
Land and building	187 029	-	-	(9 470)	177 559
Improvements and interior decorating	2 146 618	49 677	-	(880 695)	1 315 600
Canteen equipment	94 695	-	128	(14 082)	80 741
Production equipment					
Radio equipment	77 610	-	1 071	11 560	90 241
Television equipment	1 356 696	-	-	(513 425)	843 271
Office furniture and equipment					
Computer equipment	1 430 137	469 768	-	(806 816)	1 093 089
Office equipment	67 285	576 835	(3 739)	(16 448)	623 933
Furniture and fittings	178 600	73 360	799	(61 946)	190 813
Vehicles					
Motor vehicles	387 809	314 705	-	(96 424)	606 090
Total Owned Assets	5 926 479	1 484 345	(1 741)	(2 387 746)	5 021 337
Leased assets					
Office equipment	405 478	83 036	-	(240 417)	248 097
Total assets	**6 331 957**	**1 567 381**	**(1 741)**	**(2 628 163)**	**5 269 434**

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5. INTANGIBLE ASSETS

	As at March 2010			Restated As at March 2009		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Owned assets						
Computer software	994 349	(435 091)	559 258	389 442	(199 077)	190 365
Library information system	-	-	-	747 916	(747 913)	3
Total owned assets	**994 349**	**(435 091)**	**559 258**	**1 137 358**	**(946 990)**	**190 368**

Reconciliation of intangible assets - 2010

	Opening balance R	Additions R	Scrapped	Transfers	Amortisation R	Total R
Owned assets						
Computer software	190 365	591 564	-	13 344	(236 015)	559 258
Library information system	3	-	(3)	-	-	-
Total owned assets	**190 368**	**591 564**	**(3)**	**13 344**	**(236 015)**	**559 258**

Reconciliation of intangible assets - Restated 2009

	Opening balance R	Additions R	Scrapped	Transfers	Amortisation R	Total R
Owned assets						
Computer software	119 442	197 948	-	-	(127 025)	190 365
Library information system	3	-	-	-	-	3
Total owned assets	**119 445**	**197 948**	**-**	**-**	**(127 025)**	**190 368**

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	March 2010 R	Restated March 2009 R
6. OTHER FINANCIAL LIABILITIES		
6.1 Long-term liability under operating property lease	-	257 535
Adjustment iro straight-lined property lease	257 534	379 013
Less: Current portion of liability under operating property lease	257 534	121 478
6.2 Long-term finance lease	-	33 041
Finance lease obligations	33 042	434 358
Less: Current portion of finance lease obligations	33 042	401 317

Description of asset under finance lease.

Printing equipment - 5 year Lease Nov 04 -Oct 09 monthly repayment of R8 345 at 15% interest rate.

Switchboard equipment - 5 year Lease Mar 04- Feb10 monthly repayment of R6 327 at 15% interest rate.

Copier, fax, printers - 5 Year Lease Jul 05-Jun10 monthly repayment of R11 014 at 15% interest rate.

Total operating and finance lease liabilities	290 576	813 371
Less: Current portion of operating and finance lease liabilities	(290 576)	(522 795)
Long-term operating and finance lease liabilities	-	290 576

	March 2010 R	Restated March 2009 R
7. TRADE AND OTHER PAYABLES		
Accounts payables	4 778 552	1 177 155
Prepaid student fees/income received in advance	1 786 520	4 625 722
Deposits - student rentals	28 200	28 200
	6 593 272	**5 831 077**
8. NON-EXCHANGE REVENUE LIABILITY		
Movement during the year		
Balance at the beginning of the year	3 000 000	17 104 462
Project funding outflow - GRAP 23 implementation	-	(14 085 222)
Project funding advances - utilised	-	(19 240)
Balance carried forward	**3 000 000**	**3 000 000**
9. NON-EXCHANGE REVENUE		
Appropriation Income received - Department of Communications	29 059 000	25 303 000

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	March 2010 R	Restated March 2009 R
10. EXCHANGE REVENUE		
Income from equipment hire	-	6 000
Training and development revenue	4 789 998	10 051 747
Sundry income – students	1 172 977	1 152 000
Other income	98 666	24 737
	6 061 641	11 234 484
11. INTEREST RECEIVED		
Interest revenue		
Bank	950 866	1 378 839
12. FINANCE ACTIVITIES		
Fair value adjustments: Accounts receivables	(45 814)	(30 807)
Other interest paid - Leases	32 109	90 684
	(13 705)	59 877

	March 2010 R	Restated March 2009 R
13. OPERATING EXPENSES		
Direct expenditure		
Student accommodation	1 572 166	2 570 462
Student meals	971 930	943 142
Student training/examination costs	874 861	876 618
Student stationery and printing costs	86 633	210 700
Student stipends	23 500	945 145
Student transportation costs	218 429	373 973
Lecturer/facilitation fees	4 843 736	4 247 015
Accreditation/membership fees	334 429	-
Overhead expenditure		
Business development/marketing/communications	1 630 805	1 878 403
Bank charges	35 612	44 936
Insurance	1 361 613	1 396 873
Property rates and taxes	997 537	623 474
Stationery costs	259 503	159 135
Subsistence allowances	15 772	83 217
Transportation costs	166 327	284 201
Travel and accommodation costs	412 479	570 641
Other costs	222	4 856
Equipment costs	438 961	460 937
Property rental costs	4 424 648	4 424 648
	18 669 163	**20 098 376**

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010
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14. LEASES

	March 2010 R	Restated March 2009 R
Premises	4 424 648	4 424 648
Equipment	438 961	460 937
	4 863 609	**4 885 585**

The lease agreement for the company's premises was renewed during the course of the financial period ended 31 March 2008 for a period of three years, commencing on 1 December 2007, at an initial rental of R337 440 per month, escalating at 9% per annum. Rentals are recognised on a straight-line basis in keeping with International Accounting Standards, whereby the operating lease costs are recognised based on the time pattern of the benefits rather than any financial benefit that may arise from the transaction, resulting in an equalisation of the rental recognised.

Operating lease commitments		
Not later than one year	2 949 766	4 424 648
Later than 1 year and not later than 5 years	-	2 949 766
Total	**2 949 766**	**7 374 414**

	March 2010 R	Restated March 2009 R

Financial leases – office equipment

The company has acquired office equipment under three financial lease agreements for a period of five years each, as follows:

Financial lease commitments		
Not later than one year	33 040	401 317
Later than 1 year and not later than 5 years	-	33 040
Total	**33 040**	**434 357**

15. ACCUMULATED SURPLUS

Balance brought forward as previously stated	18 165 501	21 035 877
Current year deficit	(4 472 474)	(2 870 376)
Balance carried forward	**13 693 027**	**18 165 501**

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010
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16. CASH GENERATED FROM OPERATIONS

	March 2010 R	Restated March 2009 R
Deficit before taxation	(4 472 474)	(2 870 376)
Adjustments for:		
Depreciation	2 865 667	2 755 188
Interest received	(950 866)	(1 378 839)
Finance Activities	(13 705)	59 877
Movements in provisions	1 486 219	543 904
Miscellaneous assets	69 255	1 741
Scrapped Assets	62 116	-
Changes in working capital:		
Trade and other receivables	3 041 291	1 785 559
Trade and other payables	762 195	2 907 660
Deferred income	-	(1 650 270)
	2 849 698	**2 154 444**

17. RELATED PARTY TRANSACTIONS

The main related party with whom the company has interacted is the Department of Communications, who is the sole shareholder and provides finance to fund the operational overheads of the company. Transactions are also undertaken on an ad hoc basis with various other parastatal companies, as listed below. Transactions are undertaken on an arm's-length basis.

	March 2010 R	Restated March 2009 R
Related party transactions		
Sentech - DoC entity	389 456	-
Department of Communications (DoC)	3 602 374	10 667 406
MAPPP SETA – Government entity	-	(160 479)
SABC – DoC entity	(1 258 292)	991 292
TOTAL	**2 733 538**	**11 498 219**
Related party balances		
Sentech - DoC entity		
-Gross amount	389 456	-
Department of Communication		
-Gross amount	259 838	(3 602 374)
-Doubtful debt provision	(259 838)	-
MAPPP SETA - Government entity		
-Gross amount	-	529 572
-Doubtful debts provision	-	(529 572)
SABC - DoC entity		
-Gross amount	153 842	1 258 292
-Doubtful debt provision	(153 842)	-
TETA		
-Gross amount	26 335	-
-Doubtful debt provision	(26 335)	-
	389 456	(2 344 082)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010
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18. PROVISIONS

Reconciliation of provisions - 2010

	Opening Balance	Additions	Utilised during the year	Total
Staff incentive	209 527	465 491	-	675 018
Leave pay	334 377	653 003	(94 679)	892 701
13th cheque	-	217 188	-	245 216
CCMA payment	-	245 216	-	217 188
	543 904	**1 580 898**	**(94 679)**	**2 030 123**

Reconciliation of provisions - 2009

	Opening Balance	Additions	Utilised during the year	Total
Staff incentive	374 877	309 623	(474 973)	209 527
Leave pay	213 473	326 098	(205 194)	334 377
	588 350	**635 721**	**(680 167)**	**543 904**

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	March 2010 R	Restated March 2009 R

19. FINANCIAL INSTRUMENTS

In the course of the organisation's operations, it is exposed to interest rate risk, credit risk and liquidity risk.

Liquidity risk

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

Interest rate risk

The company's exposure to interest rate risk at reporting date is:

Assets		
Cash and cash equivalents	15 761 655	17 427 901
Trade and other receivables from exchange transactions	2 424 859	5 466 150
Total financial assets	**18 186 514**	**22 894 051**
Liabilities		
Trade and payables	6 883 848	6 353 872
Total financial liabilities	**6 883 848**	**6 353 872**

Credit Risk

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

	March 2010 R	Restated March 2009 R

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

The maximum exposure to credit risk at the reporting date:

Carrying amount		
Cash and cash equivalents	15 761 655	17 427 901
Trade debtors	2 881 158	4 763 105
	18 642 813	**22 191 006**

Impairment losses

The aged trade receivables at reporting date was:

	Gross amount	Impairment loss
Year ended 31 March 2010		
Current: 0-30 days	260 000	-
Past due: 31-60 days	339 000	-
More than 90 days	2 282 158	(2 023 991)
Total	**2 881 158**	**(2 023 991)**

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010
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19. FINANCIAL INSTRUMENTS (Continued)

	March 2010 R	Restated March 2009 R
Year ended 31 March 2009		
Past due: 31-60 days	2 603 246	-
Past due: 61-90 days	1 182 333	-
More than 90 days	977 526	(851 943)
Total	**4 763 105**	**(851 943)**

The movement in the allowance for impairment in respect of trade receivables during the year was:

Opening balance	851 943	1 365 718
Impairment loss recognised	2 023 991	(851 943)
Impairment loss utilised	(851 943)	(1 365 718)
Closing balance	**2 023 991**	**(851 943)**

The fair values of financial assets and financial liabilities at reporting date are:

	1 year or less R	Total R
Year ended 31 March 2010		
Assets		
Cash	15 761 655	15 761 655
Trade receivables	2 424 859	2 424 859
Total financial assets	**18 186 514**	**18 186 514**
Liabilities		
Trade payables	6 883 848	6 883 848
Total financial liabilities	**6 883 848**	**6 883 848**

	1 year or less R	Total R
Year ended 31 March 2009		
Assets		
Cash and cash equivalents	17 427 901	17 427 901
Trade and other receivables from exchange transactions	5 466 150	5 466 150
Total financial assets	**22 894 051**	**22 894 051**
Liabilities		
Trade payables	6 353 872	6 353 872
Total financial liabilities	**6 353 872**	**6 353 872**

Maturity Profile

The maturity profile of financial assets and liabilities is as follows:

	1 year or less R	Total R
Year ended 31 March 2010		
Assets		
Cash	15 761 655	15 761 655
Trade receivables	2 424 859	2 424 859
Total financial assets	18 186 514	18 186 514
Liabilities		
Trade payables	6 883 848	6 883 848
Total financial liabilities	6 883 848	6 883 848
Year ended 31 March 2009		
Assets		
Cash	17 427 901	17 427 901
Trade receivables	5 466 150	5 466 150
Total financial assets	**22 894 051**	**22 894 051**
Liabilities		
Trade payables	6 353 872	6 353 872
Total financial liabilities	6 353 872	6 353 872

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010
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	March 2010 R	Restated March 2009 R

20. COMPARATIVE FIGURES

The comparative figures have been restated to reflect the reclassification of certain categories where necessary, as well as the retrospective implementation of GRAP 23.

21. CONTINGENT LIABILITIES

No contingent liabilities are recorded for the period.

22. GOING CONCERN

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

23. FRUITLESS AND WASTEFUL EXPENDITURE

There was no fruitless and wasteful expenditure during the period.

24. IRREGULAR EXPENDITURE

Current year expenditure	25 080	-

During the current year, expenditure amounting to R25 080 was incurred from a service provider without obtaining three quotes as required by the company's supply chain management policy. While the transaction has been regularised by the Board, it is still construed to be irregular.

	March 2010 R	Restated March 2009 R

25. LOSSES THROUGH CRIMINAL CONDUCT

No material losses through criminal conduct were incurred during the period.

26. CHANGES IN ACCOUNTING POLICY

Non-exchange revenue

As a result of new GRAP standards becoming effective during the current period, the company has adopted a new accounting policy for the recognition of non-exchange revenue in line with GRAP 23.

This has resulted in an adjustment to the accumulated surplus balance brought forward for the current year. In conformance with the implementation of GRAP 23, the net prior year effect of the changes in accounting policy on the financial statements for the year ended 31 March 2009 as follows:

STATEMENT OF FINANCIAL POSITION		
Accumulated surplus		
Previously stated	-	6 950 655
Adjustment	-	14 085 222
	-	**21 035 877**
STATEMENT OF FINANCIAL PERFORMANCE		
Deficit as previously reported in 2009	-	(1 239 348)
Adjustment	-	(1 631 028)
	-	(2 870 376)

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26. CHANGES IN ACCOUNTING POLICY (CONTINUED)

Furthermore, during the course of the financial year, capital expenditure was incurred utilising funds received in previous financial years (and classified during those periods as defferred income).

Due to the effect of the GRAP 23 reclassification, the future amortisation and depreciation effects of the capital expenditure acquired in the current period will be amortised/depreciated over the useful lives of the assets. This future amortisation/depreciation will effect the net surplus/deficit reported in future accounting periods until the assets are fully amortised/depreciated.

27. COMMITMENTS

	March 2010 R	Restated March 2009 R
Authorised capital expenditure		
Already committed but not yet provided for:		
• Property, plant and equipment	2 019 345	-

During the course of the financial year, commitments were made to acquire capital equipment. This equipment was however not received at period end and has consequently not been recognised.

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28. ACTUAL EXPENDITURE VERSUS BUDGETED EXPENDITURE

	Operating	Financing	Investing	Total
Budgeted cash outflow	(2 018 000)	-	(3 540 000)	(5 558 000)
Basis differences	5 131 563	(522 796)	(1 417 720)	3 191 047
Net deficit	(4 472 474)	-	-	(4 472 474)
Depreciation / Amortisation	(810 332)	-	-	(810 332)
GRAP 23 Non-exchange revenue reclassification	10 283 000	-	-	10 283 000
Long-term debt reduction	-	(522 796)	-	(522 796)
Asset movement	131 369	-	(1 417 720)	(1 286 351)
Timing differences	700 707	-	-	700 707
Movements on Accounts receivable balances	3 901 291	-	-	3 901 291
Movement on Accounts payable balances	(4 686 802)	-	-	(4 686 802)
Movement on Provisions balances	1 486 218	-	-	1 486 218
Actual amount in the cash flow statement	**3 814 270**	**(522 796)**	**(4 957 720)**	**(1 666 246)**

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21 Girton Road, Parktown, 2193 | P O Box 545, Auckland Park, 2006
Tel: +27 11 484 0583 | Fax: +27 11 484 0615
www.nemisa.co.za | e-mail: info@nemisa.co.za
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