Part G: Supported Employment Enterprises

Part G: SUPPORTED EMPLOYMENT ENTERPRISES

Report of the Accounting Officer to the Executive Authority and Parliament of the Republic Of South Africa

Overview of the operations of the SEE

The Supported Employment Enterprises (SEE) was established through a Cabinet Memorandum back in 1943. The entity was re-established in terms of the Employment Services Act, 2014, Act No. 4 of 2014, to provide employment opportunities for persons with mental and physical disabilities that prevent them from participating in the open Labour market due to the nature of their afflictions. Employment of Persons with Disabilities remains the biggest challenge of Employment Equity in South Africa and as such, SEE through priority No 2 of the current Medium-Term Strategic Framework has to create 400 additional employment opportunities for Persons with Disabilities.

There are currently 13 factories across the country, located in eight of the nine provinces with Mpumalanga being the only province without a factory. Plans to establish a factory in Mpumalanga were halted due to economic constraints that were further exacerbated by Covid-19 pandemic. Once there is full economic recovery and the funding is made available to the entity, it is then that Mpumalanga expansion will be revisited. SEE has three categories in its product portfolio, which comprises of textile, wood and steel. Factories produce textile products such as hospital linen (theatre gowns, protective clothing, bed linen etc.), furniture products (school desks & office furniture) as well as steel products (safes and braai stands). These products are sold to the public and private sector clients as well as to the general members of the public.

Overview of the results and challenges for the year

Supported Employment Enterprises' aggressive market penetration strategies driven by customer acquisition and retention to push for much needed sales revenue assisted in retaining customers though SEE did not achieve on its indicator to increase sales revenue where -42% was recorded relative to a 13% increase in the previous financial year. The entity's resilience despite challenging market conditions, tight regulatory constraints and underfunded mandate demonstrate that with necessary support and space for agility or speed of decision-making process, SEE can be counted with entities that can substantially contribute to the country's developmental agenda.

Market facing efforts by the Business Development Unit at SEE earned the entity a number of huge sales orders, such as the Western Cape Provincial Health Department's order of hospital linen worth about R36 Million, The Northern Cape Provincial Department of Education ordered approximately R15 Million worth of school furniture from SEE. In these current changing market dynamics, SEE has adopted a strategy to expand its product portfolio to avoid current products from the risk of being obsolete. SEE has also embarked upon customer acquisition efforts to the private sector, as its client base is predominantly in the public sector.

SEE did not deliver on its legislative mandate of creating employment opportunities for Persons with Disabilities as the entity only managed to absorb 1 additional PWDs. Unemployment still remains a serious challenge and pre-occupies the management of SEE as the impact thereof means lack of disposable incomes, which translate to lack of economic activity and this retards economic growth. It is much more efficient to create employment opportunities as it drives capacity utilization and economic activity as opposed to simply paying grants without generating economic activity.

The pre-determined target on new agreements is the only indicator achieved, meaning SEE achieved only 33,33% of all its APP targets for the 2024/25 financial year. These results are a decline from last year's overall achievement due to challenges indicated above. Remedial actions put in place will continuously be followed up to ensure areas of improvement are achieved especially in

efforts of getting more business as that will assist greatly in successfully implementing SEE's mandate. It is also well documented that most jobs for most of South Africans seeking employment especially persons with disabilities, that such jobs will be created in the manufacturing sector where SEE operates.

The entity's biggest challenge is the underfunded mandate where over 95% of the treasury grant to SEE goes to salaries of both administrative and factory employees. The minimal balance thereof is expected to cover the cost of raw materials used in production, the cost of maintaining machinery in all 13 factories across the country as well as other operational costs. SEE's further challenge is that it operates in a highly competitive market landscape that demands business fundamentals.

These are agility, flexibility, sound judgment and effectiveness. However, the reality that the entity sits within a government space means that by default the entity is subjected to stringent government procurement prescripts, which were designed for government Departments as end users and not necessarily for an entity such as the SEE, which converts stock into finished products in order to sell them to generate sales revenue.

The ultimate objective for the entity is to obtain its legal status which is being dealt with through the Employment Services Bill that is currently before parliament and upon the completion of ratifying the Bill, the entity will then be able to build a framework that will define and guide its governance, legal form and how it responds to market dynamics.

Overview of the human resources

The Supported Employment Enterprises has two categories of employees. Administrative officials employed in terms of the Public Services Act operating on a structure of 159 administrative posts of which 124 are suitably filled to support the 12 factories as the Durban factory is still under refurbishment. The 35 administrative vacancies are affected by the DPSA moratorium and they are impacting on service delivery as these are critical posts in Operations, Business development and Finance. The Administrative staff members are part of the Department of Employment and Labour and have been accounted for under the Department, Branch Public Employment Services. The second category of staff consisted of 1 003 Persons with Disabilities employed under the Basic Condition of Employment Services Act and are spread across the 12 Factories.

The following tables provides the staff establishment of the SEE factory workers during the financial year and the changes that occurred during the year, employment equity profile of staff within the entity, salary bands.

SEE factory staff establishment

Factory	Pwds as at 01/04/2024	Additional Employment as at 31/03/2025	Terminations as at 31/03/2025	Total as at 31/03/2025
All factories	1018	1	16	1 003

SEE EE profile

Province	Factory	Race				Gender		Total
		African	Coloured	Indian	White	Female	Male	
Free State	Bloemfontein	31	2	1	20	23	31	54
KZN	Durban*							
	Pietermaritzburg	52	2	4	22	32	48	80
Eastern Cape	East London	63	4	1	17	31	54	85
	Port Elizabeth	43	16	0	14	38	35	73
Northern cape	Kimberley	35	23	0	8	22	44	66
Western cape	Ndabeni	59	57	0	40	53	103	156
	Epping	58	49	1	4	40	72	112
North West	Potchefstroom	32	10	0	5	18	29	47
Limpopo	Seshego	49	0	0	0	26	23	49
Gauteng	Pretoria	69	2	0	30	41	60	101
	Rand	65	14	0	27	60	46	106
	Springfield	46	10	0	18	21	53	74
Total		**602**	**189**	**7**	**205**	**405**	**598**	1003

*Durban factory was not operational during the financial year due to renovations.

SEE post level structure-

Level	Notch	2022/2023 wages	Increase 6.5%	2023/2024 wages	Increase 4.5%	2024/2025 wages
Level 1	Notch 1	R5 274,26	R342,83	R5 617,09	R252,77	R5 869,86
	Notch 2	R5 400,91	R351,06	R5 751,97	R258,59	R6 010,56
	Notch 3	R5 527,45	R359,28	R5 886,73	R264,91	R6 151,64
Level 2	Notch 1	R5 654,01	R367,51	R6 021,52	R271,00	R6 292,52
Level 3	Notch 1	R5 780,60	R375,74	R6 156,34	R277,04	R6 433,38
Level 4	Notch 1	R5 907,18	R383,97	R6 291,15	R283,11	R6 574,26
	Notch 2	R6 033,75	R392,19	R6 425,94	R289,17	R6 715,11
Level 5	Notch 1	R6 160,33	R400,42	R6 560,75	R295,28	R6 856,03
	Notch 2	R6 286,91	R408,65	R6 695,56	R301,28	R6 996,84
Level 6	Notch 1	R6 851,82	R445,37	R7 297,19	R328,46	R7 625,65

The salaries of factory employees were increased by 4.5% in 2024/25 which was a reduced rate compared to prior year's comparative rate. The provident fund employer contribution did not increase; it remained at 10% as well as the employee contribution that remained the same at 8%. SEE Youth employment is 51.5% (517 of 1003)

Overview of the financial results of the SEE

The SEE budget comprises of a transfer from the National Treasury through the Branch Public Employment Services and as well as additional income generated from sale of goods that are manufactured across all factories.

The grant allocation for 2024/2025 amounted to R184 684 000 which amounts to over 80% of SEE's cash revenue. Remaining 20% was generated through sale of goods.

The entity is still pursuing other government spectrums for both Health and Education to participate in the existing MOUs with both National Departments of Health and Education ending in 2026, to augment current budget sales revenue.

Supported Employment Enterprises Revenue

Departmental Receipts	2024/2025			2023/2024		
	Estimate	Actual Amount Collected	(over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
Sale of goods and services	R90 675 596	R36 747 345	R53 928 251	R61 000 000	R63 318 717	-R2 318 717
Transfer Grant	R184 684 000	R184 684 000	R0	R187 160 000	207 915 000	-R20 755 000
Interest, dividends and rent on land	R4 357 338	R8 288 363	-R3 931 025	2 509 742,72	R7 701 601	-R5 191 858
Services in Kind	R23 341 727	R28 303 328	-R4 961 601	R27 024 196	R27 024 196	R0
Other Income	R0	R1 495 239	-R1 495 239	R264 946	R228 976	R35 970
TOTAL	**R303 058 661**	**R259 518 275**	**R43 540 386**	**R277 958 885**	**R306 188 490**	**-R28 229 605**

*Other income comprises of commission and discount received from 3rd party related payments

Reasons for over/under collection of revenue

Total Revenue Received	2024/2025	2023/2024	Variance	Variance %	Reasons for Variances
Sale of goods and services	R36 747 345	R63 318 717	-R26 571 372	-42%	Less sales orders received for 2024/2025
Transfer Grant	R184 684 000	R207 915 000	-R23 231 000	-11%	Difference is due to bail out received in 2023/2024 toward payment of admin claims from DEL and incremental on base allocation.
Interest, dividends and rent on land	R8 288 363	R7 701 601	R586 762	8%	Increase due to higher interest earn on cash excess as well as interest charged on trade debtors
Services in Kind	R28 303 328	R27 024 196	R1 279 132	5%	Difference is due to incremental on the services in kind
Other Income	R1 495 239	R228 976	R1 266 263	553%	Difference due to higher discount received in the current year
Sale of capital assets	R249 194	R92 548	R156 646	169%	Difference is due more scrap assets disposed off in the current year

Information on irregular expenditure

Reconciliation of irregular expenditure		
Description	**2024/2025**	**2023/2024**
	R	**R**
Opening balance	**19 648 832,00**	**16 033 186,00**
Prior Period Errors	-	-
As Restated	**19 648 832,00**	**16 033 186,00**
Add: Irregular expenditure confirmed	3 838 113,00	3 615 646,00
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed	-	-
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
Closing balance	**23 486 945,00**	**19 648 832,00**
a) Reconciling notes to the annual financial statement disclosure		

Reconciliation of irregular expenditure		
Description	**2024/2025**	**2023/2024**
	R	**R**
Description	**2024/2025**	**2023/2024**
	R	**R**
Irregular expenditure that was under assessment in 2023/2024		-
Irregular expenditure that relates to 2023/2024 and identified in 2024/2025		-
Irregular expenditure for the current year	3 838 113,00	3 615 646,00
Total	**3 838 113,00**	3 615 646,00

b) Details of current and previous year irregular expenditure (under assessment, determination, and investigation)		
Description	**2024/2025**	**2023/2024**
	R	**R**
Irregular expenditure under assessment	-	-
Irregular expenditure under determination*	-	-
Irregular expenditure under investigation**	-	-
Total	**-**	**-**

c) Details of current and previous year irregular expenditure condoned		
Description	**2024/2025**	**2023/2024**
	R	**R**
Irregular expenditure condoned	-	-
Total	**-**	**-**

d) Details of current and previous year irregular expenditure removed - (not condoned)		
Description	**2024/2025**	**2023/2024**
	R	**R**
Irregular expenditure NOT condoned and removed	-	-
Total	**-**	**-**

e) Details of current and previous year irregular expenditure recoverable		
Description	**2024/2025**	**2023/2024**
	R	**R**
Irregular expenditure recovered	-	-
Total	**-**	**-**

f) Details of current and previous year irregular expenditure not recoverable and written off (irrecoverable)		
Description	**2024/2025**	**2023/2024**
	R	**R**
Irregular expenditure written off	-	-
Total		

Additional disclosure relating to Inter-Institutional Arrangements
g) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution *is not* responsible for the non-compliance)
Description
None

h) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution *is* responsible for the non-compliance)		
Description	**2024/2025**	**2023/2024**

Reconciliation of irregular expenditure		
Description	**2024/2025**	**2023/2024**
	R	**R**
	R	**R**
None	-	-
Total	**-**	**-**

i) Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure		
Disciplinary steps taken	**2024/2025**	**2023/2024**
	R	**R**
None		
Total		

Information on fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure		
Description	**2024/2025**	**2023/2024**
	R	**R**
Opening balance	**4 575 496,00**	2 953 021,00
Prior Period Errors	-	-
As Restated	**4 575 496,00**	**2 953 021,00**
Add: Fruitless and wasteful expenditure confirmed	929 724,00	1 622 475,00
Less: Fruitless and wasteful expenditure Written off	-	-
Less: Fruitless and wasteful expenditure recoverable	-	-
Closing balance	**5 505 220,00**	**4 575 496,00**

a) Reconciling notes to the annual financial statement disclosure		
Description	**2024/2025**	**2023/2024**
	R	**R**
Fruitless and wasteful expenditure that was under assessment in 2023/2024	-	-
Fruitless and wasteful expenditure that relates to 2023/2024 and identified in 2024/2025	-	13 282,00-
Fruitless and wasteful expenditure for the current year	929 724,00	1 609 193,00
Total	**929 724,00**	**1 622 475,00**

b) Details of current and previous year Fruitless and wasteful expenditure (under assessment, determination, and investigation)		
Description	**2024/2025**	**2023/2024**
	R	**R**
Fruitless and wasteful expenditure under assessment	-	-
Fruitless and wasteful expenditure under determination	-	-
Fruitless and wasteful expenditure under investigation	-	-
Total	**-**	**-**

c) Details of current and previous year Fruitless and wasteful expenditure Written off		
Description	**2024/2025**	**2023/2024**

	R	R
Fruitless and wasteful expenditure written off	-	-
Total	**-**	**-**

d) Details of current and previous year Fruitless and wasteful expenditure recoverable		
Description	**2024/2025**	**2023/2024**
	R	**R**
Fruitless and wasteful expenditure recoverable	-	-
Total	**-**	**-**

e) Details of current and previous year disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure.		
Disciplinary steps taken	**2024/2025**	**2023/2024**
	R	**R**
None		
Total		

Information on supply chain management

Procurement by other means

No	Project Description	Name of Supplier	Type of procurement by other means	Contract number	Value of contract
1	Compulsory induction programme course	National School of Government	Limited biding	M07441	R12 504,00
2	Compulsory induction programme course	National School of Government	Limited biding	M07440	R7 672,00
3	Expo 2024 township economies conference	Manufacturing Indaba	Limited biding	M07449	R41 917,50
4	renewal of clocking system license	Saflec Systems	Limited biding	M07453	R144 900,00
5	Expo 2024 Sandton Convention Centre	Manufacturing Indaba	Limited biding	M07461	R57 287,25
6	Provision of g20 flags	Flag Craft International	Limited biding	G03678 N03630	R97 635,00
7	Syspro renewal of license	Syspro (Pty)Ltd	Limited biding	M07473	R295 229,31
8	CaseWare licence renewal	Adapt IT	Limited biding	M07469	R118 415,75
9	15 Springfield see workers to attend upholstery training	Skills to furnish international	Limited biding	G03659	R300 000,00
10	Renewal of VIP license	Sage SA	Limited biding	M07505	R293 391,45
11	Raw material quantities on official order m07427	Da Gama Textiles	Limited biding	M07437	R1 331 021,43
12	Fabric cotton type f56 white	Da Gama Textiles	Limited biding	F03192	R316 260,00
13	Jade green fabric p48	Da Gama Textiles	Limited biding	I05171	R299 925,00
14	Maz blue fabric	Da Gama Textiles	Limited biding	I05182	R61 740,00
15	Fabric j54 100% cotton screen curtains sky blue	Da Gama Textiles	Limited biding	N03623	R113 780,00
16	Fabric with w/cape logo	Da Gama Textiles	Limited biding	F03202	R295 245,00
17	Fabric poly/cotton jade green	Da Gama Textiles	Limited biding	K02290	R386 570,00
18	Fabric for WCHD 2025/26 sheeting fabric	Da Gama Textiles	Limited biding	N03628	R18 281 090,00
19	Bath towel	Colibri Towelling	Limited biding	J01918	R2 520 000,00
20	White towelling fabric	Colibri Towelling	Limited biding	I05206	R84 000,00

No	Project Description	Name of Supplier	Type of procurement by other means	Contract number	Value of contract
21	Fabric for WCHD 2025/26 bath towels	Colibri Towelling	Limited biding	M07501	R4 200 000,00
22	Raw material quantities on official order m07427	Ahlesa Blankets Pty Ltd	Limited biding	I05168	R408 250,00
23	Fabric for WCHD 2025/26 blanket wool type 13	Ahlesa Home Pty Ltd	Limited biding	I05207	R4 082 500,00
24	Raw material quantities on official order m07427	Hextex Industries (Pty)Ltd	Limited biding	I05169	R230 000,00
25	Fabric for WCHD 2025/26 cellular blanket white	Hextex Industries (Pty)Ltd	Limited biding	I05208	R2 200 000,00
	Total				**R36 179 333,69**

Events after reporting date

SEE has operations in various factories across the country in eight provinces that manufacture wood, linen and steel products for purpose of trading at an arm's length and currently operating 12 factories. In 2021/2022 financial year the Durban Factory was discontinued and handed over to the Department of Public Works and Infrastructure (DPWI) for revamp subsequent to the factory being destroyed by natural disaster in 2017.

Acknowledgement/s or Appreciation

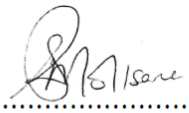
The Supported Employment Enterprises acknowledges the contributions of our staff and Executive Management in the attainment of the goals contained in this Annual Report, this despite the challenges we experienced in the entity.

Conclusion

In conclusion, I hereby submit the Supported Employment Enterprises Annual Report for the period ended 31 March 2025.

Approval and Sign Off

The Accounting Officer hereby approves the Annual Financial statements for the 2024/2025 financial year.



.....

J Molisane

ACTING DIRECTOR-GENERAL: EMPLOYMENT AND LABOUR

Date: 8 September 2025.....

.....

SEE Performance Information Overview

Purpose: The SEE is established in terms of the Employment Services Act to provide employment for people with special disabilities in the various factories across provinces that manufacture wood, linen and steel products.
The Employment Services requires the entity to:

- Facilitate supported employment.
- Provide work opportunities for people with disabilities.
- Develop and implement programmes that promote employability of PWD, including people with permanent disabilities as defined in the Compensation Act.
- Perform other functions as prescribed by the Minister.

Business units

- **Business Development:**

Purpose: Develop and implement marketing initiatives that promote employment of people with disabilities.

- **Operations:**

Purpose: Manage and monitor production within the factories, provide a safe working environment infrastructure, provide machine maintenance services, supply and procurement of machinery.

- **Office of the Chief Financial Officer:**

Purpose: To provide strategic leadership and support regarding financial management functions and manage administrative support for assets and supply chain management functions.

- **Human Resource Management**

Purpose: Strengthening institutional capacity through: Maintaining vacancy rate, implementation of PMDS policy, employee relations, workplace skills plan implementation, EHWP for all SEE employees and medical health care.

- **Planning, monitoring and evaluation**

Purpose: Organise planning workshops, provide technical advice and monitor the alignment of the SEE Strategic/APP Plans with the Department priorities, manage the compilation of performance information reports and monitor performance against APP and the AOP.

- **Information Communication and Technology**

Purpose: Manage ICT desktop operations, manage information systems, network and telephony environments and monitor performance of service providers.

SEE Outcomes as per the approved Annual Performance Plan

- Provide additional job opportunities for Persons with Disabilities
- Increase sales revenue
- Increase SEE's market share

Achievement of institutional impacts and outcomes

Strategic outcome oriented goals

Progress towards Achievement of Institutional Impacts and Outcomes

Impact statement	A labour market which is conducive to decent employment

Supported Employment Enterprises are contributing towards priority 2 of the Priorities of government as set out in the Medium-Term Strategic Framework (MTSF), the National Development Plan (NDP) and the Department's Revised Strategic Plan 2020-25. The details of the outcomes, indicators, 5-year target and the achievements to date are highlighted in the tables below.

Priority 2: Economic transformation and job creation

MTSF Outcome	Departmental Outcome	Outcome Indicator	Five-year target	SEE's Five-year targets	Actual Achievements Year 1-4	Reasons for deviation for year under review	Implementing Programme
More decent jobs created and sustained, with youth, women and persons with disabilities prioritised	Contribute to decent employment creation	Number of youth NEET absorbed in employment	1 million youth jobs by 2024 DEL: 256 050 (contributors PES: 190 000, SEE and Designated Groups: 1 000; UIF (LAP): 61 050; CF: 4 000)	To employ 400 new additional persons with disabilities by 2025	2020/21 – 25 2021/22 – A 26 2022/23 – A 50 2023/24 – A 163 2024/25 – N/A 1 5-year target – Not Achieved	Limited production in factories and budget constraints	SEE
				To increase revenue to 40% by 2025	2020/21 – N/A -67% 2021/22 – N/A -33% 2022/23 – A 88% 2023/24 – A 13.83% 2024/25 – N/A -42% 5-year target – Not Achieved	Lack of adequate orders for the wood and metal division	SEE
				Increase SEE's market share	2020/21 – N/A 2 2021/22 – A 6 2022/23 – N/A 4 2023/24 – A 12 2024/25 – A 5 5-year target – Not Achieved	None	SEE

Performance Indicators

Outcome	Output	Output Indicator	Audited Annual Performance 2022/23	Audited Annual Performance 2023/24	Planned Annual Target 2024/25	Actual Achievement 2024/25	Deviation from planned target to Actual Achievement 2024/25	Reasons for deviations
Number of additional persons with disabilities employed in the SEE factories by the end of March	Employment Services Act and recruitment and selection strategy for PWDs implemented	Number of additional persons with disabilities employed in the SEE factories by the end of March	50 additional persons with disabilities employed in the SEE factories by the end of March 2023	163 additional persons with disabilities employed in the SEE factories by the end of March 2024	150 additional persons with disabilities employed in the SEE factories by the end of March 2025	Not achieved 1 additional persons with disabilities employed in the SEE factories by the end of March 2025	Limited production in factories and budget constraints	More business sourced that will increase sales
Increase sales revenue	Financial viability increased and sustained	% annual increase of sales revenue from goods and services by the end of March	88% annual increase of sales revenue from goods and services by the end of March 2023	13.83% annual increase of sales revenue from goods and services by the end of March 2024	10% annual increase of sales revenue from goods and services by the end of March 2025	Not achieved -41.9% annual increase of sales revenue from goods and services by the end of March 2025	Lack of adequate orders for the wood and metal division.	Pursue Sales Contracts for SEE's wood and metal products.
Increase SEE's market share	SEE's market share increased and sustained	Number of customer agreements entered into annually	4 customer agreements entered into by the end of March 2023	12 customer agreements entered into by the end of March 2024	5 customer agreements entered into by the end of March 2025	Achieved 5 customer agreements entered into by the end of March 2025	N/A	N/A

Resource Allocation for performance with budgets

The entity receives National Treasury Grant Allocation through the Branch Public Employment Services in the Department of Employment and Labour. The resource is allocated conservatively to cater for mandatory expenditure and commitments first to the running operations of the entity administratively

SEE Budget and Expenditure

Name	2024/2025			2023/2024		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Transfers/Grant Allocation	174 666	184 684	-10 018	167 160	207 915	-40 755
Capital Works/Infrastructure	30 000	-	30 000	20 000	-	20 000
Factory Employees' Salaries	-132 502	-106 068	-26 434	-113 448	-94 398	-19 050
Promotional and Marketing Cost	-1 323	-1 363	40	-1 200	514	-1 714
Market Research Cost	-350	-	-350	-300	-	-300
Administration Salaries	-72 177	-73 459	1 282	-68 740	-64 621	-4 119
Capital Works/Infrastructure	-30 000	-	-30 000	-20 000	-	-20 000
Administration Cost	-112 844	-170 668	57 824	-107 470	-189 580	82 110
Operating Surplus/(Deficit)	-144 530	-166 874	22 344	-123 998	-140 170	16 172

Report of the Auditor-General to Parliament on Supported Employment Enterprise

Report on the audit of the financial statements

Adverse opinion

1. I have audited the financial statements of the Supported Employment Enterprises (SEE) set out on pages 278 to 327, which comprise the statement of financial position as at 31 March 2025, statement of financial performance, statement of changes in net assets and cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, because of the significance of the matters described in the basis for adverse opinion section of this auditor's report, the financial statements do not present fairly, in all material respects, the financial position of the SEE as at 31 March 2025 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis adverse opinion

Inventories adjustment

3. I was unable to obtain sufficient appropriate audit evidence for the restatement of the current and prior year figures for inventories. As described in the statement of financial performance, an inventory adjustment was disclosed but the adjustment could not be substantiated by supporting audit evidence. I was unable to confirm the restatement by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the figures stated at R5 571 239 (2024: R3 544 678) in the statement of financial performance.

Operating expenses

4. Operating expenses were not accounted for in accordance with GRAP 1 *Presentation of financial statements* in the prior year, as the entity incorrectly calculated the rate used in the calculation of operating expenses. The misstatements resulted in the comparative figures of operating expenses disclosed in the statement of financial performance being understated by R18 246 612. The following financial line items were understated by:
    - Abnormal labour idle time – R3 097 446
    - Under/over recovery variable overheads – R82 295
    - Under/over recovery fixed overheads – R15 066 871

Receivables from exchange transactions

5. Trade debtors were not correctly accounted for in accordance with GRAP 104 *Financial instrument* as the entity did not adequately reconcile the individual receivables balances, resulting in misstatement of debtors' balances. I was unable to determine the full extent of the misstatements to trade debtors stated

at R12 474 596 (2024: R7 318 765) in note 5 to the financial statements, as it was impracticable to do so.

Payables from exchange transactions

6. I was unable to obtain sufficient appropriate audit evidence that payments received in advance were properly accounted for, as the entity could not provide evidence to support the amount for payments received in advance in the prior year. I could not confirm the amount of payments received in advance by alternative means. Consequently, I was unable to determine whether any adjustments relating to payments received in advance stated at R6 423 984 in note 11 for the comparative figures were necessary.

Net cash flow statement from operating activities

7. Net cash flows from operating activities were not correctly prepared and disclosed as required Standards of GRAP 2, Cash flow statements. This was due to multiple errors in determining cash flow from operating activities. I was not able to determine the full extent of the errors in the net cash flows from operating activities, as it was impractical to do so. Consequently, I was unable to determine whether any adjustments to cash flows from operating activities as stated at R14 299 298 (2024: R10 381 103) in the financial statements were necessary.

Net Cash flow statement from investing activities

8. Net cash flows from investing activities were not correctly prepared and disclosed as required Standards of GRAP 2, Cash flow statements. This was due to multiple errors in determining cash flow from investing activities. I was not able to determine the full extent of the errors in the net cash flows from investing activities, as it was impractical to do so. Consequently, I was unable to determine whether any adjustments to cash flow from investing activities as stated at R2 058 140 in the financial statements were necessary.

Context for opinion

9. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.

10. I am independent of the trading entity in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

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

Responsibilities of the accounting officer for the financial statements

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the PFMA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

13. In preparing the financial statements, the accounting officer is responsible for assessing trading entity's

ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the trading entity or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

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

15. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 276, forms part of my auditor's report.

Report on the annual performance report

16. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

17. I selected the following material performance indicators related to economic transformation and job creation programme presented in the annual performance report for the year ended 31 March 2025. I selected those indicators that measure the trading entity's performance on its primary mandated functions and that are of significant national, community or public interest.

    - Number of additional persons with disabilities employed in the SEE factories by end of 31 March 2025.

18. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the trading entity's planning and delivery on its mandate and objectives.

19. I performed procedures to test whether:

    - the indicators used for planning and reporting on performance can be linked directly to the trading entity's mandate and the achievement of its planned objectives

    - all the indicators relevant for measuring the trading entity's performance against its primary mandated and prioritised functions and planned objectives are included

    - the indicators are well defined to ensure that they are easy to understand and can be applied

consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements

- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

20. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

21. I did not identify any material findings on the reported performance information for number of additional persons with disabilities employed in the SEE factories by end of 31 March 2025.

Achievement of planned targets

22. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under achievements. This information should be considered in the context of the material findings on the reported performance information.

23. The table that follow provides information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on page 267.

Number of additional persons with disabilities employed in the SEE factories by end of 31 March 2025.

Targets achieved: 33% *Total budget spent: 79%*		
Key indicator not achieved	**Planned target**	**Reported achievement**
Provide additional job opportunities for people with disabilities	150	1

Report on compliance with legislation

24. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the trading entity's compliance with legislation.

25. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

26. Through an established AGSA process, I selected requirements in key legislation for compliance testing

that are relevant to the financial and performance management of trading entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

27. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements and annual report

28. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 40(1) (a) and (b) of the PFMA.

29. Material misstatements of current assets, current liabilities, expenditure, and disclosure items identified by the auditors in the submitted financial statements were corrected and the supporting records were provided, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving an adverse opinion.

Revenue management

30. Effective and appropriate steps were not taken to collect all money due, as required by section 38(1)(c)(i) of the PFMA.

Expenditure management

31. Effective steps were not taken to prevent fruitless and wasteful expenditure, as disclosed in note 31 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the fruitless and wasteful expenditure was caused by inventory and assets theft.

32. Payments were not made within 30 days or an agreed period after receipt of an invoice, as required by section 38(1)(f) of the PFMA and treasury regulation 8.2.3.

Assets management

33. Preventative mechanisms were not in place to eliminate theft of assets, as required by treasury regulation 10.1.1(a).

Consequence management

34. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 38(1)(h)(iii) of the PFMA. This was because investigations into irregular expenditure were not performed.

35. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditure as required by section 38(1)(h)(iii) of the PFMA. This was because investigations into fruitless and wasteful expenditure were not performed.

Other information in the annual report

36. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in programme presented in the annual performance report that have

been specifically reported on in this auditor's report.

37. My opinion on the financial statements and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

38. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in programme presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Internal control deficiencies

40. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

41. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the adverse, the findings on the selected material indicators included the material findings on compliance with legislation included in this report. I identified significant.

42. Inadequate review and approval procedures as the financial statements were not subjected to thorough and/or timely review by management to ensure that the financial statements submitted are free from material misstatements.

43. Inadequate processes and controls to ensure that information requested for audit purposes is submitted in a timely manner.

44. Supporting documentation for journal entries and financial adjustments was incomplete or missing, hindering the ability to verify the accuracy of reported figures.

45. Previously identified deficiencies or audit adjustments were not adequately addressed or remediated in subsequent period.

46. The trading entity did not ensure that the financial statements and annual performance report were adequately reviewed and supported by complete and accurate supporting documents, resulting in material misstatements being identified during the audit. In addition, preventative controls were not implemented to ensure reliable financial reporting as well as compliance with applicable laws and regulations.

47. The trading entity did not implement adequate controls relating to daily and monthly processing and reconciliation of transactions. The controls that management put in place to ensure regular, accurate and complete financial reports did not always prevent and/or detect material misstatements in the financial statements and annual performance report.

48. The trading entity did not adequately review and monitor compliance with applicable laws and regulations, which resulted in non-compliance with legislation being identified during the audit.

49. The accounting officer did not adequately monitor the implementation of consequence management on those who failed to implement the designated internal controls of the entity.

Pretoria

31 July 2025

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected material performance indicators and on the trading entity's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

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

Communication with those charged with governance

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Section, regulation or paragraph
Public Finance Management Act 1 of 1999	Section 38(1)(b); 38(1)(c)(i); 38(1)(c)(ii); 38(1)(d); 38(1)(f); 38(1)(h)(iii); 40(1)(a); 40(1)(b); 40(1)(c)(i); 44; 45(b);
Treasury Regulations, 2005	Regulation 4.1.1; 4.1.3; 5.1.1; 5.2.1; 5.2.3(a); 5.2.3(d); 5.3.1; 7.2.1; 8.1.1; 8.2.1; 8.2.3; 8.4.1; 9.1.1; 9.1.4; 10.1.1(a); 10.1.2; 11.4.1; 11.4.2; 11.5.1; 12.5.1; 15.10.1.2(c); 16A3.2; 16A3.2(a); 16A6.1; 16A6.2(a); 16A6.2(a)(ii); 16A6.2(b); 16A6.3(a); 16A6.3(b); 16A 6.3(c); 16A 6.3(e); 16A6.4; 16A6.5; 16A6.6; 16A8.3; 16A8.4; 16A9.1(b)(ii); 16A9.1(d); 16A9.1(e); 16A9.1(f); 16A9.2; 16A9.2(a)(ii); 17.1.1; 18.2; 19.6.1; 19.8.4
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A)
National Treasury Instruction No. 5 of 2020/21	Paragraph 4.8; 4.9, 5.3
Second Amendment National Treasury Instruction No. 5 of 2020/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 2020/21	Paragraph 2
National Treasury Instruction No. 1 of 2021/22	Paragraph 4.1
National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2(b); 4.3; 4.4(a); 4.17; 7.2; 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
National Treasury Practice Note 5 of 2009/10	Paragraph 3.3
National Treasury Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulation, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; 6.6; 6.8; 7.1; 7.2; 7.3; 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

Supported Employment Enterprise
Trading as Service Product
Annual financial statements
for the year ended 31 March 2025

Supported Employment Enterprise

Trading as Service Product

General Information

Country of incorporation and domicile	South Africa
Legal form of entity	Entity under the Department of Employment and Labour in terms of Employment Service Act (Act No.4 of 2014)
Nature of business and principal activities	Manufacturing of textiles, wood, metal products and office furniture. Supply of linen and protective clothing. Repairs and maintenance services on various products produced.
Business address	221 Moreleta Street Silverton Pretoria 0127
Postal address	Private Bag X713 Silverton Pretoria 0127
Bankers	Standard Bank of South Africa
Auditors	Auditor-General of South Africa
Chief Executive Officer	Sibusiso Phakathi
Chief Financial Officer	Malebo Sebaka

Supported Employment Enterprise

Trading as Service Product

Index

	Page
Accounting Officer's Responsibilities and Approval	281
Statement of Financial Position	282
Statement of Financial Performance	283
Statement of Changes in Net Assets	285
Cash Flow Statement	286
Statement of Comparison of Budget and Actual Amounts	287
Significant Accounting Policies	288
Notes to the Annual Financial Statements	313

Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
PFMA	Public Finance Management Act
DEL	Department of Employment and Labour
MOU	Memorandum of Understanding
VAT	Value Added Tax
NRV	Net Realisable Value

Accounting Officer's Responsibilities and Approval

The Accounting Officer is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that she is ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity, and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

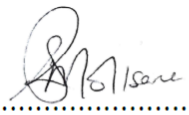
The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the entity's cash flow forecast for the year to 31 March 2026 and, in the light of this review and the current financial position, she is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is wholly dependent on the entity for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the entity has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

Although the accounting officers are primarily responsible for the financial affairs of the entity, they are supported by the entity's external auditors.

The annual financial statements set out on page 4, which have been prepared on the going concern basis, were approved by the accounting officer on 31 May 2025 and were signed on its behalf by:



.....

J Molisane

ACTING DIRECTOR-GENERAL: EMPLOYMENT AND LABOUR

Supported Employment Enterprise

Trading as Service Product

Statement of Financial Position as at 31 March 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Inventories	3	72 394 836	58 523 519
Operating lease asset	4	-	15 240
Receivables from exchange transactions	5	13 609 289	8 017 384
Receivables from non-exchange transactions	6	-	21 328 624
VAT receivable	7	2 435 931	2 914 213
Cash and cash equivalents	8	12 470 192	29 122 382
		100 910 248	**119 921 362**
Non-Current Assets			
Property, plant and equipment	2	89 945 471	89 517 852
Total Assets		**190 855 719**	**209 439 214**
Liabilities			
Current Liabilities			
Finance lease obligation	9	106 971	294 752
Operating lease liability	4	230 896	-
Payables from exchange transactions	11	58 603 409	42 381 359
		58 941 276	**42 676 111**
Non-Current Liabilities			
Finance lease obligation	9	-	106 971
Provisions	10	11 211 888	11 727 999
		11 211 888	**11 834 970**
Total Liabilities		**70 153 164**	**54 511 081**
Net Assets		**120 702 555**	**154 928 133**
Accumulated surplus		120 702 557	154 928 134
Total Net Assets		**120 702 557**	**154 928 134**

* See Note 28

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue	12		
Sale of goods		36 747 345	63 318 717
Transfers (Department of Employment and Labour)	13	184 684 000	207 915 000
Services In-kind	14	28 303 328	27 024 196
		249 734 673	**298 257 913**
Cost of sales	17	**(37 136 425)**	**(54 997 689)**
Gross surplus		**212 598 248**	**243 260 224**
Other income	12		
Commissions received	15	52 208	48 141
Discount received	15	384 035	180 835
Donation received		1 058 996	-
Interest received	16	8 288 363	7 701 601
Inventory adjustment		5 571 239	3 544 678
		15 354 841	**11 475 255**
Expenses (Refer to next page)		**(260 866 420)**	**(240 688 104)**
Operating (deficit) surplus		**(32 913 331)**	**14 047 375**
Finance costs	23	(1 312 251)	(1 154 013)
(Deficit) surplus for the year		**(34 225 582)**	**12 893 362**

* See Note 28

Figures in Rand	Note(s)	2025	2024 Restated*
Operating expenses			
Advertising		(1 362 704)	(514 069)
Auditors' remuneration	21	(3 814 069)	(2 435 434)
Debt Impairment	22	2 778 043	(13 234 613)
Bank charges		(229 066)	(199 092)
Cleaning		(647 993)	(2 149 295)
Assets - Theft & Losses		(922 086)	(52 029)
Consulting and professional fees		(904 401)	(836 372)
Consumables		(30 825)	(41 669)
Delivery expenses		(608 873)	(4 560 470)
Depreciation, amortisation and impairments	20	(591 306)	(1 573 274)
Employee costs	19	(73 458 828)	(64 620 843)
Entertainment		(64 934)	(24 550)
Abnormal labour idle time	18	(102 020 295)	(86 246 597)
Under/Over recovery variable overheads	18	(21 289 597)	(18 828 791)
Canteen expenses		-	(628 777)
Occupational health and safety expense		(139 956)	(194 932)
Loss on lease termination		(15 240)	-
Service-in-kind expenditure		(2 120 242)	(2 040 336)
Under or over recovery fixed overheads	18	(41 709 892)	(30 138 816)
IT expenses		(847 797)	(3 328 548)
Insurance		(134 418)	(337 402)
Lease rentals on operating lease		(171 565)	(124 836)
Loss on disposal of assets		(1 039 215)	(92 548)
Motor vehicle expenses		(66 178)	(56 599)
Loss on de-recognition of assets		-	(1 554 216)
Printing and stationery		(59 417)	(43 009)
Repairs and maintenance		(259 026)	777 443
Software expenses		(105 822)	(702 072)
Staff welfare		(737 868)	(630 457)
Subscriptions		-	(38 453)
Telephone and fax		(2 516 948)	(1 851 889)
Training		(204 927)	(298 269)
Travel - local		(4 892 385)	(2 442 431)
Water and electricity		(1 959 515)	(1 615 878)
Assets less than R3000		(719 075)	(414 881)
Assets Adjustments		-	385 900
		(260 866 420)	**(240 688 104)**

* See Note 28

Supported Employment Enterprise

Trading as Service Product

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	152 240 628	152 240 628
Adjustments		
Prior year adjustments 28	(10 205 856)	(10 205 856)
Balance at 01 April 2023 as restated*	**142 034 772**	**142 034 772**
Changes in net assets		
Surplus for the year	12 893 362	12 893 362
Total changes	12 893 362	12 893 362
Opening balance as previously reported	150 152 861	150 152 861
Adjustments		
Prior year adjustments 28	4 775 275	4 775 275
Restated* Balance at 01 April 2024 as restated*	**154 928 136**	**154 928 136**
Changes in net assets		
Surplus for the year	(34 225 582)	(34 225 582)
Total changes	(34 225 582)	(34 225 582)
Balance at 31 March 2025	**120 702 554**	**120 702 554**

Note(s)

* See Note 28

Supported Employment Enterprise

Trading as Service Product

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		60 173 055	29 261 888
Grants		184 684 000	207 915 000
Interest income		5 311 153	4 930 962
Other receipts		436 243	228 976
		250 604 451	242 336 826
Payments			
Employee costs		(172 651 959)	(146 562 107)
Suppliers		(92 219 845)	(85 265 128)
Finance costs		(31 945)	(128 488)
		(264 903 749)	(231 955 723)
Net cash flows from operating activities	24	**(14 299 298)**	**10 381 103**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(2 058 140)	(4 066 984)
Cash flows from financing activities			
Finance lease payments		(294 752)	(269 362)
Net increase/(decrease) in cash and cash equivalents		**(16 652 190)**	**6 044 757**
Cash and cash equivalents at the beginning of the year		29 122 382	23 077 625
Cash and cash equivalents at the end of the year	8	**12 470 192**	**29 122 382**

The accounting policies on pages 10 to 28 and the notes on pages 29 to 50 form an integral part of the annual financial statements.

* See Note 28

Supported Employment Enterprise

Trading as Service Product

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sale of goods	90 675 596	-	**90 675 596**	36 747 345	**(53 928 251)**	**35**
Commissions received	-	-	**-**	52 208	**52 208**	
Discount received	-	-	**-**	384 035	**384 035**	**35**
Donations received	-	-	**-**	1 058 996	**1 058 996**	35
Interest received - investment	4 357 338	-	**4 357 338**	8 288 363	**3 931 025**	**35**
Inventory adjustment	-	-	**-**	5 571 239	**5 571 239**	**35**
Total revenue from exchange transactions	**95 032 934**	**-**	**95 032 934**	**52 102 186**	**(42 930 748)**	
Revenue from non-exchange transactions						
Transfer revenue						
Services In-kind	23 341 727	-	**23 341 727**	28 303 328	**4 961 601**	**35**
Transfer revenue	184 684 000	-	**184 684 000**	184 684 000	**-**	
Total revenue from non-exchange transactions	**208 025 727**	**-**	**208 025 727**	**212 987 328**	**4 961 601**	
Total revenue	**303 058 661**	**-**	**303 058 661**	**265 089 514**	**(37 969 147)**	
Expenditure						
Employee cost	(93 704 366)	-	**(93 704 366)**	(73 458 828)	**20 245 538**	**35**
Depreciation and amortisation	(501 466)	-	**(501 466)**	(591 306)	**(89 840)**	**35**
Finance costs	-	-	**-**	(1 312 251)	**(1 312 251)**	**35**
Lease rentals on operating lease	(124 836)	-	**(124 836)**	(171 565)	**(46 729)**	
Cost of Sale of goods	(76 506 186)	-	**(76 506 186)**	(37 136 425)	**39 369 761**	**35**
Audit fees	(3 359 958)	-	**(3 359 958)**	(3 814 069)	**(454 111)**	35
Debt Impairment	-	-	**-**	(2 778 043)	**(2 778 043)**	**35**
Advertising	(5 000 000)	-	**(5 000 000)**	(1 362 704)	**3 637 296**	**35**
Manufacturing overheads	(175 194 677)	-	**(175 194 677)**	(165 019 784)	**10 174 893**	**35**
General expenses	(23 611 970)	-	**(23 611 970)**	(19 223 153)	**4 388 817**	**35**
Total expenditure	**(378 003 459)**	**-**	**(378 003 459)**	**(304 868 128)**	**73 135 331**	
Deficit before taxation	**(74 944 798)**	**-**	**(74 944 798)**	**(39 778 614)**	**35 166 184**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**(74 944 798)**	**-**	**(74 944 798)**	**(39 778 614)**	**35 166 184**	
Reconciliation						

1. Significant accounting policies

The significant accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

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

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

These accounting policies are consistent with the previous period.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months. Refer to note 31.

1.3 Significant judgements and sources of estimation uncertainty

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

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

Trade receivables

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

The impairment for trade receivables is calculated on a portfolio basis. For amounts due to the entity, significant financial difficulties of the receivables, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment. Impairments are calculated based on repayment expectations and discounted present value. Receivables are categorised by risk, with individual assessments for impairment and required approval for write-offs.

On receivables 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 receivables carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management has made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher value- in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the [name a key assumption] assumption may change which may then impact on our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in note 10 - Provisions.

1.3 Significant judgements and sources of estimation uncertainty (continued)

Allowance for doubtful debts

On receivables, the 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.

1.4 Property, plant and equipment

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

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

- it is probable that future economic benefits or service potential associated with the item will flow to the entity, and
- the cost of the item can be measured reliably. Property, plant and equipment are initially measured at cost.

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

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

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

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

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

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

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

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

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

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

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

Item	Depreciation method	Average useful life
Appliances	Straight-line	5- 8 years
Buildings	Straight-line	50 years
Computer equipment	Straight-line	3- 5 years
Furniture and fixtures	Straight-line	12 - 15 years
Leased assets	Straight-line	3 - 5 years

1.4 Property, plant and equipment (continued)

Office equipment	Straight-line	8 - 10 years
Plant and machinery	Straight-line	10 - 15 years
Motor vehicles	Straight-line	10 years

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

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

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

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

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

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note).

1.5 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

1.5 Intangible assets (continued)

Item	Depreciation method	Average useful life
Computer software	Straight-line	2 - 3 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on sale and leaseback).

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.

Compensation from third parties for an intangible asset that was impaired lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

1.6 Financial instruments

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

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

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

A financial asset is:

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

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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

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

Interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market interest rates.

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

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

Market risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

1.6 Financial instruments (continued)

Other price risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

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

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

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

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Cash and cash equivalent	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Finance lease obligation	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost

1.7 Leases

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

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the entity's incremental borrowing rate.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

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

1.7 Leases (continued)

Operating leases - lessee

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

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis over the lease term.

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

1.8 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for
- distribution at no charge or for a nominal charge, or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less than the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable, and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventory are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.9 Discontinued Operations

Discontinued operation is a component of an entity that has been disposed of and:
- represents a distinguishable activity, group of activities or geographical area of operations
- is part of a single co-ordinated plan to dispose of a distinguishable activity, group of activities or geographical area of operations, or
- is a controlled entity acquired exclusively with a view to resale.

A component of an entity is the operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity.

1.10 Impairment of cash-generating assets

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

1.10 Impairment of cash-generating assets (continued)

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

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

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

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

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

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

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

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

Designation

At initial recognition, the entity designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of an entity's objective of using the asset.

The entity designates an asset or a cash-generating unit as cash-generating when:
- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

An asset used with the objective of generating a commercial return and service delivery is designated either as a cash-generating asset or non-cash-generating asset based on whether the entity expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate commercial return, the entity designates the asset as a non-cash-generating asset and applies the accounting policy on Impairment of Non-cash-generating assets, rather than this accounting policy.

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

1.10 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

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

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

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

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable), and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset, is allocated pro rata to the other assets of the unit.

1.11 Impairment of non-cash-generating assets

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

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

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

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

Useful life is either:

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

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets, are as follows:

1.11 Impairment of non-cash-generating assets (continued)

Designation

At initial recognition, the entity designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of an entity's objective of using the asset.

The entity designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The entity designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery is designated either as a cash-generating asset or non-cash-generating asset based on whether the entity expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the entity designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Reversal of an impairment loss

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

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

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

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

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

1.12 Employee benefits

Identification

Employee benefits

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

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either:
(a) an entity's decision to terminate an employee's employment before the normal retirement date; or
(b) an employee's decision to accept an offer of benefits in exchange for the termination of employment.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within 12 months after the end of the period in which the employees render the related service.

1.12 Employee benefits (continued)

Short-term employee benefits

Recognition and measurement

All short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service
.
Short-term employee benefits include items such as:

- wages, salaries and social security contributions

- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within 12 months after the end of the reporting period in which the employees render the related employee service

- bonus, incentive and performance-related payments payable within 12 months after the end of the reporting period in which the employees render the related service, and

- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

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

(a) As a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

(b) As an expense, unless another Standard of GRAP requires or permits the inclusion of the benefits in the cost of an asset.

Short-term paid absences

The entity recognises the expected cost of short-term employee benefits in the form of paid absences as follows:

(a) in the case of accumulating paid absences, when the employees render service that increases their entitlement to future paid absences; and

(b) in the case of non-accumulating paid absences, when the absences occur.

The entity measures the expected cost of accumulating paid absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period.

Bonus, incentive and performance-related payments

The entity recognises the expected cost of bonus, incentive and performance related payments when, and only when:

(a) the entity has a present legal or constructive obligation to make such payments as a result of past events; and

(b) a reliable estimate of the obligation can be made. A present obligation exists when, and only when, the entity has no realistic alternative but to make the payments.

1.12 Employee benefits (continued)

Post-employment benefits: Distinction between defined contribution plans and defined benefit plans

Multi-employer plans

The entity classifies a multi-employer plan and/or state plans and/or composite social security programmes as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).
Where a plan is a defined contribution plan, the entity accounts for in the same way as for any other defined contribution plan.

1.13 Provisions and contingencies

Provisions are recognised when:

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

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

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

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

Provisions are not recognised for future operating surplus (deficit).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/operating unit concerned
  - the principal locations affected
  - the location, function, and approximate number of employees who will be compensated for services being terminated
  - the expenditures that will be undertaken, and
  - when the plan will be implemented, and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 26.

1.14 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancelled at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.15 Revenue from exchange transactions

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

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

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

Measurement

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

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non- contractual) arrangement (see the accounting policy on Statutory Receivables).

Sale of goods

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

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

Rendering of services

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

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

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other act, the recognition of revenue is postponed until the significant act is executed.

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

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

Interest

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

1.15 Revenue from exchange transactions (continued)

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

1.16 Revenue from non-exchange transactions

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

Recognition

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

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

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the entity has complied with the 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.

Measurement

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

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

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

Services in-kind

Except for financial guaranteed contracts, the entity recognises services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the entity's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the entity discloses the nature and type of services in-kind received during the reporting period.

1.17 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all surplus (deficit) of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write- down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

1.17 Cost of sales (continued)

Contract costs comprise:

- costs that relate directly to the specific contract
- costs that are attributable to contract activity in general and can be allocated to the contract on a systematic and rational basis, and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

1.18 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use of sale.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset when it is probable that they will result in future economic benefits or service potential to the entity, and the costs can be measured reliably. The entity applies this consistently to all borrowing costs that are directly attributable to the acquisition, construction, or production of all qualifying assets of the entity. The amount of borrowing costs eligible for capitalisation is determined as follows:

- To the extent that the entity borrows funds specifically for the purpose of obtaining a qualifying asset, the entity determines the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the period, less any investment income on the temporary investment of those borrowings.
- To the extent that an entity borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the entity determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditure on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to all borrowings of the entity that are outstanding during the period. However, the entity excludes from this calculation borrowing costs applicable to borrowings made specifically for the purpose of obtaining a qualifying asset until substantially all the activities necessary to prepare the asset for its intended use or sale are complete. The amount of borrowing costs that the entity capitalises during a period does not exceed the amount of borrowing costs it incurred during that period.

The capitalisation of borrowing costs commences when all the following conditions have been met:

- expenditures for the assets have been incurred
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are undertaken.

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or recoverable service amount or net realisable value or replacement cost, the carrying amount is written down or written off in accordance with the accounting policy on Impairment of Assets and Inventories as per accounting policy number 1.8, 1.10 and 1.11. In certain circumstances, the amount of the write-down or write-off is written back in accordance with the same accounting policy.

Capitalisation is suspended during extended periods in which active development is suspended.

Extended periods are periods that exceed X months.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

When the entity completes the construction of a qualifying asset in parts and each part is capable of being used while construction continues on other parts, the entity ceases capitalising borrowing costs when it completes substantially all the activities necessary to prepare that part for its intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.19 Comparative figures

Where necessary comparative figures have been reclassified and/or adjusted to conform to changes in presentation in the current year. Refer to note 29 prior years reclassified and/or adjusted figures. Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.20 Fruitless and wasteful expenditure

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred and classified in accordance with the nature of the expense. Upon investigation, if a person was found to be liable in law for the fruitless and wasteful expenditure that occurred a receivable is recognised for the recovery of the monies and where recovered it is subsequently accounted for as revenue in the statement of financial performance.

For details on fruitless and wasteful expenditure refer to **note** - Fruitless and wasteful expenditure

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

1.21 Irregular expenditure

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

For details on fruitless and wasteful expenditure refer to note 33 - Fruitless and wasteful expenditure
(a) this Act; or
(b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
(c) any provincial legislation providing for procurement procedures in that provincial government.
Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements is recorded in the register and disclosed in the notes to the financial statements.

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

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority is recorded appropriately in the register. If liability for the irregular expenditure can be attributed to a person a debt account must be created if such a person is liable in law. Immediate steps are thereafter taken to recover the amount from the person concerned. If recovery is not possible the accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The register is also updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law the expenditure related thereto remains against the relevant programme/expenditure item disclosed as such in the note to the financial statements and updated accordingly in the register.

For details on irregular expenditure refer to **note 33** - Irregular expenditure.

1.22 Budget information

The approved budget is prepared on an accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2024/04/01 to 2025/03/31.

The budget for the economic entity includes all the entities approved budgets under its control.

1.23 Related parties

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

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

1.23 Related parties (continued)

Joint control is the agreed sharing of control over an activity by a binding arrangement and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the ventures).

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

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

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

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

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

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

1.24 Events after reporting date

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

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

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

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

1.25 Change in accounting policies and errors

The entity accounts for the changes in accounting policy and errors retrospectively unless if it is impractical to do so. The opening balances are restated with the effect of the errors and the change in accounting policies.

The entity accounts for the change in accounting estimates and errors retrospectively.

1.26 Change in estimates

The effect of a change in an accounting estimate, other than a change to which paragraph .39 applies, shall be recognised prospectively by including it in surplus or deficit in:

(a) the period of the change, if the change affects that period only; or

(b) the period of the change and future periods, if the change affects both.

To the extent that a change in an accounting estimate gives rise to changes in assets and liabilities, or relates to an item of net assets, it shall be recognised by adjusting the carrying amount of the related asset, liability or item of net assets in the period of the change.

The entity accounts for the change in accounting estimates prospectively.

Figures in Rand

	2025	2024

2. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	2 273 867	(318 469)	1 955 398	2 273 867	(272 989)	2 000 878
Plant and machinery	59 770 351	(15 410 409)	44 359 942	56 821 309	(14 611 968)	42 209 341
Furniture and fixtures	4 990 808	(2 314 279)	2 676 529	5 207 661	(2 306 103)	2 901 558
Motor vehicles	10 384 485	(5 238 055)	5 146 430	10 384 485	(4 302 976)	6 081 509
Office equipment	1 684 481	(738 793)	945 688	1 936 050	(807 018)	1 129 032
IT equipment	7 021 760	(2 585 402)	4 436 358	6 730 325	(2 077 877)	4 652 448
Appliances	3 505 635	(985 276)	2 520 359	3 519 857	(882 326)	2 637 531
Work-in-progress assets	27 809 573	-	27 809 573	27 531 827	-	27 531 827
Other leased Assets	835 604	(740 410)	95 194	835 604	(461 876)	373 728
Total	**118 276 564**	**(28 331 093)**	**89 945 471**	**115 240 985**	**(25 723 133)**	**89 517 852**

2. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	2 000 878	-	-	(45 480)	1 955 398
Plant and machinery	42 209 341	6 767 131	(1 770 144)	(2 846 386)	44 359 942
Furniture and fixtures	2 901 558	195 472	(117 461)	(303 040)	2 676 529
Motor vehicles	6 081 509	-	-	(935 079)	5 146 430
Office equipment	1 129 032	9 898	(122 158)	(71 084)	945 688
IT equipment	4 652 448	631 240	(115 153)	(732 177)	4 436 358
Appliances	2 637 531	147 446	(73 518)	(191 100)	2 520 359
Work-in-progress assets	27 531 827	277 746	-	-	27 809 573
Other leased Assets	373 728	-	-	(278 534)	95 194
	89 517 852	**8 028 933**	**(2 198 434)**	**(5 402 880)**	**89 945 471**

2. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	2 046 356	-	-	(45 478)	2 000 878
Plant and machinery	42 142 114	2 085 572	(91 713)	(1 926 632)	42 209 341
Furniture and fixtures	3 119 603	119 271	(12 756)	(324 560)	2 901 558
Motor vehicles	7 016 112	-	-	(934 603)	6 081 509
Office equipment	1 213 311	6 968	(6 266)	(84 981)	1 129 032
IT equipment	3 103 808	2 172 248	(296)	(623 312)	4 652 448
Appliances	2 299 522	551 618	(374)	(213 235)	2 637 531
Work-in-progress assets	26 552 827	979 000	-	-	27 531 827
Other leased Assets	652 263	-	-	(278 535)	373 728
	88 145 916	**5 914 677**	**(111 405)**	**(4 431 336)**	**89 517 852**

Reconciliation of Work-in-Progress 2025

	Included within Other PPE	Total
Opening balance	26 552 827	26 552 827

Reconciliation of Work-in-Progress 2024

	Included within Other PPE	Total
Opening balance	26 552 827	26 552 827

Figures in Rand	2025	2024

2. Property, plant and equipment (continued)

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Plant and machinery	259 026	201 557
Other property, plant and equipment	-	200 431
	259 026	**401 988**

3. Inventories

Raw materials, components	55 625 160	42 699 641
Work in progress	2 425 594	2 121 340
Finished goods	12 338 075	12 581 074
Bought Out - Finished Goods	542 093	39 580
Consumables - Stationery	651 673	671 867
Consumables - Cleaning Material	668 949	486 104
Donated Inventory	1 058 996	-
	73 310 540	58 599 606
Inventories (write-downs)	(915 704)	(76 087)
	72 394 836	**58 523 519**

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values as determined using estimation techniques. Included in inventory balance of R12 864 830 (2024: R12 773 773) for finished goods is goods dispatched not yet invoiced amounting to R2 672 653 (2024: R2 514 878). The inventory balance for finished goods before including goods dispatched not yet invoices is R9 665 422 (2024: R10 066 196).

Inventory pledged as security

No Inventory was pledged as security for overdraft facilities.

4. Operating lease asset (liability)

Current assets	-	15 240
Current liabilities	230 896	-
	230 896	**15 240**

5. Receivables from exchange transactions

Trade debtors	12 474 596	7 318 765
Employee costs paid in advance	16 524	1 415
Prepayments (if immaterial)	1 114 895	693 930
Housing Debtors	3 274	3 274
	13 609 289	**8 017 384**

Figures in Rand	2025	2024

5. Receivables from exchange transactions (continued)

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. As at 31 March 2025, R 9 933 867 (2024: R 3 624 094) were past due but not impaired.

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

0 - 30 Days	8 821 891	1 996 372
31 - 60 Days	1 334 211	1 213 837
61 - 90 Days	64 588	414 885

Trade and other receivables impaired

As of 31 March 2025, trade and other receivables of R 38 225 967 (2024: R 36 444 256) were provided for.

The amount of the provision was R 26 562 781 as of 31 March 2025 (2024: R 29 340 825).

The ageing of these receivables is as follows:

0 -30 days	94 366	15 986
31 - 60 days	84 560	1 016
61 - 90 Days	105 620	84 848
91 - 120 Days	157 440	2 523 839
Greater than 120 Days	26 120 796	26 715 136

Reconciliation of provision for impairment of trade and other receivables

Opening balance	29 340 825	16 106 212
Provision for impairment	(2 778 043)	13 234 613
	26 562 782	**29 340 825**

6. Receivables from non-exchange transactions

Sundry debtors	1 092 000	1 665 624
Transfer Receivables	-	20 755 000
Provision for Impairment	(1 092 000)	(1 092 000)
	-	**21 328 624**

The balance includes an amount of R1 092 000 relating to an overpayment made to a supplier during the 2019/20 financial year. This receivable has remained outstanding since the date of the transaction. Due to uncertainty regarding the recoverability of the amount, it has been assessed as doubtful and has consequently been impaired in full.

Receivables from non-exchange transactions past due but not impaired

Other receivables from non-exchange transactions which are less than 3 months past due are not considered to be impaired. At 31 March 2025, R - (2024: R 21 328 624) were past due but not impaired.

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

1 month past due	-	21 328 624

Figures in Rand	2025	2024

6. Receivables from non-exchange transactions (continued)

Receivables from non-exchange transactions impaired

As at 31 March 2025, other receivables from non-exchange transactions of R 1 092 000 (2024: R 1 092 000) were impaired and provided for.

The amount of the provision was R 1 092 000 as at 31 March 2025 (2024: R 1 092 000).

The ageing of these loans is as follows:

Over 6 months	1 092 000	1 092 000

Reconciliation of provision for impairment of receivables from non-exchange transactions

Opening balance	1 092 000	1 092 000

7. VAT receivable

VAT Control	2 435 931	2 914 213

8. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	64 532	46 576
Bank balances	11 687 223	28 414 130
Short-term deposits	718 437	661 676
	12 470 192	**29 122 382**

There is no cash and cash equivalents that is held as security for liabilities.

The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	31 March 2025	31 March 2024	31 March 2023	31 March 2025	31 March 2024	31 March 2023
STANDARD BANK - BUSINESSLINK CURRENT ACCOUNT - 002429268000	9 031 846	586 146	1 602 530	9 031 846	586 146	1 602 530
STANDARD BANK - RETAIL/WHOLESALE CALL DEPOSIT- 008893098002	1 992 353	27 164 337	20 722 837	1 992 353	27 164 337	20 722 837
STANDARD BANK - MONEY MARKET CALL ACCOUNT - 008893098001	718 437	661 676	55 838	718 437	661 676	55 838
STANDARD BANK - BUSINESS CURRENT ACCOUNT - 06119643600	663 025	663 647	643 355	663 025	663 647	643 355
STANDARD BANK - BUSINESS CURRENT ACCOUNT - 610195670000	15 232	10 082	(465)	15 232	10 082	(465)
Total	**12 420 893**	**29 085 888**	**23 024 095**	**12 420 893**	**29 085 888**	**23 024 095**

Figures in Rand	2025	2024

9. Finance lease obligation

Minimum lease payments due		
- within one year	109 043	319 058
- in second to fifth year inclusive	-	109 043
	109 043	428 101
less: future finance charges	(2 072)	(26 378)
Present value of minimum lease payments	**106 971**	**401 723**
Present value of minimum lease payments due		
- within one year	106 971	294 751
- in second to fifth year inclusive	-	106 971
	106 971	**401 722**
Non-current liabilities	-	106 971
Current liabilities	106 971	294 752
	106 971	**401 723**

It is entity policy to lease certain [property]motor vehicles and equipment under finance leases.

The average lease term was 3-5 years, and the average effective borrowing rate was 9% (2024: 9%).

Interest rates are linked to prime rates at the contract date. All leases have fixed repayments, and no arrangements have been entered into for contingent rent.

The entity's obligations under finance leases are secured by the lessor's charge over the leased assets.

Notes to the Annual Financial Statements

Figures in Rand

10. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Utilised during the year	Reversed during the year	Change in discount factor	Reduction due to re-measurement or settlement without cost to entity	Total
Provision for Long-service award	11 727 999	(1 362 191)	(359 161)	1 280 307	(75 066)	11 211 888

Reconciliation of provisions - 2024

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Interest on Provision	Reduction due to re-measurement or settlement without cost to entity	Total
Provision for Long-service award	11 037 622	1 233 551	(1 292 892)	(439 076)	993 386	195 408	11 727 999

Provision for Long service award

The Long service award provision represents management's best estimate of the entity's liability over a Long-term period.

PERSAL Employees

In terms of Department Public Service and Administration a long service recognition has been determined, and a directive is made by the Minister for Public Service and Administration in terms of the provisions of section 3(5)a and 5(6)(b) of the Public Service Act 1994; as amended. The recognition of the long service is as follows:

- For a period of twenty (20) years a cash amount equivalent to service is R10 899.
- For a period of Thirty (30) years a cash amount equivalent to service is R21 797.
- For a period of Forty (40)years a cash amount equivalent to service is R 29 064

Figures in Rand	2025	2024

10. Provisions (continued)

Factory Employees

The entity entered into an agreement with the Unions to pay long service awards to employees that are in service of the entity. The long service award agreement was entered into in July 2016 effective 01 April 2017. The long service award liability is reviewed at year end and adjusted to reflect the current best estimates. The current criteria to qualify for the long service award is as follows:

- For a period of five (5) years an award equivalent to R2 500.00
- For a period of ten (10) years an award is equivalent to R5 000.00
- For a period of fifteen (15) years an award is equivalent to R7 500.00
- For a period of twenty (20) years an award is equivalent to R10 000.00
- For a period of twenty-five (25) years an award equivalent to R12 500.00
- For a period of thirty to forty (30 - 40) years an award equivalent to R20 000.00.

The amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement.

11. Payables from exchange transactions

Trade payables	755 259	246 432
Payments received in advanced	1 351 647	5 444 836
Stabilisation fund	106 541	106 541
Medical Account	204 845	204 845
Accrued leave pay	5 127 017	4 665 400
Accruals	5 716 881	1 059 721
GRN Accruals	1 326 909	688 800
Unallocated Receipts	2 847 873	2 611 588
DOL Claims	39 436 570	26 374 048
Receivables - Credit Balance	1 729 867	979 148
	58 603 409	**42 381 359**

Medical Account

Prior to entity contracting with Makoti Medical Aid, some factory workers were making individual medical cost contributions on a monthly basis for medical expenses. This was ceased in 2019 when Makoti Medical Aid was introduced for all factory workers. the remaining contributions were never fully claimed by the workers who contributed and remain a liability to the entity.

Stabilisation funds

Stabilisation Fund: During 2010 the entity received a refund of R3 210 268 from Civil Pensions Stabilisation Account (CPSA) for Stabilisation Fund contributions collected from Temporary Employees Pension Fund members after 1 July 1999 plus interest. The employer contribution (R2 407 700) was surrendered to the Revenue Fund, and the employee contribution portion (R802 568) was to be refunded to the members. The full amount of employee contributions could not be refunded to all the members due to the fact that some of the old members could not be traced. The outstanding amount of R 106 541 is accounted for in the Stabilisation Fund account of the entity

DOL claims.

DOL claims comprise of the amount claimed by the Department of employment and Labour for expenditure paid on behalf of SEE on a monthly basis. The Department of employment and Labour paid for services such as rent; employee cost; municipal rates and taxes and other operating expenses on behalf of the entity and subsequently claim the amount paid from SEE. The current balance of R39 436 570 represents the amount claimed by the Department of employment and Labour and not yet paid by the Supported Employment Enterprise.

Figures in Rand	2025	2024

12. Revenue

Sale of goods	36 747 345	63 318 717
Commissions received	52 208	48 141
Discount received	384 035	180 835
Donations Received	1 058 996	-
Interest received - investment	8 288 363	7 701 601
Transfers (Department of Employment and Labour)	184 684 000	207 915 000
Services In-kind	28 303 328	27 024 196
	259 518 275	**306 188 490**

The amount included in revenue arising from exchanges of goods or services are as follows:

Sale of goods	36 747 345	63 318 717
Commissions received	52 208	48 141
Discount received	384 035	180 835
Donations Received	1 058 996	-
Interest received - investment	8 288 363	7 701 601
	46 530 947	**71 249 294**

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue

Transfer revenue

Transfers (Department of Employment and Labour)	184 684 000	207 915 000
Services In-kind	28 303 328	27 024 196
	212 987 328	**234 939 196**

13. Transfers (Department of Employment and Labour)

Operating transfers

Department of Employment and Labour	184 684 000	207 915 000

14. Service in-kind

The nature and type of major classes of services in-kind received are as follows:

Services in-kind are significant to the entity's operations and/or service delivery objectives

Internal Audit - Department of Employment and Labour	740 694	348 490
Expenditure for free use of property	26 183 086	24 983 860
Administrative Salaries - Department of Employment and Labour	1 371 002	1 691 845
Risk Management Service - Department of Employment and Labour [State nature and type, as well as where recognised in the Statement of Financial Performance]	8 546	-
	28 303 328	**27 024 195**

Figures in Rand	2025	2024

15. Other revenue

Commissions received	52 208	48 141
Discount received	384 035	180 835
Donations received	1 058 996	-
	1 495 239	**228 976**

16. Interest received

Interest revenue		
Bank	5 311 153	4 930 962
Interest charged on trade and other receivables	2 977 210	2 770 639
	8 288 363	**7 701 601**

17. Cost of sales

Sale of goods		
Opening Inventory (Finished Goods)	10 066 194	11 378 323
Direct Material	28 794 651	38 722 575
Direct Labour	4 048 489	8 150 571
Variable Manufacturing Overheads	828 023	1 022 797
Fixed Manufacturing Overheads	2 441 501	5 664 805
Inventory Adjustment (Finished Goods)	29 085	11 738
Closing Inventory (Finished Goods)	(9 665 417)	(10 066 194)
Inventory Transfer	(2 879)	-
	36 539 647	**54 884 615**
Accrued Income		
Cost of Sales - Dispatched not yet invoiced	596 778	113 075
	37 136 425	**54 997 690**

18. Under recoveries and Abnormal idle Labour costs

Abnormal Labour idle time	101 826 619	87 234 717
Variable overheads Under recoveries	21 412 304	19 094 021
Fixed overheads Under recoveries	40 606 566	31 946 917
	163 845 489	**138 275 655**

19. Employee related costs

Basic	145 991 319	127 182 737
Medical aid - company contributions	9 020 495	8 108 763
UIF	1 056 174	928 791
Provident fund - company contributions	7 878 888	6 243 382
Union - company contributions	7 213	6 769
Overtime payments	306 993	595 316
Long-service awards	(434 227)	1 024 915
13th Cheques	4 130 552	3 851 526
Housing benefits and allowances	2 858 246	2 725 219
Pension fund - company contributions	6 378 435	6 242 277
Other benefits	2 403 568	2 108 315
	179 597 656	**159 018 010**

Figures in Rand	2025	2024
20. Depreciation and amortisation		
Property, plant and equipment	591 306	4 585 343
21. Auditors' remuneration		
Fees	3 814 069	2 435 434
22. Debt impairment		
Debt impairment	(2 778 043)	13 234 613
23. Finance costs		
Finance leases	24 307	49 765
Long Service Awards	1 280 307	990 493
Other interest paid	7 637	113 755
	1 312 251	**1 154 013**
24. Cash (used in) generated from operations		
(Deficit) surplus	(34 225 582)	12 893 362
Adjustments for:		
Depreciation and amortisation	591 306	1 573 274
Gain on sale of assets and liabilities	1 039 215	1 698 793
Debt impairment	(2 778 043)	13 234 612
Movements in operating lease assets and accruals	246 136	(107 784)
Movements in provisions	(516 111)	722 516
Inventory losses or write-downs	(5 308 517)	(3 544 678)
Services in-kind Income	-	1 199 227
Donations received/made	(1 058 996)	-
Movement in leave and bonus accrual	4 608 342	4 608 341
Interest Income on overdue accounts	(2 977 210)	(2 770 639)
Changes in working capital:		
Inventories	(7 311 106)	17 349 752
Receivables from exchange transactions	137 108	(12 807 829)
Other receivables from non-exchange transactions	21 328 624	(21 328 624)
Payables from exchange transactions	11 447 253	(1 573 318)
VAT	478 283	(765 902)
	(14 299 298)	**10 381 103**

Figures in Rand	2025	2024

25. Commitments

Authorised operational expenditure

Already contracted for but not provided for		
• Operational commitments	49 527 318	31 050 652
Total operational commitments		
Already contracted for but not provided for	49 527 318	31 050 652

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	719 520	107 745
- in second to fifth year inclusive	3 336 481	-
- later than five years	4 405 185	-
	8 461 186	**107 745**

Operating lease payments represent rental expenses incurred by the entity for the Seshego factory building, which is leased from LEDA. The lease is a ten-year agreement that commenced on 1 June 2024, with a fixed monthly rental payment subject to an annual escalation of 6%. No contingent rent is payable.

26. Contingencies

Contingent assets and Liabilities

The following represents the cases for the entity

1. Basic industrial supplies cc [1]	93 150	93 150
2. Biddulphs Removal & Storage SA [1]	13 889	13 889
3. FE Industrial [2]	1 092 000	1 092 000

1. The Entity has put on hold the payment of invoices for the supplier amounting to R107 039.26 (2024: R107 039) due to insufficient evidence that needs to be obtained from the supplier to corroborate the amount owed by the entity.

2. The entity is currently seeking FE Industrial to repay an amount of R1 092 000 which was overpaid to the supplier. The case is represented by the State Attorney

Figures in Rand	2025	2024

27. Related parties

Relationships	
Controlling entity	Controlling entity- Department of Employment and Labour
Entities under common control	- Commission for Conciliation, Mediation and Arbitration Compensation Fund National Economic Development and Labour Council Productivity South Africa Unemployment Insurance Fund All National spheres of Government of South Africa

Related party balances

Amounts included in Receivables regarding related parties		
Commission for Conciliation, Mediation and Arbitration	42 476	39 381
Compensation Fund	-	124 589
Unemployed Insurance Fund	47 640	47 640
Department of Employment and Labour	1 671 991	22 042 890
Amount included in (Payable) from non-exchange regarding related parties		
Department of Employment and Labour	(39 436 570)	-
Compensation Fund	(346 652)	-
Provision for doubtful debts related to outstanding balances with related parties		
Commission for Conciliation, Mediation and Arbitration	41 342	39 381
Compensation Fund	-	124 589
Department of Employment and Labour	1 030 712	685 593
Unemployed Insurance Fund	47 640	-

Related party transactions

Sales to related parties (Including finance charges)		
Commission for Conciliation, Mediation and Arbitration	18 985	2 906
Department of Employment and Labour	1 007 126	1 421 907
Services in-kind (From/to) related parties*		
Department of Employment and Labour	28 303 328	27 098 142
Transfers received from related parties		
Department of Employment and Labour	184 684 000	207 915 000
Donation Received		
Department of Employment and Labour	1 058 996	-

*The balance and transactions for services in kind involve the free use of property, internal audit services, Risk management service and administrative personnel services provided at no cost. The entity received a donation of assets earmarked for refurbishment from the Department of Labour

All related parties' transactions are at arm's length except stated otherwise

Figures in Rand	2025	2024

27. Related parties (continued)

Key management information

Remuneration of management

Management class: Executive management

2025

Name	Basic salary	Bonuses and performance related payments	Other benefits received	Total
Mr. S Phakathi - Chief Executive Officer	1 005 215	83 768	380 451	1 469 434
Ms. M Sebaka - Chief Financial Officer	851 777	70 981	306 604	1 229 362
Ms. G Manamela - Director: Operations	786 519	65 543	453 953	1 306 015
Mr. D Matsepe - Acting Director: Business Development	626 581	52 608	430 546	1 109 735
Ms. KW Tselane - Director: Human Resource Management	822 445	68 537	489 481	1 380 463
	4 092 537	**341 437**	**2 061 035**	**6 495 009**

2024

Name	Basic salary	Bonuses and performance related payments	Other benefits received	Total
Mr. S Phakathi - Chief Executive Officer	952 681	80 008	368 750	1 401 439
Ms. M Sebaka - Chief Financial Officer	806 911	-	303 424	1 110 335
Ms. G Manamela - Director: Operations	774 133	62 523	417 599	1 254 255
Ms. KW Tselane - Director: Human Resource Management	777 856	65 333	477 636	1 320 825
Mr. DH Matsepe - Acting Director: Business development	596 115	49 452	407 459	1 053 026
Mr. V Pillay - Director: ICT	371 021	-	-	371 021
	4 278 717	**257 316**	**1 974 868**	**6 510 901**

28. Prior-year adjustments

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

1. **Receivables from Exchange Transactions, Payables from exchange transactions and accumulated funds** - During the current year it was identified that GRN accruals have been recorded in the incorrect period which belongs to 2023/24 financial year. This resulted in the understatement of payables from exchange transactions amounting to R313 555. Additionally, it was further identified that an unknown receipts allocation was erroneously processed in the unknown debtor's account. This resulted in the overstatement of receivables from exchange transactions with the amount of R1 387 955, overstatement of Payables from Exchange transactions with an amount of R98 146 and overstatement of accumulated funds by R1 289 809. Further discrepancies were identified between the bank statement and the unknown debtors account, resulting in a misstatement of both receivables and accumulated funds. Consequently, payables from exchange transactions were overstated by R10 000 and accumulated funds understated by the same amount.

28. Prior-year adjustments (continued)

2. **Property, Plant and Equipment, Operating expenses, Depreciation and Loss on sale of assets** - During the current year, it was identified that there were assets that were on the floor, but not on the register, assets have been recorded in the incorrect period which belongs to 2023/24 financial year. Additionally, it was also identified that the disposals that were supposed to be affected in 2022/23 for Durban as well as losses were not affected on the register. Further to this there was depreciation correction that emanated from the 2023/24 the additions as well as leased assets that had not been correctly depreciated. There were also assets on the register that had negative book values, zero- and one-rand cost values. This resulted in the carrying amount of Appliances being understated by R310 283, Computer Equipment being understated by R777 948, Office Equipment being understated by R25 586, Leased Assets being understated by 26 675, Furniture and fittings being understated by R281 962, Plant and Machinery being overstated by R205 872 and Work in Progress being understated by 979 000. The overall PPE was understated by R2 195 583.

3. **Inventory and Accumulated Surplus** - In 2023, the run times used in valuing finished goods were not substantiated by the relevant up-to-date study report. This has been rectified in the current year by updating the study report and restating the opening inventory of 2023/24 financial year, furthermore the allocated conversion costs of inventory for the 2023/24 manufacturing were allocated using the bill of material rates that were based on incorrect budgeted figures, this has been rectified in the current financial year. Consequently, the finished goods balance was understated by R1 802 255 and accumulated surplus understated by R1 802 255.

4. **Revenue (Sale of Goods) and Receivables from exchange transactions** - Revenue from sale of goods relating to financial year 2023/24 was incorrectly recognised in the 2024/25 financial year, this resulted in the revenue from sale of goods and receivables from exchange transactions being understated by R2 286 604.

5. **Cost of sales and Inventories** - In 2023, the run times used in valuing finished goods were not substantiated by the relevant up-to-date study report. This has been rectified in the current year by updating the study report and restating the opening inventory of 2023/24 financial year. Furthermore, the allocated conversion costs of inventory for the 2023/24 manufacturing were allocated using the bill of material rates that were based on incorrect budgeted figures. This resulted in the understatement of inventories and cost of sales with an amount of R2 863 376.

6. **Provisions - Long Service Awards and Employee-related costs** - During the current year it was identified that the long service award was incorrectly calculated, resulting in the overstatement of provisions and employee related costs with an amount of R46 906.

7. **Receivables from exchange transactions and Accumulated surplus** - It was identified that one supplier prepayment was over recovered from the amount owed to them resulting in understatement of prepayments with an amount of R37 200 and accumulated surplus with the same amount.

8. **Operating expenditure** - During the year, after the assessment of the NRV for the financial year 2023/2024, it was identified that the NRV was overstated by R 4 684 396.

Statement of financial position

2024

	Note	As previously reported	Correction of error	Restated
Receivables from exchange transactions		4 309 247	935 849	5 245 096
Payables from exchange transactions		(39 596 362)	(205 408)	(39 801 770)
Property, Plant and Equipment		87 322 179	2 195 673	89 517 852
Inventory		56 913 964	1 802 255	58 716 219
Provision: Long-Service Award		(11 774 905)	46 906	(11 727 999)
Accumulated Surplus		(150 152 864)	(4 775 275)	(154 928 139)
		(52 978 741)	**-**	**(52 978 741)**

Statement of financial performance

Figures in Rand	2025	2024

28. Prior-year adjustments (continued)

2024

	Note	As previously reported	Correction of error	Restated
Revenue		295 858 234	2 286 604	298 144 838
Cost of sales		(52 025 239)	(2 863 376)	(54 888 615)
Operating Expenses		(245 445 647)	4 757 543	(240 688 104)
Employee related costs		(159 065 951)	46 906	(159 019 045)
Surplus for the year		**(160 678 603)**	**4 227 677**	**(156 450 926)**

29. Financial instruments disclosure

Categories of financial instruments

2025

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	8 057 074	8 057 074
Cash and cash equivalents	12 470 192	12 470 192
	20 527 266	**20 527 266**

Financial liabilities

	At amortised cost	Total
Finance lease liability	106 971	106 971
Operating lease Liability	230 896	230 896
Payables from exchange transactions	53 653 687	53 653 687
	53 991 554	**53 991 554**

2024

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	5 245 096	5 245 096
Receivables from non-exchange transactions	21 328 624	21 328 624
Cash and cash equivalents	29 122 382	29 122 382
	55 696 102	**55 696 102**

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	39 801 770	39 801 770
Finance lease obligation	401 723	401 723
	40 203 493	**40 203 493**

Figures in Rand	2025	2024

30. Risk management

Financial risk management

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.

At 31 March 2025	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	
Payables from exchange transactions	53 653 687	-	-	-	
Finance lease Obligation	106 971	-	-	-	
Operating lease liability	230 896	-	-	-	

At 31 March 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	
Payables from exchange transactions	39 801 770	-	-	-	
Finance lease Obligation	294 752	106 971	-	-	

Credit risk

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

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.

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

Financial instrument	2025	2024
Cash and cash equivalent	12 470 192	29 122 382
Receivables from exchange transactions	8 057 074	5 245 096

The entity is exposed to a number of guarantees for the overdraft facilities of economic entities and for guarantees issued in favor of the creditors of A (Pty) Ltd. Refer to note for additional details.

31. Irregular and Fruitless and Wasteful Expenditure

Irregular expenditure	3 838 113	3 615 646
Fruitless and wasteful expenditure	929 724	1 622 475
Closing balance	**4 767 837**	**5 238 121**

***Refer to reconciling notes in the annual report**

Criminal or disciplinary steps taken as a result of losses, irregular and fruitless and wasteful expenditure

Disciplinary steps taken/criminal proceedings

There were no disciplinary steps taken/criminal proceedings during the current financial year.

Figures in Rand	2025	2024

32. Going concern

Legislative mandate

The Supported Employment Enterprise (SEE) is a Government Component under the Department of Employment and Labour (DEL) established in terms of Employment Services Act (ESA) to promote work and employment opportunities for persons with disabilities and is managed in accordance with PFMA of 1999 (as amended by Act 29 of 1999).

Financial relationship

SEE is trading as Service Products and is required to prepare its Annual Financial Statements in accordance with GRAP as per Accounting Standard Board (ASB) mandated in accordance with PFMA of 1999 (as amended by Act 29 of 1999). SEE is financed from:

a) Money appropriated by Parliament for this purpose
b) Income earned from services rendered by it
c) Grants or donations made to it, and
d) Money received from any other source.

SEE has operations in various factories across provinces that manufacture wood, linen and steel products for purpose of trading at an arm's length. The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Going concern assessment

Management is not aware of any events or conditions that may cast significant doubt on SEE's ability to continue as a going concern. Following factors considered to determine that SEE is a going concern and will continue to be a going concern:
The entity was established in 1943 and operates as a Chief Directorate of the Department of Labour and has been in operation for over 80 years.

a) The entity is funded through National Treasury Grant Allocation as well as revenue generated from sales of goods and services. In the financial year under review, National Treasury grant allocation amounts to 83% of the entity *revenue and 17% from sales.

b) The annual performance plan for 2024/2025 financial year targets to increase sales revenue by 10% through secured MOUs with customers to further improve internal generated funding capacity

.

Entity funding revenue capacity decreased by 10% overall in comparison to prior year. Main contributing factor to decrease was due to inability to meet the APP target of 10% and instead realising a decrease of 37% in sales revenue. Current year National Treasury allocation amounted to R184 684 000(1,3% decrease from prior year) and the total current year funding revenue amounted to R223 251 083. Although the entity has realised an overall decrease in funding capacity, SEE still expects to receive National Treasury grant allocation in 2025/2026 of R195 545 000(6% increase) and continues pursuing potential sales and secure MOUs with both National and Provincial Departments 2025, to further increase current budget sales revenue to meet the 10% APP target on sales revenue

.

Although the entity is impacted by the current financial inclines, the company is still able to continue with operations and productions to meet the targeted delivery and timelines schedules. The organisation is further participating in the European Union donor initiative of employability for education (E4E) project through the Department of Employment and Labour under Programme 3: Public Employment Services to improve the opportunities of employment for people with disabilities into open Labour market. This initiative will assist the entity in achieving its mandate of providing additional work opportunities for people with disabilities. Therefore, as a result of above developments, the entity continued to operate and is anticipated to continue operations for the next 12 months.

Conclusion

It is then appropriate to prepare annual financial statements on the going concern basis as funds will be available to finance future operations and that the realisation of assets and the settlement of liabilities, contingent liabilities and commitments will occur in the ordinary course of business.

33. Events after the reporting date

Legislative mandate

The Supported Employment Enterprise (SEE) is a Government Component under the Department of Employment and Labour (DEL) established in terms of Employment Services Act (ESA) to promote work and employment opportunities for people with disabilities and is managed in accordance with PFMA of 1999 (as amended by Act 29 of 1999).

SEE is trading as Service Products and is required to prepare its Annual Financial Statements in accordance with GRAP as per Accounting Standard Board (ASB) mandated in accordance with PFMA of 1999 (as amended by Act 29 of 1999).

Subsequent events assessment

SEE has operations in various factories across the country in eight provinces that manufacture wood, linen and steel products for purpose of trading at an arm's length and currently operate 12 factories.

As at the reporting date, there were no significant adjusting and/or non-adjusting events identified for the necessary disclosure in the current financial year of 2024/2025.:

34. Change in estimate

Property, plant and equipment

During the preparation of the financial statements for the 2024/25 financial year, management reviewed the conditions and remaining useful lives of certain assets and determined that changes to their estimates were necessary. This reassessment resulted in a total reduction of R119 100.18 in the depreciation expense for the period, as detailed below

Asset Category	**Impact on Depreciation (R)**
Appliances	4,370.29
Computer Equipment	18,312.55
Furniture & Fittings	15,261.25
Office Equipment	6,757.13
Property, Plant and Machinery	74,398.95
Total	**119,100.18**

This change in estimate has been applied prospectively in accordance with GRAP 3 (Accounting Policies, Changes in Accounting Estimates and Errors)

Management has determined that it is impracticable to estimate the future impact of the change in depreciation estimates, as the assets in question are subject to non-linear and variable usage. Historical trends show inconsistencies in asset longevity and utilisation, making it inappropriate to apply a standard pattern for forward-looking estimations. Additionally, variables such as production levels—driven by client orders received on an ad hoc basis—have a direct impact on the usage and condition of assets, which in turn affects the reliability of future depreciation estimates.

Figures in Rand	2025	2024

35. Budget differences

Material differences between budget and actual amounts

Sale of goods
The variance is due to anticipated customer orders from COGTA not received as projected.

Interest received
The variance is attributable to the higher Interest received on funds reinvestment from grant allocation that was not budgeted for.

Discount received

Discount received from the major supplier for textile raw materials (Da Gama) as a result of early payments of their invoices

Donation Received

Donation received from the Department of Employment and Labour for Assets earmarked for refreshment and conversion into finished goods. This was not expected at the time of finalization of the budget, hence not budgeted for.

Inventory Adjustments

The inventory adjustment relates to the restatement of closing inventory, cost of sales and manufacturing overheads following review of run times and the restatement of Bill of material.

Services In-Kind

The variance of services in kind is in relation to administration costs that were under budgeted in the current year
.
Employee cost
The variance is as results of vacant posts not filled due to moratorium placed on filling the administration posts as well as the APP target for the appointment of people with disabilities not being met.

Depreciation and Impairment

The difference is due to the restatement of depreciation and impairment of PPE carrying amounts and the capitalization of the deemed costs related to prior years.

Finance cost

The variance is attributed to the interest portion of the provision for long service award and the finance lease that was not budgeted for.

Cost of sale

The variance is as a result of less sales orders received in the current year as anticipated

Advertising

The variance is as a result of some of the advertising campaigns/programmes not implemented in the financial year.

Manufacturing Overheads

This is attributable to high manufacturing overheads that were Over-budgeted for in the current year

Audit Fees.

The variance is attributable to the audit fees for the previous financial period that overlapped into the current year

Debt Impairment

Figures in Rand	2025	2024

35. Budget differences (continued)

This variance relates to the debt impairment expense that was not budgeted for in the current year.

Operating expenses

The variances are attributable to the higher budgeted IT and repairs and maintenance expenses.