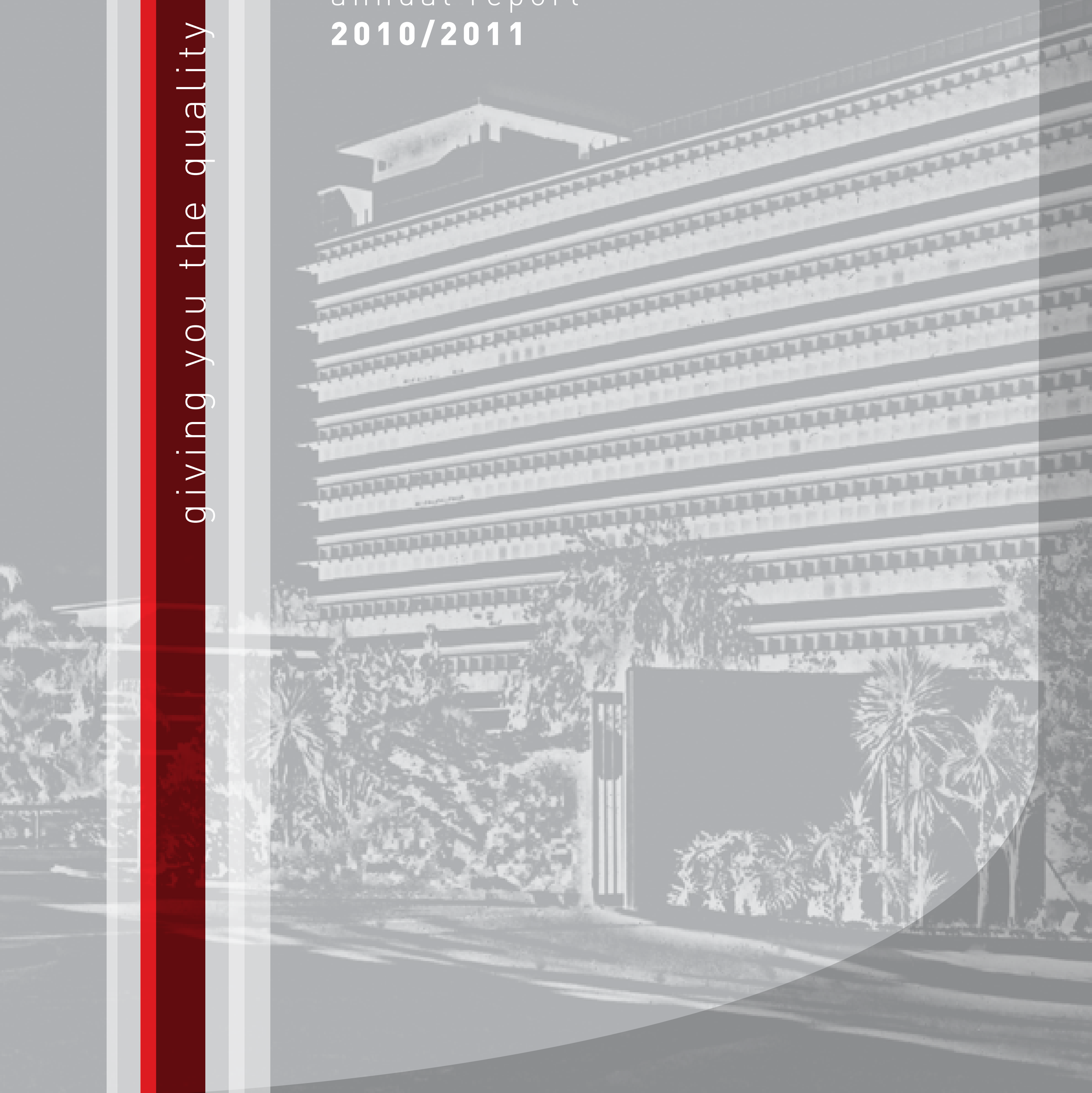
SABS

annual report
2010/2011

giving you the quality edge



Giving you the Quality Edge

The SABS believes strongly that quality is the key differentiator in an increasingly competitive environment. As new products are entering the South African market and South African products are being offered in new markets around the world, good quality products will be those that survive and thrive. Through its standards and quality related services, the SABS gives you the quality edge.

Mandate

The South African Bureau of Standards (the SABS) is the pinnacle national standardisation institution in South Africa, responsible for the development, maintenance and promotion of South African National Standards (SANS). Its objectives are to:

- Develop, promote and maintain SANS;
- Promote quality in connection with commodities, products and services;
- Render conformity assessment services and matters connected therewith.

Vision

To be the trusted third party that offers uncompromised value-added standardisation services.

Mission

To proactively provide trusted and independent standardisation services that will result in:

- Promotion of the integrity of the South African market;
- Protection of the South African consumer;
- Creation of a competitive advantage for South African industry; and
- Access for South Africans to markets locally and internationally.

Core Values

To ensure that the SABS is a world-class organization that adheres to best practice, all actions and decisions are guided by the following values:

- **Respect** – Employees respect the personal dignity of each person in the SABS and of each person with whom the SABS deals;
- **Accountability** – Each employee takes responsibility for their work and is prepared to be accountable to our internal and external stakeholders;
- **Fairness** – Employees are always consistent and fair to their internal and external stakeholders in the application of SABS policies; and
- **Trust** – Employees are honest and transparent in all their dealings.

contents

highlights

- A total revenue including government grants of R551,4 million was achieved in the 2010/2011 financial year. Operating cost management improved by 3.5% over the preceding year.

- SABS technical experts participated in 94 seminars and published 13 technical articles.

- Certification quotations valued at close to R30 million were issued to organizations in foreign countries, exceeding the target by 300%.

- SANS 14005 was amongst Standards published during the financial year. This national standard provides guidance especially for SMME organizations for a phased approach towards implementing an Environmental Management System based on ISO 14001.

- A total of 593 South African National Standards (SANS) were published during the year.

- In partnership with the National Department of Tourism, the SABS published SANS 1162 – *Responsible tourism – Requirements*. The SABS also developed a number of service excellence standards intended for the tourism industry.

- The SABS published SATS 80004-3 *Nanotechnologies – Vocabulary – Part 3: Carbon nano-objects*. This specification is intended to facilitate communication between organizations and individuals in industry and academia and those who interact with them. The terms and vocabulary needed in the nanotechnology field are being defined on an ongoing basis.

- South Africa was elected to serve on the governing Council of the Geneva-based International Organisation for Standardization (ISO). The CEO of SABS, Dr Mehlomakulu, is serving as the South African representative.

minister's foreword

Mandated in terms of the Standards Act, No. 8 of 2008, the SABS is committed to supporting South African manufacturing and innovation through the development, accreditation and enforcement of standards to ensure international acceptance and facilitate global trading.

The Industrial Policy Action Plan 2 (IPAP2) was tabled in the National Assembly in February 2010. Subsequently, **the dti** embarked on a drive to focus national effort on the realisation of the goals and milestones of IPAP2. The strengthening of Standardisation, Quality Assurance, Accreditation and Metrology (SQAM) institutions, also known as Technical Infrastructure institutions, is critical to the success of IPAP2. More specifically, the development, accreditation and enforcement of standards are crucial in the creation, enhancement and, to the extent required, the reviving of the different industry sectors of South Africa.

The deliverables for the SABS for the three year period of the plan were enumerated by **the dti** and, during the reporting period, the SABS commenced work in key areas such as:

- Developing and strengthening South African National Standards (SANS) in the areas of wind turbines, automotive diesel fuel, biodiesel, metal free unleaded petrol and alternatively driven vehicles such as hybrid and electric vehicles;
- Technical infrastructure support for exports, including the development of common standards for the motor vehicle industry in the Southern African Development Community (SADC) countries, classification and labelling of chemicals to promote exports, testing of genetically modified organisms and brake testing for motor vehicles;
- Support for the local energy sector through the development of SANS for the measurement, reporting and verification of energy savings by large industries, energy efficient building regulations, co-generation, energy management and energy efficiency for appliances; and
- Support for the local tourism industry through the introduction of standard classifications.

Two specific deliverables within **the dti** IPAP2 obligations are noteworthy in that they have synergistic spinoffs for the SABS itself, namely:

- The development of a funding plan to improve SABS facilities to meet industry demands for certification and testing that are of national interest; and
- The development and roll-out of a technical skills plan that targets the following competencies: metrologists, accreditors, standards writers, laboratory personnel and compulsory specification practitioners.

In terms of the first-mentioned, some progress has been made in prioritising equipment and upgrades that will be required at both the SABS Head Office and its regional facilities.

With regard to the second deliverable, it is recognised that the success of the SABS, as a knowledge-based organization, depends heavily on its human resources and capabilities. Like most organizations throughout South Africa, the SABS has suffered as a result of high levels of staff turnover in certain sectors in the past. The organization is currently addressing this challenge through internal initiatives such as its Competency Development Programme for technical personnel. Importantly, the SABS is actively participating in **the dti's** plans to explore the merits of a Training Academy for skills specific to the SQAM institutions.

I remain confident that the SABS' Board and Executive Committee are steering the organisation towards an increased contribution to South African industry, in support of the global competitiveness that we require as a country to realise economic prosperity, sustainable jobs and the alleviation of poverty.

Dr Rob Davies (MP)
Minister of Trade and Industry

chairperson's message

It gives me great pleasure as the Chairperson of the Board to present this review of the organization on behalf of the SABS.

SABS Mandate

During the year, the SABS re-examined closely the way it engages with its stakeholders in relation to its mandate. We re-committed the organization and our efforts to our mandate which is:

To provide for the development, promotion and maintenance of standardisation and quality in connection with commodities and the rendering of related conformity assessment services.

To this end, the Board has approved the implementation of a strategy that will ensure that all efforts and activities of the SABS project an organization that is relevant to the South African economy and continues to be the champion of quality for the people of this country.

We have further committed ourselves to:

- Supporting the regulatory efforts of the Consumer Protection Act and other government initiatives;
- Supporting the government's bilateral and multilateral agreements with other countries, especially on the African continent, to foster development of standards and quality; and
- Continuing to maintain a series of "Good of the Nation" laboratories that support the South African economy.

Achievements and Challenges

The overall financial performance of the SABS for the year under review showed a modest improvement over the preceding year. We continued to achieve good results from our cost management initiatives, which resulted in a healthy operating profit.

The development of relevant standards is pivotal to producers and consumers in our economy to ensure that goods and services meet the quality requirements for safety. The SABS continues to produce numerous standards across different sectors. Since this year, the SABS has adopted a new method in the identification and prioritisation of the new standards that are formulated. Greater emphasis is placed on the assessment of both relevance and impact on the economy. We are proud of our contribution in the development of the standards that supported the hosting of the 2010 FIFA World Cup™.

The contribution of the Small, Medium and Micro Enterprise (SMME) sector in the generation of employment, innovation and economic growth necessitates that SABS continuously improves its support to this sector. This must be reflected in the increasing number of SMMEs that participate in the processes of standard development and in the utilisation of the SABS standards.

The recent promulgation of the Consumer Protection Act has prompted many stakeholders to re-look at their approaches, among other things, to the safety and quality of their products and services. This change offers SABS new opportunities and clients. We have now entered into a partnership with the National Consumer Commission. In this partnership our testing and conformity capability will help the Commission fulfil its mandate. We have also partnered with the National Home Builders Registration Council (NHBRC) to be its testing partner in terms of the quality of houses.

The Board, with the support of **the dti**, made a major capital outlay for the renewal and renovation of the laboratory infrastructure. Our new laboratory complex is almost complete and will be fully functional in the first quarter of the 2011/2012 financial year. This new facility will bring our testing capability in line with the best.

We experienced challenges in the Mining and Minerals Division where we lost key accounts. A new strategy that addresses operational efficiencies and the growth of this business has been crafted and is being implemented. We are re-building our capabilities in this sector, improving our capacity and sharpening our focus in our customers' needs.

Strategic Initiatives and the Year Ahead

We have embarked on a number of initiatives to address some of the challenges we have experienced over the years. These initiatives are anchored in the following:

- Customer Centricity and Market Development – improving relationships and meeting customer needs;
- Productivity and Efficiency – improving operational performance to deliver quality outputs; and
- Competent and Empowered Employees – developing and maintaining a pool of competencies for standardisation, testing and conformity assessment services and providing training to benefit industry and the Technical Infrastructure institutions.

We are repositioning the SABS Mark to cement its status as the pre-eminent seal of quality. We are making great strides in our effort to create certification schemes and training courses for SMMEs. These schemes will facilitate trade for this important segment of our economy.

Appreciation

I would like to thank **the dti** for its unwavering support to the SABS. Due to this support, it has been easier for the Board to discharge its duties.

To our stakeholders and customers that have supported us throughout the years, we will continue to ensure that all our efforts address the needs of the South African economy and public.

Lastly, I wish to thank my fellow Board members; the Chief Executive Officer, Dr Boni Mehlomakulu; and her executive team. I am certain that the hard work the team has put in will result in a SABS that is relevant and that delivers on its mandate.

Bahle Sibisi
Chairman

The 2010/2011 financial year saw a South African Bureau of Standards that embraced change and recalibrated itself to execute its mandate. This took some focused work and serious soul-searching. Our rich 65 year history and our respected South African brand in quality assurance saw the SABS through unprecedented challenges during the global recession. Against this backdrop, during the year under review we focused on developing a resilient business strategy which will see the SABS thrive in ever competitive market conditions and deliver value in standardisation for the South African economy. We have designed a more effective structure where accountabilities are clear and where we have the right person in the right role. During the last quarter of the year we started to roll out programmes to cement a service excellence culture throughout the organisation in conjunction with major business process improvement initiatives. We adopted principles of the Balanced Score Card to create an internal philosophy of accountability that extends to every corner of the organisation and touches our customers.

Operationally, we have challenged ourselves and committed to our Board and Stakeholders to a roadmap for:

- *Driving change for improvement throughout the organization;*
- *Building a strong leadership team;*
- *Creation of high performance environment; and*
- *Putting our valued customers at the core of our operations.*

Standards Development

We reviewed and articulated the value proposition for standards adding quantifiable value to the South African economy. The SABS introduced an approach to standards development that is fundamentally different. With the emphasis on providing standards that are relevant to South Africa, a new model was adopted involving needs assessment, research to inform priorities in standards development, tracking of the success of the standard once approved for publication and assistance with making the standard accessible. As this process evolves, we are convinced that it will improve not only the relevance of the SABS work, but also promote awareness of standards to all sectors of the South African economy.

We are delighted to showcase some of our successes on standards developed in support of IPAP2 deliverables:

- SANS 833, a quality management system for the production of biodiesel that stipulates the producer requirements;
- SANS 310, a standard with requirements for above-ground storage facilities for dangerous goods;
- The revision of both SANS 6210 and SANS 6211-2, important to the solar water heating industry in terms of the mechanical and thermal performance of solar water heaters; and
- Good progress that was made with the SANS 61400 series of standards, which cover a wide range of requirements for wind turbines. When published, these adopted international standards will be of considerable use to the growing wind turbine industry in South Africa.

The SABS administers more than 460 standards development Technical Committees to produce national standards. The focus for the year under review was to broaden participation by Small and Medium Enterprises. Standards and conformity services have a large impact on the success of green technologies, small business survival and promoting regional trade. We are ready to increase our support for government and to provide quality assurance services to all spheres of government. In the year ahead, and as part of the growth strategy, the SABS will establish satellite operations for provinces that were traditionally supported in Gauteng.

SABS Commercial (Pty) Ltd

The operating environment remained tight for most of the SABS Commercial services due to the struggling economy and increasing competition in the testing and certification services market. During the year under review, SABS Commercial operations were consolidated into services streams that drew synergies with the aim of giving our customers a consistent service experience. The SABS Commercial Division achieved 99,4% of its budgeted profit from operations before sundry income and expenses, finance costs and taxation. The impact of cost control measures is evident in the operating profit as a percentage of external revenue, this improved from 16,3% in the 2009/2010 period to 20,5% in the reporting period.

We are pleased with the sustained good performance of our Certification business. It achieved a total revenue of R192,0 million, against a budget of R188,2 million. The laboratories, however, have mostly not achieved their revenue targets. Programmes for reversing this trend have been approved for implementation in the new financial year. These include the acquisition of priority laboratory equipment; implementing a centralised customer interface and the tracking of samples to improve turnaround times. We believe that these efforts will lead to improved customer relationships and growth in revenue. A fully-fledged SABS Call Centre will be launched in the first quarter of 2011/2012. This will have a single contact number, fax and e-mail address that will replace all advertised SABS contact information.

Operational Excellence

By committing ourselves to operational excellence, the SABS has sought ways to improve the efficiency of all of its operations. This includes the establishment of an enterprise-wide project management office to co-ordinate and manage all of the change initiatives needed to achieve our ambitious objectives. This was implemented to focus the organisation to deliver good quality service and to manage risks at all levels. Some significant projects that were undertaken include:

- The in-sourcing of the facilities management function which has resulted in significant opportunities for efficiency; and
- The relocation of laboratories to the newly built facilities to assure a smooth transition with the minimum disruption to service and quality.

We have placed renewed focus on our ICT environment to automate operations and track services for customers.

Empowered Employees

During the year under review, we made great strides in our Human Capital environment. We firmly believe that as a knowledge-based organisation, our retention strategy must go beyond pay. It has much to do with how people are treated and acknowledgement for the value they add in the success of the organisation. We place great emphasis on leadership and management capabilities and select our new employees systematically and carefully. We make sure that the abilities of our employees, their personalities and interests match the requirements of their positions. This sounds simple, but it is one of the most difficult things to achieve in an organisation that balances legacy with a need to innovate and keep up with market demands. We have also placed great emphasis on creating further training opportunities for our employees. In this regard we have diversified training programmes for the SABS Academy with post-graduate studies and certificate courses.

Looking Ahead

I believe that the SABS is one of the critical institutions to drive the development of new industries in the South African economy. Our ability to develop Standards that allow new products to enter the market faster can catapult entrepreneurs from obscurity to market leadership. Through various programmes to streamline our operations, the SABS has achieved a solid platform for growth. Admittedly, the year under review was challenging with pressures from all directions, but at the same time hugely exhilarating and rewarding. We end the period feeling optimistic about the future of the SABS as an organisation and as a brand that still represents a quality edge.

Acknowledgements

In closing, I would like to extend by sincere appreciation to the SABS Executive Committee and personnel for their commitment and support. I would also like to thank the Board of the SABS and the colleagues at **the dti** who avail themselves to assist and advise so readily.

Together we are moving closer to achieving our goals for the SABS.

Dr Boni Mehlomakulu
Chief Executive Officer


Solutions for photovoltaic systems
SABS

sabs board members

as at 31 March 2011

Mr CB Sibisi
Chairperson
Managing Director, Sangena Investment (Pty) Ltd
BSoc. Sc, MA (Development and Economics)

Dr B Mehlomakulu
Chief Executive Officer, SABS
PhD Chemical Engineering

Dr T Demana
Chief Director: Enterprise and Industry Development Division, Department of Trade and Industry
PhD Analytical Chemistry

Ms W Poulton
General Manager: Corporate Sustainability and Innovation, Eskom
MSc

Ms B Mosako
Executive Director: Finance and Investment, Triumph Venture Capital
CA (SA), BCom (Acc), PGDA

Mr WK Masvikwa
Director, KTN Property Management
CA (SA), BCompt Hons, MBL, AMCT (UK)

Dr MJ Ellman
Self Employed
PhD Chemical Engineering, MBA

Mr ME Mkwanazi
Pensioner
BSc (Mathematics and Applied Mathematics)
BSc (Electrical Engineering)

sabs executive committee

as at 31 March 2011

Dr B Mehlomakulu
Chief Executive Officer
PhD Chemical Engineering

Ms TA Cooper
Chief Financial Officer
CA (SA), ACMA

Dr GR Visser
Executive: Operational Excellence
MBL, PhD Biochemistry

Mr B Amisi
Acting Executive: Standards
BSc (Hons) Applied Accounting, ACMA, ACCA, ACIS

Mr S Ratlabala
Executive: Commercial
BSc (Hons) Microbiology, MSc Biotechnology

Ms M Mathibe
Executive: Human Capital Development
BA (Hons) Psychology and Education


11:00 – 17:00
Standards for 21st
Century Buildings

standards report

Background

Industries served
Chemicals
Construction
Electrotechnology
Food and Health
Information Communications Technology
Mechanical and Materials
Services and Systems
Transportation

Standards form the basis of quality. From the specifications that describe acceptable levels of performance through Standard test methods to assess those parameters to quality management systems standards to assist organisations to deliver products and services of acceptable quality.

The SABS Standards division is responsible for the development, maintenance and promotion of South African National Standards (SANS) and other documents in the areas of quality, accreditation and metrology. These form the basis of all other SABS service offerings such as certification, testing and training. They also underpin the foundation of sound technical infrastructure and are vital to supporting the competitiveness and growth of South African industry through the delivery of quality.

During the review period, the SABS focused on:

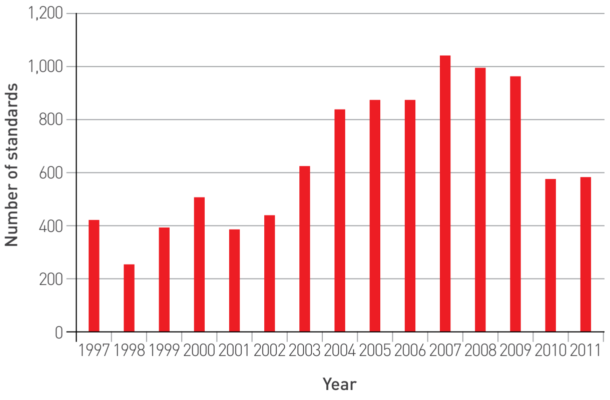
- Providing standardisation services that facilitate the development and regulation of national and regional economic activity, and support the National Industrial Policy Framework (NIPF) and Industrial Policy Action Plan (IPAP2);
- Allowing broader participation and access to the national standardisation process and services; and
- Developing standards that protect the integrity of the South African market, looking in particular at areas where value has been destroyed by the importation of poor quality consumer goods or components.

Achievements

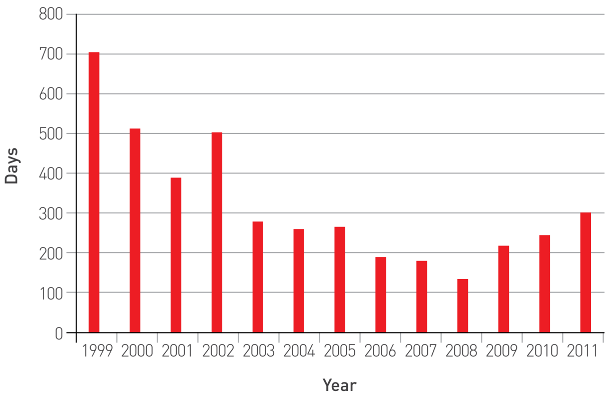
Key achievements in the reporting period were as follows:

- 593 new and revised standards were produced against a target of 650;
- The average number of days to produce a standard increased by 25% from 241 (in the 2009/2010 reporting period) to 302;
- 80% of all standards produced were harmonised with international standards, against a target of 75%;
- A collection of approximately 6,864 valid standards is maintained; and
- As required by the World Trade Organization (WTO) Code of Good Practice for the Preparation, Adoption and Application of Standards, the work programme was published twice during the year, and is available on the SABS website.

Total Number of Standards Published



Average Number of Days to Produce a Standard



During the year some of the outcomes were hindered by a number of factors, the primary being the following:

- During the period of the 2010 World Cup, stakeholder representatives found it difficult to attend Technical Committee (TC) meetings, resulting in the loss of almost two months' of the production period; and
- A number of important standards (e.g. SANS 10049 and several parts of the SANS 10400 series) exceeded their targeted development time due to difficulties in reaching consensus among the stakeholders. When eventually published, these negatively affected the average number of days to produce a standard.

Standards Published

The SABS published 593 new and revised standards during the reporting period, some of the more noteworthy being the following:

- *SANS 23601* – Dealing with safety signage for soccer stadiums, this standard was particularly relevant given that the 2010 Soccer World Cup was hosted in South Africa during the review period. The standard helped to ensure a safe and good quality experience for visitors to the country with information signage that could be readily understood across various languages and cultures.
- *SANS 1162* – Developed to promote responsible tourism requirements including accommodation, service and travel distribution systems, the Standard helps to define and hence assure acceptable levels of service quality.
- *SATS 50010* – Developed in response to the energy crisis experienced in South Africa in 2009, the document provides guidance on the trade-off between measurement "accuracy" and measurement cost in terms of energy savings when compiling energy reduction reports. It helps parties to create transparent, repeatable performance contract terms regarding savings settlement. It benefits by educating facility users about their energy impacts, increases energy savings, enhance financing for efficiency projects and improve design, operations and maintenance amongst others.
- *SANS 73* – Addressing minimum performance requirements for number plate carriers or holders. The standard helps to ensure that the carriers will constantly hold the number plate in place despite vibration, temperature changes, corrosive environments, extreme weather and severe pulling forces. Reliable identification of motor vehicles on South Africa's Roads is an important part of the Road Traffic Regulations and contributes significantly to proper enforcement and consequent safety of road users.
- *SANS 10216* – Requiring all vehicle test stations to include an axle play detector as part of their facilities and specifying performance requirements for this type of machine.
- *SANS 15500-1* – Making the wider use of compressed natural gas in road vehicles possible, the standard was published to set minimum safety requirements for the vehicles, gas storage, and gas delivery systems.
- *SANS 833* – Assisting the local biodiesel industry to ensure the quality of product while reducing the complexity and cost of manufacture.
- *SANS 26000/ISO 26000* – The South African adoption of the ISO guidance standard on social responsibility, which encourages the implementation of best practice on social responsibility amongst all types of organizations, with the explicit goal of promoting sustainable development. SABS was intimately involved in the development of the international document and even played a leadership role in one of the task groups and the final compilation.
- *SANS 994-1* – Providing guidelines for ostrich farmers that will assist this R2,1 billion industry to expand even further – sustaining and providing valuable jobs in the rural areas of the Eastern Cape, Little Karoo and Southern Cape.
- *SANS 724* – Providing specifications for personal protective equipment and protective clothing against the thermal hazards of an electric arc, which will help reduce the number of arc flash injuries and fatalities among electrical workers.
- *SANS 52568* – Providing the requirements and test methods for toecaps and metal penetration resistant inserts in safety footwear. This standard is particularly important to the safety of mine workers and employees in other heavy industries.
- *ARP 1717:2010* – Guiding the regulatory requirements for the approval of detonators, initiators and initiation systems used in mining and civil blasting applications. This standard provides a formalised framework within which the documentation and testing procedures must be assembled and presented to the relevant authorities for approval.
- *SANS 10400-A* – Providing general principles and requirements for National Building Regulations. This is one of 14 revisions to the SANS 10400 series published in the reporting period. Six additional construction standards were also published in the period.
- *SANS 952-1* – Standardising the thicknesses and performance requirements for the polyolefin membranes used for damp and waterproofing in buildings. This standard is vital in ensuring the durability of buildings, roofs and similar applications.
- *SANS 10049 (edition 4 of 2011)* – Describing practices aimed at assisting food handling organizations to manage their operations to prevent or control the contamination of food, either through direct contamination or as a result of cross-contamination.
- *SANS 910* – Specifying the requirements for the receiving, handling, transportation and storage of imported genetically modified commodities not approved for general release. This standard is designed to prevent cross-breeding with other crops and possible compromise of their quality or status.
- *SANS 302561* – Providing Terrestrial Trunked Radio specifications. This standard will allow police and emergency services to use digital technology, originally developed for cellular phones, on their private radio networks. In this way privacy can be maintained and roughly twice as many users of a frequency range are now possible.
- *SANS 51176 (Parts 1-7 and 10)* – Improving safety at sports centres and playgrounds.
- *SANS 14005* – Making it possible for all organizations, including Small, Medium and Micro Enterprises (SMMEs) to implement environmental management systems.

Steady progress continues to be made towards providing standards that make South African industry more competitive internationally, and which provide the basis for the protection of consumers, the environment, and public health and safety.

Technical Committees

Technical Committees (TCs) play a critical role in the drafting of standards. These committees comprise representatives of stakeholder groups that are interested in the outcomes of the committee as well as technical experts across the entire spectrum of expertise required to inform the content of a standard. More than 460 TCs are currently functional at the SABS, each of them being responsible for a different area of work. During the review period, new TCs were formed and constituted and the scopes of other, existing TCs were altered in response to changes. These committees were charged with doing work in several important areas, including the following:

National Health Smart Cards

This area of work defines the information or data structures for a multi-application health smart card infrastructure that is capable of operating in a networked and an off-line environment. The standards will aid the Department of Health in the delivery of emergency health care services to the entire population of South Africa.

Paraffin-fuelled Appliances

Each year, thousands of paraffin-related fires occur, killing many people and causing substantial damage to property. In 2004 it was estimated that 45 000 paraffin-related fires killed between 2,500 and 3,000 people. The improved regulation of these stoves has improved through the use of SANS 1906: *Non-pressure paraffin stoves and heaters* as a mandatory standard. Work began on the latest edition of SANS 1243, *Pressurised paraffin-fuelled appliances* which will also be made compulsory by the National Regulator for Compulsory Specifications (NRCS).

Digital Broadcasting

Following Government's decision to use European DVB-2 technology as the digital broadcasting standard, TC 74: *Communications technology*, is reviewing the current SANS 862 set-top-box standard; and also considering the European standard EN 302 755 as a DVB-T2 transmission standard.

Pressure Equipment

Should a cylinder holding liquefied petroleum gas explode, the consequences are catastrophic, usually resulting in considerable loss of life and damage to property. Strict regulations, covering all pressure vessels holding a gas or liquid at a pressure beyond 50 kPa were updated to include accessories like valves and pipes. SANS 347: *Categorisation and conformity assessment criteria of all pressure equipment* was published for public comment and finalisation is expected by the middle of 2011.

Private Product Specifications

The SABS has been developing private specifications for more than 15 years, working closely with clients, industry and experts to develop these documents. These specifications describe the design, make and finish of a product, adding value to tender processes, and ensuring the manufacture of quality products that are fit for purpose. A number of projects were completed for the South African Police Service including specifications for the new military ranks; specifications for training gear; specifications for identification jackets; amendments to specifications for reflective jackets to enhance the visibility of officers at night; and specifications for watermarked reflective tape to prevent fraudulent use.

In addition, uniform specifications were developed for South African Airways, the South African Navy and Armscor, and the work of the department also extended to other SADC regions during the reporting period, notably the Police Service in Namibia.

Promoting the Role of Standards

A number of initiatives were pursued in the review period to further the role, understanding and need for national standards. These included:

- Refining the online Webstore to facilitate the sale of international standards;
- Engagements with Universities and Universities of Technology to create an increased awareness of the advantages of standards and standardisation;
- Continuing the programme of visits to existing and potential clients, to build on existing customer relationships; and
- Participation in the ISO research project to determine the economic benefits of standardisation for companies. The outcomes of this research are likely to provide valuable statistical data that will inform the SABS' work programme.

commercial report

Background

The assessment of conformity is key to the delivery of quality products and services. The SABS Commercial Division offers conformity testing and certification services to customers locally and abroad through five operating departments namely; Chemical, Materials and Bio Laboratories; Engineering laboratories; Mining and Minerals, Certification and the SABS Learning Academy.

The services offered include certification, inspection, testing, assaying and training against both national and international standards and specifications. In order to provide a level of assurance as to the competence of these services, SABS Commercial is committed to accreditation and currently has 67 laboratories and six certification schemes accredited. The South African National Accreditation System (SANAS) as the mandated national accreditation body ensured international recognition of competence through a series of recognition agreements and multi-lateral arrangements to meet the objective of a product being "Tested once and accepted everywhere".

SABS commercial is also the custodian of the pre-eminent seal of quality in South Africa, the SABS Mark. The Mark has a proud tradition in the South African economy and through a combination of standards to set minimum acceptable quality levels; product testing to verify that these requirements are met; production inspection to provide assurance of the quality controls; and aftermarket sampling of the products, the mark is able to provide consumers with assurance that products bearing the SABS mark are indeed good quality products.

Chemical and Materials Laboratories

Industries served
Petrochemicals
Industrial chemicals
Rubber and plastics
Paints, sealants and coatings
Paper and packaging
Clothing, footwear and textiles
Timber and forestry
Pharmaceuticals
Pesticide formulations and residues
Food and beverages
Potable water and sewage
Medical devices

The Chemical and Materials Laboratories are active in an area that includes many consumer products. They achieved a total revenue of R67,1 million against a budgeted revenue of R71,3 million. The variance was caused by low testing volumes which picked up significantly towards the end of the financial year in line with improved trading conditions in the economy.

Noteworthy developments during the year included:

- The commissioning of work on the renovation and modernisation of the Cape Town Microbiology and Water Laboratories, which will be completed in the next reporting period.
- Work was started on the new test facility at the Groenkloof main campus, which will be completed in 2011. This facility will increase the efficiency of the SABS' testing and improve its customer service ability.
- The ISO 17025 laboratory management standard will be implemented throughout all test areas. This will result in increased confidence in the SABS' testing capability in the market place.
- The pesticide residue laboratory served as an approved Syngenta OECD GLP contract laboratory and collaborated with Syngenta SA on three GLP compliance residue decline studies.
- Pesticide monitoring studies were also conducted on fish samples on behalf of government authorities of other countries in the continent (Tanzania, Namibia, and Kenya) to screen and analyse for the presence of pesticides and related organic pollutants as part of the export requirements for the EU market.
- The Pharmaceutical Chemistry laboratory participated in a project led by the Global Alliance for Improved Nutrition (GAIN). The aim of the project was to determine and verify vitamins and mineral content in fortified bread flour and maize meal.
- A two year prototype testing cycle point for medical devices for sutures, syringes and needles was completed in the previous financial year and compliance tests were performed in order to provide evidence to be used in the process of awarding tenders in the Western Cape and the National Department of Health.
- Food and Water Laboratory continues to run a successful and respected Proficiency Testing Scheme, servicing the water testing laboratories in South and southern Africa. The blue and green drop requirements of the municipalities for drinking and sewage purification resulted in a 17% growth in the scheme in the year under review.

Engineering Laboratories

Industries served
Mechanical and fluid
Appliance and electronics
Electrical engineering
Green energy
Explosive prevention
Automotive
Building and construction
Civil engineering

The Engineering Laboratories achieved a total revenue of R70,6 million against a budget of R82,9 million for the year. Trading in the first months of the financial year was challenging due to slow recovery following the international economic crisis, and improved significantly in the last quarter when revenue exceeded budget for the quarter by 37.5%.

A number of strategic initiatives were implemented to sustain the performance of the last quarter and to ensure that these laboratories remain relevant to the industries they serve:

- A partnership was entered into with the National Home Builders Registration Council (NHBRC), whereby the SABS will be their test partner for the quality of houses delivered for the Government's low-cost housing initiatives;
- A partnership was entered into with the Department of Science and Technology to investigate and develop capacity for an affordable Wind Turbine Testing facility at the SABS;
- The capacity for alternative energy testing (Solar Geyser and Heat Pumps) is being expanded to support Eskom and the Department of Energy's programmes for alternative energy sources; and
- A strategic relationship was entered into with the Consumer Protection Commission making the SABS its testing partner.

Mining and Minerals Laboratories

Industries served
Mining and minerals

These laboratories achieved a total revenue of R64,9 million against a budget of R85,4 million. This shortfall was the result of major contracts which lapsed during the review period and were not renewed but which had been included in the budget. These included the Sasol Synfuel contract, the Exxaro Coal contract for the Leeupan laboratory and the Richards Bay Coal Terminal contract.

A new three-year contract was awarded to the SABS for the testing of coal for Eskom. The operating model and strategy for the department are being overhauled to adapt the business to market needs and to ensure sustainability. To this end, the laboratories have embarked on a growth and diversification strategy for the next financial year that is rooted in achieving operational efficiencies.

In the past, the department only concentrated on coal analysis. As part of this growth strategy, it will seek to diversify into other minerals.

The key pillars of the department's growth strategy are:

- Best of breed operating efficiencies;
- Diversity into other minerals; and
- Industry leadership.

Certification

Sectors served
Chemical
Electrotechnical
Food and health
Automotive
Education
Mechanical and materials
Mining and minerals
Services
Transportation and automotive

The SABS offers both product and systems certification schemes. Product certification is a process that culminates in customers having the right to put the well-known SABS Mark on their products. This Mark tells the market place that the product has been found to meet all the requirements of the standard concerned and that the process used to make the product has been assessed to be under control, so that these products will continue to meet the requirements.

System certification involves an assessment of the management systems of the organization and certifies that these are sufficiently controlled to assure that the organization's Quality (ISO 9001), Environmental (ISO 14001) or Occupational Health and Safety (OHSAS 18001) objectives are met.

The SABS also offers Consignment Inspection. The Certification department operates within the borders of South Africa and in numerous international markets around the globe.

Certification achieved a total revenue of R192,0 million against a budget of R188,2 million. This was 2% above budget.

In the year ahead, the focus will be on:

- Improving the system certification offering, especially for the Small, Medium and Micro Enterprise (SMME) market. A new SMME certification scheme will be launched in June 2011;
- Repositioning the SABS Mark as the pre-eminent seal of quality in South Africa;
- Strengthening internal capacity to manage both our product and systems accreditations;
- Exploring partnerships to enter new markets; and
- Pre-export verification and inspection activities.

Training

Courses offered
HACCP
ISO 9001
ISO 14001
ISO 22000
OHSAS 18001
SANS 10216

The SABS Learning Academy contributes to providing the quality edge to its customers by presenting a large number of training courses at the SABS Head Office in Pretoria, at the Regional offices across the country as well as on site for some of its customers. The training is designed to provide industry with the skills required to manage the certification programmes that give their companies a competitive edge.

A variety of training methods and techniques are used, including lectures, videos, assignments, handbooks and exercises. Group participation is encouraged throughout to enhance the learning experience.

The Centre achieved a revenue of R8,5 million against a budgeted revenue of R9,5 million for the reporting period. The negative variance was due to limited marketing of SABS training as well as the slow recovery from economic down-turn. Training was provided in a number of areas which included ISO 9001, OHSAS 18001, SANS 10216, the SABS Mark Scheme and Food Safety Management.

For the year ahead, new initiatives have been implemented to ensure business sustainability and to promote performance improvement of the Centre. These include:

- SETA accreditation of the Training Centre;
- Decentralisation of training to the SABS regional offices; and
- The upgrade of training facilities at the SABS Head Office.

SABS

Public Statement of Impartiality

Being impartial, and being perceived to be impartial, is necessary for a conformity assessment body to deliver certification that provides confidence.

SABS Commercial:

- Provides its services in an open, independent and impartial manner to all clients and potential clients. All clients are treated equitably and are expected to achieve the same level of performance and conformance to the appropriate standard;
- Makes its certification decisions based on objective evidence of conformity obtained through a competent audit process in which decisions are not influenced by other interests or by other parties; and
- Understands the importance of impartiality in carrying out its certification activities, manages any conflict of interest and ensures the objectivity of its certification activities.

Independent oversight of SABS Commercial's certification activities is provided by an Impartiality Committee consisting of representatives of a number of external organizations who have an interest in the certification activities of SABS Commercial.

SOUTH AFRICAN BUREAU OF STANDARDS - Established in terms of Section 2 of the Standards Act, 1945, as amended

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sabs design institute

sabs design institute

Background

The SABS Design Institute promotes the benefits of good design in order to stimulate the economic and technological development of South Africa. Initiatives focus on:

- Design and Education – nurturing and developing design leadership;
- Design and Industry – promoting design in industry, supporting new product development and marketing South Africa as an innovative, industrialised country; and
- Design and Development – developing southern Africa through focused design projects for developing communities in rural and urban areas.

Achievements

Youth Leadership Programme

This initiative focuses on young people with proven leadership and entrepreneurial ability and aims to build future South African design capacity. Held in May 2010, the programme included design related visits and lectures that the students would not experience in normal studies.

From Idea to Product Seminar and Consultation Sessions

These were held four times in the year, involving a short seminar followed by confidential consultation sessions – the latter conducted by a patent attorney, two expert industrial designers and a venture capitalist. A pilot project was undertaken to live stream the seminar to the Vaal University of Technology campus video conference centre. Due to the success of this pilot, a request to join in future seminars through video conferencing was received from the Central University of Technology.

SABS Design Excellence Award Scheme

The annual SABS Design Excellence Award scheme attracted 50 entries. Fourteen products received awards, with two of the award-winning entries being innovations that were developed through co-operation with government incentive assistance from the Department of Science and Technology and **the dti**.

The Department of Arts and Culture exhibited previous SABS Design Excellence Award winning products at the South African pavilion exhibition at the 2010 World Expo in Shanghai, China. All the liaison activities with designers, the funding of the stand and the shipping of products and publications were funded by the Department of Arts and Culture.

'40 Years of South African Design Excellence'

As an illustration of how the SABS Design Institute has consistently contributed to the promotion of good design and good quality in South Africa, the organisation compiled and published the landmark '40 years of South African Design' in the year under review. This 140 page publication, launched during the period, places South African design development in timeframes that illustrate how the major events of the time helped to shape the nature of the most innovative products.

Looking Forward

The importance of fostering innovation in South Africa as a means to move from a resource-based economy into knowledge based environment where economic growth can be assured cannot be emphasised enough. While several interventions are in place under various departments, companies and agencies, the SABS design institute can play an increasingly important role by providing assistance to innovators and entrepreneurs to encourage and assist them to bring new ideas to reality and to move those ideas to products and more importantly to get those products to markets and to get them sold.

Sound design will play an ever increasing role in the journey and will contribute significantly to the number, relevance and quality of goods emanating from South Africa. The role of the SABS design institute will be revisited in the next year to ensure that the institute functions effectively in this ever-changing environment.

The SABS will in the next year be undergoing and extensive stakeholder engagement process to develop a meaningful strategy for the design institute.

sustainability report

sustainability report

Economic Sustainability

Customer Service

Customers expect multi-channels of communication with the internal business units and the same level of consistent, reliable and friendly service delivery regardless of the method of contact.

The contact system in place at the SABS was based on direct contact with individuals within the organization and as such made no provision for the tracking of contacts made, responses given or levels of satisfaction. During the period the SABS investigated best practices in Customer Relationship Management (CRM) and initiated the introduction of a dedicated human and electronic customer interface to allow the organisation to better manage its responsibilities under the revised Standards Act, No. 8 of 2008 and the Consumer Protection Act, No. 94 of 2009. The first phase, the Call Centre and CRM system, is due to be launched in the first quarter of 2011. Customers will then access the SABS through a single contact number, fax number or e-mail address and their requirements will be attended to by a highly trained team of Customer Relationship Agents. Their responsibilities will include answering calls, tracking requests, issuing quotations on behalf of service departments and internal businesses, maintaining the customer database and ultimately providing a professional service to ensure business stability and sustainability.

Broad-Based Black Economic Empowerment Verification

The annual Broad-Based Black Economic Empowerment (BBBEE) evaluation of the SABS was undertaken by an independent agency, accredited by the SANAS. The SABS was assessed as a Level 3 contributor with a BBBEE procurement recognition level of 138%.

SABS Commercial (Pty) Ltd was assessed as a Level 4 contributor with a BBBEE procurement recognition level of 125%.

Knowledge Management

The SABS is a knowledge-based organization and during the year, emphasis was placed on a strategy to manage the talent of the knowledge workers. In future, management will also focus on optimising the management of content through technology platforms and improved business processes as the foundation for an efficient knowledge repository.

Memorandum of Agreements Signed

The Namibian Standards Institution (NSi) signed a Memorandum of Agreement (MoA) with the SABS on 24 July 2010. In terms of the agreement, the SABS will assist in the formulation and development of the NSi's technical capacity in standardisation, conformity assessment, quality assurance and metrology and the NSi will make use of the SABS commercial services in support of their objectives.

Social Sustainability

Human Resources

The Human Resources Division is undergoing an overhaul of its offering. Some of the challenges to be addressed to support the new SABS five year strategy are to review and align amongst others: Remuneration; Organisation Culture; Leadership Development; Employment Equity; and Technical Skills Development.

One of the challenges facing the SABS is employee attraction and retention. The SABS is facing a challenging task of attracting and retaining the relevant calibre of people. Technical (critical) skills are vitally important to ensure that the SABS is the trusted assurance service provider of choice. Employee turnover rate for technical skills was 25%. One of the cited reasons for resignations was remuneration. To address this matter the SABS participated in a Remuneration Survey during the year to address some of its remuneration challenges. Some of the results of the survey have already been implemented i.e. aligning the technical salary scales (for Auditors; Test Officers and Standard Writers) to those of the external market. This exercise also addressed discrepancies in the Commercial Division. Some of the remuneration challenges will take at least 3-5 years to address and management will be handling these annually, until such time that the total remuneration of the SABS is on par with the external market, or better.

In the last quarter of the year ending March 2011, the Human Capital Division focused some of its energies on the establishment of new Employment Equity (EE) Forums. The forums are to be trained in their new roles in the new quarter of the 2011/2012 year. The objective of these new forums amongst others is to be consultative parties in the establishment of the Employment Equity plan, which is envisaged to be in place by no later than end August 2011.

During the last quarter of the 2011/2012 the organisation underwent a Culture and Climate Survey. The survey gave employees an opportunity to share their views about the SABS culture. The following dimensions were measured: safety; policies and procedures; performance management; communication; loyalty and commitment; innovation; leading with accountability; job satisfaction; change management; training and development; diversity management and transformation; SABS values; and recognition and rewards. The organisation has prioritised Leadership Development and Change Management for the year 2011/2012.

The organisation's career path programmes – the Competency Development Programme (CDP) has been revised to enhance its efficiency in developing the technical know-how of the technical specialists. The programme allows the employees to grow from entry level technical specialists, to highly skilled specialist. A Dual Career Path (DCP) model was also established to enhance the CDP offering. The DCP model allows an employee to grow as either a line manager or an employee with equal benefits. This deals with the misconception that people have to be in management positions to be remunerated and recognised better.

The SABS forged a partnership with the Da Vinci Institute for Technology Management to offer employees a world-class Leadership Development programmes. Approximately 40 employees will be enrolled with the Institute in various programme offerings. The added value of the Institute's offering is that some of the programmes' offerings are tailor-made for the SABS. The classes for the 2011 academic year are envisaged to commence in June 2011.

Employment and Vacancies by Critical Occupation, 31 March 2011

Critical occupation	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Skilled Technical and Academically Qualified	402	350	12.94%	-
Total	**402**	**350**	**12.94%**	**-**

Annual Turnover Rates by Critical Occupation for the Period, 1 April 2010 to 31 March 2011

Occupation	Number of employees per occupation as on 1 April 2010	Appointments and transfers into the department	Terminations out of the department	Transfers out of the department	Turnover rate
Technical and Operational Employees (Engagers)	750	67	190	-	25%
Total	**750**	**67**	**190**	**-**	**25%**

Reasons Why Staff Left the Organization

Termination type	Number	% of total
Death	2	0.75%
Resignation- Permanent and Contract	124	46.44%
Expiry of contract	45	16.85%
Dismissal – operational changes	71	26.59%
Dismissal – misconduct	12	4.49%
Dismissal – inefficiency	-	-
Discharged due to ill-health	1	0.37%
Retirement	12	4.49%
Transfers to other Public Service Departments	-	-
Other	-	-
Total	**267**	**24.54%**

During the third quarter of the reporting period, the SABS commissioned a Remuneration Survey to address its remuneration challenges. Some of the results have already been implemented e.g. aligning the technical salary scales for Auditors; Test Officers and Standards Writers to those of the external market. This exercise also addressed discrepancies in the Commercial Division. The remaining challenges will be addressed in due course.

Employment Equity

Employment Equity (EE) Forums were established and trained to participate in the updating of the SABS EE plan. It is envisaged that the updated plan will be in place by the end of June 2011.

Total Number of Employees (Including Employees with Disabilities) per Occupational Category as on 31 March 2011

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	-	-	-	-	-	-	-	-	-
Senior Management	1	-	-	2	2	-	-	1	6
Professionally qualified and experienced specialists and mid management	12	1	6	13	3	1	1	7	44
Skilled technical and academically qualified workers, junior management, supervisors foreman and superintendents	222	26	25	122	220	23	18	141	797
Semi-skilled and discretionary decision making	182	2	-	5	36	1	1	1	228
Unskilled and defined decision making	-	-	-	-	-	-	-	-	-
Total Permanent	**417**	**29**	**31**	**142**	**261**	**25**	**20**	**150**	**1,075**
Temporary Employees	7	-	-	-	4	1	-	1	13
Grand total	**424**	**29**	**31**	**142**	**205**	**26**	**20**	**151**	**1,088**

Recruitment for the Period 1 April 2010 to 31 March 2011

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	-	-	-	-	-	-	-	-	-
Senior Management	2	-	-	1	2	-	-	-	5
Professionally qualified and experienced specialists and mid-management	-	-	1	-	1	-	-	1	3
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	41	2	2	24	41	2	-	7	119
Semi-skilled and discretionary decision making	16	-	-	3	1	-	1	-	21
Unskilled and defined decision making	-	-	-	-	-	-	-	-	-
Total	**59**	**2**	**3**	**28**	**45**	**2**	**1**	**8**	**148**
Employees with disabilities	-	-	-	-	-	-	-	-	-

Promotions for the Period 1 April 2010 to 31 March 2011

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	-	-	-	-	-	-	-	-	-
Senior Management	-	-	-	-	-	-	-	-	-
Professionally qualified and experienced specialists and mid-management	-	-	-	-	-	-	-	-	-
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	15	1	1	3	15	-	2	5	42
Semi-skilled and discretionary decision making	-	-	-	-	-	-	-	-	-
Unskilled and defined decision making	-	-	-	-	-	-	-	-	-
Total	**15**	**1**	**1**	**3**	**15**	**-**	**2**	**5**	**42**

Employees with disabilities	-	-	-	-	-	-	-	-	-

Promotions by Critical Occupation

Occupation	Employees as at 1 April 2010	Promotions to another salary band	Salary band promotions as a % of employees by occupation	Salary level adjustments without progression to another band	Salary adjustments within the band as a %
Technical and Operational Employees (Engagers)	750	30	4%	106	14%
Total	**750**	**30**	**4%**	**106**	**14%**

Terminations for the Period 1 April 2010 to 31 March 2011

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	-	-	-	-	-	-	-	-	-
Senior Management	1	-	-	-	1	-	1	-	3
Professionally qualified and experienced specialists and mid-management	-	-	1	2	-	-	-	1	4
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	59	6	1	16	45	8	4	11	150
Semi-skilled and discretionary decision making	79	4	1	3	19	-	2	1	109
Unskilled and defined decision making	-	-	-	-	-	-	-	-	-
Total	**139**	**10**	**3**	**21**	**65**	**8**	**7**	**13**	**266**

Employees with disabilities	-	-	-	-	-	-	-	-	-

Foreign Workers, 1 April 2010 to 31 March 2011, by Salary Band

Salary band	1 April 2010		31 March 2011		Change	
	Number	% of total	Number	% of total	Number	% change
Top Management	-	-	-	-	-	-
Senior Management	-	-	-	-	-	-
Professionally qualified and experienced specialists and mid management	4	9%	4	9%	-	-
Skilled technical and academically qualified workers, junior management , supervisors foreman and superintendents	16	2%	18	2%	2	-
Semi-skilled and discretionary decision making	-	-	-	-	-	-
Unskilled and defined decision making	-	-	-	-	-	-
Total	**20**	**2%**	**22**	**2%**	**2**	**-**

Organizational Culture Survey

This survey was conducted during the months of December 2010 and January 2011, focussing on the following dimensions: safety; policies and procedures; performance management; communication; loyalty and commitment; innovation; leading with accountability; job satisfaction; change management; training and development; diversity management and transformation; SABS values; and recognition and rewards. The organization has prioritised Leadership Development and Change Management for the year 2011/2012.

Union Membership

The SABS staff is broadly aligned with three unions, as reflected in the table below.

Union	Percentage of staff
The National Education, Health and Allied Workers' Union (NEHAWU)	26%
The South African Parastatal and Tertiary Institutions Union (SAPTU)	15%
Chemical Energy Paper Printing Wood and allied Workers Union (CEPPWAWU)	2%
Grand total – Union members	**44%**
Grand total – Non-union members	**56%**

The following Collective Agreements Were Entered into with Trade Unions During the Period

Subject matter	Date
Wage Agreement 2010/2011 Financial year	15 October 2010

Misconduct and Disciplinary Actions

The following misconduct and disciplinary hearings were finalised in the review period:

Disciplinary Action for the Period 1 April 2010 to 31 March 2011

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Disciplinary action	15	-	1	5	4	1	-	1	27

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	-	-
Verbal warning	-	-
Written warning	6	22%
Final written warning	13	48%
Suspended without pay	-	-
Fine	-	-
Demotion	-	-
Dismissal	8	30%
Not guilty	-	-
Case withdrawn	-	-
Total	**27**	**100%**

Grievances Lodged in the Review Period

	Number	% of Total
Number of grievances resolved	4	100%
Number of grievances not resolved	-	-

Employee Health

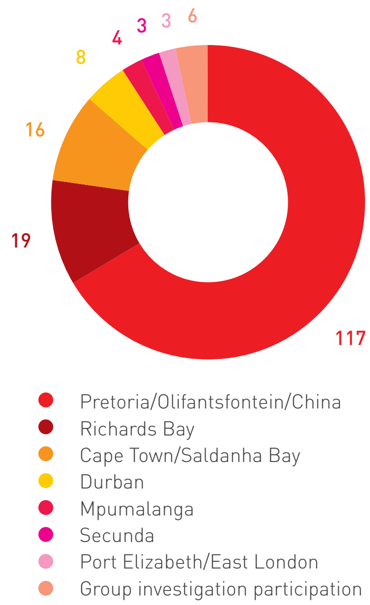
Occupational Health Care

During the year under review, a medical surveillance plan was prepared and monthly medical surveillances were conducted at the various laboratories of the SABS.

On-line E-Care

An E-care web-based healthcare site (ICAS) was launched to communicate healthcare issues and this proved very successful. A total of 176 employees utilised the ICAS program throughout the SABS Group as per the ICAS report depicted in the graph below:

ICAS Programme



HIV/AIDS

On 1 December 2010 the SABS commemorated World Aids Day with a Candle Lighting ceremony and memorial service, presenting a powerful message for those infected and affected by the disease. Various presenters, including a medical aid representative and the SABS in-house medical doctor, covered aspects such as the benefits of the disease management programme; the importance of antiretroviral treatment and commitment to only one partner; and using protection to avoid sexually transmitted illnesses and HIV infection. Coupled with the above, was a strong message on the importance of protecting women and children against abuse, delivered by football star, Matthew Booth.

The SABS has an on-site Occupational Health Care Centre for its employees where they are able to seek voluntarily testing and counselling for HIV/AIDS or any other health condition or dilemma that might concern them.

Employee Wellness

The SABS is proactive regarding employee wellness and recruited ICAS to implement an Employee Assistance Programme (EAP) to aid employees with the ongoing struggles that they may encounter on a daily basis. ICAS currently provides the following assistance:

- Psychological counselling;
- Life Management;
  - Family counselling
  - Stress management
  - Financial and legal advice
  - Diversity management
  - Change management
  - Health management;
- Dealing with troubled employees;
- Substance abuse counselling;
- Providing and co-ordinating wellness days;
- VCT Campaigns which are conducted on a bi-annual basis throughout the SABS; and
- Peer Educator Training.

A Health and Wellness Day was held in May 2010. The services presented were voluntary but well attended.

Employee Safety

Safety, Health and Environment Statistics

During the review period the organization recorded a total of eight disabling injuries and 27 minor injuries. The eight injuries refer to four back injuries, two motor vehicle accidents and two lacerations. The eight employees resumed duty within three working days. Due to the definition of a disabling incident, namely the "loss of one or more days or shifts", this rate appears to be high. However, the SABS disabling injury frequency rate of 0.78 remains below the industry and market norm of 1. Control measures have been implemented to mitigate the number of injuries as well as to enforce the appropriate manual handling of materials and equipment and as a result a reduction in the number of disabling injuries is anticipated in the future.

Health and Safety Meetings

Monthly meetings were held and attended by Health Safety and Environment (HSE) representatives, resulting in a positive change towards health and safety issues. HSE representatives were required not only to represent their departments and colleagues but also to investigate and inspect their areas of responsibility. Safety toolbox talks have also been introduced and monthly sessions were conducted whereby awareness was created via safety representatives on various safety-related issues. These awareness sessions have improved employee safety at the SABS.

Emergency Planning

A mock fire emergency drill was conducted on 2 December 2010. The evacuation of the staff took ten minutes and external emergency services responded promptly.

Security

During July 2010, the SABS upgraded the access control system at Groenkloof. Further funds have been allocated for system security improvement which will result in an improved and more secure work environment.

Retirement Fund

SABS Retirement Fund is a defined contribution pension fund, established in 1994. This is an umbrella fund and is managed by a Board of Trustees. Alexander Forbes is the administrator of the Fund and manages the Fund in conjunction with the Trustees, providing actuarial and consultancy services. Investment Solutions provides investment advice.

The Fund allows for a life stage model approach as well as a member level investment approach and consists of five investment portfolios ranging from High Risk to Low Risk investment, with a multi manager approach.

Employee Training

Core and Technical Skills

Towards the end of the 2010 calendar year a Learning & Performance Steering Committee was established to ensure alignment of the SABS learning programmes to the overall organizational strategy. One of the key deliverables was to identify key technical and core as well as behavioural competencies to support the organization in becoming a 'winning organization'. The above-mentioned competencies were defined and the in the future, learning programmes will be geared towards the development and enhancement of these competencies. The competencies were also aligned to the Services SETA annual skills priorities for the industry.

Competency Development Programme

The organization's career path programme – the Competency Development Programme (CDP) – was revised to enhance its efficiency in developing the technical know-how of the technical specialists. The programme allows the employees to grow from entry level technical specialists, to highly skilled specialists. A Dual Career Path (DCP) model was also established to enhance the CDP offering. The DCP model allows an employee to grow as either a line manager or employee technical expert with equal benefits. This dispels the myth that people have to be in management positions to be remunerated and better recognised.

The SABS entered into an agreement with the DaVinci Institute for Technology Management to offer employees a world-class Leadership Development Programme. Approximately 40 employees will be enrolled with the Institute in various programme offerings. The added value of the Institute's offering is that some of the programme offerings are tailor-made for the SABS. The classes for the 2011 academic year are envisaged to commence in June 2011.

Skills Development and Training for the Period 1 April 2010 to 31 March 2011

The following employees were recipients of skills development/training initiatives in the period:

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	-	-	-	-	1	-	-	1	2
Professionals	11	-	4	9	2	1	1	6	34
Technicians and associate professionals	122	9	11	38	138	6	7	70	401
Clerks	17	-	-	2	5	-	-	-	24
Service and sales workers	-	-	-	-	-	-	-	-	-
Skilled agriculture and fishery workers	-	-	-	-	-	-	-	-	-
Craft and related trades workers	-	-	-	-	-	-	-	-	-
Plant and machine operators and assemblers	-	-	-	-	-	-	-	-	-
Elementary occupations	7	-	-	-	-	-	-	-	7
Total	**156**	**9**	**15**	**49**	**144**	**7**	**8**	**76**	**468**

Employees with disabilities	-	-	-	-	-	-	-	-	-

Stakeholder Relations – Local

World Standards Day

Each year the SABS, together with over 160 of its international counterparts, celebrates World Standards Day to raise awareness of the importance of international standardisation to the world economy, and to promote its role in helping meet the needs of all business sectors and consumers. A number of workshops were hosted during the week of 11 to 15 October 2010, which coincided with the World Standards Day celebrations, including:

1. *Financial sustainability of National Standards Bodies* – This was a regional workshop organised jointly with ISO and was attended by the Heads of several African National Standards Bodies (NSBs). It examined the financial sustainability of NSBs and explored other ways of generating revenue such as conformity assessments, training, testing, consultancy, etc. It was chaired by the CEO of SABS, Dr Boni Mehlomakulu, who presented on the SABS strategy and vision for the next five years.
2. *The ISO 26000 standard, Social responsibility* – The workshop on SANS 26000/ ISO 26000, Social responsibility was well attended as the publication of the standard had been eagerly awaited. The standard serves as a guide of how to operate in a socially responsible manner. Jonathon Hanks, a South African, who chaired the international negotiations that resulted in the standard, led the workshop.
3. *Accessibility* – Besides showcasing what has been achieved in South Africa, the workshop on accessibility also focused on how the use of accessibility standards can be further improved. One of the key findings was that organisations should put accessibility requirements for products into a standard earlier in its development. Website accessibility and related improvements that need to be made were also highlighted.
4. *Standards for 21st century buildings* – South Africa was privileged to have some of the world's top technical experts on construction standards available to present at this workshop. The workshop assisted the local stakeholders to understand the work being done by ISO Committees and Work Groups in the construction sector.
5. *The Consumer Protection Act* – With the implementation of the Consumer Protection Act imminent, local businesses and industries had many questions about the implications of the Act for them. The workshop provided a platform to better understand the Act, and how SABS' role as quality partner can help businesses to lessen the risks they will face once the Act has been implemented.

Mining Sector Workshop

More than 80 delegates from 11 Technical Committees attended this workshop on 12 October 2010 where a wide range of topics were discussed including standards development, the work of technical committees involved in mining standards, and international participation.

Other Courses and Workshops

Other courses and workshops were presented to empower industry stakeholders as follows:

1. Two courses were presented to external candidates, attended by 28 Government employees who were involved in writing standards for application by Government departments and national agencies.
2. Delegates from 11 SADC standards organizations visited the SABS on three different occasions to attend courses on various aspects of standards development. Funding for these visits was provided by ISO.
3. Two successful workshops were hosted for chairpersons of Technical Committees (TCs) and conveners of TC working groups. The workshops were designed to enable less-experienced chairpersons and conveners to carry out their important tasks successfully, thus contributing to the value that national standards add to the South African economy.

Stakeholder Relations - Regional

1. South Africa is serving on the ISO Council and the Technical Management Board (TMB). Council is the governing body of ISO while the TMB is responsible for the technical programme of work. In addition, South Africa is serving on the Council Board of the International Electrotechnical Commission (IEC).
2. South Africa was elected to serve on the Executive Committee and to serve as the Secretariat of SADCSTAN. SADCSTAN is the arm of the SADC responsible for harmonisation of regional standards.

Stakeholder Awards and Recognition

The annual SABS Gala Dinner was held at Kyalami Castle, with Rob Steele, Secretary-General of ISO; Dr Boni Mehlomakulu, CEO of the SABS; and Dr Geoff Visser, Executive of SABS Commercial, presenting thought-provoking speeches prior to the awards.

SABS Essay Competition

To promote standardisation as a topic in tertiary academic institutions, the SABS launched the SABS Essay Competition for undergraduate and postgraduate (part- and full-time) students in 2008. The theme of the 2010 SABS Essay Competition was "Standards for accessible design". The winner was Leandra Webb of the University of the Witwatersrand and the runner-ups were Peter Husemeyer of the University of Cape Town, and Thato Mphahlele of the University of Pretoria.

SABS Standards Awards

Four awards were presented in recognition of those who excelled at the promotion of standardisation:

1. The 2010 SABS Media Award was given to Rory MacNamara, Editor of Plumbing Africa, in recognition of the role he played in promoting awareness of specific standards;
2. The 2010 SABS Standards Development Award went to John Reid, former Technical Manager of Dulux, for his exceptional contribution to standardisation through participation in technical committee work, and in recognition of his leadership during a lifetime's work with paint and varnishes;
3. The 2010 NRS Award was made jointly to Roland Hill (Manager, Research and Development, Landis + Gyr) and David Ntombela, of Eskom IARC; and
4. The 2010 SABS Outstanding Student in Quality and Standardisation was Titus Moeketsane for meritorious performance by a student in formal training course in the field of standardisation and quality.

Corporate Social Investment

The Saturday School Project

The SABS launched a Saturday School Project on its Pretoria premises in July 2010. The school was attended by 25 pupils each from Bokgoni Technical High School in Atteridgeville and Modiri Technical High School in Mamelodi. The School was held for 14 Saturdays and enjoyed an excellent attendance rate due to the direct support of the SABS; the Tshwane South District of Education officials; the two above-mentioned schools and the parents. The SABS provided the transport, venue, study guides, stationery, meals, and its employees as volunteer tutors. The district assisted in developing the programme and monitored the school from time to time.

The project provided the SABS with an opportunity to raise awareness of its value to the benefiting communities, both as a source of critical economic services and as a prospective employer.

As a direct result of the Saturday School, 94% of participants passed Maths and 84% Physical Science. This project made a measurable difference in the lives of the pupils, their families, their schools and their communities.

Other Projects

Further projects that support education were identified and funded at various schools, with some R910,000 committed to these initiatives during the review period.

Environmental Sustainability

New Laboratory Complex

The SABS 13,608 m^2 laboratory complex, due to be completed in the new financial year, is a unique building, designed to achieve a Green Star rating from the South African Green Building Council. At the time there was no Green Star rating tool for laboratories in South Africa and an international rating and guidance tool was selected to establish performance criteria, whilst remaining within budget and aligning with local building technologies and techniques. The design ideology is rooted in local content while complying with international laboratory design norms and green building performance criteria.

Innovative engineering aspects resulted due to the Green Star rating approach. The services necessary for the laboratories are extensive, with mechanical, electrical, fire, data and all specialised water and waste reticulation networks sharing the same space beneath each floor slab. To ensure access, all services are exposed, thereby reducing the maintenance factor considerably.

Perforated kinetic steel louvers were used, to shade unwanted eastern and western sunlight whilst harvesting and filtering natural daylight deep into the building. The heating, ventilation and air conditioning system was optimised to reduce energy use. Courtyards play an essential role in introducing natural light and ventilation. The SABS foresees substantial energy savings in the future due to this unique design approach.

Environmental Management

An environment management study was conducted at the SABS covering the environmental aspects and impacts of daily operations aligned to all the applicable legislation. Objectives have been set going forward to reduce the environmental impact of the SABS operations. Various management initiatives are currently in progress to measures the organization's energy footprint.

annual financial statements

annual financial statements

for the year ended 31 March 2011

seven year group review

for the years ended 31 March

	2011 R'000	2010 R'000	2009 R'000	2008 R'000	2007 R'000	2006 R'000	2005 R'000
Income statement							
Commercial revenue	**394,553**	390,743	358,509	318,350	304,134	279,425	266,522
Levy revenue	**-**	-	45,245	104,013	102,439	81,169	63,705
Parliamentary grant recognised as income	**156,881**	134,852	128,785	125,273	110,695	96,754	97,075
Expenditure	**529,275**	516,577	491,831	437,251	407,861	456,525	414,029
Net (loss)/profit on discontinued operations	**(111)**	(22,244)	2,061	11,323	44,772	-	-
Net investment income/(cost)	**8,453**	3,223	(596)	530	2,925	3,408	3,772
Profit for the year	**54,518**	46,818	30,749	35,043	66,636	20,257	12,268
Operating profit	**63,745**	51,753	44,601	46,552	72,493	34,524	23,814
Statement of financial position							
Property, plant and equipment	**253,825**	169,901	170,936	169,511	154,239	131,570	142,361
Investment properties	**10,896**	11,337	11,761	2,547	2,681	-	-
Intangibles	**9,845**	17,542	17,982	6,244	374	-	-
Total available-for-sale investments	**291,900**	201,465	250,088	289,144	207,251	153,429	131,625
Deferred taxation	**21,116**	23,905	23,732	22,085	19,317	15,085	12,957
Non-current assets/disposal group held for sale	**1,653**	1,894	2,342	15,673	13,410	17,000	-
Current assets excluding cash	**56,180**	52,968	67,459	64,209	85,414	69,008	50,719
Net cash and cash equivalents	**190,447**	122,162	7,565	(3,065)	27,010	25,875	34,081
Total assets	**835,862**	601,174	551,865	566,348	509,696	411,967	371,743
Capital and reserves	**445,246**	384,679	347,320	339,854	292,348	194,965	175,704
Interest bearing borrowings	**14,914**	15,703	18,441	22,726	23,509	23,675	15,000
Other liabilities	**253,437**	100,204	102,191	117,049	101,616	103,829	87,176
Current liabilities	**122,265**	100,588	83,913	86,719	92,223	89,498	93,863
Total equity and liabilities	**835,862**	601,174	551,865	566,348	509,696	411,967	371,743
Cash flows							
Net cash flow from operating activities	**110,807**	90,618	26,192	40,640	80,517	37,217	48,172
Net cash flow from investing activities	**(194,575)**	26,717	(11,277)	(70,483)	(79,216)	(54,098)	(61,333)
Net cash flow from financing activities	**152,053**	(2,738)	(4,285)	(232)	(166)	8,675	-
Cash and cash equivalents at beginning of year	**122,162**	7,565	(3,065)	27,010	25,875	34,081	47,242
Cash and cash equivalents at end of year	**190,447**	122,162	7,565	(3,065)	27,010	25,875	34,081

	2011 R'000	2010 R'000	2009 R'000	2008 R'000	2007 R'000	2006 R'000	2005 R'000
Ratio analysis							
Profitability and asset management							
Asset turnover	**0.6**	0.8	0.9	0.9	1.0	1.1	1.2
Return on net assets	**12.2%**	13.7%	9.7%	9.6%	18.6%	11.6%	9.8%
Return on equity	**14.3%**	13.5%	12.8%	13.7%	24.8%	17.7%	13.6%
Current ratio	**0.5**	0.5	0.8	0.7	0.9	0.8	0.5
Operating margin %	**16.2%**	13.2%	11.0%	11.0%	17.8%	9.6%	7.2%
Revenue % to total income	**68.2%**	67.1%	70.9%	74.1%	76.1%	76.3%	76.1%
Performance							
Revenue per employee	**339**	289	262	287	298	296	285
Operating profit per employee	**55**	38	29	32	53	23	20
Remuneration as a % of total expenditure	**62.2%**	57.9%	64.1%	62.1%	61.3%	59.1%	57.1%
Average number of employees[1]	**1,163**	1,354	1,541	1,470	1,364	1,219	1,160

Ratio definitions

Asset turnover	Revenue divided by assets less current liabilities
Return on net assets	Operating profit as a percentage of net assets excluding cash resources
Current ratio	Current assets (excluding cash resources) to current liabilities
Operating margin %	Operating profit as a percentage of revenue

Operating profit/(loss) refers to profit before interest and tax (PBIT) (including discontinued operations) and is stated before the effect of adopting IAS 19: post retirement medical aid benefits and long service leave awards and the impairment of assets.

1. Average number of employees includes 285 NRCS employees who were transferred on 1 September 2008.

financial review

for the year ended 31 March 2011

The challenging economic environment experienced in the past few years continued in the year under review. Most of the SABS' customers experienced reduced revenue which had a ripple impact on the activities of the SABS.

Operating results

Revenue from commercial operations at R394,6 million increased by 1,0% on last year. Product and certification revenue increased by 11,7% compared to the prior year and exceeded budget by 2%. More systems certification work was done than planned and this positively impacted the profitability of this cluster. Revenue from investigations, tests and services was 7,1% lower than the prior year. This can mainly be attributed to contracts lost in the Mining and Minerals Cluster.

The base line parliamentary core funding allocation of R156,9 million increased by R22,0 million from the previous year allocation of R134,9 million. R10,1 million was received as an allocation as part of the adjustment budget and R7,1 million of this was allocated to capital projects. This was recognised as revenue and resulted in increased profit for the year. The capex portion is being utilised to expand the solar water testing capacity, upgrade the emissions testing facility in East London and a few smaller projects.

Operating profit before taxation, financing and discontinued operations decreased by R16,7 million to R49,0 million compared to an increase of R38,0 million the previous year. Total expenses for the year was R529,3 million which is a 2,5% increase compared to the R516,6 million incurred in the previous year. The decrease in the operating profit can mainly be attributed to the revenue targets not met.

Capital expenditure

Group capital expenditure for the year amounted to R110,4 million (2010: R30,2 million). The construction of the new laboratory complex on the Groenkloof Campus commenced during February 2010. In addition, new and replacement laboratory equipment and office equipment was procured. The SABS received R152,8 million during the year under review to fund the construction of the new laboratory complex and the upgrade of the C-Block on the Groenkloof Campus. The expected date of practical completion of the new laboratory complex is June 2011. In the next two years the SABS plans to spend approximately R123,8 million on infrastructure, being the completion of the new laboratory complex and the upgrading of the C-Block on the Groenkloof Campus.

World Cup expenditure

National Treasury issued a circular requesting entities to disclose expenses incurred as a result of the Soccer World Cup, including Soccer World Cup tickets purchased. The SABS did not purchase any tickets but incurred operating expenses to the value of R250,489 and capital expenditure of R43,099 for Soccer World Cup apparel during the year under review. The details of the expenditure is listed below:

	Amount R
Operational expenditure	
Catering	36,105
Sound and rental of equipment	127,260
Buntings and décor	12,187
Soccer displays	3,998
Prizes to staff	38,696
Banners and flags	22,666
DSTV subscriptions and installation costs	9,577
	250,489
Capital expenditure	
Six 42" Samsung plasma screens	36,837
11 DSTV decoders	6,262
	43,099

Post-employment healthcare benefits

The Group provides post-employment medical aid contribution subsidies to qualifying retirees. Employees who meet set criteria are also entitled to this benefit when they retire. The expected liability has been determined by an actuary. The post-employment healthcare benefit obligation amounted to R77,4 million (2010: R74,8 million) at 31 March 2011. The Board approved that this liability will be funded through 75% of a specific long term investment. The value of the investment notionally allocated to cover this liability was R81,6 million.

Borrowings

The Group's total interest bearing borrowing decreased by R0,8 million from R15,7 million at 31 March 2010 to R14,9 million at 31 March 2011. The secured loan of R15,0 million is repayable in November 2011. The Group plans to encash the investment that secures this liability and settle the debt. After this the Group will not have any interest bearing borrowings.

Cash and cash equivalents

Cash generated from operating activities increased by 17% to R102,5 million. The positive results of the credit management strategies and stringent control over expenditure contributed to this position.

The Group received R174,2 million (including VAT) in the year ended 31 March 2011 from the Shareholder for the construction of the new laboratory complex and the upgrade of the C-Block on the Groenkloof Campus. As at 31 March 2011 R58,3 million was included in cash and cash equivalents in respect of this project which will continue over the next two financial years.

The Group has embarked on an initiative to recapitalise the operations to enable the Group to attain its growth objectives and to improve the services provided by the Standards Division to be more inclusive and concentrate on work that will have an economic impact and is aligned to the Shareholder objectives. Capital projects amounting to R90,0 million have been included in the plans for the 2011/2012 years and provision has been made to fund these out of the cash and cash equivalents.

Investments

The implementation of the Investment Policy continued during the year. During the previous year a portion of the investment policies matured and were not re-invested before the end of the financial year, which contributed to the high cash balance as at 31 March 2010. The remainder of the previous investment portfolio was encashed during the year and the long-term investments were placed with two investment managers. The annualised investment returns were between seven and eight percent since the investments were placed with the two investment managers.

In line with the Investment Policy the quantum of the short-term investment portfolio was determined and the funds were invested in money market products. On average an annualised return of seven percent per annum was achieved since the inception of the investments.

Strategic imperatives

The strategic objectives going forward are growth, becoming a customer centric organization, improving operational performance and developing and maintaining the pool of required competencies. Significant emphasis has been placed on the development of a performance based culture. An organizational scorecard was developed and a revised performance management system, based on the balance scorecard methodology was rolled out. The four pillars of the scorecard are financial performance (growth), stakeholder management, internal business processes (productivity) and learning and growth.

BBBEE

The SABS achieved a level 3 BBBEE rating and SABS Commercial a level 4 rating. These ratings are the same as the previous financial year.

corporate governance report

for the year ended 31 March 2011

Governance framework

Introduction

Corporate Governance is formally concerned with the organizational arrangements that have been put in place to provide an appropriate set of checks and balances within the sphere in which the organization operates. The objective is to ensure that those to whom the stakeholders entrust the direction and success of the organization act in the best interest of these stakeholders.

The SABS reports to its Shareholder through the Annual Report, and as a further measure to encourage open communication between the Shareholder and the Board, the latter holds discussions with the Shareholder on matters of common interest in order to align, as far as it is possible, its strategies with those of the Shareholder. The South African Government, through the Minister of Trade and Industry, is the sole Shareholder of the SABS.

The SABS is committed to the highest standards of integrity and ethical conduct and to open and transparent governance that gives its Shareholder and other stakeholders the assurance that it is being managed ethically in line with best practice, applicable legislation and predetermined risk parameters. The SABS has established a management model that governs and provides guidance for the way in which all employees interact with the various stakeholder groups.

The underpinning principles of the organization's corporate governance rest on the three cornerstones of an effective and efficient organization, namely the day-to-day management processes, a long-term strategic planning process and effective change processes: these processes are supported by systems that are used to plan, execute, monitor and control the strategic and operational domains of the organization.

The Board provides strategic direction and leadership, determines the goals and objectives of the SABS and approves key policies, including investment and risk management. It also approves the financial objectives, plans, goals and strategies. The Board has adopted formal terms of reference that are in line with the Standards Act, No. 3 of 2008 and the Public Finance Management Act (PFMA), No. 1 of 1999. Although the Board delegates authority to management, it retains the responsibility concerning the exercise of such delegated authority.

Shareholder's compact

In terms of the Treasury Regulations issued in accordance with the PFMA, the SABS must, in consultation with the Executive Authority, annually agree on its key performance objectives, measures and indicators. These are captured in the Shareholders Compact concluded between the SABS and the Executive Authority. The Compact promotes good governance practices in the SABS by helping to clarify the roles and responsibilities of the Board and the Executive Authority and ensuring agreement on the organization's mandate and key objectives.

Financial statements

The SABS Board and the Executive Committee confirm that they are responsible for preparing financial statements that fairly present the state of affairs of the Group as at the end of the financial year.

The Annual Financial Statements contained on pages 62 to 112 have been prepared in accordance with the Statements of South African Generally Accepted Accounting Practice, the Companies Act, No. 61 of 1973, as amended, and the PFMA: They are based on appropriate accounting policies and are supported by reasonable and prudent judgments and estimates.

The external auditor is the Auditor-General and is responsible for carrying out an independent examination of the financial statements in accordance with the International Standards of Auditing and reporting their findings thereon. The Auditor-General's report is set out on page 53.

Going concern

The SABS Board reviewed and approved the Group's financial budgets for the period 1 April 2011 to 31 March 2012 and is satisfied that adequate resources exist to continue business for the foreseeable future. The Board confirms that there is no reason to believe that the Group's operations will not continue as a going concern in the year ahead.

Significance and materiality framework

The significance and materiality framework for reporting losses through criminal conduct and irregular, fruitless and wasteful expenditure, as well as significant transactions envisaged per section 54(2) of the PFMA has been confirmed by the Board. Losses through criminal conduct and irregular, fruitless and wasteful expenditure which are identified are disclosed as prescribed in terms of relevant legislation.

Internal control

The SABS Board is ultimately accountable and management is responsible for the Group's systems of internal controls. These controls are designed to provide reasonable assurance regarding the achievement of the Group's objectives regarding the effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.

The internal audit function reports administratively to the Chief Executive Officer and operates under the direction of the Board Audit and Finance Committee which approves the Internal Audit Plan. The Internal Audit Plan is informed by the strategy of the SABS and key risks that may impair the realisation of strategic objectives and goals. The Internal Audit Plan is updated annually to ensure that it is responsive to changes in the business. Significant findings on internal audits are reported to the Audit and Finance Committee at each scheduled meeting. Also, follow-up audits are conducted in areas where significant control weaknesses are found to ensure that mitigating strategies are adequate and effectively implemented by management. The internal audit function also reports to the Business Risk Committee on the status of identified risks and the effectiveness of measures implemented to mitigate against these risks.

Risk management

The SABS Board acknowledges responsibility for the total process of risk management as well as forming its own opinion on the effectiveness of the process. The Business Risk Committee assesses the effectiveness of the organization's risk management processes.
To ensure alignment to King III, the risk management function has during the period under review focused on defining the roles and responsibilities of risk management as well as the formulation of a risk management strategy based on key principles rather than prescriptive measures. This strategy incorporates a formalised system of identifying, evaluating, prioritising, managing and monitoring all material business risks in a consistent and effective manner across the organization.

There has been an increased focus on risk management resulting in risk management being integrated into the activities of the SABS and hence being proactive. As a result of this, the risks identified during the period under review are continuously being monitored across the business areas which provides the basis for regular and exception reporting to management, the Executive Committee and the Board Business Risk Committee. This reporting provides an assessment of the likelihood and impact of possible risks, as well as the risk mitigation initiatives and the effectiveness thereof.

Sustainability reporting

Management reports to the Board and its stakeholders on all aspects of its social, transformation, ethical and safety, health and environmental practices. (See pages 26 to 36 of this report for comprehensive reporting on the SABS' sustainability)

Ethics

The Ethics Policy commits Board members, executive management, staff and service providers to high standards of ethical conduct in their dealing with clients and all other stakeholders.

The principles in the policy have been communicated throughout the Group and SABS employees are encouraged to report any suspected fraudulent, unethical or corrupt practices. The Group has had in place a Fraud and Corruption Hotline for a number of years which is managed by an independent external service provider and monitored by the Audit and Finance Committee. The source of information and the reports received are kept strictly confidential and referred to appropriate line mangers within the Group for resolution.

Governance structure

Board composition

The SABS Board obtains the desired level of objectivity and independence in deliberations and decision-making and is assisted by Board Committees, duly formed according to the guidelines of the King III Report on Corporate Governance and the PFMA.

The size of the Board is prescribed by section 6 (2) of the Standards Act which requires a minimum of seven (7) and a maximum of nine (9) members appointed by the Shareholder. As at 31 March 2011 there were eight (8) Board members of which seven (7) were non-executive. The members are individuals of a high calibre with diverse backgrounds and expertise, facilitating independent judgement and effective deliberations in the decision making process.

Detail of SABS Board members as at 31 March 2011

Executive member					
Name	Gender	Date of appointment	Term	Expiry of term	Qualifications
Dr Bonakele Mehlomakulu	F	7 September 2009	1	6 September 2014	PhD Chemical Engineering

Non-executive members					
Name	Gender	Date of appointment	Term	Expiry of term	Qualifications
Mr Bahle Sibisi	M	26 August 2009	2	24 August 2014	BSoc Sc MA (Development Economics)
Dr Tshenge Demana	M	26 August 2009	2	24 August 2014	PhD Analytical Chemistry
Dr Michael Ellman	M	26 August 2009	1	24 August 2014	PhD Chemical Engineering MBA
Mr Webster Masvikwa	M	26 August 2009	1	24 August 2014	CA (SA) MBL (SA) AMCT (UK)
Mr Mafika Mkwanazi	M	26 August 2009	1	24 August 2014	BSc (Mathematics and Applied Mathematics) BSc (Electrical Engineering)
Ms Boitumelo Mosako	F	26 August 2009	2	24 August 2014	CA (SA), BCom (Acc) PDGA
Ms Wendy Poulton	F	26 August 2009	2	24 August 2014	MSc

Executive committee

The Board has delegated a wide range of matters to the Executive Committee, including financial, strategic, operational, governance, risk and functional issues. Management is responsible for the day-to-day affairs of the organization and ensures that the relevant legislation and regulations are adhered to and that adequate internal financial control systems are in place to provide reasonable certainty in respect of the completeness and accuracy of the accounting records, integrity and the reliability of financial statements and the safeguarding of assets.

The Executive Committee comprised the following members:

- Chief Executive Officer: Dr Bonakele Mehlomakulu
- Chief Financial Officer: Ms Tracey Cooper
- Commercial Executive Products and Services: Mr Sylvester Ratlabala
- Operational Excellence Executive: Dr Geoff Visser
- Standards Executive (Acting): Mr Bright Amisi
- Human Capital Development Executive: Ms Mercy Mathibe

Board and executive management remuneration

Non-executive Board members receive an amount per meeting attended in accordance with the relevant Treasury Regulations. The remuneration to Board members and the Executive Management is set out in Note 29.5 to the annual financial statements.

Induction and training

On appointment, new members have the benefit of an induction programme aimed at deepening their understanding of the business environment and markets in which the SABS operates. This includes background material, meetings with senior management and visits to facilities. As part of the induction programme, newly appointed non-executive members receive induction material which contains essential Board and organizational information. During the period under review the Board members have attended amongst others a workshop on the new Companies Act and the King III Report on Corporate Governance.

Board charter

The purpose of the Board Charter is to regulate how business is to be conducted by the Board in accordance with the principles of good corporate governance. The Board Charter sets out specific responsibilities to be discharged by the Board members collectively and the individual roles expected from them.

Amongst others, the Board has the following roles and responsibilities: to exercise leadership, integrity and judgement, based on fairness, accountability and responsibility; review and approve the financial objectives, plans and actions, including significant capital allocations and expenditure; and identify key risk areas and key performance indicators, which should be regularly monitored.

Board meetings

The Board meets at least four (4) times per annum or as circumstances necessitate. During the period under review the Board met five (5) times and a Board Lekgotla has also taken place to discuss matters of a strategic nature. Meetings of the Board are scheduled annually in advance and members are required to sign a conflict of interest declaration which is updated annually.

During the period under review, a detailed evaluation of the performance of the Board was performed by the Institute of Directors. The record of attendance of members for the year under review was as follows:

SABS Board attendance record for the period under review:

Meetings of the Board					
Name	Meeting dates				
	24 May 2010	29 July 2010	25 November 2010	27 January 2011	24 February 2011
Mr Bahle Sibisi (Chairman)	✓	✓	✓	✓	✓
Dr Tshenge Demana	✓	✓	✓	✓	✓
Dr Michael Ellman	✓	✓	✓	✓	A
Mr Webster Masvikwa	A	✓	✓	✓	✓
Mr Mafika Mkwanazi	✓	✓	✓	A	A
Ms Boitumelo Mosako	A	✓	✓	✓	A
Ms Wendy Poulton	✓	✓	✓	✓	✓
Ms Ignatia Sekonyela	*				

✓ Present
A Apology
* Resigned as a member of the Board on 9 April 2010

Board committees

The Board established four (4) committees to assist in discharging its responsibilities, namely the Audit and Finance Committee, Investment Committee, Business Risk Committee and HR and Remuneration Committee.

Delegating authority to Board Committees or management does not in any way release the Board of its duties and responsibilities. There is always transparency and full disclosure from the Board Committees to the Board. Specific responsibilities have been delegated to these committees. During the period under review the Board adopted formal terms of reference for all committees except for the Investment Committee. The Investment Committee is however mandated to act in terms of the Investment Policy which has previously been approved by the Board. Terms of reference for the Investment Committee will be considered in 2011 after a review of the Investment Policy.

Audit and finance committee

At the time of the report the Committee comprised four (4) non-executive members as appointed by the Board. The majority of members are financially literate. The Chief Executive Officer, Chief Financial Officer and the Head of Internal Audit attend all meetings of the Committee.

The overall objectives of the Audit and Finance Committee are to assist the Board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control procedures and ensuring accurate reporting, preparation of accurate financial statements and compliance with all legal requirements and accounting standards.

Audit and Finance Committee attendance record for the period under review:

Meetings of the Audit and Finance Committee					
Name	Meeting dates				
	6 May 2010	19 May 2010	22 July 2010	11 November 2010	10 February 2011
Ms Boitumelo Mosako (Chairperson)	✓	✓	A	✓	✓
Dr Michael Ellman	✓	A	✓	✓	✓
Mr Webster Masvikwa	✓	✓	✓	✓	A
Ms Wendy Poulton	✓	A	✓	✓	✓

✓ Present
A Apology

Investment committee

The Committee comprised four (4) non-executive members and one independent external member. The Chief Executive Officer and the Chief Financial Officer attend all meetings of this Committee.

The Committee ensures that the objectives of the Investment Policy, as approved by the Board, are being implemented and monitored. These include, amongst others, the provision of funding for long-term liabilities, returns that match the growth in liabilities, funding for the capital requirements of the Group and liquidity requirements.

Investment Committee attendance record for the period under review:

Meetings of the Investment Committee				
Name	Meeting Dates			
	6 May 2010	22 July 2010	11 November 2010	10 February 2011
Ms Boitumelo Mosako (Chairperson)	✓	A	✓	✓
Dr Tshenge Demana	✓	✓	✓	✓
Mr Webster Masvikwa	✓	✓	✓	A
Mr Mafika Mkwanazi	✓	A	✓	A
Mr John Oliphant	✓	✓	✓	A

✓ Present
A Apology

Business risk committee

The Committee currently comprises three (3) non-executive members. The Chief Executive Officer, the Chief Financial Officer, the Head of Internal Audit, the Chief Risk Officer and the Executive: Operational Excellence attend all meetings of this Committee.

The duties of this Committee include: setting out the nature, role, responsibility and authority of the risk management function within the Group, outlining the scope of risk management, reviewing and assessing the integrity of the risk control systems, ensuring that risk policies and strategies are effectively managed, providing independent and objective oversight, reviewing the information presented by management, and taking into account reports by management and the Audit and Finance Committee to the Board on financial, business and strategic risk issues.

Business Risk Committee attendance record for the period under review:

Meetings of the Business Risk Committee				
Name	Meeting Dates			
	6 May 2010	22 July 2010	11 November 2010	10 February 2011
Ms Wendy Poulton (Chairperson)	✓	✓	✓	✓
Mr Webster Masvikwa	A	*		
Mr Mafika Mkwanazi	✓	A	✓	A
Dr Michael Ellman	**	✓	✓	✓

✓ Present
A Apology
* Resigned as member with effect from 22 July 2010
** Appointed as member with effect from 15 June 2010

HR and remuneration committee

The Committee currently comprises of three (3) non-executive members as appointed by the Board. The Chief Executive Officer and the Executive Human Capital Development attend all meetings but recuse themselves when their remuneration and performance are discussed.

The main objective of this Committee is to assist the Board in the development of compensation policies, plans and performance goals, as well as specific compensation levels for the SABS. The Committee annually manages the Board's evaluation of the performance of the Chief Executive Officer and also assists the Board in fulfilling its oversight responsibilities relating to succession planning as well as overall compensation and human resource policies for all SABS employees.

HR and Remuneration Committee attendance record for the period under review:

Meetings of the HR and Remuneration Committee						
Name	Meeting Dates					
	6 May 2010	22 June 2010	22 July 2010	9 November 2010	10 November 2010	10 February 2011
Dr Tshenge Demana (Chairperson)	✓	A	✓	✓	✓	✓
Dr Michael Ellman	✓	✓	✓	✓	✓	✓
Mr Webster Masvikwa	A	✓	*			
Mr Mafika Mkwanazi	✓	✓	A	✓	✓	A

✓ Present
A Apology
* Resigned as member with effect from 22 July 2010

Company secretary

All Board members have access to the advice and services of the Company Secretary. The Company Secretary is responsible for ensuring that the Board's procedures and applicable rules are fully observed and comply with legislation and corporate governance tenets as set out in the King III Report on Corporate Governance. New directors are informed of their fiduciary duties during the induction process which is organised by the Company Secretary and Executive Management provides guidance on matters of strategy and their respective functional operational areas.

report of the audit committee of the board

for the year ended 31 March 2011

We are pleased to present our report for the financial year ended 31 March 2011.

Audit committee members and attendance

The Audit Committee should meet four (4) times per annum in accordance with its approved terms of reference. During the year under review five (5) meetings were held and were attended as follows:

Name of member	Number of meetings attended	Number of meetings during tenure
Ms B Mosako (Chairperson)	4	5
Dr M J Ellman	4	5
Mr W K Masvikwa	4	5
Ms W Poulton	4	5

Audit committee responsibility

The Audit Committee is satisfied that it has complied with its responsibilities arising from section 51(1)(a) of the PFMA and Treasury Regulation 27.1.

The Audit Committee has adopted formal Terms of Reference for the committee. The Audit Committee is satisfied that it has regulated its affairs in accordance with the committee's Terms of Reference and has discharged all its responsibilities contained therein.

The effectiveness of internal control

The system of controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the PFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the audit report on the annual financial statements and the management letter of the Auditor-General, it was noted that no significant or material non compliance with prescribed policies and procedures have been reported. Accordingly, we can report that the system of internal control for the period under review was efficient and effective.

The quality of management reports submitted in terms of the PFMA

The Audit Committee is satisfied with the content and quality of quarterly reports prepared and issued by the Accounting Officer during the year under review.

Evaluation of financial statements

The Audit Committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the Accounting Officer;
- reviewed the Auditor-General's management letter and management's response thereto;
- reviewed significant adjustments resulting from the audit.

The Audit Committee concurs and accepts the Auditor-General's conclusions on the annual financial statements, and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.

B Mosako
Audit Committee Chairperson

statement of responsibility of the board

for the year ended 31 March 2011

The Board is responsible and accountable for the integrity of the financial statements of the organization and the objectivity of other information presented in the annual report.

The fulfilment of this responsibility is discharged through the establishment and maintenance of sound management and accounting systems, the maintenance of an organizational structure which provides for delegation of authority and establishes clear responsibility, together with the constant communication and review of operational performance measured against approved plans and budgets.

Management and employees operate within a framework requiring compliance with all applicable laws and maintenance of the highest integrity in the conduct of all aspects of the business.

The annual financial statements presented on pages 62 to 112, have been prepared in terms of South African Statements of Generally Accepted Accounting Practice and supported by reasonable and prudent judgments and estimates.

The going concern basis has been adopted in preparing the annual financial statements. The Board has a reasonable expectation that the organization will have adequate resources to continue its operations as a going concern for the foreseeable future.

The financial statements have been audited by independent auditors in conformity with International Standards on Auditing.

The Audit Committee meets periodically with the internal and external auditors and management to discuss internal accounting controls, auditing and financial reporting matters.

The auditors have unrestricted access to all financial records and related data, including minutes of all meetings of the Board.

The Board report and financial statements for the year ended 31 March 2011, which appear on pages 54 to 112, were approved by the Board on 28 July 2011 and signed on its behalf by:

CB Sibisi
Chairperson

B Mehlomakulu
Chief Executive Officer

report of the auditor-general

to parliament on the financial statements of the South African Bureau of Standards for the year ended 31 March 2011

Report on the consolidated financial statements

Introduction

1. I have audited the accompanying consolidated financial statements of the South African Bureau of Standards , which comprise the consolidated and separate statement of financial position as at 31 March 2011, and the consolidated and separate income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 62 to 112.

Accounting authority's responsibility for the consolidated financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with South African Statements of Generally Accepted Accounting Practice (SA Statements of GAAP) and in the manner required by the Public Finance Management Act of South Africa, Act 1 of 1999 (PFMA), and for such internal control as management determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) and section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these consolidated financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and *General Notice 1111 of 2010* issued in *Government Gazette 33872 of 15 December 2010*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

7. In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the South African Bureau of Standards and its subsidiaries as at 31 March 2011, and their financial performance and cash flows for the year then ended in accordance with the SA Statements of GAAP and in the manner required by the PFMA.

Report on other legal and regulatory requirements

8. In accordance with the PAA and in terms of *General notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I include below my findings on the annual performance report as set out on pages 56 to 61 and material non-compliance with laws and regulations applicable to the public entity.

Predetermined objectives

9. There are no material findings on the annual performance report.

Compliance with laws and regulations

10. There are no findings concerning material non-compliance with laws and regulations applicable to the public entity.

Internal control

11. In accordance with the PAA and in terms of *General notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. There are no significant deficiencies in internal control that resulted in a qualification of the auditor's opinion on the financial statements and findings on predetermined objectives and material non-compliance with laws and regulations.

Other reports

investigations in progress

12. An investigation is being conducted into suspected irregular payments made by certain employees. The investigation aims to establish whether the nature of the payments was fraudulent and the total loss to the entity. The investigation was still ongoing as at the date of this report.

Agreed upon procedures engagements

13. As requested by the public entity, an engagement was conducted during the year under review on royalties fees payable by the South African Bureau of Standards. The report covered the period January 2007 to December 2009 and was issued on 15 November 2010. There were no significant findings.

Auditor - General

Pretoria
29 July 2011

board report

for the year ended 31 March 2011

Introduction

In terms of the Standards Act, No. 8 of 2008 and the Public Finance Management Act (PFMA), No. 1 of 1999, this report addresses the performance of the SABS and relevant compliance with statutory requirements.

In the opinion of the SABS Board, which fulfils the role of a board of directors as envisaged by the Companies Act, No. 61 of 1973, the annual financial statements fairly reflect the financial position of the SABS Group as at 31 March 2011 and the results of its operations and cash flows for the year then ended.

We have pleasure in submitting to Parliament, through the Minister of Trade and Industry, this report and the audited financial statements of the SABS Group for the year ended 31 March 2011.

Our statutory basis

The SABS was established as a statutory body in terms of Act No. 24 of 1945, which was superseded by the Standards Act, No. 29 of 1993 and subsequently superseded by the Standards Act, No. 8 of 2008. The organization is listed as a Public Entity, Schedule 3B, in terms of the PFMA.

Our mandate

In terms of the new Act, the objects of the SABS are to:

- develop, promote and maintain South African National Standards that support the competitiveness of the South African industry
- promote quality in connection with commodities, products and services
- render conformity assessment services and matters connected therewith

Vision

To be the trusted standardisation and quality assurance service provider of choice.

Mission

The SABS provides standards and quality assessment services to enable efficient functioning of the economy.

Values

- Impartiality
- Innovation
- Accountability
- Integrity
- Quality
- Service

Finances

The Standards Division of the SABS is financed by funds allocated for that purpose via the Department of Trade and Industry (**the dti**). Inspections and tests, which are carried out for the private sector, industry, national government, provincial and local authorities as well as the certification of products and systems, are funded on a commercial basis by fees charged for services rendered.

The Group made a net profit of R54,5 million (2010: R46,8 million). The profit for the year after taxation from continuing operations is R54,6 million (2010: R69,1 million). Refer to the financial review for further detail regarding financial performance.

Government grants relating to income

The government grant allocated to the SABS for the financial year under review amounted to R156,9 million (2010: R134,9 million) which represents an increase of 16,3% (2010: 9,9%). The government grant will increase by 1,5% to R159,2 million for the 2011/2012 year and by 2,7% to R163,5 million for the 2012/2013 year.

During the year a special grant for the SABS infrastructure project was approved by the shareholder and National Treasury. The SABS has received R152,8 million during the year under review for the building of the new laboratories. The SABS will also receive R123,8 million (excluding VAT) over the next two years for the building of new laboratories and upgrading of the C Block on the Groenkloof campus.

Planning policy

We acknowledge that over the past few years the SABS has faced challenges of an ageing and failing laboratory infrastructure, depletion of core technical skills and mounting competition from international conformity assessment bodies. Following a detailed analysis of the environment within which the SABS operates, a five year growth plan was developed to inculcate a vision for higher growth in revenue and nurturing of core skills to drive impact based standards development and maintenance activities. The business plan is approved by the Board and contains predetermined strategic and operational objectives. The annual budget is approved a month before the start of the new financial year under review in compliance with provisions of the PFMA.

Over the medium term the SABS will reinforce delivery against its core functions:

- The development of and provision of National Standards;
- Testing of products;
- Certification of products;
- Certification of systems;
- Protection of the consumer from unsafe or poor quality goods in the South African market place;
- The promotion of design in South Africa; and
- Training related to standards, quality and design.

In order to achieve its vision and contribute to the achievement of the goals of national government and all its spheres, the SABS has decided to pursue the following strategic objectives:

- Grow total annual revenue to R821,7 million by 2014 by increasing the uptake of SABS offerings through a customer centred operating model and by producing standards of specified national economic impact
- Improve the relationships with customers and ensure that the organization is focused on meeting customer expectations and its mandate.
- Improve the operational performance of the SABS to deliver quality outputs within the cost and time expectations of customers and other stakeholders.
- Develop and maintain a pool of competencies for the standardisation and conformity assessment services and provide training to benefit industry and the technical infrastructure institutions.

In this report, included in the Performance Against Objectives, the achievements of the SABS is highlighted against its predetermined objectives for the year. The SABS managed to achieve the majority of its objectives for the year.

Regulatory split

On 1 September 2008 the National Regulator for Compulsory Specifications (NRCS) was formed and the Regulatory Division of the SABS was transferred to the new entity. In terms of the agreement that was reached the SABS would provide the NRCS with accommodation at its Groenkloof campus at reduced prices for a five year period.

Employees

The SABS had 345 (2010: 312) permanent employees and 9 (2010: 8) contract workers as at 31 March 2011. The Group had 1,105 (2010: 1,197) permanent employees and 26 (2010: 24) contract workers as at 31 March 2011.

Subsidiaries

The activities of the SABS subsidiaries, as set out in notes 13 and 29 to the annual financial statements, are the provision of conformity assessment services which includes testing, certification and training.

Events subsequent to reporting date

The Board members are not aware of any matters or circumstances arising since the end of the financial year, not otherwise dealt with in the annual financial statements, that will have a significant impact on the operations of the Group, the results of the operations or the financial position of the Group.

performance against pre-determined objectives

for the year ended 31 March 2011

In alignment with **the dti** goals, the SABS reports on its performance based on the following objectives:

the dti goals	SABS objectives
Build mutually beneficial and global relations to advance South Africa's trade, industrial policy and economic objectives.	To get our value added standardisation and conformity services trusted by equivalent peer organizations, and both domestic and foreign markets. To ensure sustainability of SABS Commercial services through revenue growth and operational efficiency. To ensure there is a pool of competent staff in the skills areas unique to the SABS.
Facilitate transformation of the economy to promote industrial development, investment and employment creation.	
Promote a professional, ethical, dynamic, competitive and customer focused working environment that ensures effective and efficient service delivery.	To provide standardisation services that facilitate development and regulation national and regional economic activity, and support the National Industrial Policy Framework (NIPF).
Facilitate broad based economic participation through targeted interventions to achieve more inclusive growth.	To allow a broad participation in the national standardisation process. To promote broader participation in the economy.

The approved Corporate Plan for 2010-2013 includes the SABS objectives and the performance indicators for the period. The specific targets and the performance measured against these targets for the year ended 31 March 2011 is as follows:

SABS objectives	Performance indicator	Targets/outputs to be delivered by March 2011	Performance results
To get our value added standardisation and conformity assessment services trusted by equivalent peer organizations, and by both domestic and foreign markets.	A proportion of national standards harmonised with international standards.	75% of national standards published during the period under review to be internationally recognised.	80% of published standards were internationally aligned.
	Occupy a position of influence in the evolving standardisation framework internationally.	Maintain membership of ISO Technical Management Board, Pacific Area Standards Congress and the Pan American Standards Commission.	Maintained membership of ISO Technical Management Board, Pacific Area Standards Congress and the Pan American Standards Commission.
	Level of accreditation achieved for laboratories that provides independent verification of competence for the bulk of test reports issued.	67 accredited laboratories.	67 accredited laboratories.
		Consolidation of laboratories.	The desktop analysis of the consolidation of laboratories has been completed. In the Chemical and Materials Cluster the implementation is complete.
	Level of accreditation achieved for Certification Schemes that provides independent verification of competence for the bulk of certification in operation.	19 accredited certification schemes.	Only 6 of 24 certification schemes are accredited, the other 18 did not require accreditation. The intention was to grow the number of schemes and not that every scheme would be accredited.
	Taking our services into identified high growth regions of the world by opening and operating an office in the People's Republic of China.	Implement sales plan.	The business model has changed and the China Office was closed during March 2011.
		Operations to break even based on new business generated and work done on behalf of the South African operations.	

SABS objectives	Performance indicator	Targets/outputs to be delivered by March 2011	Performance results
To get our value added standardisation and conformity assessment services trusted by equivalent peer organizations, and by both domestic and foreign markets. (continued)	Occupy a position of influence in the evolving standardisation framework in the SADC region and in Africa.	Develop SADC regional strategy and implementation plan and identify key action and priority areas for identification and alignment to the overall SADC economic drivers and review of the various MoUs.	The SADC regional strategy was not finalised as consultation with stakeholders is ongoing. The strategy requires input from government, industry and other stakeholders.
		Promote effective harmonisation of selected standards on either regional or bilateral level based on government's action plan to promote long term industrialisation and industrial diversification beyond the current reliance on traditional commodities and non-tradable services.	The SADCSTAN harmonisation work continued throughout the year. However, effective harmonisation will only be achieved after the finalisation and implementation of the SADC regional strategy.
	Coordinate and improve quality of conformity assessment services.	Formalise a central Quality Management System function and set quality objectives.	The quality function is being restructured. The internal engagements are taking longer than expected due to divergent views within the organization.
	SABS participation in expert groups and seminars.	SABS to participate in 10 seminars and issue 5 publications.	94 seminars were held and 7 publications issued.
To allow a broader participation in the national standardisation process.	Revenue from enterprises charged less than R20,000 for certification per annum from a base of R9 million per annum.	R10 million revenue from enterprises charged less than R20,000 per annum.	R10,0 million revenue achieved.
To provide standardisation and conformity assessment services that facilitate development and regulation of national and regional economic activity, and support the NIPF and IPAP.	Development of new and revised South African National Standards (SANS) per annum.	Develop 650 new and revised SANS during the year.	593 new and revised SANS were developed. Complex projects were prioritised which impacted the number of SANS developed.
	Increase number of Mandatory standards to support IPAP's "Locking-out" unsafe and poor quality imports and "Locking-in" access to increasingly demanding export markets.	Establish baseline of standards to be taken up into legislation and identify priority areas with **the dti** and the number of standards per annum.	All standards to be referenced into legislation were incorporated into **the dti's** Industrial Policy Action Plan (IPAP).
	Stronger coherence and mutual supportiveness of macro- and micro-economic policies.	Partnering with **the dti** and other government departments for the assessment of industries which could be created/resuscitated through the identification of key export markets and products which require stronger Standards support.	All standards or areas of work required to support new or existing are clearly indicated in **the dti's** IPAP document.

performance against pre-determined objectives (continued)

SABS objectives	Performance indicator	Targets/outputs to be delivered by March 2011	Performance results
To provide standardisation and conformity assessment services that facilitate development and regulation of national and regional economic activity, and support the NIPF and IPAP. (continued)	The process for developing South African national standards complies with requirements of ISO 9001.	Processes within Standards Division aligned to meet ISO 9001 requirements.	Revision of standards development processes is underway.
	Research the economic value of standards in South Africa.	Initiate project on the economic value of standards.	Pilot study, based on ISO methodology completed in March 2011.
	Number of test reports produced per annum.	Produce 575,000 test reports.	412,539 test reports were produced during the year.
	Number of certification audit and consignment reports produced per annum.	8,000 certification and consignment reports to be produced.	The number of reports issued during the year was 17,307.
	Repositioning of the SABS mark to achieve recognition of the mark by regulators in support of regulatory enforcement.	Consultation and refinement of administrative requirements for the SABS mark.	SABS continues to foster partnerships with regulators to ensure that the SABS mark remains relevant and in support of efforts from regulators.
	Verification of compliance to export goods to facilitate trade.	Develop model for the verification of goods at ports of loading.	Model will be designed for each partnership.
		Sign two agreements.	Memorandum of Understanding (MoU) was signed with Malawi for export verification and initiated engagement with Mozambique Port Authority.
	Maintain Good of Nation laboratories that support regulators and the NIPF.	Develop Good of the Nation Laboratory strategy.	Baseline analysis has been done and laboratories categorised into clusters for improved measurement.
	Develop South African National Standards (SANS) for IPAP priorities.	Enhance the information services on technical barriers to trade (TBT).	Early warning system developed and working. Launched in March 2011.
		Revision of SANS for Solar Water Heaters.	SANS 6211-1 and SANS 6210 have been circulated as committee drafts and it is envisaged that they will be published by end June 2011. It is envisaged that the revised SANS 1307 can be published by March 2012.
		SANS for water efficiency in buildings.	It has been agreed with **the dti** that the policy will be set before the regulation is drafted.
		South African Technical Specification (SATS for co-generation of electricity.	A joint working group has been called.
		SANS for biodiesel production – quality management system.	Standard published in March 2011.

SABS objectives	Performance indicator	Targets/outputs to be delivered by March 2011	Performance results
To provide standardisation and conformity assessment services that facilitate development and regulation of national and regional economic activity, and support the NIPF and IPAP. (continued)	Develop South African National Standards for IPAP priorities. (continued)	SATS for alternative fuels vehicles.	Target date for publication of two standards is July 2012.
		SATS for energy efficiency measurement and verification.	SATS published in May 2010.
		SANS for energy efficient building regulations.	Two SANS are in the second draft stage after which they will be published if no comments are received.
		SANS revisions and regular updates for GHS and transport of dangerous.	Six standards were published during the period and others are in process.
		SATS for wind energy turbines.	Documents are due for publication in April 2011.
		SANS for processed meet compulsory requirements.	Estimated date of publication is end July 2011.
		SATS for Electric vehicles – safety requirements for components such as batteries.	Standards have been adopted on electric vehicles that address the overall vehicle safety and not only for components in an electric vehicle.
		SATS for alternative fuel vehicles.	Target date for publication of two standards is July 2012.
	Work towards enhancing design promotion as part of the national agenda, by developing a new focused model.	Development and evaluation of the new strategy for the Design Institute.	The project has been deferred whilst strategies were developed for the main operating divisions. The Design Institute strategy will be completed by December 2011.
		Feasibility study of the new Design Institute agenda and pilot.	
To ensure sustainability of SABS Commercial services through revenue growth and operational efficiency.	Real growth in revenue as a percentage of 2009/2010 forecast revenue.	Real growth in revenue of 2% based on 2009/2010 forecast revenue.	Growth of 3,2% achieved whilst CPI was 4,1%.
	Establish energy management certification systems.	Finalisation of the standard.	The standard is in draft form and currently circulated for comments (ISO 50001).
		Training of staff and pilot sites.	
	SABS Commercial to make a cumulative operating profit after depreciation, before interest, tax and corporate costs.	SABS Commercial make an operating profit of R96,4 million after accounting for depreciation. (Note 1)	A profit of R95,7 million was achieved using the calculation method used to determine the target.
	Reduce organization wide overhead costs as a percentage of revenue form 27% to 20% in three years.	Overhead costs 27% of revenue.	Overhead cost was 24% of revenue.

Note 1 - budgeted operating profit of R96,4 million is calculated by taking revenue, core funding, administrative and operating expenses per the management accounts, depreciation and government grants in respect of assets into consideration

performance against pre-determined objectives (continued)

SABS objectives	Performance indicator	Targets/outputs to be delivered by March 2011	Performance results
To ensure sustainability of SABS Commercial services through revenue growth and operational efficiency. (continued)	Construct a new building for laboratories to provide for suitable, modern testing environment conductive to reliable test results in line with customers expectations of quality and delivery.	Complete building new laboratories as per construction plan.	33 work days behind original planned completion date. The delays will not impact the planned move date.
	In-sourced model of facilities management.	Complete the transition of the function from TFMC to the SABS and SABS wide maintenance plan developed.	The transition is complete. Building maintenance system taken over from former sub-contractor. Plan updated for Groenkloof site, regional offices and satellite labs currently being included.
To ensure there is a pool of competent staff in the skills areas unique to the SABS.	Develop material, evaluation criteria and competency maps to ensure that all staff are independently verified as being competent to perform the functions they perform.	80% of employees in technical positions declared competent for their current job profiles.	180 employees were declared competent, which is 29% of the technical positions. The Learning & Development Department capacity has been increased and the CDP modules have been revised and the program is being resuscitated.
	Implement a new performance management process.	Implementation of the revised performance management process across the whole organization.	The new balanced score card performance management system has been fully implemented. Performance reviews for the year will be taking place from April to June 2011.
	To retain technical staff (engagers) in the business not affected by any right sizing programmes.	Develop and roll out a technical skills plan for auditors, standards writers, laboratory personnel and conformity assessment practitioners.	All efforts are being made to retain core skills where retrenchments are contemplated. Four restructuring processes were embarked upon during the 2010/2011 year. In Secunda approximately 90 employees were affected by a contract loss in the Mining and Minerals cluster. 33 employees remained after the restructuring process and 16 of these were core skills. In Saldanha all employees were retrenched albeit, at different times due to contract extensions.

SABS objectives	Performance indicator	Targets/outputs to be delivered by March 2011	Performance results
To ensure there is a pool of competent staff in the skills areas unique to the SABS. (continued)	To retain technical staff (engagers) in the business not affected by any right sizing programmes. (continued)	Develop and roll out a technical skills plan for auditors, standards writers, laboratory personnel and conformity assessment practitioners. (continued)	In Richards Bay 104 employees were affected by the loss of a contract. Approximately 20 employees were retained and nine of these are core skills. Some of the employees have been redeployed within the Mining and Minerals cluster. In Glisa all employees were retrenched since no further redeployment opportunities could be found for them.
	Address remuneration disparities.	Address remuneration disparities and market related issues.	The salary survey and new scales were used to address salaries in Commercial for technical employees.
	To retain technical staff (engagers) in the business.	Assess resource efficiency levels access the organization to develop a Key Performance Indicator (KPI) for measurement of the optimal level of engagement.	The technical competency development programme (CDP) and other technical programmes are being developed.
	Strategy for Human Capital.	Develop and implement a strategy for SABS Human Capital.	Strategy implemented.
Promote broader participation in the economy.	Maintain the Broad-Based Black Economic Empowerment (BBBEE) level 3 status for each company.	Level 3 BBBEE certificates to be issued by accredited company for each company/entity.	SABS achieved Level 3 and SABS Commercial Level 4.
		Achieve preferential procurement score of 15/20.	SABS achieved 18/20 and SABS Commercial 15/20.
		Achieve skills development score of 10/20.	SABS achieved 2/20 and SABS Commercial 0,41/20.
		Achieve Employment Equity score in SABS Commercial of 10/20.	SABS Commercial achieved 6,26 out of 20.
		Achieve Enterprise Development score 15/15.	Enterprise development score of 15/15 achieved by both companies.
		Achieve socio-economic development (Corporate Social Investment) score of 10/10. (Note 2)	Socio-economic development score of 15/15 achieved for both entities.
	Maintain employment of historically disadvantaged individuals at 80%.	Maintain employment of previously disadvantaged individuals at 80%.	The average employee representation of designated groups (African, Coloured, Indian and White (women only)) was 87%. SABS total female representation is 43%.

Note 2 - The target was to achieve 100% of the available points in this category which is 15 points.

income statements

for the year ended 31 March 2011

	Notes	GROUP 2011 R'000	GROUP 2010 R'000	SABS 2011 R'000	SABS 2010 R'000
Continuing operations					
Revenue	2	394,553	390,743	69,205	58,912
Other income	3	26,806	56,648	72,691	124,411
Government grants	29.6	156,881	134,852	138,940	120,596
		578,240	582,243	280,836	303,919
Employee benefit expenditure	4	(329,037)	(299,001)	(115,884)	(96,185)
Depreciation	10	(24,543)	(27,374)	(12,160)	(16,576)
Contract services		(17,164)	(18,938)	(12,520)	(12,230)
Travel expenditure		(24,324)	(23,720)	(5,582)	(4,754)
Advertising expenditure		(7,710)	(13,103)	(5,882)	(12,919)
Repairs and maintenance expenditure		(10,152)	(26,006)	(5,295)	(20,350)
Consulting and technical fees		(15,209)	(14,930)	(8,428)	(4,166)
Other expenditure	5	(101,136)	(93,505)	(75,101)	(72,275)
Operating profit		48,965	65,666	39,984	64,464
Finance revenue	6	15,646	4,730	15,645	4,728
Finance cost	7	(7,193)	(1,507)	(6,938)	(246)
Net profit before taxation		57,418	68,889	48,691	68,946
Taxation	8	(2,789)	173	-	-
Profit for the year from continuing operations		54,629	69,062	48,691	68,946
Discontinued operations					
Loss for the year from discontinued operations	9	(111)	(22,244)	-	(21,958)
Profit for the year		54,518	46,818	48,691	46,988

statements of comprehensive income

for the year ended 31 March 2011

		GROUP		SABS	
		2011	2010	2011	2010
	Note	R'000	R'000	R'000	R'000
Profit for the year		54,518	46,818	48,691	46,988
Other comprehensive income					
Net gains on available-for-sale financial assets	21	6,246	8,019	6,246	8,019
Total comprehensive income for the year, net of tax		60,764	54,837	54,937	55,007

statements of financial position

as at 31 March 2011

	Notes	GROUP 2011 R'000	GROUP 2010 R'000	SABS 2011 R'000	SABS 2010 R'000
Assets					
Non-current assets		535,468	424,150	445,933	324,614
Property, plant and equipment	10	253,825	169,901	185,406	94,270
Investment properties	11	10,896	11,337	10,896	11,337
Intangible assets	12	9,845	17,542	9,845	17,542
Investment in subsidiaries	13	-	-	-	-
Available-for-sale investments	14	239,786	201,465	239,786	201,465
Deferred taxation	15	21,116	23,905	-	-
Current assets		298,741	175,130	266,901	164,830
Inventory	16	1,524	520	1,524	304
Trade and other receivables	17	54,656	52,448	10,763	7,444
Loans to group companies	18	-	-	12,145	35,012
Available-for-sale investments	14	52,114	-	52,114	-
Cash and cash equivalents	19	190,447	122,162	190,355	122,070
Assets of disposal group classified as held for sale	9	1,653	1,894	-	-
Total assets		835,862	601,174	712,834	489,444
Equity and liabilities					
Equity and reserves		445,246	384,679	437,818	383,078
General reserve	20	54,282	54,282	54,282	54,282
Other components of equity	21	12,918	6,869	12,918	6,869
Accumulated profit		376,560	321,930	370,618	321,927
Reserves of disposal group classified as held for sale	9	1,486	1,598	-	-
Non-current liabilities		253,270	114,800	207,297	55,687
Interest bearing borrowings	22	-	14,892	-	1
Employment benefit obligations	23	95,193	87,452	53,274	50,197
Deferred income	24	158,077	12,456	154,023	5,489
Current liabilities		137,179	101,399	67,719	50,679
Deferred income	24	7,498	3,461	4,585	548
Trade and other payables	25	107,617	90,193	57,350	43,689
Interest bearing borrowings	22	14,914	811	9	811
Employment benefit obligations	23	7,150	6,934	5,775	5,631
Liabilities of disposal group classified as held for sale	9	167	296	-	-
Total equity and liabilities		835,862	601,174	712,834	489,444

statements of changes in equity

for the year ended 31 March 2011

	Note	General reserve R'000	Available-for-sale reserve R'000	Discontinued operations R'000	Accumulated profit R'000	Total equity and reserves R'000
GROUP						
Balance at 31 March 2009		54,282	16,328	1,883	274,827	347,320
Other comprehensive income		-	8,019	-	-	8,019
Discontinued operations	9	-	-	(285)	285	-
Net profit for the year		-	(17,478)	-	46,818	29,340
Balance at 31 March 2010		54,282	6,869	1,598	321,930	384,679
Other comprehensive income		-	12,098	-	-	12,098
Discontinued operations	9	-	-	(112)	112	-
Net profit for the year		-	(6,049)	-	54,518	48,469
Balance at 31 March 2011		**54,282**	**12,918**	**1,486**	**376,560**	**445,246**
SABS						
Balance at 31 March 2009		54,282	16,328	-	274,939	345,549
Other comprehensive income		-	8,019	-	-	8,019
Net profit for the year		-	(17,478)	-	46,988	29,510
Balance at 31 March 2010		54,282	6,869	-	321,927	383,078
Other comprehensive income		-	12,098	-	-	12,098
Net profit for the year		-	(6,049)	-	48,691	42,642
Balance at 31 March 2011		**54,282**	**12,918**	**-**	**370,618**	**437,818**

statements of cash flows

for the year ended 31 March 2011

		GROUP		SABS	
		2011	2010	2011	2010
	Notes	R'000	R'000	R'000	R'000
Cash inflow from operating activities		110,807	90,618	83,594	46,486
Cash received from customers		576,415	597,048	277,556	303,397
Cash paid to suppliers and employees		(474,061)	(509,653)	(202,669)	(261,393)
Cash generated from operations	26.1	102,354	87,395	74,887	42,004
Finance revenue	6	15,646	4,730	15,645	4,728
Finance cost	7	(7,193)	(1,507)	(6,938)	(246)
Cash (outflow)/inflow from investing activities		(194,575)	26,717	(188,909)	38,051
Purchase of property, plant and equipment	10	(110,385)	(30,185)	(106,906)	(22,756)
Transfer of property, plant and equipment to subsidiary	10	-	-	2,186	4,005
Proceeds on disposal of property, plant and equipment	26.2	(1)	260	-	160
Purchase of available-for-sale investments	14	(251,387)	(35,274)	(251,387)	(35,274)
Disposal of available-for-sale investments	14	167,198	91,916	167,198	91,916
Cash inflow/(outflow) from financing activities		152,053	(2,738)	173,600	30,047
Repayment of interest bearing borrowings		(789)	(2,738)	(803)	(2,744)
Core funding received for infrastructure project	29.6	152,842	-	152,842	-
Net decrease in loans to group companies		-	-	21,561	32,791
Increase in cash and cash equivalents		68,285	114,597	68,285	114,584
Cash and cash equivalents at beginning of year		122,162	7,565	122,070	7,486
Cash and cash equivalents at end of year	19	190,447	122,162	190,355	122,070

notes to the financial statements

for the year ended 31 March 2011

1. Significant accounting policies

The principal accounting policies adopted in the preparation of these annual financial statements are set out below. The accounting policies have been applied consistently in dealing with items that are considered material to the consolidated and stand-alone entity financial statements.

1.1 Basis of preparation

The consolidated and stand-alone entity annual financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice, using the historical cost convention except for available-for-sale investment securities and financial assets and liabilities held for trading, which have been measured at fair value.

The preparation of annual financial statements in conformity with South African Statements of Generally Accepted Accounting Practice requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Significant areas of estimation uncertainty include:

- useful economic lives of assets
- impairment of assets
- retirement benefits

1.2 Basis of consolidation

Subsidiaries

Subsidiaries are those entities in which the Group, directly or indirectly, has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the Group's share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Where the business of a wholly owned subsidiary is purchased by a fellow wholly owned subsidiary, the purchase is undertaken at the net book value of the related assets and liabilities.

Subsidiaries are consolidated from the date on which effective control is transferred to the Group and consolidation ceases from the date of disposal or the date on which control ceases. All inter-company transactions, balances resulting unrealised gains and losses on transactions between Group entities have been eliminated. Accounting policies have been applied consistently by Group entities.

1. Significant accounting policies (continued)

1.3 Foreign currency transactions

Functional and presentation currency

Items included in the financial statements are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity ('the measurement currency'). The financial statements are presented in Rands, which is the functional currency of the Group.

The following are approximate values at reporting date for selected currencies:

	2011	2010
Euro	**9.65**	9.94
Pound Sterling	**10.98**	11.14
US Dollar	**6.85**	7.39

Transactions and balances

Foreign currency transactions are translated into the measurement currency using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currencies classified as available-for-sale are analysed between transaction differences resulting from changes in the fair value cost of the security, and other changes in the carrying amount of the security. Translation differences on non-monetary items, such as equities classified as available for sale financial assets, are included in other comprehensive income in equity.

Translation differences on debt securities and other monetary financial assets measured at fair value are included in foreign exchange gains and losses. Translation differences on non-monetary items such as equities held for trading are reported as part of the fair value gain or loss. Translation differences on available-for-sale securities are included in the revaluation reserve in equity.

Exchange differences that result from a severe devaluation of a currency against which there is no practical means of hedging and which affects liabilities that cannot be settled, and that arise directly on the recent acquisition of an asset invoiced in a foreign currency, are included in the carrying amount of the related asset. The asset is impaired if the adjusted amounts exceeds the lower of replacement cost and the amount recoverable from the sale or use of the asset.

1.4 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment includes all directly attributable costs that are incurred in order to bring the asset into a location and condition necessary to enable it to operate as intended by management and includes the cost of materials and direct labour. Subsequent expenditure relating to an item of property, plant and equipment is capitalised if the cost can be measured reliably and it is probable that future economic benefits associated with the item will flow to the Group. If a replacement part is recognised in the carrying amount of an item of plant and equipment, the carrying amount of the replaced part is derecognised. Repair and maintenance expenditure is recognised as an expense in the year it is incurred.

Land and artwork is not depreciated as it is deemed to have an indefinite life. Depreciation on other assets is calculated using the straight-line basis over the estimated useful life of each part of property, plant and equipment from when it is available to operate as intended by management. The estimated useful lives are:

	Years
Buildings	50
Laboratory equipment	3-10
Furniture and office equipment	3-10
Vehicles	3

The assets' residual values and useful lives are reviewed, and adjusted (where required) annually. Where significant parts (components) of an item of property, plant and equipment have different useful lives or depreciation methods to the item itself, these parts are accounted for as separate items of property, plant and equipment.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts.

The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is included in operating profit.

Items or part of an item of property, plant and equipment are derecognised at the earlier of the date of disposal or the date when no future economic benefits are expected from its use or disposal. Gains or losses on derecognition of items of property, plant and equipment are included in the income statement. The gain or loss is the difference between the net disposal proceeds and the carrying amount of the asset.

1.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed in the period in which they are incurred.

1.6 Investment properties

Investment properties comprise real estate held for earning rental income or for capital appreciation or both. This does not include real estate held for the supply of services or for administrative purposes. Investment properties are initially recorded at cost or deemed cost. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, and are accounted for in line with the policy on property, plant and equipment (refer accounting policy note 1.4).

Depreciation is charged to the income statement on a straight-line basis over the estimated useful life of each part of an item of investment property from when it is available to operate as intended by management. The estimated useful life of investment properties is 30 years.

1.7 Intangible assets (excluding goodwill)

Intangible assets (excluding goodwill) are initially measured at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure on capitalised intangible assets is capitalised only when it meets the criteria for recognition, namely reliable measurement and probable future economic benefits of the specific asset to which it relates. All other subsequent expenditure is expensed as incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Amortisation is charged to the income statement on a straight-line basis over the estimated useful life of the asset. The estimated useful life of computer software is between three and five years.

1. Significant accounting policies (continued)

1.7 Intangible assets (excluding goodwill) (continued)

Amortisation periods are assessed annually. Intangible assets with an indefinite useful life are tested for impairment at each reporting date. Such intangible assets are not amortised.

1.8 Non-current assets held for sale and discontinued operations

Non-current assets or disposal groups are classified as held for sale if their carrying value will be recovered principally through a sale transaction rather than through continuing use. The asset or disposal group must be available for immediate sale in its present condition and the sale should be highly probable, with an active program to find a buyer. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of the assets' previous carrying value and fair value less costs to sell.

Property, plant and equipment and intangible assets that are classified as held for sale are not depreciated or amortised.

1.9 Financial instruments

Financial assets and liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at fair value plus directly attributable transaction costs, except for financial assets or financial liabilities carried at fair value through profit or loss, which do not include directly attributable transaction costs. All other financial instruments are initially measured at fair value. "Regular way" purchases and sales are accounted for at trade date. Subsequent to initial recognition financial instruments are measured as set out below.

Trade and other receivables

Trade and other receivables classified as loans and receivables are subsequently measured at amortised cost using the effective interest rate method less provision for impairment. At each reporting date, the Group assesses whether there is any objective evidence that trade and other receivables are impaired. A provision for impairment of trade and other receivables is raised in the income statement, when there is objective evidence that the Group will not be able to collect all amounts due in accordance with the original terms agreed upon. The amount of the provision is the difference between the assets carrying value and the present value of estimated future cash flows, discounted at the effective interest rate. The Group takes the impairment of trade receivables directly to the carrying value of the asset and recognises the impairment in profit and loss.

Investments

For the purpose of measuring investments subsequent to initial recognition, the Group classifies them as either held to maturity, available-for-sale or those that are measured at fair value through profit or loss.

- Investments classified as held to maturity represent those that the Group has the express intention and ability to hold to maturity apart from those that meet the definition of loans and receivables and are measured at amortised cost using the effective interest rate method less impairment losses.
- Investments classified as available-for-sale are measured at subsequent reporting dates at fair value. Fair value gains and losses on available-for-sale investments are recognised directly in other comprehensive income with the associated deferred taxation, until the investment is disposed of or impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is included in the income statement for the period.
- Investments that are designated at fair value through profit or loss are measured at subsequent reporting dates at fair value. Gains and losses arising from changes in fair value of investments designated as measured at fair value through profit or loss are recognised in the income statement in the period in which they arise.

Where applicable fair value is calculated by referring to Stock Exchange quoted selling prices at the close of business on the reporting date. Equity securities for which fair values can not be measured reliably are recognised at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

Cash on hand is initially recognised at fair value and subsequently measured at fair value. Deposits are carried at amortised cost. Due to the short-term nature the amortised cost normally approximates its fair value.

Interest bearing borrowings

Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred, when they become party to the contractual provisions. Borrowings are subsequently stated at amortised cost using the effective interest rate method. Any difference between the cost and the redemption value is recognised in the income statement over the period of the borrowings as interest.

Trade and other payables

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

Offset

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legal enforceable right to set-off the recognised amounts, and the intention is to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derecognition

A financial asset, or portion of a financial asset, is derecognised where:

- The rights to receive cash flows from the asset have expired
- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without any material delay to a third party under a 'pass-through' arrangement; or
- The Group has transferred its rights to receive cash flows from the asset and either
  a) has transferred substantially all the risks and rewards of the asset; or
  b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets

Financial assets, other than those financial assets classified as fair value through the income statement, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

1. Significant accounting policies (continued)

1.9 Financial instruments (continued)

If any such evidence exists for available-for-sale financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss) is removed from equity and recognised in the profit or loss. Impairment losses recognised in the profit or loss for equity investments classified as available-for-sale are not subsequently reversed through the profit or loss. Impairment losses recognised in the profit or loss for debt instruments classified as available-for-sale are subsequently reversed through the profit or loss if the increase in fair value can objectively be related to an event occurring after recognition of the impairment loss.

1.10 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the weighted-average method. The cost of inventory includes all expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimate of the selling price in the ordinary course of business, less the estimated selling expenses.

1.11 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). An impairment loss is recognised whenever the carrying value of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount, if related objectively to an event occurring after the impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying value that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The reversal is recognised in the income statement. After such a reversal the depreciation charge is adjusted in future years to allocate the asset's revised carrying value, less any residual value, on a systematic basis over its remaining useful life.

1.12 Employee benefits

Pension obligations

The Group contributes towards a group defined contribution plan. A defined contribution plan is a pension plan under which the entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods. Contributions are recognised as an expense as incurred.

Post-employment healthcare benefit obligation

The entitlement to post–employment healthcare benefits is based on employees appointed prior to September 1998, who have ten years membership to the medical aid at retirement, remaining in service up to retirement age and retired employees with the benefit.

The liability recognised in respect of post-employment healthcare benefit is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. An actuarial valuation is performed annually. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government securities that have terms of maturity approximating the terms of the related liability.

Cumulative actuarial gains and losses at the end of the previous period arising from experience adjustments and changes in actuarial assumptions in excess of the greater of:

- 10% of the value of plan assets; or
- 10% of the defined benefit obligations

are spread to income over the lesser of 10 years or the employees' expected average remaining working lives.

Past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested, past service costs are recognised immediately.

Long service leave obligation

The entitlement to leave benefits is based on employees who will receive additional leave days based on their respective years of service with the SABS. Specifically SABS employees with six to ten years service are awarded an additional three days leave for the rest of employment and SABS employees with ten completed years or more in service will receive another three days additional leave for the rest of their employment (i.e. six days additional leave). Employees will receive the long service award once they have reached the years of service. The obligation is valued annually by an independent qualified actuary. Any unrecognised actuarial gains and losses and past service costs are recognised immediately.

1.13 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risk and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

1.14 Leases

The group as lessee

Leases in respect of which the Group bears substantially all the risks and rewards incidental to ownership are classified as finance leases. All other leases are classified as operating leases.

Assets acquired in terms of finance leases are capitalised at the lower of fair value and the present value of the minimum lease payments at inception of the lease, and depreciated over the estimated useful life of the asset on the same basis as owned assets. If the Group does not have reasonable certainty that it will obtain ownership of the leased asset at the end of the lease term, the asset is depreciated over the shorter of its lease term and its useful life. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each year during the lease term so as to produce a constant periodic rate of return on the remaining balance of the liability. Finance charges are recognised in the income statement.

Combined leases with land and building components are considered separately for classification purposes. At inception of the lease, the minimum lease payments are allocated to the components in proportion to the relative fair values of the leasehold interests in the land and buildings element of the lease. If this can not be measured reliably, then the lease is classified as a finance lease, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

Payments made under operating leases are recognised in the income statement on a straight-line basis over the period of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

The group as lessor

Rental income from operating leases is recognised in the income statement on a straight-line basis over the lease term. Lease incentives granted are recognised as an integral part of the total rental income.

1. Significant accounting policies (continued)

1.15 Revenue and other income recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is reduced for customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

Revenue from investigations, tests and services is recognised by reference to stage of completion. Revenue from levies is recognised upon completed production of compulsory specification items. Companies produce and complete a levy return of their production which is invoiced by the SABS. Product and system certification revenue is recognised on a straight-line basis over the period of the contract.

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity. When a receivable is recognised, the Group reduces the carrying amount to its present value for significant receivables or receivables with extended payment terms. The present value represents the estimated future cash flows discounted at original effective interest rates. The unwinding of the discount is recognised as interest income over the period.

Dividend income is recognised when the shareholder's right to receive payment is established.

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

Royalties are recognised on an accrual basis in accordance with the substance of the relevant agreement.

1.16 Taxation

The charge for current taxation is the amount of income tax payable in respect of the taxable income for the current period. It is calculated by using tax rates that have been enacted or substantially enacted at the reporting date. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive income.

Deferred taxation is provided, using the balance sheet method, based on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, and is measured at the taxation rates that have been enacted or substantially enacted at the reporting date.

Deferred tax assets are reviewed at each reporting date and are recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

1.17 Government grants

Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all covenants.

Government grants are recognised as income over the periods necessary to match them to the related costs on a systematic basis. Where the grant relates to an asset, it is recognised as deferred income and released to income on a systematic basis over the expected useful life of the related asset.

1.18 Comparative figures

Certain comparative figures have been reclassified, where required or necessary, in accordance with current period classifications and presentation.

1.19 New accounting standards and interpretations

The following amendments to existing standards have been published that are mandatory for accounting periods commencing after 1 April 2011, which the Group has elected not to early adopt.

- IFRS 9 - Financial Instruments: Classification and Measurement
  IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The completion of this project is expected in early 2011. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.
- IFRS 7 - Disclosures - Transfer of financial assets (Amendments to IFRS 7) (effective 1 July 2011)
  The amendments will allow users of financial statements to improve their understanding of transfer transactions of financial assets (for example, securitisations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture
- IAS 12 - Deferred tax: Recovery of underlying assets - Amendments to IAS 12
  IAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40 Investment Property. The amendment provides a practical solution to the problem by introducing a presumption that recovery of the carrying amount will normally be through sale.

The following interpretations and amendments are not effective for the year ended 31 March 2011 and have not been applied in preparing these financial statements. None of them are expected to have a significant impact on the financial statements when adopted:

- IAS 32 - Financial Instruments: Presentation – Classification of Rights Issues (Amendment)
  The amendment to IAS 32 is effective for annual periods beginning on or after 1 February 2010 it amended the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment is expected to have no impact on the financial statements of the Group.
- IFRS 1 - Severe hyperinflation and removal of fixed dates for first-time adopters - Amendments to IFRS 1 (effective date 1 July 2011)
  The amendment provides guidance for entities emerging from severe hyperinflation either to resume presenting IFRS financial statements or to present IFRS financial statements for the first time. The amendment is expected to have no impact on the financial statements of the Group.
- IFRIC 14 - Prepayments of a minimum funding requirement (Amendment)
  The amendment to IFRIC 14 is effective for annual periods beginning on or after 1 January 2011 with retrospective application. The amendment provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset. The amendment is expected to have no impact on the financial statements of the Group.
- IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments
  IFRIC 19 is effective for annual periods beginning on or after 1 July 2010. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognised immediately in profit or loss. The adoption of this interpretation will have no effect on the financial statements of the Group.
- IAS 1 - Presentation of Financial Statements (effective date 1 January 2011).
- IAS 27 - Consolidated and Separate Financial Statements (effective date 1 July 2010).
- IFRIC 13 - Customer Loyalty Programmes (effective date 1 January 2011).

1. Significant accounting policies (continued)

1.19 New accounting standards and interpretations (continued)

The following new and amended IFRS and International Financial Reporting Interpretations Committee interpretations became effective during the year:

Standard/ interpretation	Title	Effective date	Impact and application
IAS 24	Related party disclosure	1 January 2011 (early adopted)	No financial impact, however changes to disclosure
AC 504	IAS 19 - The limit on a defined benefit, minimum funding requirements and the interaction in a South African pension fund environment	1 April 2009	Not relevant to the Group
IFRIC 9	Reassessment of embedded derivatives	1 July 2009	Not relevant to the Group
IFRIC 16	Hedges of a net investment in a foreign operation	1 July 2009	Not relevant to the Group
IFRIC 17	Distribution of Non-cash Assets to Owners	1 July 2009	Not relevant to the Group
IFRIC 18	Transfer of assets from customers	1 July 2009	Not relevant to the Group
IAS 27	Consolidated and separate financial statements: Change of control of a subsidiary	1 July 2009	Not relevant to the Group
IAS 38	Intangible assets: Measuring fair value of intangible assets in a business combination	1 July 2009	Not relevant to the Group
IAS 39	Financial instruments: Eligible hedged items	1 July 2009	Not relevant to the Group
IFRS 2	Share-based payment: Group Cash settled Share based Payment Transactions	1 January 2010	Not relevant to the Group
IFRS 8	Operating segments	1 January 2010	Not relevant to the Group
IFRIC 15	Agreements for the construction of real estate	1 January 2009	Not relevant to the Group
IFRS 7	Financial Instruments Disclosures	1 January 2009	No financial impact, however changes to disclosure
IFRS 3	Business Combinations	1 July 2009	No financial impact

- IAS 24 Related party disclosures (Amendment) (effective 1 January 2011)
  The revised standard contains a partial exemption for government-related entities under which these entities are only required to disclose information about related party transactions that are individually and collectively significant, and a simplified definition of "related party". The Group early adopted the standard. The amendment had no impact on the financial position or performance of the Group.
- IFRS 7 - Financial Instruments Disclosures (effective 1 January 2009)
  The amended standard requires additional disclosure on fair value measurement and liquidity risk. The fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, reconciliation between the beginning and ending balance for level 3 fair value measurements is required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The amendment had no impact on the financial position or performance of the Group.

1.20 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year.

	GROUP		SABS	
	2011	2010	2011	2010
	R'000	R'000	R'000	R'000

2. Revenue

Revenue comprises income from services provided for the certification, testing and inspection of products for compliance with safety standards.

	GROUP 2011 R'000	GROUP 2010 R'000	SABS 2011 R'000	SABS 2010 R'000
Revenue comprises:				
Investigations, tests and services	197,255	212,407	-	-
Product and system certification	180,548	161,554	-	-
Sale of publications	16,750	16,782	14,613	14,567
Services - Group	-	-	54,592	44,345
	394,553	390,743	69,205	58,912

3. Other income

	GROUP 2011 R'000	GROUP 2010 R'000	SABS 2011 R'000	SABS 2010 R'000
Includes :				
Deferred income in respect of government grants recognised during the year for plant and equipment	3,184	3,238	271	325
Dividends received	1,815	556	1,815	556
Foreign exchange gains	232	666	32	49
Profit on disposal of property transferred to the NRCS	-	6,500	-	6,500
Realised gains on available-for-sale investments	6,049	17,478	6,049	17,478
Rental income from investment property	3,310	3,681	3,310	3,681
Rentals in respect of operating leases (minimum lease payments)	-	-	41,024	65,914
Land and buildings	-	-	8,909	33,232
Equipment	-	-	32,115	32,682
Royalties received	-	-	8,915	7,541

4. Employee benefit expenditure

	GROUP 2011 R'000	GROUP 2010 R'000	SABS 2011 R'000	SABS 2010 R'000
Salaries and wages	269,731	246,771	91,883	76,860
Medical aid and other employment benefits	21,233	21,396	5,782	4,542
Pension contributions	20,717	19,939	7,337	6,430
Board emoluments (note 29.5)	2,465	2,564	2,359	2,564
	314,146	290,670	107,361	90,396
Post-employment healthcare benefits (note 23)	7,566	7,089	5,083	5,439
Long service leave benefits (note 23)	7,325	1,242	3,440	350
	329,037	299,001	115,884	96,185

	GROUP 2011 R'000	GROUP 2010 R'000	SABS 2011 R'000	SABS 2010 R'000
5. Other expenditure				
Includes:				
Amortisation of intangible assets (note 12)	8,782	3,349	8,782	3,349
Auditors' remuneration				
Audit fees - current year	2,433	2,017	1,919	1,504
Bad debts	1,191	1,079	131	134
Bad debts written-off	1,493	1,639	170	424
Bad debts recovered	-	(55)	-	(55)
Reversal of impairment	(302)	(505)	(39)	(235)
Consumables	17,541	18,371	2,495	1,881
Depreciation on investment properties (note 11)	432	424	432	424
Direct operating expenses relating to investment properties that:				
Generated rental income	1,358	2,072	1,358	2,072
Did not generate rental income	939	313	939	313
(Reversal)/impairment of loan in subsidiary	-	-	(12,236)	2,944
Impairment/(reversal) of equity loan in subsidiary	-	-	1,306	(7,379)
Loss on disposal of property, plant and equipment	669	557	149	29
Loss on disposal of investment property	9	-	9	-
Municipal services	23,869	22,520	23,203	21,452
Realised foreign exchange losses	832	1,033	30	76
Rentals in respect of operating leases (minimum lease payments)	12,225	13,326	12,728	15,859
Land and buildings	8,671	8,330	117	4,012
Equipment	3,554	4,996	12,611	11,847
6. Finance revenue				
Bank balances	577	476	576	474
Money market investments and short-term deposits	15,069	4,254	15,069	4,254
	15,646	4,730	15,645	4,728
7. Finance cost				
Overdraft and banking facilities	1,304	1,261	1,050	-
Impairment loss on available-for-sale investment (note 14 and 21)	5,852	-	5,852	-
Finance lease charges	37	246	36	246
	7,193	1,507	6,938	246

	GROUP		SABS	
	2011	2010	2011	2010
	R'000	R'000	R'000	R'000
8. Taxation				
SA normal taxation				
Deferred taxation - current year	2,789	(173)	-	-
The charge for the year can be reconciled to the profit per the income statement as follows:				
Profit before taxation				
Continuing operations	57,418	68,889	48,691	68,946
Discontinuing operations	(111)	(22,244)	-	(21,958)
	57,307	46,645	48,691	46,988
Taxation at 28%	16,046	13,061	13,633	13,157
Non-taxable/non-deductible differences				
Exempt income and expenses	(13,257)	(13,210)	(13,633)	(13,157)
Prior year tax adjustment	-	(24)	-	-
Taxation expense	2,789	(173)	-	-

The SABS has been exempted from income tax in terms of the provisions of section 10(1)(cA)(I) of the Income Tax Act, No. 58 of 1962, as amended.

9. Discontinued operations

The shareholder benchmarked the regulatory systems with others globally and it was evident that the practice of having a standards body as a regulatory body is not optimal or advantageous. After careful consideration of the practice, the benchmarking results and public input the shareholder decided that the Regulatory Division should be a separate agency reporting to **the dti**. The legislative process for the creation of the National Regulator for Compulsory Specifications (NRCS) commenced. The National Regulator for Compulsory Specifications Act, No. 5 of 2008 and the new Standards Act, No. 5 of 2008, were signed by the President in July 2008. The effective date was 1 September 2008.

In terms of the legislation the assets, liabilities, rights and obligation of the Regulatory Division and its employees at the effective date transferred to the NRCS. A trilateral agreement was reached between the NRCS, the SABS and **the dti** with respect to the assets, liabilities, rights and obligations transferring to the NRCS. The NRCS approached the SABS to renegotiate the terms of the agreement at the close of the 2009 financial year. Subsequently the parties reached consensus on the assets to the transferred to the NRCS. In addition to the assets previously transferred to the NRCS, the SABS would transfer R10 million cash to the NRCS over two years, the land and buildings in Port Elizabeth and provide the NRCS with accommodation at its Groenkloof campus at reduced prices for a five year period. The value of the cash, Port Elizabeth land and buildings and the free rental for the year ended 31 March 2010 has been accounted for as the cost of the discontinued operation in the current financial year.

The total present value of the additional assets or use of assets that was given to the NRCS as a result of the subsequent negotiations is R9,6 million (2010: R30,0 million) which comprises of:

9. Discontinued operations (continued)

	2011 R'000	2010 R'000
Cash to be transferred to NRCS over two years	-	10,000
Land and buildings in Port Elizabeth	-	6,500
Use of Groenkloof campus accommodation at no charge for 2009/2010 year	-	3,855
Amount included in the expenses for the current year	-	20,355
Use of Groenkloof campus accommodation at no charge for 2010/2011 year	3,855	3,855
Use of Groenkloof campus accommodation at 50% of rental charge 2011/2012, 2012/2013 and 2013/2014 years	5,784	5,784
	9,639	29,994

Previously the Regulatory Division was the responsible inspection body for the European Union in Namibia. The proposed split of the SABS into two entities was discussed with the Namibian authorities and the Namibian Government decided to take over the operations of the GCS Namibia (Pty) Ltd. From 1 July 2008 the Namibian Standards Institute (NSi) placed their employees at the disposal of the NRCS to do the inspections and all revenue accrued to the NSi for levies period covering this period. The activities of GCS Namibia (Pty) Ltd have been accounted for as a discontinued operation. Ministerial approval was received to transfer the Walvis Bay immovable property and the movable assets in Namibia to the NSi. An agreement has been entered into between the SABS, SABS Commercial (Pty) Ltd, GCS Namibia (Pty) Ltd and the NSi in accordance with which the movables assets in Namibia were transferred to the NSi on 31 March 2010. The SABS has a property in Luderitz and permission has been granted for the disposal of the property and the SABS is pursuing the selling of the property.

	GROUP		SABS	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
The results of the discontinued operations are as follows:				
Revenue	81	118	-	-
Expenses	(192)	(22,362)	-	(21,958)
Loss for the year from discontinued operations	(111)	(22,244)	-	(21,958)

	GROUP 2011 R'000	GROUP 2010 R'000	SABS 2011 R'000	SABS 2010 R'000
The major classes of assets and liabilities classified as held for sale are as follows:				
Assets				
Deferred taxation	4	-	-	-
Trade receivables	-	28	-	-
Intercompany loans	111	-	-	-
Cash and cash equivalents	1,538	1,863	-	-
Non-current assets held for sale	-	3	-	-
Assets of disposal group classified as held for sale	1,653	1,894	-	-
Liabilities				
Trade and other payables	167	296	-	-
Liabilities of disposal group classified as held for sale	167	296	-	-
Net assets directly associated with assets classified as held for sale	1,486	1,598	-	-
Reserves	1,486	1,598	-	-
Reserve of disposal group classified as held for sale	1,486	1,598	-	-
The net cash flows incurred are as follows:				
Operating	(212)	(22,353)	-	(21,958)
Net cash inflow/(outflow)	1,765	(20,096)	-	(21,958)

As at 31 March the age analysis of trade receivables is as follows:

	Total	Not past due nor impaired	Past due not impaired	Past due and impaired		
			> 30 days	> 60 days	>90 days	>120 days
	R'000	R'000	R'000	R'000	R'000	R'000
GROUP						
2011	-	-	-	-	-	-
%	-	-	-	-	-	-
2010	28	-	-	-	-	28
%	100%	-	-	-	-	100%

10. Property, plant and equipment

	Land	Buildings	Laboratory equipment	Furniture and office equipment	Vehicles	Artwork	Work-in-progress	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
GROUP								
2011								
Opening carrying value	6,543	59,893	64,738	21,618	177	-	16,932	169,901
Cost	6,543	102,404	145,222	66,898	354	-	16,932	338,353
Accumulated depreciation	-	(42,511)	(80,484)	(45,280)	(177)	-	-	(168,452)
Additions	-	407	3,157	1,813	-	-	105,008	110,385
Category transfers	-	-	4	(7)	-	3	-	-
Work-in-progress transfers	-	3,921	879	3,707	32	-	(8,539)	-
Work-in-progress transferred to intangible assets	-	-	-	-	-	-	(1,085)	(1,085)
Work-in-progress expensed	-	-	-	-	-	-	(165)	(165)
Disposals	-	(282)	(329)	(57)	-	-	-	(668)
Depreciation	-	(3,129)	(11,086)	(10,274)	(54)	-	-	(24,543)
Closing carrying value	**6,543**	**60,810**	**57,363**	**16,800**	**155**	**3**	**112,151**	**253,825**
Cost	6,543	104,981	145,569	71,786	385	3	112,151	441,418
Accumulated depreciation	-	(44,171)	(88,206)	(54,986)	(230)	-	-	(187,593)
2010								
Opening carrying value	6,543	60,114	67,596	23,481	8	-	13,194	170,936
Cost	6,543	99,723	138,543	59,913	67	-	13,194	317,983
Accumulated depreciation	-	(39,609)	(70,947)	(36,432)	(59)	-	-	(147,047)
Additions	-	1,837	7,297	4,886	205	-	15,960	30,185
Category transfers	-	1,498	2,240	2,837	-	-	(6,575)	-
Work-in-progress expensed	-	-	-	-	-	-	(120)	(120)
Work-in-progress transferred to intangible assets	-	-	-	-	-	-	(5,527)	(5,527)
Assets transferred from intangible assets	-	4	4	2,605	5	-	-	2,618
Disposals	-	(550)	(141)	(110)	(16)	-	-	(817)
Depreciation	-	(3,010)	(12,258)	(12,081)	(25)	-	-	(27,374)
Closing carrying value	6,543	59,893	64,738	21,618	177	-	16,932	169,901
Cost	6,543	102,404	145,222	66,898	354	-	16,932	338,353
Accumulated depreciation	-	(42,511)	(80,484)	(45,280)	(177)	-	-	(168,452)

	Land	Buildings	Laboratory equipment	Furniture and office equipment	Vehicles	Artwork	Work-in-progress	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
SABS								
2011								
Opening carrying value	5,703	48,887	4,304	18,975	5	-	16,396	94,270
Cost	5,703	87,693	20,961	60,769	51	-	16,396	191,573
Accumulated depreciation	-	(38,806)	(16,657)	(41,794)	(46)	-	-	(97,303)
Additions	-	235	325	1,690	-	-	104,656	106,906
Work-in-progress transfers	-	3,922	102	3,707	31	-	(7,762)	-
Work-in-progress transferred to intangible assets	-	-	-	-	-	-	(1,085)	(1,085)
Work-in-progress expensed	-	-	-	-	-	-	(190)	(190)
Assets transferred to subsidiary *	-	-	(279)	(1,907)	-	-	-	(2,186)
Disposals	-	(115)	(22)	(12)	-	-	-	(149)
Depreciation	-	(2,677)	(812)	(8,659)	(12)	-	-	(12,160)
Closing carrying value	**5,703**	**50,252**	**3,618**	**13,794**	**24**	**-**	**112,015**	**185,406**
Cost	5,703	90,969	19,050	63,736	82	-	112,015	291,555
Accumulated depreciation	-	(40,717)	(15,432)	(49,942)	(58)	-	-	(106,149)
2010								
Opening carrying value	5,703	49,200	7,044	22,307	8	-	11,045	95,307
Cost	5,703	86,071	39,419	56,905	67	-	11,045	199,210
Accumulated depreciation	-	(36,871)	(32,375)	(34,598)	(59)	-	-	(103,903)
Additions	-	1,834	431	4,802	-	-	15,689	22,756
Category transfers	-	1,498	370	2,829	-	-	(4,697)	-
Work-in-progress expensed	-	-	-	-	-	-	(114)	(114)
Work-in-progress transferred to intangible assets	-	-	-	-	-	-	(5,527)	(5,527)
Assets transferred from intangible assets	-	4	4	2,605	5	-	-	2,618
Assets transferred to subsidiary*	-	(1,073)	(988)	(1,954)	10	-	-	(4,005)
Disposals	-	(14)	(57)	(102)	(16)	-	-	(189)
Depreciation	-	(2,562)	(2,500)	(11,512)	(2)	-	-	(16,576)
Closing carrying value	5,703	48,887	4,304	18,975	5	-	16,396	94,270
Cost	5,703	87,693	20,961	60,769	51	-	16,396	191,573
Accumulated depreciation	-	(38,806)	(16,657)	(41,794)	(46)	-	-	(97,303)

* Assets transferred to subsidiary is repaid through the inter-group loan account

10. Property, plant and equipment (continued)

Freehold land and buildings as well as significant components to the buildings are stated at cost less accumulated depreciation and impairment losses. The useful life of each building is deemed to equate its economic useful life as management has taken a decision not to sell these buildings.

The category of furniture and office equipment includes computer equipment leased from third parties under finance leases with the following carrying values:

	GROUP 2011 R'000	GROUP 2010 R'000	SABS 2011 R'000	SABS 2010 R'000
Opening cost	18,614	18,614	18,614	18,614
Opening accumulated depreciation	(18,014)	(16,090)	(18,014)	(16,090)
Depreciation	(581)	(1,924)	(581)	(1,924)
Closing carrying value	19	600	19	600

A register of land and buildings is available for inspection at the registered office of each entity in the Group.

Details of the finance lease obligations is disclosed in note 22.

11. Investment properties

	GROUP 2011 R'000	GROUP 2010 R'000	SABS 2011 R'000	SABS 2010 R'000
Opening carrying value	11,337	11,761	11,337	11,761
Cost	13,727	13,727	13,727	13,727
Accumulated depreciation	(2,390)	(1,966)	(2,390)	(1,966)
Disposals	(9)	-	(9)	-
Depreciation	(432)	(424)	(432)	(424)
Closing carrying value	10,896	11,337	10,896	11,337
Cost	13,667	13,727	13,667	13,727
Accumulated depreciation	(2,771)	(2,390)	(2,771)	(2,390)

Investment properties and significant components thereof are stated at the deemed costs thereof. No professional valuation of the investment properties were done at the reporting date. The management estimate of the fair value is R22,0 million (2010: Current market value R20,1 million).

Investment properties consist of :

- A property in East London
- Buildings N, R and Z including the parking located on the Groenkloof campus

	GROUP		SABS	
	2011	2010	2011	2010
	R'000	R'000	R'000	R'000

12. Intangible assets

Computer software				
Opening carrying value	17,542	17,982	17,542	17,982
Cost	27,257	21,792	27,257	21,792
Accumulated amortisation	(9,715)	(3,810)	(9,715)	(3,810)
Assets transferred to property, plant and equipment	-	(2,618)	-	(2,618)
Transfers from work-in-progress	1,085	5,527	1,085	5,527
Amortisation	(8,782)	(3,349)	(8,782)	(3,349)
Closing carrying value	9,845	17,542	9,845	17,542
Cost	28,343	27,257	28,343	27,257
Accumulated amortisation	(18,498)	(9,715)	(18,498)	(9,715)

13. Investment in subsidiaries

The entity's principal subsidiaries are:

		SABS	
	Ownership	2011	2010
Name	%	R'000	R'000
GCS Namibia (Pty) Ltd	100%	4	4
SABS Commercial (Pty) Ltd	100%	23,881	22,575
Less: Impairment of equity loan		(23,885)	(22,579)
		-	-
Equity loan			
Opening balance		22,579	29,958
Increase/(decrease) in equity loan from loan to group companies		1,306	(7,379)
Closing balance		23,885	22,579

The Group results and position comprise of the SABS, SABS Commercial (Pty) Ltd and the GCS Namibia (Pty) Ltd. Separate financial statements are available for each subsidiary company.

13. Investment in subsidiaries (continued)

The results of SABS Commercial (Pty) Ltd for the financial years can be summarised as follows:

	SABS 2011 R'000	SABS 2010 R'000
Revenue	**406,337**	376,899
Other income	**22,631**	19,948
Expenditure	**(409,057)**	(391,212)
Operating profit	**19,911**	5,635
Net finance cost	**(254)**	(1,260)
Taxation	**(2,789)**	173
Profit for the year	**16,868**	4,548

	GROUP 2011 R'000	GROUP 2010 R'000	SABS 2011 R'000	SABS 2010 R'000
14. Available-for-sale investments				
Opening balance	**201,465**	250,088	**201,465**	250,088
Additions (net of costs)	**214,668**	35,274	**214,668**	35,274
Disposals	**(167,198)**	(91,916)	**(167,198)**	(91,916)
Fair value adjustment (Refer to note 21)	**12**	989	**12**	989
Movement to current portion	**(15,354)**	-	**(15,354)**	-
Gains on investments transferred to equity (Refer to note 21)	**6,193**	7,030	**6,193**	7,030
Non-current portion	**239,786**	201,465	**239,786**	201,465
Movement from non-current portion	**15,354**	-	**15,354**	-
Additions (net of costs)	**36,719**	-	**36,719**	-
Gains on investments transferred to equity (Refer to note 21)	**41**	-	**41**	-
Current portion	**52,114**	-	**52,114**	-
Available-for-sale investments comprises:				
Money market	**52,187**	38,400	**52,187**	38,400
Equities	**239,713**	163,065	**239,713**	163,065
	291,900	201,465	**291,900**	201,465

Financial assets are classified as available-for-sale when the intention with regard to the instrument and its origination and design does not fall within the ambit of the other financial asset classifications. Available-for-sale instruments are typically assets that are held for a longer period and in respect of which short-term fluctuations in value do not affect the Group's hold or sell decision.

Available-for-sale assets are measured at fair value, with fair value gains and losses recognised directly in equity. When available-for-sale assets are determined to be impaired to the extent that the fair value declined below its original cost, the resultant losses are recognised in the income statement.

These investments are held in various diversified portfolios and are intended to create a base of plan assets to cover post-employment medical benefits and capital expansions.

During the year the Group disposed all its investments held in Liberty except the investment held as security over the finance leases and its investment in Ovation Global Investment Services (Pty) Ltd. This was done to align the investments with the investment policy of the Group.

The Group realised gains of R6,0 million (2010: Nil) on the disposal of the investments.

No realised gain was made on matured investments in the current year (2010: R17,4 million).

Investments amounting to R14,9 million (2010: R14,9 million), are pledged as security for a medium term loan of R15,0 million with Standard Bank of SA Ltd (2010: R15,0 million) (Refer to note 22).

Impairment on available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. The Group evaluated, among other factors, historical share price movements and the duration or extent to which the fair value of an investment is less than its cost. Based on these criteria, the Group identified an impairment of R5,8 million on the Jansk International available-for-sale investment which is recognised within finance cost in the income statement.

	GROUP		SABS	
	2011	2010	2011	2010
	R'000	R'000	R'000	R'000
15. Deferred taxation				
Accelerated wear and tear for tax purposes on property, plant and equipment	(7,969)	(6,025)	-	-
Assessed losses	9,113	13,684	-	-
Other deductible temporary differences	19,972	16,246	-	-
Employee related provisions	16,351	13,271	-	-
Doubtful debts allowance	292	347	-	-
Other	3,329	2,628	-	-
Deferred tax asset	21,116	23,905	-	-
The movement for the year in the Group's deferred tax positions was as follows:				
Opening balance	23,905	23,732	-	-
Temporary differences on property, plant and equipment	(1,944)	(1,511)	-	-
Temporary differences on tax losses	(4,571)	(310)	-	-
Reversing temporary differences on other deductible temporary differences	3,726	1,994	-	-
Closing balance	21,116	23,905	-	-

At the balance sheet date the Group has unutilised tax losses of R32,5 million (2010: R48,9 million) available for offset against future taxable profits. A deferred tax asset has been recognised in respect of all losses which the Group anticipates being able to utilise.

	GROUP		SABS	
	2011	2010	2011	2010
	R'000	R'000	R'000	R'000
16. Inventory				
Consumable stores	1,576	554	1,576	338
Reversal/(provision) for obsolete stock	34	(34)	34	(34)
Obsolete stock written-off	(86)	-	(86)	-
	1,524	520	1,524	304
17. Trade and other receivables				
Trade receivables	54,086	50,391	9,087	4,139
Less: Impairment of trade and other receivables	(1,451)	(1,753)	(62)	(101)
	52,635	48,638	9,025	4,038
Other receivables	2,021	3,810	1,738	3,406
	54,656	52,448	10,763	7,444

The impairment of debtors has been determined by reference to past default experience and the current economic environment. Affected trade receivables are discounted at an effective rate of 9% (2010: 10%). No interest is charged on overdue accounts. The credit period is 30 days from date of invoice. The carrying amounts approximate their fair value.

Impairment of trade and other receivables:	GROUP 2011 R'000	GROUP 2010 R'000	SABS 2011 R'000	SABS 2010 R'000
Opening balance	(1,753)	(2,258)	(101)	(336)
Decrease in impairment provision	302	505	39	235
Closing balance	(1,451)	(1,753)	(62)	(101)

The following is considered as objective evidence that trade receivables are impaired:

- All legal collections and avenues have been exhausted
- Customer in liquidation
- Judgement awarded in favour of the Group
- Uneconomical to initiate legal action or to continue legal pursuit
- Prescribed invoices
- Inability to pursue foreign customer legally

As at 31 March the age analysis of trade and other receivables is as follows:

	Total	Not past due nor impaired	Past due not impaired	Past due and impaired		
			> 30 days	> 60 days	>90 days	>120 days
	R'000	R'000	R'000	R'000	R'000	R'000
GROUP						
2011	54,656	31,474	15,022	4,278	706	3,176
%	100%	58%	27%	8%	1%	6%
2010	52,448	31,238	9,978	4,797	2,377	4,058
%	100%	60%	13%	3%	5%	8%
SABS						
2011	10,763	7,265	3,132	142	48	176
%	100%	67%	29%	1%	0%	2%
2010	7,444	4,421	370	222	1,709	722
%	100%	59%	5%	3%	23%	10%

	SABS	
	2011	2010
	R'000	R'000
18. Loans to group companies		
GCS Namibia (Pty) Ltd	(115)	(5)
SABS Commercial (Pty) Ltd	12,260	47,253
Less: Impairment of loan	-	(12,236)
	12,145	35,012
Loans to SABS Commercial (Pty) Ltd		
Opening balance	47,253	69,668
Repayment of loan by SABS Commercial (Pty) Ltd	(34,993)	(10,179)
Impairment of loan	-	(12,236)
Closing balance	12,260	47,253
Impairment of loan		
Opening balance	12,236	9,292
(Decrease)/increase in impairment	(12,236)	2,944
Closing balance	-	12,236

SABS Commercial was a subsidiary throughout the year and was directly held. GCS Namibia (Pty) Ltd is registered in Namibia.

18. Loans to group companies (continued)

The holding company's interest in profit after tax earned by subsidiary is:

	SABS	
	Profit 2011 R'000	Profit 2010 R'000
SABS Commercial (Pty) Ltd	16,868	4,548

All loans to subsidiaries are interest free with no fixed payment date.

	GROUP		SABS	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
19. Cash and cash equivalents				
Cash and cash equivalents consist of cash on hand and actual bank balances and investments in money market instruments. Cash and cash equivalents comprise of the following:				
Bank balances	13,570	12,157	13,553	12,142
Short-term deposits	60,631	-	60,631	-
Money Market investments	116,205	109,962	116,155	109,912
Cash on hand	41	43	16	16
Net cash and cash equivalents used in cash flow statement	190,447	122,162	190,355	122,070

The Group has cash management facilities, resulting in all bank balances being swept daily into the account held by the SABS.

Short-term deposits are made for varying periods between one day and three months, depending on the immediate operational cash requirements of the Group, and earn interest and the respective short-term deposit dates.

The effective interest rate of money market instruments is 5,9% at 31 March 2011 (2010: 7,4%).

20. General reserve

Ministerial approval has been granted to build up a general reserve to a maximum of 50% of one year's operational expenses, to provide for aspects such as replacement of assets and other contingencies.

	GROUP		SABS	
	2011	2010	2011	2010
	R'000	R'000	R'000	R'000
21. Other components of equity				
Available-for-sale reserve				
Opening balance	6,869	16,328	6,869	16,328
Movements during year	6,049	(9,459)	6,049	(9,459)
Gains on investments realised (Refer to note 3)	(6,049)	(17,478)	(6,049)	(17,478)
Net gains on available-for-sale investment	6,246	8,019	6,246	8,019
Net gains on revaluation of available-for-sale investments	6,234	7,030	6,234	7,030
Fair value adjustment	12	989	12	989
Impairment of investment recognised in income statement	5,852	-	5,852	-
Closing balance	12,918	6,869	12,918	6,869
22. Interest bearing borrowings				
Finance lease liabilities - office equipment	9	812	9	812
Secured loan	14,905	14,891	-	-
	14,914	15,703	9	812
Less: Current portion	(14,914)	(811)	(9)	(811)
Finance lease liabilities - office equipment	(9)	(811)	(9)	(811)
Repayment of secured loan	(14,905)	-	-	-
Non-current portion	-	14,892	-	1

The finance lease liabilities for office equipment bear interest at a rate that approximates prime. The outstanding liability will be settled within the next reporting period. Quarterly instalments in 2010 was R0,8 million. Lease periods varies between 1 and 12 months (2010: 1 to 24 months).

The secured loan is secured by investments owned by the SABS with a market value of R14,9 million (2010: R14,9 million). The loan is repayable in 2011. Interest is charged at prime less 2.75% and payable monthly.

Permitted borrowings in terms of ministerial approval is R15,0 million for the Group at 31 March 2011.

22. Interest bearing borrowings (continued)

	GROUP		SABS	
	2011	2010	**2011**	2010
	R'000	R'000	**R'000**	R'000
Finance leases comprise:				
Total future minimum finance lease payments				
Not later than 1 year	9	837	9	837
Later than 1 year and not later than 5 years	-	12	-	12
Less: Unpaid future finance charges	-	(37)	-	(37)
	9	812	9	812
Present value of future minimum finance lease payments				
Not later than 1 year	9	811	9	811
Later than 1 year and not later than 5 years	-	1	-	1
	9	812	9	812

The lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default. The net book value of leased assets is R19 000 (2010: R0,6 million) (Refer to note 10).

The fair values are based on discounted cash flows using a discount rate at date of transaction. The carrying amounts of the borrowings approximates their fair value.

23. Employment benefit obligations

	Opening balance	Provision made/ (released)	Benefits paid	Closing balance	Current portion	Total Non-current
	R'000	R'000	R'000	R'000	R'000	R'000
GROUP						
2011						
Post-employment healthcare benefit	74,774	7,566	(4,982)	77,358	5,082	72,276
Long service leave awards	19,612	7,325	(1,952)	24,985	2,068	22,917
	94,386	14,891	(6,934)	102,343	7,150	95,193
2010						
Post-employment healthcare benefit	72,491	7,089	(4,806)	74,774	4,982	69,792
Long service leave awards	20,941	1,242	(2,571)	19,612	1,952	17,660
	93,432	8,331	(7,377)	94,386	6,934	87,452
SABS						
2011						
Post-employment healthcare benefit	50,024	5,083	(4,724)	50,383	4,939	45,444
Long service leave awards	5,804	3,440	(578)	8,666	836	7,830
	55,828	8,523	(5,302)	59,049	5,775	53,274
2010						
Post-employment healthcare benefit	48,310	5,439	(3,725)	50,024	4,842	45,182
Long service leave awards	6,260	350	(806)	5,804	789	5,015
	54,570	5,789	(4,531)	55,828	5,631	50,197

Defined contribution plans

Retirement benefits are provided for through the SABS Retirement Fund to which the organization and its employees contribute. This fund operates as a defined contribution fund and is administered in terms of the Pension Funds Act, No. of 1956, as amended.

Post-employment healthcare benefit obligation

This obligation arises as the SABS provides post retirement medical assistance for current employees and pensioners of the SABS who are members of Bestmed Medical Scheme and are entitled to receive a contribution subsidy from the SABS. All employees employed by the SABS before 1 September 1998 who belong to Bestmed for at least ten years and retire after the age of 60 are entitled to a post retirement medical subsidy.

Valuations of these obligations are carried out annually by independent qualified actuaries. The most recent valuation was done as at 31 March 2011.

Key assumptions used (expressed as weighted averages):

	2011	2010
Discount rate per annum	9.30%	9.25%
Salary inflation	8.15%	7.5%
Healthcare cost inflation	6.15%	5.75%
Net discount rate	2.97%	3.31%

The government bond yields were used. The discount rate was set equal to the yield on a zero-coupon government bond with a term of 10 years. The best-estimate assumption of a CPI inflation rate (equal to healthcare cost inflation) was derived using the yields as at 31 March 2011 on the R186 and R197 bonds. Using the gross discount and healthcare cost inflation rate the net discount rate is 2,97%.

The total outstanding liability amounts to R74,8 million per the valuation performed during March 2011 (2010: R72,8 million).

75% of the Investment Solutions investment portfolio which amounts to R81,6 million has been notionally allocated to the funding of this liability.

	GROUP		SABS	
	2011	2010	2011	2010
	R'000	R'000	R'000	R'000
Present value of funded obligations	74,771	72,782	56,190	52,631
Unrecognised actuarial gains/(losses)	2,587	1,992	(5,807)	(2,607)
Total liability	77,358	74,774	50,383	50,024
The amount recognised in the income statement is determined as follows:				
Current service cost	1,208	1,194	353	372
Interest cost	6,616	6,142	4,730	4,713
Actuarial (gain)/loss recognised	(258)	(247)	-	354
	7,566	7,089	5,083	5,439
Present value of the obligation				
Opening balance	72,782	73,465	52,631	56,946
Current service cost	1,208	1,194	353	372
Interest cost	6,616	6,142	4,730	4,713
Actuarial (losses)/gains	(853)	(3,213)	3,200	(5,675)
Benefits paid	(4,982)	(4,806)	(4,724)	(3,725)
Closing balance	74,771	72,782	56,190	52,631

23. Employment benefit obligations (continued)

Sensitivity analysis

Below the effects on the central basis liability results when the medical aid inflation rate is increased and decreased by 1%:

	GROUP		SABS	
	Liability	Change in liability	Liability	Change in liability
	R'000	%	R'000	%
Changes to medical inflation				
+1%	83,111	11.2%	61,361	9.2%
Central	74,771	-	56,190	-
-1%	67,685	(9.5%)	51,687	(8.0%)
Changes to service cost				
+1%	1,480	22.5%	435	23.2%
Central	1,208	-	353	-
-1%	1,086	(10.1%)	317	(10.2%)

Below the effects on the central basis liability results when an allowance of 0.5% and 1% is included for future mortality improvements:

	GROUP		SABS	
	Liability	Change in liability	Liability	Change in liability
	R'000	%	R'000	%
Mortality improvement sensitivity on defined benefit obligations				
+1%	78,251	4.7%	58,531	4.2%
+ 0.5%	76,476	2.3%	57,338	2.0%
Central	74,771	-	56,190	-
Mortality improvement sensitivity on service cost				
+1%	1,336	10.6%	392	11.0%
+ 0.5%	1,299	7.5%	381	7.9%
Central	1,208	-	353	-

Five year summary of post-employment healthcare benefit obligations are as follows:

	2011	2010	2009	2008	2007
	R'000	R'000	R'000	R'000	R'000
Present value of obligation	**74,771**	72,782	73,465	66,937	69,964
Actuarial (losses)/gains*	**(853)**	(3,213)	2,275	104	(305)

* Net losses experienced on plan liabilities were R782,000 (2010: R2,3 million gains)

Long service leave award obligation

The Group provides employees employed before 1 March 2008 with three additional leave days after five years of service and another three days after ten years of services. Employees annual leave entitlement is increased with these days. The Group's net obligation in this regards is the amount of future benefit that employees have earned in return for their services in current and prior periods. The obligation is valued annually by independent qualified actuaries. Any unrecognised actuarial gains or losses and past service costs are recognised immediately. There are no plan assets for this liability.

Key assumptions used (expressed as weighted averages):

	2011	2010
Discount rate per annum	9.30%	9.25%
Salary inflation	8.15%	7.5%
Net discount rate	2.97%	3.3%

The government bond yields were used. The discount rate was set equal to the yield on a zero-coupon government bond with a term of 10 years.

The total outstanding liability amounts to R25,0 million per the valuation performed during March 2011 (2010: R19,6 million).

	GROUP		SABS	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
Present value of funded obligations	24,985	19,612	8,666	5,804
Net liability in statement of financial position	24,985	19,612	8,666	5,804
The amount recognised in the income statement is determined as follows:				
Current service cost	2,220	2,420	665	747
Interest cost	1,929	1,876	570	561
Actuarial gain/(loss) recognised	3,176	(3,054)	2,205	(958)
	7,325	1,242	3,440	350
Present value of the obligation				
Opening balance	19,612	20,941	5,804	6,260
Current service cost	2,220	2,420	665	747
Interest cost	1,929	1,876	570	561
Actuarial gains/(losses)	3,176	(3,053)	2,205	(958)
Benefits paid	(1,952)	(2,572)	(578)	(806)
Closing balance	24,985	19,612	8,666	5,804

23. Employment benefit obligations (continued)

Sensitivity analysis

Below the effects on the central basis liability results when the salary inflation rate is increased and decreased by 1% :

	GROUP		SABS	
	Liability	Change in liability	Liability	Change in liability
	R'000	%	R'000	%
Sensitivity to salary inflation				
+1%	26,616	6.5%	9,211	6.3%
Central	24,985	-	8,666	-
-1%	23,497	(6.0%)	8,166	(5.8%)
Sensitivity to salary inflation on service cost				
+1%	2,459	10.8%	737	10.8%
Central	2,220	-	665	-
-1%	2,142	(3.5%)	642	(3.5%)

Five year summary of long service leave awards are as follows:

	2011	2010	2009	2008	2007
	R'000	R'000	R'000	R'000	R'000
Present value of obligation	**24,985**	19,612	20,941	20,804	21,989
Actuarial (losses)/gains*	**3,176**	(3,053)	(1,432)	3,339	946

* Net gains experienced on plan liabilities were R2,2 million (2010: R2,7 million losses)

	GROUP		SABS	
	2011	2010	2011	2010
	R'000	R'000	R'000	R'000
24. Deferred income				
Opening balance - Plant and equipment	15,694	18,932	5,814	6,139
Recognised in other income (Refer to note 3)	(3,184)	(3,238)	(271)	(325)
Grants received to be recognised in future accounting periods	152,842	-	152,842	-
Closing balance	165,352	15,694	158,385	5,814
Less: Deferred grant income to be recognised in the following year:				
Plant and equipment	(7,275)	(3,238)	(4,362)	(325)
	158,077	12,456	154,023	5,489
Opening balance - Income related grants	223	6,408	223	6,408
Recognised in other income	-	(6,185)	-	(6,185)
	223	223	223	223
Less: Income to be recognised in the following year:				
Income related grants	(223)	(223)	(223)	(223)
Closing balance	-	-	-	-
Non-current portion	158,077	12,456	154,023	5,489
Current portion	7,498	3,461	4,585	548
	165,575	15,917	158,608	6,037

Plant infrastructure funds have been earmarked specifically and exclusively for that purpose.

Deferred income relating to government grants are recognised over the useful life of the assets.

The useful life of the relevant assets are:

- Horiba plant - building - 50 years
- Horiba plant - equipment - 5 years
- Bio-fuel - 5 years
- Acoustics - 5 years
- NETFA encapsulated sphere - 5 years
- GCS rabit automation - 5 years
- Laboratories - 30 years

	GROUP		SABS	
	2011	2010	2011	2010
	R'000	R'000	R'000	R'000
25. Trade and other payables				
Trade payables	99,794	76,765	52,930	33,822
Other payables	7,823	13,428	4,420	9,867
	107,617	90,193	57,350	43,689

The carrying amount of trade and other payables approximates their fair value.

Trade payables are normally settled on average 45 days from invoice date or statement date and bears no interest.

26. Notes to cash flow statements

26.1 Reconciliation of profit before taxation and interest to cash generated from operations

	GROUP 2011 R'000	GROUP 2010 R'000	SABS 2011 R'000	SABS 2010 R'000
Profit before interest and taxation from continuing operations	48,965	65,666	39,984	64,464
Loss before taxation from discontinued operations	(111)	(22,244)	-	(21,958)
Profit before interest and taxation	48,854	43,422	39,984	42,506
Adjustments for :	(113,856)	11,842	(127,100)	(3,667)
Depreciation on property, plant and equipment	24,543	27,374	12,160	16,576
Depreciation on investment properties	432	424	432	424
Plant and equipment related government grants amortised	(3,184)	(3,238)	(271)	(325)
Amortisation of intangible assets	8,782	3,349	8,782	3,349
Loss/(profit) on disposal of property, plant and equipment	669	(5,943)	149	(6,471)
Loss on disposal of investment property	9	-	9	-
Non-cash proceeds on property transferred to NRCS per split agreement	-	6,500	-	6,500
Realised gain on available-for-sale investment	(6,049)	(17,478)	(6,049)	(17,478)
Discontinued operations	112	285	-	-
Provision for employment benefit obligations	14,891	8,331	8,523	5,789
Employment benefits paid from provision	(6,934)	(7,377)	(5,302)	(4,531)
Increase/(decrease) in impairment of loan in subsidiary	-	-	1,306	(7,379)
Decrease in impairment of trade receivables	(302)	(505)	(39)	(235)
Expense transferred out of work-in-progress	165	120	190	114
Impairment of investment	5,852	-	5,852	-
Core funding for infrastructure project	(152,842)	-	(152,842)	-
Operating cash flows before working capital changes	(65,002)	55,264	(87,116)	38,839
Changes in working capital	167,356	32,131	162,003	3,165
(Increase)/decrease in inventory	(1,004)	309	(1,220)	194
(Increase)/decrease in trade and other receivables	(1,906)	14,687	(3,280)	(522)
Increase/(decrease) in asset related government grants	152,842	(6,186)	152,842	(6,185)
Increase in trade and other payables	17,424	23,321	13,661	9,678
Cash generated from operations	102,354	87,395	74,887	42,004

	GROUP		SABS	
	2011	2010	2011	2010
	R'000	R'000	R'000	R'000
26.2 Proceeds on disposal of property, plant and equipment				
Carrying value of disposals	668	817	149	189
Net loss on disposal	(669)	(557)	(149)	(29)
	(1)	260	-	160
26.3 Proceeds on disposal of investment property				
Carrying value of disposals	9	-	9	-
Net loss on disposal	(9)	-	(9)	-
	-	-	-	-

27. Commitments

Capital commitments				
Commitments for the acquisition of property, plant and equipment				
Contracted	35,154	173,211	33,325	168,504
Committed	386	-	386	-
	35,540	173,211	33,711	168,504
Capital projects approved in respect of which orders will be placed	63,608	47,937	48,092	45,179

Capital commitments are funded through internally generated funds and grants received specifically and exclusively for that purpose

Operating lease commitments - the group as lessee

The future minimum payments payable under non-cancellable operating leases are as follows:

Buildings	5,062	6,569	-	-
Up to 1 year	1,495	1,507	-	-
1 to 5 years	3,182	3,785	-	-
More than 5 years	385	1,277	-	-

None of the lease agreements contain any contingent rent clauses and it is assumed that there are no contingent rent payments. The Group does not have the option to purchase the property. Escalation clauses vary from contract to contract averaging 8% (2010: 8%).

Vehicles and other equipment	3,963	3,457	1,080	53
Up to 1 year	1,439	1,882	250	53
1 to 5 years	2,524	1,575	830	-
Total	9,025	10,026	1,080	53

28. Financial risk management

28.1 Foreign currency risk management

Foreign currency exposures arise from the sale and purchase of standards and purchase of capital equipment. The Group may not enter into forward exchange contracts. Where possible the supplier is requested to take this cover to fix the price for the Group.

Forward exchange contracts - recognised transactions

No forward exchange contracts were entered into during the financial year ended 31 March 2011 (2010: None).

Uncovered foreign exchange exposure

At year end the Group was exposed to the following foreign currency denominated assets and liabilities for which no forward cover had been taken out.

	GROUP	
	2011 Foreign amount 000	2010 Foreign amount 000
Foreign currency		
Pounds Sterling	1	5
US Dollar	-	12
Euro	28	2

28.2 Interest rate risk management

The Group is exposed to interest rate risk as it borrows and places funds in the money market floating interest rates. Interest rate risk is managed through effective cash management. An overdraft is utilised to assist with cash management and the mismatching of revenue and expenditure. The net interest income at 31 March 2011 was R8,5 million (2010: R3,2 million).

The interest rate re-pricing profile at 31 March 2011 is summarised as follows:

	Floating rate
GROUP	
Borrowings (R'000)	14,914
% of total borrowings	100%
Cash and cash equivalents (R'000)	190,447
% of total bank balances	100%
Available-for-sale investments current portion (R'000)	52,114
% of total short-term investments	100%

	Floating rate
SABS	
Borrowings (R'000)	9
% of total borrowings	100%
Cash and cash equivalents (R'000)	190,355
% of total bank balances	100%
Available-for-sale investments current portion (R'000)	52,114
% of total short-term investments	100%

Interest rate sensitivity

An interest increase or decrease of 1% will have an approximate impact of R149,050 (2010: R150,000) on the borrowings of the Group.

28.3 Liquidity risk management

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

The maturity profiles of the financial instruments are summarised as follows:

	Within 1 month R'000	1-3 months R'000	3-12 months R'000	1-5 years R'000	Total R'000
GROUP					
2011					
Financial assets					
Loans and receivables					
Trade and other receivables	54,656	-	-	-	54,656
Cash and cash equivalents	190,447	-	-	-	190,447
Available-for-sale investments					
Other financial assets	-	-	52,114	239,786	291,900
Financial liabilities					
Trade and other payables	61,062	46,555	-	-	107,617
Interest bearing borrowings	9	-	14,905	-	14,914
2010					
Financial assets					
Loans and receivables					
Trade and other receivables	52,448	-	-	-	52,448
Cash and cash equivalents	122,162	-	-	-	122,162
Available-for-sale investments					
Other financial assets	-	-	-	201,465	201,465
Financial liabilities					
Financial liabilities amortised at cost					
Trade and other payables	56,212	28,981	5,000	-	90,193
Interest bearing borrowings	392	-	418	14,893	15,703

28. Financial risk management (continued)

28.3 Liquidity risk management (continued)

	Within 1 month R'000	1-3 months R'000	3-12 months R'000	1-5 years R'000	Total R'000
SABS					
2011					
Financial assets					
Loans and receivables					
Trade and other receivables	10,763	-	-	-	10,763
Cash and cash equivalents	190,355	-	-	-	190,355
Available-for-sale investments					
Other financial assets	-	-	52,114	239,786	291,900
Financial liabilities					
Financial liabilities amortised at cost					
Trade and other payables	28,640	28,710	-	-	57,350
Interest bearing borrowings	9	-	-	-	9
2010					
Financial assets					
Loans and receivables					
Trade and other receivables	7,444	-	-	-	7,444
Cash and cash equivalents	122,070	-	-	-	122,070
Available-for-sale investments					
Other financial assets	-	-	-	201,465	201,465
Financial liabilities					
Financial liabilities amortised at cost					
Trade and other payables	11,651	27,038	5,000	-	43,689
Interest bearing borrowings	392	-	419	1	812

28.4 Credit risk management

Potential concentrations of credit risk consist mainly of cash and cash equivalents and trade receivables.

The Group limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high quality credit standing. The credit exposure to any one counterparty is managed by monitoring transactions.

Trade receivables comprise a large number of customers, dispersed across different industries and geographical areas. Credit evaluations are performed on the financial condition of these debtors. Where appropriate, the necessary credit guarantees are arranged. Trade and other receivables are shown net of impairment.

The Group is exposed to credit-related losses in the event of non-performance by counterparties. The Group continually monitors its positions and the credit ratings of its counterparties and limits the extent to which it enters into transactions with any one party.

At 31 March 2011, the Group did not consider there to be any significant concentration of credit risk which had not been insured or adequately provided for. The amount in the statement of financial position is the maximum exposure to credit risk.

The credit exposures by geographical region for trade debtors are summarised as follows:

	GROUP		SABS	
	2011	2010	2011	2010
	%	%	%	%
South Africa	95.0	96.0	99.0	100.0
Other	5.0	4.0	1.0	-
Total	100.0	100.0	100.0	100.0

28.5 Equity price risk

The SABS investments are invested per the approved investment policy of the Group. The approved investment managers reports to the Investment Committee of the Board on a quarterly basis on the performance of the investments. The Group's Investment Committee approved the choice of investment managers who are given a specific mandate.

28.6 Fair value of financial instruments

The comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the financials is set out below:

	Carrying amount		Fair value	
	2011	2010	2011	2010
	R'000	R'000	R'000	R'000
GROUP				
Financial assets				
Trade and other receivables	54,656	52,448	54,656	52,448
Available-for-sale investments	291,900	201,465	291,900	201,465
Cash and short-term deposits	190,447	122,162	190,447	122,162
	537,003	376,075	537,003	376,075
Financial liabilities				
Trade and other payables	107,617	90,193	107,617	90,193
Interest bearing borrowings	14,914	15,703	14,914	15,703
	122,531	105,896	122,531	105,896
SABS				
Financial assets				
Trade and other receivables	10,763	7,444	10,763	7,444
Available-for-sale investments	291,900	201,465	291,900	201,465
Cash and short-term deposits	190,355	122,070	190,355	122,070
	493,018	330,979	493,018	330,979
Financial liabilities				
Trade and other payables	57,350	43,689	57,350	43,689
Interest bearing borrowings	9	812	9	812
	57,359	44,501	57,359	44,501

28. Financial risk management (continued)

28.6 Fair value of financial instruments (continued)

The following methods and assumptions were used by the Group in establishing fair values:

Financial instruments not traded in an active market

At 31 March 2011 the carrying amounts of cash and short-term deposits, trade receivables, investments, trade payables and short-term borrowings approximated their fair values due to the short-term maturities of these assets and liabilities.

Financial instruments traded in an active market

Financial instruments traded in an organised financial market are measured at the current quoted market price, adjusted for any transaction costs necessary to realise the assets or settle the liabilities.

Interest bearing debt

Interest bearing debt is measured at amortised cost using the effective interest rate method. The carrying amounts of interest bearing debt approximate their fair values.

Fair value hierarchy

The Group used the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

As at 31 March 2011, the Group held the following financial instruments measured at fair value:

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
GROUP				
2011				
Available-for-sale financial assets - Equities and bonds	291,900	-	-	291,900
2010				
Available-for-sale financial assets - Equities and bonds	201,465	-	-	201,465
SABS				
2011				
Available-for-sale financial assets - Equities and bonds	291,900	-	-	291,900
2010				
Available-for-sale financial assets - Equities and bonds	201,465	-	-	201,465

There were no transfers between level 1 and level 2 in the year ended 31 March 2011.

28.7 Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising shareholder value.

The capital structure of the Group consists of debt, cash and cash equivalents and adjusted equity.

	GROUP		SABS	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
Interest bearing borrowings	**(14,914)**	(15,703)	**(9)**	(812)
Trade and other payables	**(107,617)**	(90,193)	**(57,350)**	(43,689)
Cash and cash equivalents	**190,447**	122,162	**190,355**	122,070
	67,916	16,266	**132,996**	77,569
Equity	**445,246**	384,679	**437,818**	383,078

The Group's cash reserves are sufficient to cover all debt.

29. Related party disclosure

National government and state controlled entities

The Group is controlled by the South African Bureau of Standards (incorporated in South Africa under section 2 of the Standards Act, 1945) which reports to **the dti**.

Principle related parties

Related party	Country of incorporation	Nature of relationship
GGS Gaming (SA) (Pty) Ltd	South Africa	Joint venture with GGS AU
SABS Commercial (Pty) Ltd	South Africa	Subsidiary
GCS Namibia (Pty) Ltd	Namibia	Subsidiary

The SABS is presumed to be related to all other government entities within the national sphere by virtue of its classification as a national public entity. However, only transactions that are not carried out within the ambit of **the dti** and transactions not carried out on normal terms are disclosed.

29. Related party disclosure (continued)

The following transactions were carried out with related parties:

	2011				2010			
	GROUP		SABS		GROUP		SABS	
	Purchases R'000	Balance outstanding R'000	Purchases R'000	Balance outstanding R'000	Purchases R'000	Balance outstanding R'000	Purchases R'000	Balance outstanding R'000
29.1 Purchases from related parties								
SABS Commercial (Pty) Ltd	-	-	-	-	-	-	83,111	-
National Regulator for Compulsory Specifications	417	14	388	1	2,577	12	2,518	10
	417	14	388	1	2,577	12	85,629	10

	2011				2010			
	Sales R'000	Impairment of debt R'000	Bad debt written-off R'000	Balance outstanding R'000	Sales R'000	Impairment of debt R'000	Bad debt written-off R'000	Balance outstanding R'000
29.2 Sales to related parties								
GROUP								
National Regulator for Compulsory Specifications	5,179	-	-	2,504	7,650	-	-	3,768
South African National Accreditations System	57	-	-	-	33	-	-	3
Department of Trade and Industry	3	-	-	-	(1)	-	15	-
	5,239	-	-	2,504	7,682	-	15	3,771
SABS								
SABS Commercial (Pty) Ltd	99,533				83,443	-	-	-
National Regulator for Compulsory Specifications	1,499	-	-	2,096	3,564	-	-	3,029
South African National Accreditations system	57	-	-	-	33	-	-	3
	101,089	-	-	2,096	87,040	-	-	3,032

	SABS 2011 R'000	SABS 2010 R'000
29.3 Loans receivable from related parties - SABS		
SABS Commercial (Pty) Ltd	12,260	47,253
GCS Namibia (Pty) Ltd	(115)	(5)
Net loan receivable from group companies	12,145	47,248
29.4 Other group transactions - income		
Royalties receivable	8,915	7,541
Rental of assets	565	939

29.5 Key management personnel compensation

The following emoluments were paid to the Board members:

Board	Committee fees R'000	Salary/ directors' fees R'000	Bonus/ performance payments R'000	Retirement and medical fund R'000	Other R'000	Total R'000
2011						
GROUP						
Executive						
B Mehlomakulu (CEO)	-	1,590	269	179	-	2,038
Non-executive						
CB Sibisi	79	-	-	-	-	79
T Demana[1]	-	-	-	-	-	-
W Poulton	75	-	-	-	-	75
B Mosako	66	-	-	-	-	66
MJ Ellman	86	-	-	-	-	86
WK Masvikwa	63	-	-	-	-	63
ME Mkwanazi	53	-	-	-	-	53
JR Oliphant	5	-	-	-	-	5
I Sekonyela[2]	-	-	-	-	-	-
	427	1,590	269	179	-	2,465

1. Treasury guideline - Employees of national, provincial and local government or agencies and entities of government serving on boards of public entities are not entitled to additional remuneration.
2. Resigned 9 April 2010

29. Related party disclosure (continued)

29.5 Key management personnel compensation (continued)

Board	Committee fees R'000	Salary/ directors' fees R'000	Bonus/ performance payments R'000	Retirement and medical fund R'000	Other R'000	Total R'000
2011						
SABS						
Executive						
B Mehlomakulu (CEO)	-	1,590	269	179	-	2,038
Non-executive						
CB Sibisi	51	-	-	-	-	51
T Demana[1]	-	-	-	-	-	-
W Poulton	54	-	-	-	-	54
B Mosako	55	-	-	-	-	55
MJ Ellman	71	-	-	-	-	71
WK Masvikwa	47	-	-	-	-	47
ME Mkwanazi	38	-	-	-	-	38
JR Oliphant	5	-	-	-	-	5
	321	1,590	269	179	-	2,359

1. Treasury guideline - Employees of national, provincial and local government or agencies and entities of government serving on boards of public entities are not entitled to additional remuneration.

Board	Committee fees R'000	Salary/ directors' fees R'000	Bonus/ performance payments R'000	Retirement and medical fund R'000	Other R'000	Total R'000
2010						
GROUP and SABS						
Executive						
B Mehlomakulu (CEO)[1]	-	813	-	93	38	944
MJ Kuscus (CEO)[2]	-	470	447	54	323	1,294
Non-executive						
CB Sibisi	55	-	-	-	-	55
TDemana[3]	-	-	-	-	-	-
A Mabizela	10	-	-	-	-	10
W Poulton	35	-	-	-	-	35
B Mosako	45	-	-	-	-	45
LR Pitot	31	-	-	-	-	31
I Sekonyela	45	-	-	-	-	45
MJ Ellman[4]	19	-	-	-	-	19
WK Masvikwa[4]	28	-	-	-	-	28
ME Mkwanazi[4]	13	-	-	-	-	13
I Sekonyela	45	-	-	-	-	45
	326	1,283	447	147	361	2,564

1. Appointed 7 September 2009
2. Contract ended 31 July 2009
3. Treasury guideline - Employees of national, provincial and local government or agencies and entities of government serving on boards of public entities are not entitled to additional remuneration.
4. Appointed 27 August 2009

29. Related party disclosure (continued)

29.5 Key management personnel compensation (continued)

The following emoluments were paid to executives who report directly to the Chief Executive Officer and other key management personnel:

	Salary	Bonus/ performance payments	Retirement and medical fund	Other	Total
	R'000	R'000	R'000	R'000	R'000
2011					
Executive management					
SABS					
TA Cooper (CFO)	1,049	231	138	18	1,436
V Lennon (Standards)[1]	780	186	86	88	1,140
GR Visser (Operational Excellence)[2]	239	-	43	-	282
GR Visser (Commercial)[2]	703	224	140	-	1,067
G Monareng (Corporate Strategy)[3]	239	90	35	16	380
M Mathibe (Human Capital Development)[4]	788	-	90	-	878
B Amisi (Acting Standards)[5]	465	60	107	-	632
	4,263	791	639	122	5,815
Subsidiary					
J Janjic[5]	918	217	46	152	1,333
SSM Seane	769	205	175	51	1,200
F Makamo	729	209	229	19	1,186
G Kriek	642	56	160	2	860
	3,058	687	610	224	4,579
	7,321	1,478	1,249	346	10,394

1. Contract ended 28 October 2010
2. Transferred to the SABS 1 January 2011
3. Contract ended 30 June 2010
4. Appointed 19 July 2010
5. Acting from 28 July 2010
6. Retired on 30 September 2010 and appointed on contract 1 October 2010

	Salary	Bonus/ performance payments	Retirement and medical fund	Other	Total
	R'000	R'000	R'000	R'000	R'000
2010					
Executive management					
SABS					
TA Cooper (CFO)	955	71	128	35	1,189
V Lennon (Standards)[1]	734	-	127	-	861
GR Visser (Commercial)	860	108	168	57	1,193
G Monareng (Corporate Strategy)	942	64	116	-	1,122
S Kapito (Human Capital Development)[2]	732	26	135	536	1,429
	4,223	269	674	628	5,794
Subsidiary					
J Janjic	823	162	88	2	1,075
SSM Seane	608	135	161	108	1,012
F Makamo	678	138	208	18	1,042
G Kriek	598	42	145	2	787
SK Ntsie[3]	242	-	26	343	611
	2,949	477	628	473	4,527
	7,172	746	1,302	1,101	10,321

1. Appointed 18 May 2009
2. Contract ended 15 January 2010
3. Contract ended 30 June 2009

29.6 Government grants

	GROUP		SABS	
	2011	2010	**2011**	2010
	R'000	R'000	**R'000**	R'000
Received from **the dti**				
- Government grants	**156,881**	134,852	**138,940**	120,596
- Funding for infrastructure project	**152,842**	-	**152,842**	-
	309,723	134,852	**291,782**	120,596

Infrastructure project funds have been earmarked specifically and exclusively for that purpose.

30. Contingent liabilities

	GROUP		SABS	
	2011	2010	2011	2010
	R'000	R'000	R'000	R'000
Third parties in respect of services rendered[1]	1,750	865	1,750	865
Employees[2]	675	340	675	340
Service providers	-	884	-	884
	2,425	2,089	2,425	2,089

1. The SABS is the Second Defendant in a suit for loss of support by the Plaintiffs'. The SABS has obtained legal advice on the matter and is confident that its potential liability may absolve entirely or reduce significantly as the First and Second Defendants are individually and severally liable.
2. A former employee of the SABS is claiming that her employment has been unfairly terminated by the SABS. The matter has been referred to private arbitration and the SABS remains confident that the merit of the termination of employment is valid. However, should the claim be successful, the SABS will be indemnified by its insurers.

31. Fruitless and wasteful expenditure

The SABS is committed to using its funds in a responsible manner. Corrective action is taken where situations lead to fruitless and wasteful expenditure.

During the year the SABS incurred the following fruitless and wasteful or irregular expenditure:

- an expense of R597,643 (2010: R561,739) for late return or loss of equipment leased
  The circumstances surrounding the late and non-return of rental equipment are being investigated and corrective action will be taken once all the facts are known. The SABS has moved away from the rental of computer equipment to the outright purchase thereof and placing the equipment under the control of each business unit manager, which has improved the controls surrounding these assets.
- fraudulent transactions of R246,041 relating to overpayments to a supplier by a SABS employee
  A summons was issued against the supplier and the SABS employee (first defendant). As the pension fund monies of the SABS employee had already been paid out the attorneys have been instructed to lodge an application to attach her bank account and execute a writ of execution of moveable property to recover the money owed to the SABS. The proposal of the supplier to pay 50% of the outstanding monies was declined and the matter will proceed to court.
- interest on late payment to the Auditor-General of R293.

During the year under review irregular payments to incorrect vendor bank accounts were identified. A forensic investigation is currently being undertaken to determine the root cause of the irregular payments and corrective actions including possible criminal proceeding will be implemented based on the findings. The losses are estimated at this time to amount to R898,976 for the 2010/2011 year and R539,326 for the 2009/2010 year.

acronyms and abbreviations

BBBEE	Broad-Based Black Economic Empowerment
CDP	Competency Development Programme
CRM	Customer Relationship Management
CEPPWAWU	Chemical Energy Paper Printing Wood and Allied Workers Union
DCP	Dual Career Path
EAP	Employee Assistance Programme
EE	Employment Equity
GAIN	Global Alliance for Improved Nutrition
GLP	Good Laboratory Practice
HR	Human Resources
HSE	Health Safety and the Environment
IEC	International Electrotechnical Commission
IPAP2	Industrial Policy Action Plan 2
ISO	International Organisation for Standardisation
KPI	Key Performance Indicator
MoA	Memorandum of Agreement
NEHAWU	National Education, Health and Allied Workers' Union
NIPF	National Industrial Policy Framework
NRS	National Rationalised Specification
NHBRC	National Home Builders Registration Council
NRCS	National Regulator for Compulsory Specifications
NSB	National Standards Body
NSi	Namibian Standards Institution
NWI	New Work Items
PFMA	Public Finance Management Act
SABS	South African Bureau of Standards
SADC	South African Development Community
SANAS	South African National Accreditation System
SANS	South African National Standards
SAPTU	South African Parastatal and Tertiary Institutions Union
SATS	South African Technical Standards
SETA	Sector Education and Training Authority
SMME	Small, Medium or Micro Enterprise
SQAM	Standardisation, Quality Assurance, Accreditation and Metrology
TBT	Technical Barriers to Trade
TC	Technical Committee
the dti	Department of Trade and Industry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