

*PROUDLY*  
*SOUTH AFRICAN*



ANNUAL REPORT APRIL 2011 - MARCH 2012

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Photo: Chris Kirchhoff, MediaClubSouthAfrica.com

## 1.1. Overview

Proudly South African (Proudly SA) is a campaign to promote South African companies, products and services. The campaign is an initiative of the National Economic and Development Council (NEDLAC) and is supported by government, organised business, organised labour and community organisations.

At the heart of the campaign are the key values of local content, high quality, fair labour practices and environmental standards. Enterprises, which meet the standards set by Proudly South African, are eligible to use the Proudly South African logo to identify themselves, their products and services.

Established in 2001 after the 1998 Presidential Job Summit, the Proudly South African organisation has passed its launch stage and has now become a fully established organisation and recognised brand in South Africa. The aim of the organisation is to promote South African products and services that embody high standards of quality, at least 50% local content, respect for environmental standards and adhere to fair labour practices.

The relevance of Proudly South African's National Buy Local initiative was re-enforced at the 2003 Growth and Development Summit. Among others, the initial ideas around Proudly South African are included in the Industrial Policy Action Plan2 (IPAP2), The New Growth Path and the Local Procurement Accord.

The common factor in the economic policy framework is the confirmation of the role Proudly South African must undertake, regarding procurement of products and services (with required Local Content requirements per designated indus-

try sector) and to create a credible database of these products and services. The Department of Trade and Industry leads the interaction between Proudly South African, the South African Bureau of Standards and the South African National Accreditation System to develop and implement a standard instrument to measure local content on products and services that would get preference during government procurement processes.

The campaign was founded on the following three key pillars: brand awareness dimension; social dimension and business value add dimension. The brand awareness and social dimension still requires a lot of educational campaigns focusing on all LSM1-10 groups in order to raise awareness and drive home the effects of buying locally produced products and services. The social dimension centres around engendering national pride and patriotism, national identity, national unity and passion in South African local products and services. The business value-add dimension is being developed and is gaining momentum and recognition within the Local Procurement Accord.

Proudly South African will continue to have a strong focus on educating consumers, business and all state organs about the impact of their purchase behaviour and to drive consumer purchases to support local products and services from key sectors identified by government. Proudly South African is essentially about changing South African spending behaviour to Buy Local/Local Procurement (investing in the country through local support).

**In the words of Steve Biko, "The power of a movement lies in the fact that it can indeed change the habits of people. The change is not the result of force but of dedication, of moral persuasion".**





Photo: MediaClubSouthAfrica.com

## 4. OPERATIONAL REVIEW LOCAL MOVEMENT OVERVIEW

### 4.1 MARKETING

#### 1.2. Mandate

The mandate of the Proudly South African Campaign is to create and sustain quality jobs by stimulating local production and the consumption of locally produced products and services through the implementation of the various commitments contained in IPAP 2, the New Growth Path and the Local Procurement Accord.

#### 1.3. Vision

The Proudly South African campaign will encourage the nation to make personal and organisational contributions to economic growth and prosperity in South Africa, thereby increasing employment opportunities and reinforcing national pride and patriotism.

#### 1.4. Mission

To be an economic prosperity and competitiveness driver and business partner for all South African producers and service providers, who are serious about quality and who are committed to creating and sustaining employment and meaningful gain for local industries by joining the campaign.

#### 1.5. Objective

To provide a country-of-origin brand that effectively identifies, differentiates and promotes local companies, their products and services which meet the organisation's criteria in respect of local content, high quality, fair labour practices and environmental responsibility.

The aim of Proudly SA is to achieve this through:

- Rolling out a national campaign to create awareness of the Buy Local campaign and to educate consumers, the public and private sector on the economic benefits of buying locally manufactured products and services;
- Developing a supplier database or list of local producers and suppliers, their products and services;
- Maintaining and protecting the Proudly South African brand, based on compliance with fair labour and environmental practices, quality standards as well as strong local content.
- Pro-actively involving all stakeholders in the Proudly South African campaign.
- Developing research capacity to enable the organisation to gather intelligence and provide information with regard to job creation through local procurement and
- Attracting & retaining competent and committed employees who are passionate about Proudly South African.



Photo: Sasol



Advocate Dali Mpfu

## CHAIRMAN'S REPORT

A slowdown in many economies around the world continues to impede growth and accelerate uncertainty in world markets. The past year has been marked by countless news reports about various countries and regions worldwide struggling with their local economies. It has been a challenging phase for every nation and everyone has felt the ripple effects in one way or another – including South Africa.

As a result, both established and emerging businesses and entrepreneurs have not been left unscathed and the country's manufacturing base continues to face major challenges. This, in turn, has impacted on domestic consumer spending and purchasing behaviour.

Despite this, Proudly South African continues to work hard to promote an uptake in local products and services, with a view to creating and sustaining jobs in the country. In spite of the many challenges faced during the period under review, Proudly South African continues to carry out its commendable mandate and contribute towards nation building.

The Buy Local message has continued to be publicized around the country through various initiatives including business forums, road shows, consumer education campaigns and other interactions with business, government, labour unions and community partners.

I am confident that Proudly SA will continue to grow in strength and stature as it enters a new phase of rejuvenation under the leadership of the new CEO, Adv. Leslie Sedibe.

It continues to be a privilege for me to serve on the Board, as Chairperson, of Proudly South African. I would like to commend our member companies – who are the lifeblood of this campaign – for their commitment to "Buy Local", excellence, nation building and economic empowerment and growth.

I look forward to continuing on the "Buy Local" journey – to capture the hearts of many more local consumers and procurement officers – with the Proudly SA team, member companies and my fellow Board members.

I would like to thank all our stakeholders for their unwavering commitment and dedication to grow, rejuvenate and promote the Proudly South African brand.

With your continued support and passion for Proudly South African, I am confident that every aspect of the organisation will be a success as we deliver on our mandate, objectives and goals. Together, we can make a difference and impact positively on job creation and the alleviation of poverty in our beautiful country.



# CHIEF EXECUTIVE OFFICER'S REPORT



Advocate Leslie Sedibe

**P**roudly South African is not only a "Buy Local" initiative but also a social movement very close to my heart. This movement is at the core of what every South African can do to reduce the unacceptably high levels of poverty in our country and contribute to the socio-economic welfare of our people.

I commenced my duties as CEO of Proudly SA on 1 September 2011. I am honoured to have taken on the challenges we have faced and I am confident we are taking the organisation to new heights and bringing the brand to the level where it deserves to be.

From the outset, I have seen my role as the key to unlock the doors that will actively mobilize consumers and businesses – including government – to "Buy Local". I believe Proudly South African is more than just a marketing campaign. It is an internationally recognized competitiveness driver and an impetus for economic growth, job creation, social change and greater overall prosperity.

Proudly South African has continued its efforts, over the past 12 months, to strongly influence procurement in both the public and private sectors of our economy to increase local production and stimulate job creation. Perhaps the most significant development during the period under review is the promulgation by the Minister

of Finance, Mr Pravin Gordhan, of the Regulations to the Preferential Procurement Policy Framework Act (PPPFA). These regulations became effective on 7 December 2011 through the designation of sectors by the Minister of Trade and Industry, Minister Rob Davies.

#### **BOOST FOR LOCAL PROCUREMENT EFFORTS**

As part of government's commitments to create five million jobs by 2020 through the macro-economic strategic policy framework under the new Growth Path and the Industrial Policy Action Plan, the social partners to NEDLAC signed the Local Procurement Accord on 31 October 2011 ("the Accord").

The signing of the Accord can best be described as the most significant development around influencing procurement in favor of domestic production. Proudly SA fits hand-in-glove with the broader national developmental agenda and the Accord – and is indeed proud to have been identified as one of the key role players in terms of the Accord.

The Accord contains a list of 14 commitments made up of three commitments by government, four commitments by organized business, four commitments by organized labour and three

## 4. OPERATING REVIEW EXECUTIVE OFFICERS' REPORT

### 4.1 MARKETING

commitments by community constituencies. The thrust of the Accord is to boost local industry through the designation of sectors.

The first wave of the designations included power pylons, rolling stock, busses, canned vegetables, clothing and textiles, footwear and leather products and set top boxes. Pharmaceutical products were added to the list at the beginning of 2012.

The designations marked a crucial milestone in support of government's drive and efforts to create a strong industrial base for the country. According to government, "the designation instrument serves to strengthen public procurement and support of the multipliers derived from the trade deficit, strengthening and diversifying South Africa's individual base and to build up competitive value-adding exports onto the rest of the continent, high growth developing economies and traditional export markets."

It is important to note that each designation stipulates a minimum level of local content for the relevant sector. In this regard, the designation process will be supported by a South African Technical Specification (SATS 1286: 2011) for the calculation and verification of local content which was published on 23 November 2011 by the South African Bureau of Standards which is a precursor to the South African National Standard (SANS) which will be developed after the SATS has been tested and has been subjected to consultation.

In dealing with local content, extensive sector specific research will be conducted. This will include the significance of public procurement in the designated sectors, domestic production and employment levels, the levels of industry concentration and competition, imports, price considerations and availability and security of supply.

To achieve the objectives of the Accord, extensive sector specific consultations will continue to take place with manufacturers,

industry bodies and trade unions to look into issues of co-commitments from manufacturers, particularly commitments to competitiveness upgrading, supplier development, investment and labour retention and expansion.

Designations are intended to support efforts by various stakeholders, especially the State and State Owned Entities (SOEs). In this regard efforts will be made to mobilise SOEs to introduce localization and supplier development into the procurement process and to ensure that the "offset" requirements for procurements with large imports are considerably strengthened.

In keeping with objectives to promote the uptake of local products through the "Buy Local Activism", Proudly South African was assigned the following tasks in terms of the Accord:

- To drive a national awareness campaign on the benefits of Buying Local;
- To educate South Africans on the importance of "labels of origin" in order to promote fair and legal trade with other countries;
- To work with enforcement agencies to prevent illegal imports and dumping of unsafe products and
- To compile a database of locally produced products and services.

#### **BUYING POWER FULLY BEHIND LOCAL MANUFACTURERS**

Through the New Growth Path and the Industrial Policy Action Plan, government has determined that the future of South Africa depends on the country strengthening its industrial base and boosting key sectors such as manufacturing, agriculture and agro-processing, mining through beneficiation and the ICT sector.

## 3. CHIEF EXECUTIVE OFFICER'S REPORT

### 5.1 MARKETING

#### UPPING THE GAME

Only a few months after the signatories put pen to paper, the Accord already appears to be bearing fruit. In January 2012, the Foschini Group announced that it was purchasing one of its suppliers, a Cape Town clothing factory. The Economic Development Department lauded the move as a vote of confidence in the South African clothing manufacturing industry and said it would be a boost for local jobs. Minister Ebrahim Patel should be commended for his sterling efforts to get industry support for localization.

To date, there are several examples of similar successes, such as the localisation issue making its way into bid documents by various government departments and state owned entities. I am confident that there will be more as we continue to drive the campaign for a significant uptake of local products.

#### FACING THE CHALLENGES

The bleak macro-economic outlook has not left South Africa unscathed. Times are tough. Unemployment is on the rise. Business is not easy and entrepreneurs and small businesses have been especially hard-hit. The road we are traveling on has been a difficult one and everyone has felt the pinch one way or another.

However, when compared to some countries in Europe, we have not come off the worst. South Africa has not needed to implement harsh austerity measures and our banking sector continues to operate within a strong fiscal policy and regulatory framework. Many South Africans will agree that our country is in a better place than it was before 1994.

We admit, too, that there are pressing challenges nonetheless. Government has identified five priorities which require urgent interventions: improving education; improving healthcare; creating decent work; fighting crime and

corruption; and rural development and land reform.

Our journey - to rid South Africa of the triple challenges of poverty, inequality and unemployment - is a long one. Both big and small businesses in the public and private sector, government, workers and citizens need to roll up their sleeves and make a contribution to this nation's progress, well-being and prosperity. We can only succeed if we work together and support each other.

In his speech at the launch of the National Development Plan, Minister in the Presidency: National Planning Commission, Trevor Manuel, said: "We have an opportunity to construct a future we all want. We must not squander this opportunity. The decisions we make today, the actions we take over the next five, ten, fifteen and twenty years will determine whether South Africa's future is successful or whether we are just another hopeful but ineffective state unable to satisfy its people's dreams."

#### WAY FORWARD

Proudly South African, through the national "Buy Local" campaign, will continue to play a pivotal role in assisting the government to achieve its goal of creating five million jobs by 2020. We will continue to educate the public about the Accord and why it is important to shop with conviction and support local businesses, their products and services.

We will continue to promote and support our member companies through all our activities in the public and private sectors - and we will continue to present them with regular opportunities to network, form new and strategic partnerships, attend business forums and showcase their local products and services at national and provincial exhibits and expos, among others. We are fully committed to fulfilling our obligations in terms of the Accord and will kick off a year-long

## 4. OPERATING REVIEW EXECUTIVE OFFICER'S REPORT

### 4.1 MARKETING

nationwide road show in May 2012, in an effort to educate consumers about the positive spin-offs of buying locally manufactured products and services. Proudly SA will also focus on educating consumers about the "country of origin label".

As the Accord was signed at national level, Proudly SA is also gearing itself to influence procurement practices at provincial and local level.

Funded by the Economic Development Department, the road shows will be run under the theme: "Be Proudly South African -Buy Local to create jobs". The road shows will include business forums, mall promotions, expo's and meetings with community organisations and schools. Proudly SA member companies will have the opportunity to showcase their products and services during the nationwide campaign. The road shows will run from 11 May 2012 to March 2013.

Going forward, Proudly South African will be hard at work to spread the Buy Local message and promote its members' local products and services on national and provincial platforms - and to help ordinary South Africans fully recognize the potential of seemingly small efforts to meet larger outcomes.

The mandate of nation building is indeed a very difficult and challenging one. It is a mandate that requires serious resources and Proudly SA requires all the support to help build a better and safer South Africa for all. We need resources. We remain committed to our goal of making South Africa proud and as a team we are ready and prepared to meet the challenge!

**BE PROUDLY SOUTH AFRICAN -  
BUY LOCAL TO CREATE JOBS!**





Photo: Chris Kirchhoff, MediaClubSouthAfrica.com

## 4. BOARD OF DIRECTORS



Adv. D Mphofu  
Chairman



Adv. L Sedibe  
CEO



Mr A Mandigora



Mr B Ntshalintshali



Mr D Mthlana



Mr G Harris



Mr H Mkhize



Mr J Maqhekeni



Mr L KettleDas



Mrs L Kganyago



Ms L Nare



Ms P Ncapayi



Mr R Le Roux



Mrs V Klein

# 5. OPERATING REVIEWS

## 5.1 MARKETING



## 5.1. MARKETING

The Marketing Department focuses primarily on creating awareness around the organisation and educating consumers, the public and the private sector. The marketing department is also publicising and promoting the organisation's 'Buy Local' rationale in order to secure the desired behavioural change, as well as reinforcing national pride, patriotism and social cohesion among all South Africans. This was the same objective for the 2011/12 financial year. Part of the Proudly South African ethos is to convert national pride and patriotism into active support and demand for local products to create a better South Africa for all. This calls for a change in consumer behaviour.

Behaviour modification is extremely resource intensive as appose to generating awareness. It requires a substantial and sustained investment in terms of both above- and below-the-line advertising spend. This, in order to maintain "top of mind awareness" throughout the year and dedicated staff involvement in the appropriate marketing projects. The approach has been to do more with less and to optimise partnerships in order to maximise impact and output.

Research was conducted by Proudly South African in 2010 with Mthente Research and Consulting Services. The findings revealed that the general South African consumers and businesses were patriotic and prepared to support local products if they knew it was contributing to a social cause.

A revived call to action was developed and the pay-off line, "Be Proudly South African. Buy local to create jobs", was adopted. This not only refers to one's loyalty but also states what needs to be done in order to prove that you are a proud South African.

The strategic direction of the Campaign was informed by the need to entrench the existing good level of brand awareness, while progressively

increasing the uptake of member companies' products and services, through a behavioural change driven by the National Buy Local Campaign. Importantly, this needed to be based on an appreciation of the quality and competitiveness of Proudly South African endorsed brands and a thorough understanding of how support for the Buy Local principle strengthens the local economy and impacts on much-needed job creation.

Partnership agreements with the dti (Outreach Campaigns) and other government departments were pursued and are still a high priority in order to get a commitment from all spheres of Government to Buy Local. These platforms were also used to recruit new companies to become members of the Campaign. Discussions with the Economic Development Department took place in order to confirm Proudly South African's commitments to the Local Procurement Accord and relevant activities that need to be developed in order to support its commitments to the Accord.

### 5.1.1. BRAND MANAGEMENT

#### 5.1.1.1. Unauthorised use of the Proudly South African logo

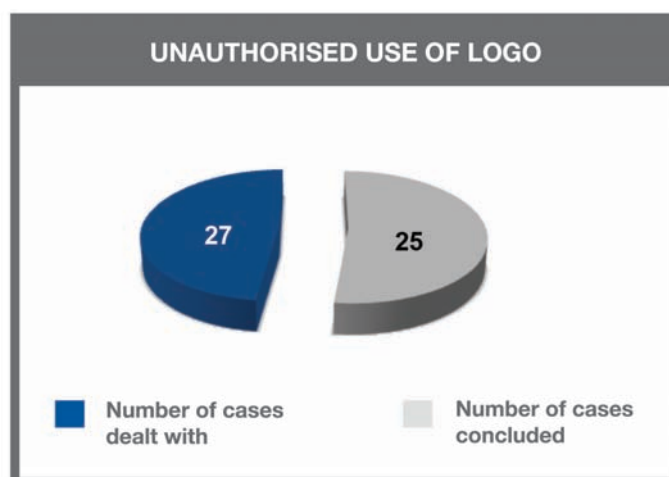
The nature of these cases varied from cancelled members still using the logo, to companies using the logo or the phrase "Proudly South African" without permission in advertising campaigns and on social networks.

Working through these cases confirmed once again the value and equity of the Proudly South African brand, as companies want to use the logo to demonstrate their association with the brand. We receive many leads from the public and members and only investigate unauthorised use of the logo that may have a negative effect on the brand. Many reports on illegal use involve journalists who use the 'Proudly South African' phrase to describe a company and not an intentional use of the phrase to describe the company as being





part of the campaign. In these cases, the Proudly South African membership department contacts the company to join the organisation. 27 (twenty seven) cases were dealt with during this period.



Proudly South African's Intellectual Property Lawyers, Adams and Adams dealt with 13 (thirteen) cases during the period under review. These comprised of Trademark applications, protecting the rights of Proudly South African, infringement, passing-off and unlawful competition.

Proudly South African has managed to minimise the cases of illegal use of the trademarks by appointing an Executive Manager that not only deals with membership, but legal and compliance issues as well. The appointment of a legal expert internally has helped with evaluation of all cases from a legal point of view without incurring additional costs.

#### 5.1.1.2. Trademark permissions

Publishers who seek permission are granted permission to use the Proudly South African trademarks in various educational materials. This forms part of the Proudly South African strategy to educate South Africans to support the buy local movement. The following publications were granted permission in this period:

- Platinum Business Studies - Maskew Miller Longman
- Successful Economics GR 10 - Oxford University Press SA
- Successful Consumer Studies GR 10 - Oxford University Press SA
- Focus on Consumer Studies GR 10 - Maskew Miller Longman
- Introduction to Human Resource Management Fresh Perspectives - Pearson Education SA
- Solutions for all English HL GR 4 - Macmillan Pty Ltd
- Marketing Management - Juta
- Intro to Human Resource Management Fresh perspectives custom publication for TUT - Pearson Education SA
- Solutions Tourism GR 11 - Macmillan Pty Ltd
- Focus Business Studies GR 11 - Maskew Miller Longman

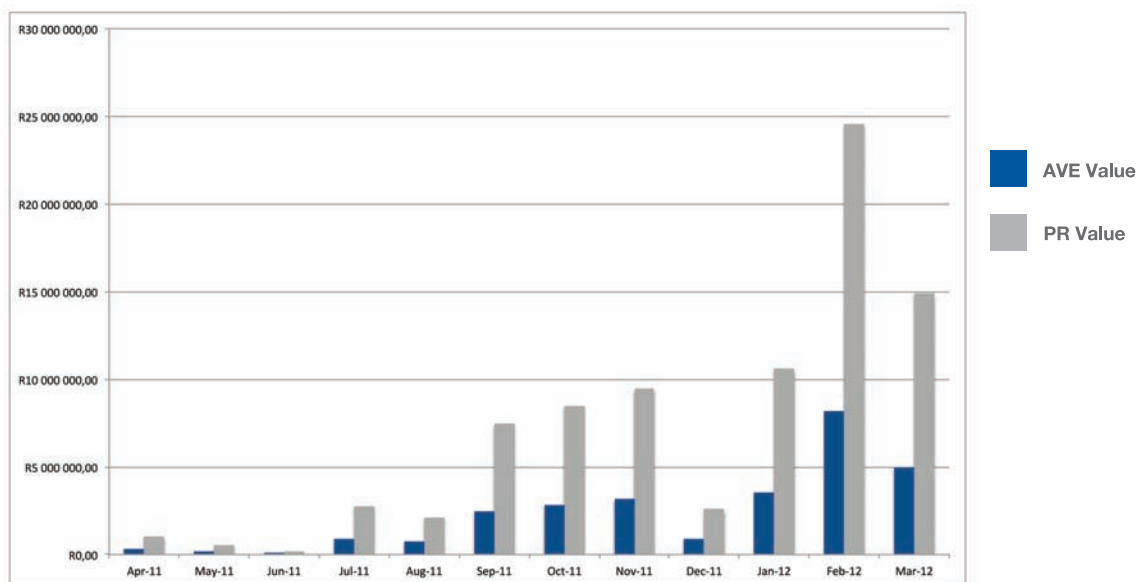
**5.1.2. PR/COMMUNICATIONS & MEDIA COVERAGE**

For the first time since the inception of the organisation, Proudly South African appointed an in-house PR Manager who joined the organisation in January 2012. The PR Manager focuses on all PR and communication related activities. Integral to this, is the promotion and strengthening of Proudly South African's relationship with media organisations and individual journalists, as well as media coverage itself with a view to maximizing Proudly South African's messaging and awareness around the Campaign and its activities. Since the appointment of the PR Manager, there has also been a greater focus to promote Proudly South African's mandate on various social media platforms. Twitter followers, in particular, have increased substantially.

Monthly statistics to demonstrate the AVE Values and PR Values from April 2011 to March 2012.

	AVE Value	PR Value
Apr-11	R342 000,00	R1 026 000,00
May-11	R180 578,00	R541 734,00
Jun-11	R59 440,00	R178 320,00
Jul-11	R918 480,00	R2 755 440,00
Aug-11	R712 497,00	R2 137 491,00
Sep-11	R2 485 234,00	R7 455 702,00
Oct-11	R2 830 747,00	R8 492 241,00
Nov-11	R3 148 126,76	R9 444 380,10
Dec-11	R858 242,67	R2 574 728,10
Jan-12	R3 534 071,00	R10 602 213,00
Feb-12	R8 182 248,00	R24 546 744,00
Mar-12	R4 967 690,00	R14 903 070,00

**MEDIA COVERAGE FOR PERIOD APRIL 2011 - MARCH 2012**

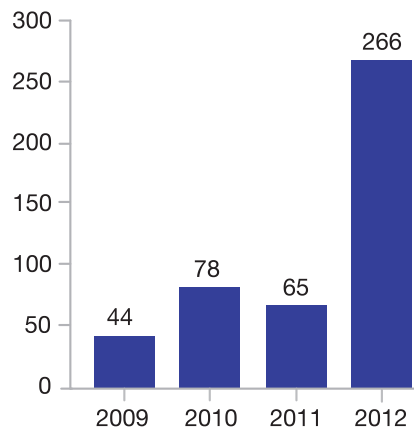


\* Newsclip Gate 5 Media Monitoring

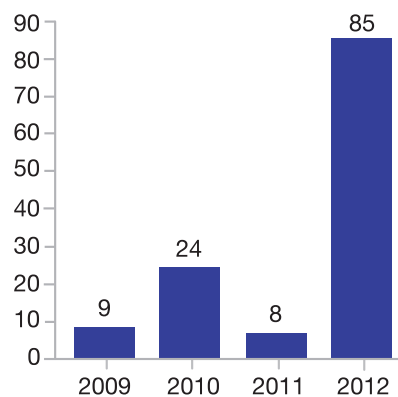
# MEDIA CLIPCOUNT COMPARISON

Newsclip  
Buying locally - specific  
01 Jan 2012 to 31 Mar 2012

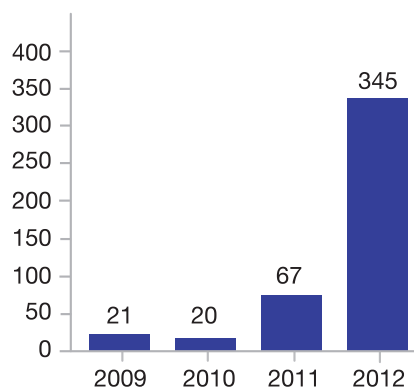
## PRINT clipcount comparison



## BROADCAST clipcount comparison



## ONLINE clipcount comparison



### 5.1.3. STAKEHOLDER MANAGEMENT

Proudly South African does not compete with any business or organisation. We work with a wide range of stakeholders to entrench the Campaign's mandate: promotion of locally produced products and services through national pride and patriotism. We also support the safeguarding of jobs in priority sectors as identified by The Department of Trade and Industry (the dti). These include clothing, textiles and footwear, pulp and paper, pharmaceuticals and chemicals, manufacturing, automotive, mining and beneficiation and others.

Stakeholder engagement was substantially expanded through Proudly South African's business forums and sector specific workshops, direct interaction with the various Economic Development Provincial Departments and agencies as well as major metropolitan municipalities and provinces such as the City of Tshwane and Kwa-Zulu Natal Provincial Government.

Currently in progress are partnership agreements with the following provincial governments and metropolitan/district councils:

- Limpopo Province
- Free State Province
- Gauteng Province
- Ekurhuleni Metro
- City of Jo'burg
- City of Cape Town
- Ethekewini Metropolitan Council

Other partnerships confirmed and in progress:

- The Department of Trade and Industry
- Economic Development Department
- KZN Provincial Government
- City of Tshwane
- Department of Education
- Agency of KZN – Enterprise Ilembe District
- Manufacturing Circle

- Productivity SA
- AIRCO
- SACTWU
- MIXIT
- Operation Khanyisa
- SAMRO

Still in progress:

- SARU
- SAFA
- SA Fruit & Vegetables Canners Association
- Mining Sector
- The Department of Tourism

Quality, including high productivity, a commitment to excellence and ethical business practice is a prerequisite to competing equitably in order to gain market share in the global arena. Proudly South African has a critical advocacy role to play in this regard. Together with strategic partners such as the SA Quality Institute (SAQI), the SA Bureau of Standards (SABS) and the National Cleaner Production Centre (NCPC), the organisation offers an opportunity for local companies to become more competitive by focusing on quality and the values that support good business practice. This is necessary to stimulate local production, attract more investment and to help develop more export opportunities.

Proudly South African has, furthermore, been supporting COSATU's initiatives to safeguard jobs and optimize Buy Local opportunities.

Successful initiatives in this regard include a Buy Local campaign led by COSATU in the Western Cape in that province. In order to maximise the opportunities presented by the COSATU- led initiative in the Western Cape, a national partnership programme with COSATU needs to be developed and implemented.

On 17 November 2011 Proudly South African signed a 'Buy Local Pledge' with the Manufacturing Circle and NUMSA to support locally

produced products. This, in order to stimulate local production and increase job creation in South Africa. Proudly South African is already in discussion with the mining sector and the SA Fruit and Vegetables Cannery Association, to formalise a partnership agreement with these organisations to promote locally produced products and services.

Proudly South African also signed a partnership agreement on 28 February 2012 with the KZN Provincial Government, driven by the MEC of Economic Development. This, in order to show their support of "Buy Local". The province committed to support local companies in the KZN province whenever it procures products or services.

Proudly South African will also seek to create tangible benefits for its members by leveraging opportunities and collaborating with relevant stakeholders.

#### **5.1.4. ADVERTISING**

Minimal above-the-line advertising was used due to budget constraints. Trade exchanges with various media organisations were used to ensure ongoing awareness of the Proudly South African brand.

Advertising for this period:

- PSA394 – Traders Friend (Trade Exchange)
- PSA399 – Limpopo Magazine (Trade Exchange)
- PSA401 – Edu Self (Trade Exchange)
- PSA407 – Limpopo Magazine (Trade Exchange)
- PSA416 – Wholelot Directory (Trade Exchange)
- PSA417 – Homegrown Winner advertisements
- PSA419 – SA Cricket Magazine
- PSA424 – Limpopo Magazine (Trade Exchange)
- PSA430 – SA Women Soccer (Trade Exchange)
- PSA441 – Limpopo Magazine (Trade Exchange)
- PSA442 – SA Cricket Magazine
- PSA448 – SA Women Soccer (Trade Exchange)
- PSA450 – Traders Friend (Trade Exchange)
- PSA451 – Mash FM newspaper (Trade Exchange)

#### **5.1.5. CORPORATE SOCIAL INVESTMENT EVENTS**

##### **STARS UNITE TO SHOW LOVE FOR SA ON VALENTINE'S DAY**

South African personalities and celebrities 'united in love for South Africa' with Proudly South African, on Valentine's Day, 14 February 2012. The Proudly South African team and its partners identified one of the country's busiest intersections in Gauteng.

Proudly South African and its celebrity partners distributed thousands of roses and chocolates to motorists on the day, to create awareness around supporting local goods, products and services to help create jobs in our country.

The event was titled: "Show your love for South Africa ... support local to help create jobs". The Deputy Minister of Trade and Industry, Thandi Vivian Tobias-Pokolo, also joined the celebrities and Proudly South African staffers on Valentine's Day.

Miss South Africa, Melinda Bam, and Miss SA Teen, Celeste Khumalo, also took part in the Proudly South African Valentine's Day Campaign. Various local actors, musicians and celebrities also partnered with Proudly South African on this special day. These included DJ Sbu, Kabelo Mabalane, Danny K, Sinazo Yolwa, Mmarona Motshogo, Ntabiseng Mphahlele and Samu Ndlovu. Even the JMPD and ER24 took part to spread the love for South Africa on Valentine's Day.

##### **5.1.6. PROUDLY SOUTH AFRICAN EVENTS**

Proudly South African took part in various events and exhibitions during the 2011/12 fiscal. Various sectors were targeted during these events and exhibitions:

## 5.1 MARKETING

- Cultural Industries – Arts & Crafts and Lifestyle Products
- Services
- Green Economy
- Tourism & Hospitality
- Manufacturing
- Cleaner Production
- Recycling & Waste Management
- Energy
- Cosmetics
- Agro-processing

Proudly South African managed to host and take part in various events and exhibitions during the period under review. This served to promote and showcase our members' products and services, to promote 'buy local' and to stimulate job creation in South Africa. A total of 43 events, exhibitions and Business Forums took place, which included:

- Proudly South African Valentine's Day Activation
- Proudly South African Buy Local Indaba & Expo
- Proudly South African HomeGrown Awards
- World Intellectual Property Day & Expo
- the dti open Day
- the dti Co-ops – Inter-departmental Workshops x3
- the dti Arts Crafts Steering Committee Workshops x3
- the dti Christmas Street Market
- Decorex – SA HandMade Collection
- COP 17
- KZN Province partnership launch
- Manufacturing Circle partnership launch
- Eco-Labeling Workshops – CT and Gauteng
- Africa Energy Indaba
- Marie Claire Awards x2 – Fashion Awards & Cosmetics Awards
- Meetings Africa
- NEDLAC Summit
- Proudly South African/ COSATU Conference

## 5.1 MARKETING

- Automechanika
- SEDA SMME Incubation Day
- Business Opportunities, Franchise & Expo
- World Aids Day
- SAWID National Dialogue
- Markex

Proudly South African partnered with the dti on various outreach campaigns to raise awareness about the organisation and educate consumers, business and government about the importance of Buying Local – and the impact it has on the economy of our country. These outreach campaigns were also used to educate consumers and businesses about the country of origin labels and the dti offerings, incentives and grants.

These included the following:

- the dti Outreach Campaign to Umthatha or Nyandeni District
- the dti Outreach Campaign in Winterveldt
- the dti Outreach Campaign in Prieska, Northern Cape
- the dti Co-operatives Day
- the dti Outreach Campaign – Northern Cape
- the dti Eastern Cape Outreach Campaign
- the dti Outreach Polokwane
- the dti Bloemfontien Outreach
- the dti Outreach – Siyabuswa and Enthombonhini.

Proudly South African Business Forums were conducted in Gauteng, KZN, Eastern Cape, Western Cape, South Western Cape and Mpumalanga. These forums offer a platform for members to network and to pursue B2B opportunities. These forums also serve as a platform to recruit new members and retain current members.

The Number of Business Forums held during the 2011/12 fiscal: (9)

- 1x held in George – NMMU Campus
- 1x held in East London

- 1x held in Cape Town
- 1x held at CSIR
- 1x held at Optiphi Skin Rejuvenation
- 1x held in Paarl

- 1x held in Durban
- 1x held in Ballito
- 1x held in Nelspruit

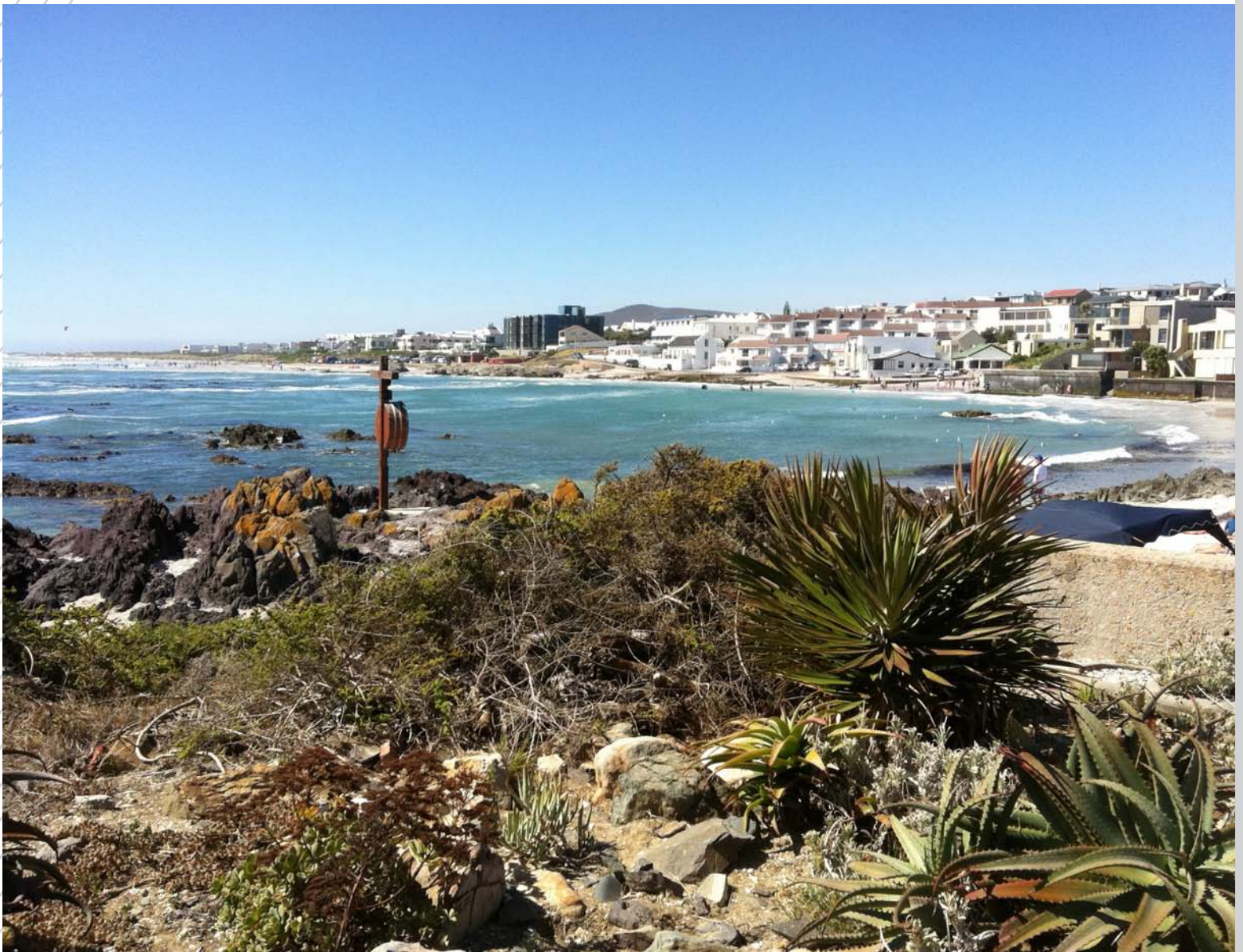
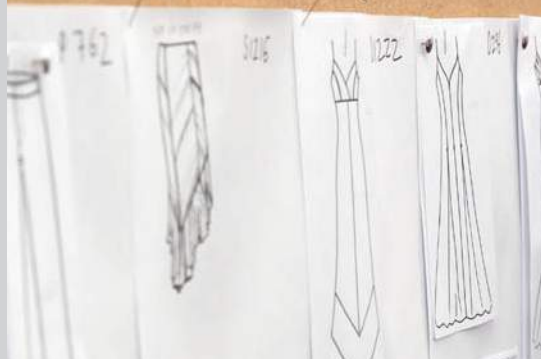


Photo: Gillian de Gouveia



# 5. OPERATING REVIEWS

## 5.2 MEMBERSHIP



### 5.2.1. Background

This part of the report presents the overall outlook of the Proudly South African membership base for the Financial Year 01 April 2011 to 31 March 2012. Statistical information is provided to clearly demonstrate various aspects of the entire membership base and its composition. Elements such as the Active Members, New Members and Withdrawn Members are reported in this section of the report.

Membership is one of the core indicators of the success of the Proudly South African Campaign. It can be viewed as a yardstick to measure the acceptance and the buy-in of the Proudly SA Campaign. It is, however, not entirely accurate to assume that the success of the Campaign should be solely based on the number of members on the database.

There are various aspects involving our economy and the business environment that impact on the success of the Campaign: employment levels, increase in demand for locally produced goods and a decrease in poverty levels, among others.

### 5.2.2. Membership Status and Overview

The Proudly South African logo has been elevated to a very powerful mark of association and a formidable brand within the business space. It has captured the minds of many South Africans. However, the membership fee model adopted and followed by Proudly South African during previous financial years was considered expensive by many members as well as organisations which had been approached for membership. This, despite the fact that the Campaign has been embraced and accepted as a positive move towards job creation and reduction of unemployment.

During the period under review, the Campaign experienced a steady decline in the number of new members joining the campaign, as well as low renewal rates. Although the database illustrates a good number of members, not all are active as illustrated in the graphs below.

The Campaign experienced a large decline in the number of membership renewals and a slow intake of new members over the past four financial years. At the beginning of this financial year, the Campaign had a gross number of 1172 members and as at 31st March 2012 the gross number of members has declined to 1152.

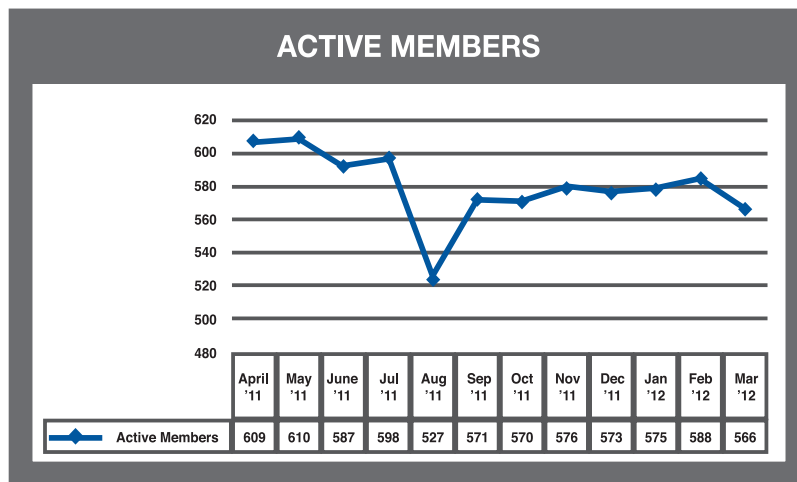
### 5.2.3. The 2011/2012 Financial Year Membership Month-on-Month Analysis

Over the past four financial years, Proudly South African experienced challenges in keeping up with its set monthly target of signing in at least 12 new members per month. This can be attributable to, among others, the global recession and the reduction in revenues experienced by many companies during and after that phase.

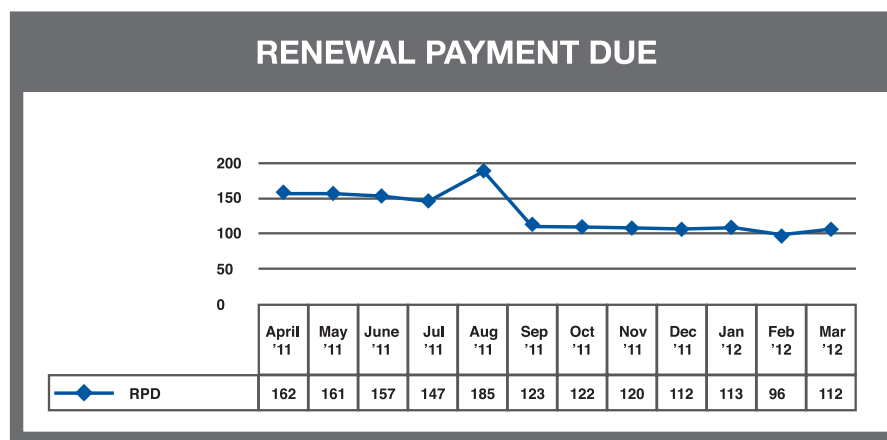
The declining number of new membership intakes and the increasing number of membership withdrawals, as displayed in the graphs to follow, are an underlying indication that the Campaign requires a change in tactics whether it be in approach, marketing strategy, market positioning and/or value proposition.

Most membership withdrawals occur at a stage when members are due for their annual renewals. Reasons for withdrawals cited by members include: financial constraints and the need to reposition the organisation.

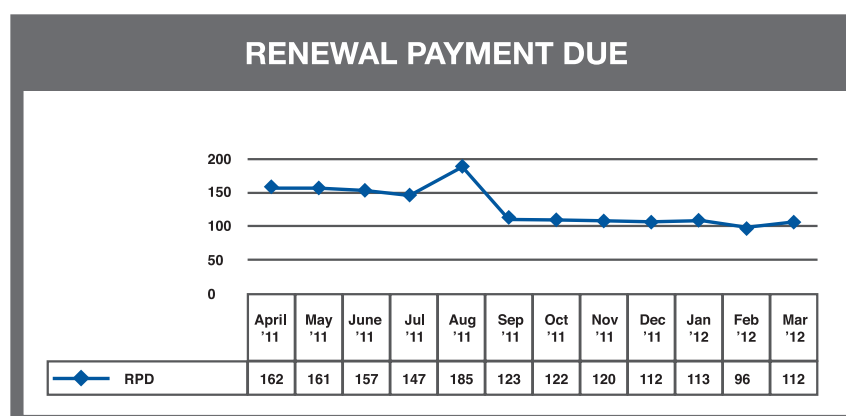
The graph below demonstrates the active membership base of Proudly SA during the Financial Year 2011/2012 and how it varied on a month to month basis.



The graph below depicts the number of members with outstanding renewal fees over a period of 120 days

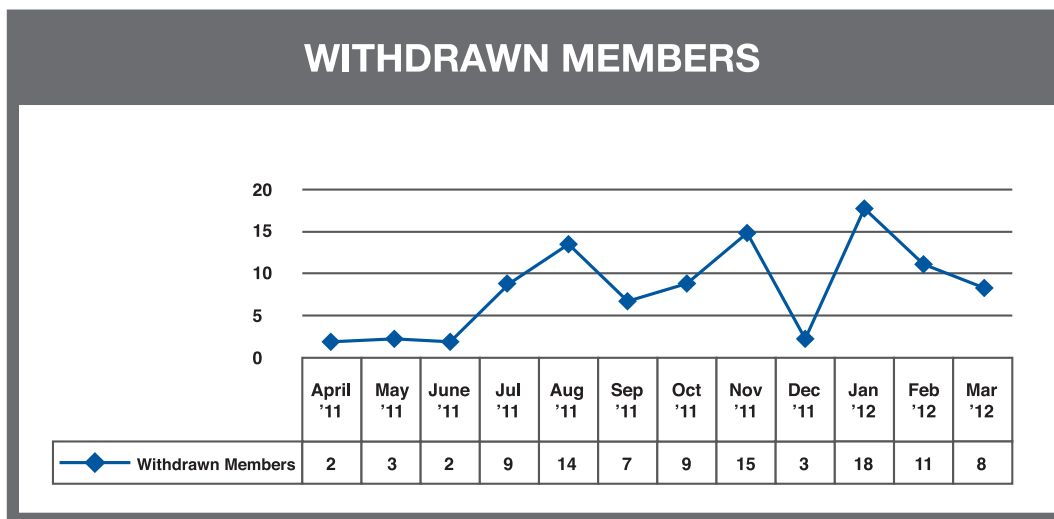


The graph below depicts the number of members with outstanding renewal fees over a period of 150 days

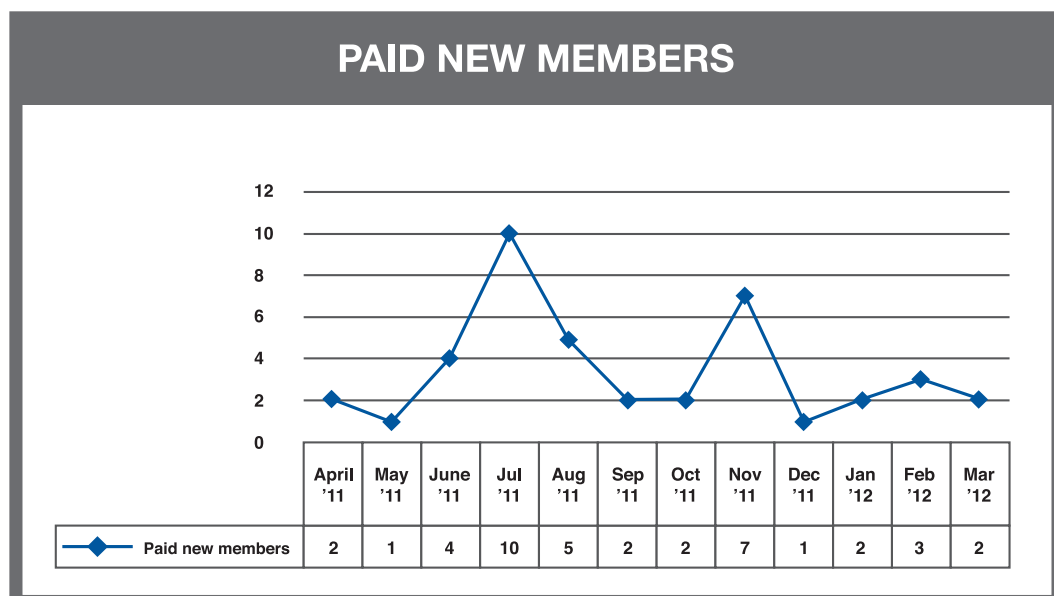


## 5.2 MEMBERSHIP

The graph below depicts the monthly withdrawals for the 2011/2012 Financial Year



The graph below depicts the monthly intake of new members 2011/2012



# 5. OPERATING REVIEWS

## 5.3 HUMAN RESOURCES MANAGEMENT & ADMINISTRATION



## 5.3 HUMAN RESOURCES MANAGEMENT & ADMINISTRATION

### 5.3.1 OVERALL STAFF COMPLEMENT PER OCCUPATIONAL LEVEL

Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top Management	01										01
Senior Management	03							01			04
Professionally qualified and experienced Specialists and Mid-Management					01	01		01			03
Technically and Academically qualified personnel, Junior Management, Supervisors, Foremen and Superintendents	04			02	13	01	01				21
Semi-skilled and discretionary decision making	02				02						04
Unskilled and defined decision making					01						01
<b>TOTAL</b>	<b>10</b>			<b>02</b>	<b>17</b>	<b>02</b>	<b>01</b>	<b>02</b>			<b>34</b>

#### 5.3.1.1 Core Operation Functions and Support Functions by Occupational Level

Core operation function positions are those that directly relate to the core business of an organization and may lead to revenue generation e.g. sponsorship opportunities etc. Support function positions provide infrastructure and other enabling conditions for revenue generation e.g. human resources, corporate services etc.

##### 5.3.1.1.1 Core Functions

Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top Management	01										01
Senior Management	01							01			02
Professionally qualified and experienced Specialists and Mid-Management					01	01		01			03
Technically and Academically qualified personnel, Junior Management, Supervisors, Foremen and Superintendents	01			01	07	01	01				11
Semi-skilled and discretionary decision making	01				01						02
Unskilled and defined decision making											
<b>TOTAL</b>	<b>04</b>			<b>01</b>	<b>09</b>	<b>02</b>	<b>01</b>	<b>02</b>			<b>19</b>

## 5.3 HUMAN RESOURCES MANAGEMENT & ADMINISTRATION

### 5.3.1.1.2 Support Function.

Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top Management											
Senior Management	02										02
Professionally qualified and experienced Specialists and Mid-Management											
Technically and Academically qualified personnel, Junior Management, Supervisors, Foremen and Superintendents	02			01	06		01				10
Semi-skilled and discretionary decision making	01				01						02
Unskilled and defined decision making					01						01
<b>TOTAL</b>	<b>05</b>			<b>01</b>	<b>08</b>		<b>01</b>				<b>15</b>

### 5.3.2 WORKFORCE MOVEMENT

On average, there were 30 full-time personnel and 7 student interns. The Campaign's staff complement reflected very limited movement throughout the 2011/12 financial year. A more detailed analysis of the staff movement is captured below.

#### 5.3.2.1 Recruitment

Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top Management	01										01
Senior Management	01										01
Professionally qualified and experienced Specialists and Mid-Management					01			01			02
Technically and Academically qualified personnel, Junior Management, Supervisors, Foremen, and Superintendents	01				05						06
Semi-skilled and discretionary decision making	02				02						04
Unskilled and defined decision making											
<b>TOTAL</b>	<b>05</b>				<b>08</b>			<b>01</b>			<b>14</b>

## 5.3 HUMAN RESOURCES MANAGEMENT & ADMINISTRATION

### 5.3.2.2 Promotions

Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top Management											
Senior Management											
Professionally qualified and experienced Specialists and Mid-Management											
Technically and Academically qualified personnel, Junior Management, Supervisors, Foremen and Superintendents	01				02	01					04
Semi-skilled and discretionary decision making											
Unskilled and defined decision making											
<b>TOTAL</b>	<b>01</b>				<b>02</b>	<b>01</b>					<b>04</b>

### 5.3.2.3 Terminations

Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top Management											
Senior Management											
Professionally qualified and experienced Specialists and Mid-Management											
Technically and Academically qualified personnel, Junior Management, Supervisors, Foremen and Superintendents				02	01						03
Semi-skilled and discretionary decision making											
Unskilled and defined decision making											
<b>TOTAL</b>				<b>02</b>	<b>01</b>						<b>03</b>



## 5.3 HUMAN RESOURCES MANAGEMENT & ADMINISTRATION

### 5.3.3 TRAINING AND DEVELOPMENT

Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Type of Training	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Public Speaking					02	01					03
Presentation					02	01					03
Media Handling	03							01			04
Events Management						01					01
Budgeting					02						02
Monitoring and Evaluation of Projects					01						01
Telesales					01						01
SABS ISO9001 OF 2008	01				01						02
Customer Relations Management	06				15	01	01				23
IT Configuring and Trouble & Network Infrastructure	01										01
PFMA Procurement Regulations and Applications					01						01
Telephone and Receptionist Skills					01						01
<b>TOTAL</b>	<b>11</b>				<b>26</b>	<b>04</b>	<b>01</b>	<b>01</b>			<b>43</b>

### 5.3.4 EMPLOYMENT EQUITY TARGETS FOR 2012/13 (Including people with disabilities)

Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Disabled		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top Management	01										01
Senior Management	03				01	01	01	01			07
Professionally qualified and experienced Specialists and Mid-Management	02				01	01	01				05
Technically and Academically qualified personnel, Junior Management, Supervisors, Foremen and Superintendents	05			01	12	01			01	01	21
Semi-skilled and discretionary decision making	02				02						04
Unskilled and defined decision making					01						01
<b>GRAND TOTAL</b>	<b>13</b>			<b>01</b>	<b>18</b>	<b>03</b>	<b>03</b>	<b>01</b>	<b>01</b>	<b>01</b>	<b>39</b>

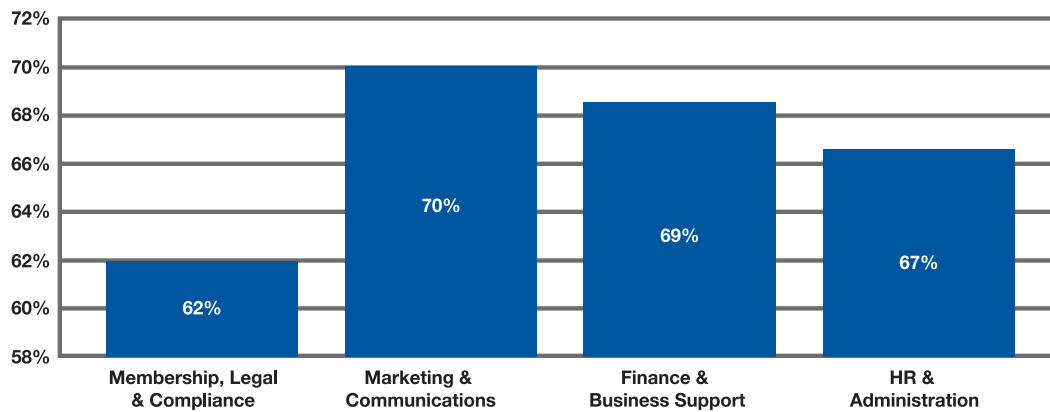
## 5.3 HUMAN RESOURCES MANAGEMENT & ADMINISTRATION

### 5.3.5 STAFF PERFORMANCE

AVERAGE STAFF PERFORMANCE FOR PERIOD SEPTEMBER 2010- SEPTEMBER 2011

Department	Average Performance in %
MEMBERSHIP, LEGAL & COMPLIANCE	62%
MARKETING & COMMUNICATIONS	70%
FINANCE & BUSINESS SUPPORT	69%
HR AND ADMINISTRATION	67%
<b>Average Staff Performance</b>	<b>67%</b>

### OVERALL PERFORMANCE PER DEPARTMENT



## 5.3 HUMAN RESOURCES MANAGEMENT & ADMINISTRATION

### 5.3.6 STAFF RETENTION 2011/2012

<b>EMPLOYEE OF THE MONTH</b>		
Month	Employee	Reward
October 2011	Brian Mthembu	Certificate & Cash Voucher
October 2011	Anne Sengadi	Certificate & Cash Voucher
November 2011	Sebatatso Mtshali	Certificate & Cash Voucher
December 2011	Martina & Amy	Certificate & Cash Voucher
January 2012	Katlego Mosekwa	Certificate & Cash Voucher
February 2012	Mami Langa & Sabelo Zikalala	Certificate & Cash Voucher
March 2012	Lesego Mosang & Gloria Moepi	Certificate & Cash Voucher
<b>EMPLOYEE OF THE QUARTER</b>		
Period	Employee	Reward
October – December 2011	Amy Williams	Certificate & Cash Voucher
January – March 2012	Katlego Mosekwa	Certificate & Cash Voucher
<b>ATENDEE OF THE QUARTER (Least Absent Employee)</b>		
Period	Employee	Reward
October – December 2011	Brian Mthembu	Certificate & Cash Voucher
January – March 2012	Gloria Moepi	Certificate & Cash Voucher
<b>LONG-TERM SERVICE AWARD: 5 YEARS</b>		
Employee	Position	Award
Dalene Du Preez	Executive Manager	Quarter Gold
Eustace Mashimbye	Chief Financial Officer	Quarter Gold
Wayne Ross	IT Officer	Quarter Gold
Leisle Timol	Brand Manager	Quarter Gold
Preya Keshav	Board Secretary	Quarter Gold
Christina Kortjaas	Office Cleaner	Quarter Gold
<b>LONG-TERM SERVICE AWARD: 10 YEARS</b>		
Anne Sengadi	Exhibitions and Events Co-ordinator	Half Gold Coin

## 5.3 HUMAN RESOURCES MANAGEMENT & ADMINISTRATION

### 5.3.7 EMPLOYEE WELLNESS

OBJECTIVES	ACTIVITY	FREQUENCY	TARGET EMPLOYEES
To prevent man-hours loss due to sickness-related absenteeism	Encourage healthy living and lifestyle through reinforcement of good achievement by awarding health-related vouchers	Monthly driven by HR	All Personnel
	Conduct and encourage health awareness information sessions	Quarterly by contracted medical schemes and volunteering gym companies	
	Encourage uptake of health-related and lifestyle products such as Vitality Life	Annually	
	Subsidise gym fees to qualifying personnel	Monthly	
	Participate in Walk the Talk Marathon	Annually	
To conduct annual comprehensive Wellness Day	Wellness Day comprising: VCT, Massages, Health Assessments, Optometry check-ups; Dentistry check-ups, HIV/AIDS Awareness and Management, Physical Fitness and Financial Wellness	Annually	All Personnel
Running health-related in-house programs	Biggest Loser/Fitness Challenge	Half-yearly	All personnel
	HIV/AIDS prevention and referrals	Ongoing	
	Awareness on alcohol and drug abuse, and refer for counselling where necessary	Ongoing	
Participate in national/monthly health-related celebrations/activities	Participate and/or show solidarity during World Aids Day	01 December	All personnel
	Participate and/or show solidarity during Breast Cancer month	01 October	
	Participate and/or show solidarity towards women and children anti-abuse initiatives	16 Days in November	
To promote sound personal financial management among staff	Conduct Financial Fitness Workshop	Bi-annually	All personnel
To support spiritual and emotional welfare of staff	Prepare and implement Policy on Bereavement in order to support staff during funerals	Every time a funeral of a close family member has been reported	Affected Employees
To give psychological support to staff experiencing trauma and/or depression	Refer traumatized personnel for counselling with Proudly SA's resources	Whenever there is a need by personnel	Affected Personnel
Support national cultural and religious activities/celebrations	Recognize, celebrate and encourage participation during key heritage and religious festivals	Annually	Affected Personnel
Team building	Getaway Team Building	Annually	All personnel
	Celebrating birthday, weddings, anniversaries and personal achievements	Ongoing	
	Year-end Function	Annually	

## 5.3 HUMAN RESOURCES MANAGEMENT & ADMINISTRATION

### 5.3.8 OCCUPATIONAL HEALTH & SAFETY

The organisation continues to adhere to its Policy on Occupational Health and Safety in line with the legislative prescripts regulating this. The following plan is being followed and improved upon as and when required:

ASPECT	INTERVENTION/PREVENTION	FREQUENCY
Occupational Injuries	Create awareness around prevention of possible occupational hazards	Bi- Annually
	Conduct regular inspections at workplace premises and on equipment/machinery to ensure continued compliance with OHS Standards	Quarterly
	Ensure acceptance procedures are in place to report, deal with and manage workplace OHS incidents	Quarterly
	Establish OHS Committee and properly equip its members	Annually
Occupational Diseases	Create awareness to prevent spreading of sicknesses/illnesses/diseases	As and when required
	Ensure that all reasonable measures are in place to prevent spread of contagious sicknesses/illnesses/diseases	As and when required
	Develop and implement Management/Contingency Plan to contain and manage the spread of reported contagious sicknesses/illnesses/diseases	Every time
Personnel Physical Safety	Ensure reasonable security of all personnel from outside intrusion	Every time
General Safety Office Compliance	Pesticide Control	Quarterly
	Carpet cleaning	Annually
	Sufficient Ventilation	Every time
	Servicing of office air-conditioning system	Bi-Annually

## 5.3 HUMAN RESOURCES MANAGEMENT & ADMINISTRATION

### 5.3.9 INTERNSHIP PROGRAM

In line with Proudly South Africans commitment to the transfer of skills (to equip unemployed youths for employment), the following Interns were successfully placed within the Internship Program during the 2011/12 financial year:

- Phumzile Xaba (Marketing)
- Kgotsofatso Thoka (Human Resources)
- Sindile Shongwe (Finance)
- Lesego Mosang (Marketing)
- Keleabetswe Mokgejane (Membership)
- Mathapelo Kekana (Human Resources)
- Martina Monewe (Marketing)
- Seanokeng Makgala (Membership)
- Given Khumalo (Finance)

### 5.3.10 QUALITY MANAGEMENT

To ensure improved customer service, order, consistency, optimal productivity and quality output of Proudly South African's services, it continues to be compliant and certified in accordance with the ISO9001 of 2008 Quality Management System standard by SABS. The systems assist in risk management, taking corrective actions in occurred risks and continual improvement of the entire business operations.

SABS Surveillance Audits were conducted on 14 April 2011 and 23 November 2011 respectively. The objective of such SABS audits is to verify continued compliance with the requirements of the relevant QMS standard. No major non-conformities were raised during this audit.



## 5. OPERATING REVIEWS

### 5.4 FINANCIAL OVERVIEW

**Proudly South African  
(Registration number 2001/021636/08)  
Annual Financial statements  
for the year ended 31 March 2012**

### Proudly South African

(Registration number 2001/021636/08)

Annual Financial Statements for the year ended 31 March 2012

#### General Information

---

<b>Company registration number</b>	2001/021636/08
<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	Campaign for South African products
<b>Directors</b>	Advocate D Mpofu (Chairperson) Advocate L Sedibe (CEO) B Ntshalintshali J Maqhekeni L Kganyago G Harris L Kettleidas A Mandigora V Klein P Ncapayi L Nare D Mthalane
<b>Registered office</b>	14A Jellicoe Avenue Rosebank 2196
<b>Business address</b>	14A Jellicoe Avenue Rosebank 2196
<b>Postal address</b>	P O Box 1062 Saxonwold 2132
<b>Bankers</b>	Nedbank Rand Merchant Bank
<b>Auditors</b>	SizweNtsalubaGobodo Registered Auditors



## 5.4 FINANCIAL OVERVIEW

### **Proudly South African**

(Registration number 2001/021636/08)

Annual Financial Statements for the year ended 31 March 2012

### **Index**

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The reports and statements set out below comprise the annual financial statements presented to the board of directors:

<b>Index</b>	<b>Page</b>
Directors' responsibilities and approval	43
Independent auditors' report	44
Director's report	45 - 46
Statement of financial position	47
Statement of financial performance	48
Statement of changes in equity	49
Statement of cash flows	50
Accounting policies	51 - 53
Notes to the Annual Financial Statements	54 - 58
Detailed income statement	59

### **Proudly South African**

(Registration number 2001/021636/08)

Annual Financial Statements for the year ended 31 March 2012

### **Directors' responsibilities and approval**

---

The directors are required in terms of the Companies Act of South Africa, 2008, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly represent the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with South African Statements of General Accepted Accounting Practice. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with South African Statements of General Accepted Accounting Practice and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

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

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

The directors have reviewed the company's cash flow forecast for the year to 31 March 2013 and, in light of this review and the current financial position, they are satisfied that the company has, or has access to, adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on page 44.

The annual financial statements set out on pages 45 to 59, which have been prepared on the going concern basis, were approved by the board on 29 November 2012 and were signed on its behalf by:

**Advocate D Mpofu (Chairperson)**

**Advocate L Sedibe (CEO)**

## 5.4 FINANCIAL OVERVIEW

### Independent auditors' report

---

#### To the Board of Directors of Proudly South African

We have audited the annual financial statements of Proudly South African, which comprise the statement of financial position, as at 31 March 2012, and the statement of financial performance, 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 notes, as set out on 45 to 58.

#### Directors' Responsibility for the Annual Financial Statements

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with South African Statements of General Accepted Accounting Practice, and requirements of the Companies Act of South Africa, 2008, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual 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 annual 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 annual financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Proudly South African as at 31 March 2012, and its financial performance and its cash flows for the year then ended in accordance with South African Statements of General Accepted Accounting Practice, and the requirements of the Companies Act of South Africa, 2008.

#### Supplementary Information

We draw your attention to the fact that the supplementary information set out on pages 54 to 58 does not form part of the annual financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

**SizweNtsalubaGobodo**  
**Registered Auditors**  
**Per: Dan Govender**  
**Director**  
**Johannesburg**  
**29 November 2012**

## 4. OPERATING REVIEWS

### 4.1 MARKETING

### 5.4 FINANCIAL OVERVIEW

## Proudly South African

(Registration number 2001/021636/08)

Annual Financial Statements for the year ended 31 March 2012

## Directors' report

The directors submit their report for the year ended 31 March 2012.

### 1. Review of activities

#### Main business and operations

Proudly South African is a campaign launched by Government, business, labour and community organisations to boost job creation by promoting SA companies as well as their local products and services.

There are four qualifying criteria for organisations who want to use the Proudly South African logo to identify their companies or their products, namely:

*Local content* – at least 50% of the cost of production must be incurred in South Africa and there must be "substantial transformation" of any imported materials.

*Quality* – the product or service must be of a proven high quality.

*Fair labour practice* – the company must practice fair labour standards - comply with labour legislation.

*Environmental standards* – the company must practice sound environmental standards and the production process must be environmentally responsible.

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

Net deficit of the company was R 15 283 074 (2011: R 19 509 774 surplus).

The surplus for the year ending 31 March 2011 was used to finance operations for the year ended 31 March 2012.

### 2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

In order for the organisation to continue as a going concern, it requires funding from the Department of Trade and Industry and other sponsorships in order to be able to meet any shortfalls from its operations.

### 3. Post balance sheet events

The directors are not aware of any matter or circumstance arising since the end of the financial year.

### 4. Directors

The directors of the company during the year and to the date of this report are as follows:

Name	Organisation	Changes
Advocate D Mpfu (Chairperson)	Independent	
Advocate L Sedibe (CEO)	CEO-Proudly SA	Appointed 01 September 2011
B Ntshalintshali	Labour	
J Maqhekeni	Labour	
R Le Roux	Government	Resigned 31 October 2011
L Kganyago	Community	
G Harris	Business	Appointed 28 July 2011
L Kettleidas	Government	
A Mandigora	Business	Appointed 28 July 2011
V Klein	Business	Appointed 28 July 2011
H Mkhize	Director: Nedlac	Resigned 29 December 2011
P Ncapayi	Government	Appointed 01 November 2011
L Nare	Community	
D Mthlane	Community	

## **Proudly South African**

(Registration number 2001/021636/08)

Annual Financial Statements for the year ended 31 March 2012

### **Directors' report**

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#### **5. Taxation**

Proudly South African has been granted an exemption from income tax and donation tax by the South African Revenue Services in terms of section 10(1)(d)(iii) of the Income Tax Act and section 56(1)(h) of the Donation Tax Act.

## 4. OPERATING REVIEWS

### 4.1 MARKETING

### 5.4 FINANCIAL OVERVIEW

#### Proudly South African

(Registration number 2001/021636/08)

Annual Financial Statements for the year ended 31 March 2012

#### Statement of financial position

Figures in Rand	Note(s)	2012	2011
<b>Assets</b>			
Non-Current Assets			
Property, plant and equipment	2	1 593 909	566 766
Intangible assets	3	27 247	44 944
		<b>1 621 156</b>	<b>611 710</b>
Current Assets			
Inventories	5	250 057	224 172
Trade and other receivables	6	309 502	2 637 248
Prepayments	4	8 239	27 212
Cash and cash equivalents	7	3 213 810	17 926 241
		<b>3 781 608</b>	<b>20 814 873</b>
<b>Total Assets</b>		<b>5 402 764</b>	<b>21 426 583</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Retained income		4 556 902	19 837 430
<b>Liabilities</b>			
Current Liabilities			
Trade and other payables	9	603 796	1 487 350
Provisions	8	242 066	101 803
		<b>845 862</b>	<b>1 589 153</b>
<b>Total Equity and Liabilities</b>		<b>5 402 764</b>	<b>21 426 583</b>

## Proudly South African

(Registration number 2001/021636/08)

Annual Financial Statements for the year ended 31 March 2012

### Statement of financial performance

Figures in Rand	Note(s)	2012	2011
Revenue	10	9 467 739	31 090 063
Cost of sales	11	(9 967)	(8 226)
<b>Gross surplus</b>		<b>9 457 772</b>	<b>31 081 837</b>
Operating expenses		(25 290 701)	(11 790 138)
<b>Operating (deficit) / surplus</b>	12	<b>(15 832 929)</b>	<b>19 291 699</b>
Investment income	13	599 893	227 962
Finance costs	14	(47 492)	(9 887)
<b>(Deficit) / surplus for the year</b>		<b>(15 280 528)</b>	<b>19 509 774</b>

## 4. OPERATING REVIEWS

### 4.1 MARKETING

### 5.4 FINANCIAL OVERVIEW

#### **Proudly South African**

(Registration number 2001/021636/08)

Annual Financial Statements for the year ended 31 March 2012

#### **Statement of changes in Equity**

Figures in Rand	Accumulated surplus	Total equity
<b>Balance at 01 April 2010</b>	<b>327 656</b>	<b>327 656</b>
Changes in equity		
Total surplus for the year	19 509 774	19 509 774
Total changes	19 509 774	19 509 774
<b>Balance at 01 April 2011</b>	<b>19 837 430</b>	<b>19 837 430</b>
Changes in equity		
Total deficit for the year	(15 280 528)	(15 280 528)
Total changes	(15 280 528)	(15 280 528)
<b>Balance at 31 March 2012</b>	<b>4 556 902</b>	<b>4 556 902</b>



## Proudly South African

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Annual Financial Statements for the year ended 31 March 2012

### Statement of cash flows

Figures in Rand	Note(s)	2012	2011
<b>Cash flows from operating activities</b>			
Cash (used) / generated in operations	16	(13 914 251)	17 099 179
Interest income		599 893	227 962
Finance costs		(47 492)	(9 887)
<b>Net cash from operating activities</b>		<b>(13 361 850)</b>	<b>17 317 254</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(1 345 476)	(412 860)
Purchase of other intangible assets	3	(5 105)	(38 503)
<b>Net cash from investing activities</b>		<b>(1 350 581)</b>	<b>(451 363)</b>
<b>Total cash movement for the year</b>		<b>(14 712 431)</b>	<b>16 865 891</b>
Cash at the beginning of the year		17 926 241	1 060 350
<b>Total cash at end of the year</b>	7	<b>3 213 810</b>	<b>17 926 241</b>

## 4. OPERATING REVIEWS

### 4.1 MARKETING

### 5.4 FINANCIAL OVERVIEW

## Proudly South African

(Registration number 2001/021636/08)

Annual Financial Statements for the year ended 31 March 2012

## Accounting policies

### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with South African Statements of General Accepted Accounting Practice, and the Companies Act of South Africa, 2008. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

#### 1.1 Property, plant and equipment

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

Item	Average useful life (Years)
Furniture and fixtures	7
Office equipment	5
IT equipment	3
Cell phones	3
Leasehold improvements	8
Sundry equipment	7

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. Should there be an indication that the asset is still of use although the value of the assets is reflected as zero there will be a change in accounting estimate, prior period error or change in accounting policy depending on the nature of circumstances giving rise to such reassessment. If there was an incorrect basis used in the original determination of the useful life of the asset, the resulting reassessment will be treated as prior period error, should market conditions have change which as increase the useful life of the asset, then the change will be accounted for as a change in accounting estimate, in all other in other instances a change in accounting policy will need to be applied.

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

#### 1.2 Intangible assets

An intangible asset is recognised when:

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

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

The amortisation period and the amortisation method for intangible assets are reviewed annually.

Item	Average useful life (years)
Computer software	3

#### 1.3 Financial instruments

##### Trade and other receivables

Trade and other receivables are carried at amortised cost less any accumulated impairment.

##### Trade and other payables

A liability is recognised in the balance sheet when it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably. Trade and other payables are carried at amortised cost.

## Proudly South African

(Registration number 2001/021636/08)

Annual Financial Statements for the year ended 31 March 2012

### Accounting policies

#### 1.3 Financial instruments (continued)

##### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

##### 1.4 Inventories

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out basis.

##### 1.5 Impairment of assets

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. Irrespective of whether there is any indication of impairment, the company also tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

##### 1.6 Provisions and contingencies

Provisions are recognised when:

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

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

##### 1.7 Government grants

Government grants are recognised when there is reasonable assurance that:

- the company will comply with the conditions attaching to them; and
- the grants will be received.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

##### 1.8 Revenue

Revenue is the gross inflow of economic benefits during the period arising in the course of the ordinary activities of an entity when those inflows result in an increase in equity, other than increases relating to contributions from equity participants.

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

Revenue arising from investments yielding interest and dividend shall be recognised when it is probable that the economic benefits associated with the transaction will flow to the entity, and the amount of revenue can be measured reliably.

Revenue from membership fees is recognised on a cash receipt basis upon payment of a pro forma invoice by a member. If no payment is received on the pro forma invoice membership is terminated.

##### 1.9 Borrowing costs

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

## 4. OPERATING REVIEWS

### 4.1 MARKETING

### 5.4 FINANCIAL OVERVIEW

## **Proudly South African**

(Registration number 2001/021636/08)

Annual Financial Statements for the year ended 31 March 2012

## **Accounting policies**

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### **1.10 Trade exchanges**

Trade exchanges are valued at market value and recorded as income with the corresponding amount reflected as a receivable. The receivable is reduced as and when the exchanged service or goods are utilised.

## Proudly South African

(Registration number 2001/021636/08)

Annual Financial Statements for the year ended 31 March 2012

### Notes to the Annual Financial Statements

Figures in Rand 2012 2011

#### 2. Property, plant and equipment

	2012			2011		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Furniture and fixtures	951 797	(679 964)	271 833	691 723	(603 434)	88 289
Office equipment	121 888	(48 493)	73 395	44 554	(37 622)	6 932
IT equipment	1 506 786	(1 055 371)	451 415	1 399 119	(935 827)	463 292
Leasehold improvements	898 824	(109 385)	789 439	-	-	-
Cell phones	20 952	(20 952)	-	20 952	(20 612)	340
Sundry equipment	16 397	(8 570)	7 827	14 820	(6 907)	7 913
<b>Total</b>	<b>3 516 644</b>	<b>(1 922 735)</b>	<b>1 593 909</b>	<b>2 171 168</b>	<b>(1 604 402)</b>	<b>566 766</b>

#### Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	88 289	260 077	(76 533)	271 833
Office equipment	6 932	77 334	(10 871)	73 395
IT equipment	463 292	107 667	(119 544)	451 415
Leasehold improvements	-	898 821	(109 382)	789 439
Cell phones	340	-	(340)	-
Sundry equipment	7 913	1 577	(1 663)	7 827
	<b>566 766</b>	<b>1 345 476</b>	<b>(318 333)</b>	<b>1 593 909</b>

#### Reconciliation of property, plant and equipment - 2011

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	134 621	-	(46 332)	88 289
Office equipment	4 085	5 454	(2 607)	6 932
IT equipment	101 283	407 406	(45 397)	463 292
Cell phones	2 493	-	(2 153)	340
Sundry equipment	9 478	-	(1 565)	7 913
	<b>251 960</b>	<b>412 860</b>	<b>(98 054)</b>	<b>566 766</b>

#### 3. Intangible assets

	2012			2011		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	1 219 784	(1 192 537)	27 247	1 214 679	(1 169 735)	44 944

#### Reconciliation of intangible assets - 2012

	Opening balance	Additions	Amortisation	Total
Computer software	44 944	5 105	(22 802)	27 247

#### Reconciliation of intangible assets - 2011

	Opening balance	Additions	Amortisation	Total
Computer software	44 686	38 503	(38 245)	44 944

## 4. OPERATING REVIEWS

### 4.1 MARKETING

### 5.4 FINANCIAL OVERVIEW

## Proudly South African

(Registration number 2001/021636/08)

Annual Financial Statements for the year ended 31 March 2012

## Notes to the Annual Financial Statements

Figures in Rand	2012	2011			
<b>4. Prepayments</b>					
Amounts paid to suppliers	8 239	27 212			
<b>5. Inventories</b>					
Promotional stock	250 057	224 172			
<b>6. Trade and other receivables</b>					
Trade receivables	131 328	152 302			
Government grant receivable	-	2 000 000			
Deposits	600	600			
VAT	140 924	397 863			
Staff loans	36 650	86 483			
	<b>309 502</b>	<b>2 637 248</b>			
<b>7. Cash and cash equivalents</b>					
Cash and cash equivalents consist of:					
Cash on hand	2 860	1 295			
Bank balances	3 210 950	17 924 946			
	<b>3 213 810</b>	<b>17 926 241</b>			
<b>8. Provisions</b>					
<b>Reconciliation of provisions - 2012</b>					
	<b>Opening balance</b>	<b>Additions</b>	<b>Utilised during the year</b>	<b>Total</b>	
Provision for leave pay	101 803	102 141	38 122	242 066	
<b>Reconciliation of provisions - 2011</b>					
	<b>Opening balance</b>	<b>Additions</b>	<b>Utilised during the year</b>	<b>Reversed during the year</b>	<b>Total</b>
Provision for legal costs	80 000	-	(80 000)	-	-
Provision for salaries	527 187	-	(396 313)	(130 874)	-
Provision for leave pay	83 513	101 803	-	(83 513)	101 803
	<b>690 700</b>	<b>101 803</b>	<b>(476 313)</b>	<b>(214 387)</b>	<b>101 803</b>
<b>9. Trade and other payables</b>					
Trade payables			332 171		185 535
Amounts received in advance			3 826		217
Lease equalisation accrual			31 504		26 566
Audit fees provision			235 795		1 274 532
Unallocated deposits			500		500
			<b>603 796</b>		<b>1 487 350</b>

## Proudly South African

(Registration number 2001/021636/08)

Annual Financial Statements for the year ended 31 March 2012

### Notes to the Annual Financial Statements

Figures in Rand	2012	2011
<b>10. Revenue</b>		
Sale of promotional items	11 691	20 058
Government grants received	7 000 000	27 500 000
Membership fees	2 449 648	2 725 973
Sundry Income	6 400	844 032
	<b>9 467 739</b>	<b>31 090 063</b>
<b>11. Cost of sales</b>		
<b>Sale of goods</b>		
Promotional items	9 967	8 226
<b>12. Operating (deficit) / surplus</b>		
Operating (deficit) / surplus for the year is stated after accounting for the following:		
<b>Operating lease charges</b>		
Premises		
• Contractual amounts	645 401	557 648
Equipment		
• Contractual amounts	285 700	408 745
	<b>931 101</b>	<b>966 393</b>
Depreciation on property, plant and equipment	341 135	136 299
Directors' emoluments	1 000 000	1 050 000
Employee costs	9 720 603	6 578 608
<b>13. Investment revenue</b>		
<b>Interest revenue</b>		
Interest received	599 893	227 962
<b>14. Finance costs</b>		
Interest paid - other	47 492	9 887
<b>15. Auditors' remuneration</b>		
External audit fees	272 224	270 304
Internal audit fees	67 848	-
	<b>340 072</b>	<b>270 304</b>

**Proudly South African**

(Registration number 2001/021636/08)

Annual Financial Statements for the year ended 31 March 2012

**Notes to the Annual Financial Statements**

Figures in Rand	2012	2011
<b>16. Cash (used) / generated in operations</b>		
(Deficit) / surplus before taxation	(15 280 528)	19 509 774
<b>Adjustments for:</b>		
Depreciation and amortisation	341 135	136 299
Interest received	(599 893)	(227 962)
Finance costs	47 492	9 887
Movements in provisions	140 263	(588 897)
<b>Changes in working capital:</b>		
Inventories	(25 885)	(78 878)
Trade and other receivables	2 327 746	(1 844 211)
Prepayments	18 973	(19 677)
Trade and other payables	(883 554)	202 844
	<b>(13 914 251)</b>	<b>17 099 179</b>
<b>17. Commitments</b>		
<b>Operating leases – as lessee (expense)</b>		
<b>Minimum lease payments due</b>		
- within one year	212 227	222 494
- in second to fifth year inclusive	390 157	626 537
	<b>602 384</b>	<b>849 031</b>
Operating lease payments represent rentals payable by the company for its leased office equipment.		
<b>18. Contingencies</b>		
An acting allowance for the former acting CEO of R 400,000 for the period March to October 2005 still requires Board approval.		
<b>19. Related parties</b>		
<b>Relationships</b>		
Proudly South African was a project initiated by NEDLAC.		
<b>Related party balances</b>		
Amount included in Trade Payables owing to NEDLAC	43 800	89 804
<b>Related party transactions</b>		
Rent paid to NEDLAC	606 952	557 648
Release of rental obligation from NEDLAC	-	836 111



## 5.4 FINANCIAL OVERVIEW

### Proudly South African

(Registration number 2001/021636/08)

Annual Financial Statements for the year ended 31 March 2012

### Notes to the Annual Financial Statements

Figures in Rand	2012	2011
<b>20. Directors' emoluments</b>		
<b>Executive</b>		
<b>2012</b>		
	<b>Emoluments</b>	<b>Total</b>
Advocate L Sedibe (CEO)	750 000	750 000
H Mkhize	250 000	250 000
	<b>1 000 000</b>	<b>1 000 000</b>
<b>2011</b>		
	<b>Emoluments</b>	<b>Total</b>
H Mkhize	1 050 000	1 050 000

### 21. Risk Management

#### Bank Balances

Proudly South African funds will be invested with the objective of minimal risk within a recognised financial institution either in a business cheque account or an investment call account.

#### Credit risk

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

#### Liquidity Risk

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

#### Interest rate risk

As the company has no significant interest-bearing assets, the companies income and operating cashflows are substantially independent of changes of market interest rates.

# Proudly South African

(Registration number 2001/021636/08)

Annual Financial Statements for the year ended 31 March 2012

## Detailed income statement

Figures in Rand	Note(s)	2012	2011
<b>Revenue</b>			
Sale of goods		11 691	20 058
Government grants received		7 000 000	27 500 000
Sundry Income		6 400	844 032
Membership fees		2 449 648	2 725 973
	10	<b>9 467 739</b>	<b>31 090 063</b>
<b>Cost of sales</b>			
Opening stock		(224 172)	(145 294)
Purchases		(35 852)	(87 104)
Closing stock		250 057	224 172
	11	<b>(9 967)</b>	<b>(8 226)</b>
		<b>9 457 772</b>	<b>31 081 837</b>
<b>Gross Surplus</b>			
<b>Other income</b>			
Interest received	13	599 893	227 962
<b>Operating expenses</b>			
Advertising posts and tenders		(40 268)	(167)
Auditors remuneration	15	(340 072)	(270 304)
Bad debts		(384 585)	(8 707)
Bank charges		(29 085)	(41 491)
Depreciation, amortisation and impairments		(341 135)	(136 299)
Directors' emoluments		(1 000 000)	(1 050 000)
Employee costs		(9 720 603)	(6 578 608)
Fines and penalties		(1 377)	-
IT expenses		(157 331)	(195 560)
Insurance		(93 684)	(58 777)
Lease rentals on operating lease		(931 101)	(966 393)
Legal and professional services		(652 558)	(407 272)
Marketing expenses		(6 949 649)	(1 576 862)
Membership costs		(21 295)	(20 383)
PSA Home grown awards		(1 878 128)	-
PSA conference and expo		(1 317 976)	-
Photocopier costs		(9 998)	(10 202)
Postage		(160 885)	(22 863)
Printing and stationery		(200 893)	(58 393)
Proudly South African CSI activities		(21 848)	(5 957)
Repairs and maintenance		(43 107)	(32 800)
Staff training		(99 410)	(27 760)
Staff welfare		(96 903)	(31 179)
Subscriptions		(10 225)	(6 067)
Telephone and fax		(178 683)	(163 845)
Travel - local		(598 646)	(104 831)
Workshops and seminars		(13 802)	(15 418)
		<b>(25 293 247)</b>	<b>(11 790 138)</b>
<b>Operating (deficit) / surplus</b>	12	<b>(15 235 582)</b>	<b>19 519 661</b>
Finance costs	14	(47 492)	(9 887)
<b>(Deficit) / surplus for the year</b>		<b>(15 283 074)</b>	<b>19 509 774</b>

Join South Africa's Buy Local movement and contact us on:

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