

**THE SMALL ENTERPRISE FOUNDATION  
(NON-PROFIT COMPANY)  
(Registration number: 1991/003485/08)**

**AUDITED ANNUAL FINANCIAL STATEMENTS  
for the year ended 30 June 2022**

**PREPARER OF FINANCIAL STATEMENTS**

The financial statements have been prepared by:  
M. Mamatho B.Comm  
under the supervision of:  
C van Vuuren CA (SA)  
Financial Manager

**THE SMALL ENTERPRISE FOUNDATION  
(NON-PROFIT COMPANY)  
(Registration number: 1991/003485/08)  
ANNUAL FINANCIAL STATEMENTS  
for the year ended 30 June 2022**

<b>CONTENTS</b>	<b>PAGE</b>
Directors' responsibility statement and approval of the annual financial statements	1
Auditor's report	2-4
Directors' report	5-6
Statement of financial position	7
Statement of surplus / (deficit) and comprehensive income	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the statement of cash flows	11
Notes to the annual financial statements	12 - 50

**DIRECTORS' RESPONSIBILITY STATEMENT AND APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS**

The directors of the company are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information. The annual financial statements have been prepared in terms of International Financial Reporting Standards ("IFRS") and the Companies Act of South Africa, 2008.

The directors are also responsible for the systems of internal control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatement and loss. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The annual financial statements are prepared on a going concern basis. Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for the foreseeable future.

The annual financial statements, set out on pages 7 to 50, were approved by the board of directors on 20 October 2022 and are signed on its behalf by:



\_\_\_\_\_  
JR de Wit  
Managing Director



\_\_\_\_\_  
M Chauke  
Independent Non-executive Director and Chair of the  
Audit Committee

## INDEPENDENT AUDITOR'S REPORT

### To the Members of The Small Enterprise Foundation (Non-Profit Company)

#### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of The Small Enterprise Foundation (Non-Profit Company) set out on pages 7 to 50, which comprise the statement of financial position as at 30 June 2022, and the statement of surplus / (deficit) and comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Small Enterprise Foundation (Non-Profit Company) as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act of South Africa.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Statements* section of our report. We are independent of the Company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' (IESBA) *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA code). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



National Executive: \*R Redfearn Chief Executive Officer \*GM Berry Chief Operating Officer JW Eshun Managing Director Businesses LN Mahluza Chief People Officer  
\*N Sing Chief Risk Officer AP Theophanides Chief Sustainability Officer \*NA le Riche Chief Growth Officer \*ML Tshabalala Audit & Assurance AM Babu Consulting  
TA Odukoya Financial Advisory G Rammego Risk Advisory DI Kubeka Tax & Legal DP Ndlovu Chair of the Board

A full list of partners and directors is available on request

\* Partner and Registered Auditor

**B-BBEE rating: Level 1 contribution in terms of the DTI Generic Scorecard as per the amended Codes of Good Practice**

Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

## **Other Information**

The directors are responsible for the other information. The other information comprises the information included in the document titled "The Small Enterprise Foundation (Non-Profit Company) Annual Financial Statements for the year ended 30 June 2022" which includes the Directors' Report as required by the Companies Act of South Africa and the Directors' Responsibility and Approval information. The other information does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of the Directors for the Financial Statements**

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material

uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DocuSigned by:  
  
710B4EEE409D4E7...  
Deloitte & Touche  
Registered Auditor  
Per: Penny Malavi  
Partner

31 October 2022

5 Magwa Crescent,  
Waterfall City  
Waterfall  
Johannesburg  
South Africa

**THE SMALL ENTERPRISE FOUNDATION**  
**(Non-Profit Company)**  
**DIRECTORS' REPORT**  
**for the year ended 30 June 2022**

The directors have pleasure in presenting their report on the performance of the organization for the year ended 30 June 2022.

**Business review**

The principal business of the organisation is to motivate the poor to take up income generating activities and to extend credit to micro entrepreneurs to enable them to realise their potential and thereby generate income and employment. The company is registered with the National Credit Regulator.

The Small Enterprise Foundation has, since inception, granted 4 876 937 (2021: 4 427 871) loans to the value of R 14.8 billion (2021: R 12.9 billion). In the current year the organisation granted 449 066 (2021: 493 093) loans to the value of R 1.9 billion (2021: R 2.1 billion).

The Small Enterprise Foundation is incorporated in the Republic of South Africa as a non-profit company with the aim of providing micro finance to the poor and very poor. No holding company or parent company has any interest in the organisation and all its operations are conducted in the Limpopo, Mpumalanga, North West, Gauteng, Eastern Cape and Kwazulu Natal provinces of South Africa. The head office is situated in Tzaneen in the Limpopo province.

**Operating results**

Results for the year ended 30 June 2022 are set out on pages 7 to 50 of the annual financial statements. Loans and advances decreased by 19% and revenue decreased by 6%. Operating and head office expenses increased by 6%.

**Credit losses and impairment**

In cases where borrowers experience death amongst their members, the company will decrease the borrower's repayment and write-off the amount owed by the member. Such write-offs are classified as provisions for write offs incurred not yet reported. An amount of R 6 137 859 (2021: R 8 208 330) was written off during the year under review. An amount of R 5 255 619 (2021: R 7 946 748) was provided for.

A debt is considered irrecoverable once it is 150 days in arrears. An amount of R 49 563 556 (2021: R 26 619 140) was written off during the year under review. An amount of R 43 737 258 (2021: R 34 957 882) was provided for.

The only instance where the organisation allows the renegotiation of overdue loans is where clients are able to provide medical evidence of long-term illness. Such amounts are not written off, and the respective clients are urged to continue with loan repayments when their condition improves. The aggregate amount renegotiated in this way since inception and still outstanding at year-end was R 1 191 249 (2021: R 1 013 924).

**THE SMALL ENTERPRISE FOUNDATION**  
**(Non-Profit Company)**  
**DIRECTORS' REPORT (continued)**  
**for the year ended 30 June 2022**

**Credit losses and impairment (continued)**

A provision for bad debt is created for all current loans in arrears up to 150 days. The provision is calculated based on historical information of outstanding loans for the previous 12 months and is calculated for the following categories:

<b>Interval</b>	<b>Group Loan Programme (GLP) provision percentage of the loan amount provided</b>	<b>Individual Liability Programme (ILP) and Larger Loan Programme (LLP) provision percentage of the loan amount provided</b>
Current	MCP 0.96% and TCP 1.01%	ILP 1.94% and LLP 0.01%
8- 30 days in arrears	MCP 17.80% and TCP 16.07%	ILP 21.55% and LLP 15.95%
31 - 60 days in arrears	MCP 53.14% and TCP 50.93%	ILP 60.13% and LLP 28.07%
61 - 90 days in arrears	MCP 78.88% and TCP 73.42%	ILP 72.52% and LLP 33.83%
91 - 120 days in arrears	MCP 100% and TCP 100%	ILP 100% and LLP 46.75%
121 - 150 days in arrears	MCP 100% and TCP 100%	ILP 100% and LLP 58.67%
151 days and older	The group loan is written off as bad debt if considered bad and irrecoverable	The loan is written off as bad debt if considered bad and irrecoverable
Rescheduled loans	MCP 100% and TCP 100% The individual loan is written off as bad debt if considered bads and irrecoverable after twelve months of no instalments are being received	ILP 100.00% and LLP 100.00% The individual loan is written off as bad debt if considered bad and irrecoverable after twelve months of no instalments are being received

**Subsequent events**

No events have occurred between the financial year-end and the date of this report that are expected to have a material adverse effect on either the operations of the company or its financial position.

**Directors, secretary and auditors**

The directors of the company for the year under review were as follows:

Ms Maria Albertina Kirsten (Independent non-executive resigned 6 April 2022)  
Mr Mutle Constantine Mogase (Independent non-executive)  
Mr John Robert de Wit (Managing Director)  
Mr Simpiwe Hemming Somdyala (Independent non-executive)  
Ms Refilwe Nompumelelo Mokoena (Independent non-executive)  
Mrs Mmaboshadi Chauke (Independent non-executive & Chairperson)  
Ms Yolisa Unati Mabandla (Independent non-executive)  
Ms Mamodike Sarah Makgoba (Independent non-executive)  
Ms Neo Ratau (Independent non-executive)  
Ms Varaidzo Audrey Mureriwa (Independent non-executive appointed)

Public Officer - John Robert de Wit

Auditors - Deloitte & Touche, 5 Magwa Crescent, Waterfall City, 2090, South Africa Tel: (011) 806 5000

**Business address and Domicile**

No 8, First Avenue, Tzaneen, South Africa,0850

**Website**

[www.sef.co.za](http://www.sef.co.za)

**Postal address**

PO Box 212, Tzaneen, SouthAfrica,0850

**E-mail**

[info@sef.co.za](mailto:info@sef.co.za)

**Telephone:**

+27 15 307 5837

**Fax:**

+27 15 307 2977

**Ownership**

The organisation is a Non-Profit Company with no shareholders. The directors are the Ultimate Beneficial Owners.

**Going concern**

The impact of the Covid-19 pandemic has been considered and the directors believe it will not have an adverse impact on the going concern status of the company.

**THE SMALL ENTERPRISE FOUNDATION  
(Non-Profit Company)  
STATEMENT OF FINANCIAL POSITION  
As at 30 June 2022**

	<u>Notes</u>	<u>2022</u> R	<u>2021</u> R
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	2	11 372 189	13 759 035
Intangible assets	3	1 525 679	1 518 104
<b>Total non-current assets</b>		12 897 868	15 277 139
<b>Current assets</b>			
Loans and advances	4	497 365 305	615 751 745
Other receivables	5	4 310 188	4 804 926
Cash and short term funds		145 828 545	97 290 901
<b>Total current assets</b>		647 504 038	717 847 572
<b>TOTAL ASSETS</b>		<b>660 401 906</b>	<b>733 124 711</b>
<b>FUNDS AND LIABILITIES</b>			
<b>Funds</b>			
Non-distributable reserve	6	720 243	682 148
General capital reserve	7	40 333 290	40 556 014
Development reserve	8	6 654 459	6 654 459
Educational reserve	9	20 188	20 188
Retained earnings		123 622 763	138 621 013
<b>Total funds</b>		171 350 943	186 533 822
<b>Non-current liabilities</b>			
Long term loans	10	261 033 825	231 742 483
<b>Current liabilities</b>			
Short term loans	11	191 747 105	278 790 131
Trade and other payables	12	18 766 154	19 779 914
Provisions	13	11 616 317	11 267 171
Accruals	14	5 887 562	5 011 190
<b>Total current liabilities</b>		228 017 138	314 848 406
<b>TOTAL FUNDS AND LIABILITIES</b>		<b>660 401 906</b>	<b>733 124 711</b>



**THE SMALL ENTERPRISE FOUNDATION**  
**(Non-Profit Company)**  
**STATEMENT OF SURPLUS / (DEFICIT) AND COMPREHENSIVE INCOME**  
**for the year ended 30 June 2022**

<b>NET SURPLUS / (DEFICIT)</b>	<b>Notes</b>	<b>2022</b>	<b>2021</b>
Revenue	15	427 924 350	456 281 596
Finance costs	16	(54 916 905)	(61 455 132)
Impairment of advances	17	(82 582 394)	(64 819 939)
Provision for loans and advances	4	(6 088 247)	(6 614 512)
<b>Margin on lending activities</b>		<b>284 336 804</b>	<b>323 392 013</b>
Operating expenses		(202 131 332)	(198 538 587)
<b>Operating income</b>		<b>82 205 472</b>	<b>124 853 426</b>
Sundry income		2 288 194	1 343 335
Profit on disposal of property and equipment		21 896	80 104
<b>Income before head office expenses</b>		<b>84 515 562</b>	<b>126 276 865</b>
Head office expenses		(98 822 346)	(86 163 444)
<b>(Deficit) / Surplus before grants</b>	18	<b>(14 306 784)</b>	<b>40 113 421</b>
Capital grants received	19	-	35 419 636
<b>(Deficit) / Surplus for the year</b>		<b>(14 306 784)</b>	<b>75 533 057</b>
Capital grants utilised	19	-	(35 419 636)
Revaluation of long term loan		-	1 148 890
Other Non-Operating expenses		(691 466)	(870 279)
<b>(Deficit) / Surplus for the year after grants</b>		<b>(14 998 250)</b>	<b>40 392 032</b>
Other Comprehensive income		-	-
<b>Total comprehensive (loss) / income</b>		<b>(14 998 250)</b>	<b>40 392 032</b>

THE SMALL ENTERPRISE FOUNDATION  
(Non-Profit Company)  
STATEMENT OF CHANGES IN EQUITY  
for the year ended 30 June 2022

	Notes	Non-Distributable reserve	General capital reserve	Development reserve	Educational reserve	Retained earnings	Total
		R	R	R	R	R	R
Balance as at 30 June 2020		682 148	40 333 290	6 654 459	20 188	98 228 981	145 919 066
Surplus for the year after grants		-	-	-	-	40 392 032	40 392 032
Grant income*	7,19	-	222 724	-	-	-	222 724
<b>Balance as at 30 June 2021</b>		<b>682 148</b>	<b>40 556 014</b>	<b>6 654 459</b>	<b>20 188</b>	<b>138 621 013</b>	<b>186 533 822</b>
Surplus for the year after grants		-	-	-	-	(14 998 250)	(14 998 250)
Grant income*	7,19	-	-	-	-	-	-
Grant utilised*	7,19	-	(222 724)	-	-	-	(222 724)
Revaluation surplus	2	38 095	-	-	-	-	38 095
<b>Balance as at 30 June 2022</b>		<b>720 243</b>	<b>40 333 290</b>	<b>6 654 459</b>	<b>20 188</b>	<b>123 622 763</b>	<b>171 350 943</b>

\* Capital grants utilized were recognised as income. The capital grants were then transferred to the General capital reserve as these grants were specifically received from donors to be used as loan capital.

**THE SMALL ENTERPRISE FOUNDATION**  
**(Non-Profit Company)**  
**STATEMENT OF CASH FLOWS**  
**for the year ended 30 June 2022**

	Notes	<u>2022</u> R	<u>2021</u> R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash utilised in operations	A	164 164 828	120 411 660
Finance costs		(54 916 905)	(61 455 132)
Net cash used in operating activities		109 247 923	58 956 528
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property and equipment		(1 626 842)	(1 780 730)
Additions to intangible assets		(1 130 924)	(995 653)
Proceeds on disposal of property and equipment		21 896	80 104
Net cash outflows from investing activities		(2 735 870)	(2 696 279)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
(Decrease)/Increase in short terms loans		(87 043 026)	103 416 351
(Decrease)/Increase in long term loans		29 291 342	(122 713 738)
Capital grants utilised		(222 724)	222 724
Net cash inflows from financing activities		(57 974 408)	(19 074 663)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		48 537 644	37 185 586
Cash and cash equivalents at beginning of the financial year		97 290 901	60 105 315
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	B	145 828 545	97 290 901

**THE SMALL ENTERPRISE FOUNDATION**  
**(Non-Profit Company)**  
**NOTES TO THE STATEMENT OF CASH FLOWS**  
**for the year ended 30 June 2022**

	<u>2022</u>	<u>2021</u>
	R	R
<b>A. CASH UTILISED IN OPERATIONS</b>		
(Deficit) / Surplus before grants	(14 306 784)	40 113 421
Adjusted for:		
- Finance costs	54 916 905	61 455 132
- Depreciation	3 957 465	4 357 554
- Amortisation of intangible assets	1 123 349	1 318 935
- (Profit) on disposal of property and equipment	(21 896)	(80 104)
- Bad debt and death write offs	55 701 415	34 827 740
- (Decrease) / Increase in provisions	349 146	(724 386)
- Increase in loan loss provision	6 088 247	6 614 512
- Revaluation of long term liability	-	1 148 890
- Scrapping of fixed assets	94 319	14 938
- Other Non-Operating expenses	(691 466)	(870 279)
	<hr/>	<hr/>
Operating surplus before working capital changes	107 210 700	148 176 353
Adjusted for changes in working capital:		
- Decrease in other receivables	494 738	3 897 818
- Increase / (Decrease) in trade and other payables	(1 013 760)	7 780 130
- Increase / (Decrease) in accruals	876 372	(97 098)
- Decrease / (Increase) in loans and advances excluding provisions	56 596 778	(39 345 543)
	<hr/>	<hr/>
Cash utilised in operations	<u>164 164 828</u>	<u>120 411 660</u>
<b>B. CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents consist of:		
Balances with banks	146 587 128	105 373 678
Bank balances in credit	(758 583)	(8 082 777)
Total balances with banks	<u>145 828 545</u>	<u>97 290 901</u>

**THE SMALL ENTERPRISE FOUNDATION**  
**(Non-Profit Company)**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 30 June 2022**

**1 Accounting policies**

The annual financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) and the requirements of the Companies Act of South Africa, 2008. The annual financial statements are prepared on the historical cost basis, except for certain financial instruments which are fair valued. The following principal accounting policies have been incorporated, and are consistent with prior years in all material respects.

**1.1 Functional and presentation currency**

The financial statements are presented in South African Rand (ZAR), which is the Company’s functional currency.

**1.2 Interest earned on advances**

Interest earned on advances is recognised using the effective interest rate method over the term of the loans. No interest rate risk exists on advances as interest is not linked to market changes but remains constant even when repo rate changes are made.

**1.3 Other interest received**

Other interest received is accrued on a daily basis using the effective interest rate method.

**1.4 Initiation and service fees**

Initiation fees are capitalised to the loan balance and recognised at amortised cost. The initiation fees are then released to the statement of comprehensive income as revenue over the period of the loan. Service fees are recognised as income on a monthly basis as they are received.

**1.5 Grants received**

***Operational grants received***

These are grants which are specifically designated to be utilised for operational expenses, where the expenses to which they relate have actually been incurred and charged to income in the same period, and where all the contractual conditions for payment of the grant amount have been met.

***Grants for loan capital***

Grants designated for loan capital or not specifically designated as operational grants are recognised in the statement of comprehensive income when utilized. These grants are then transferred to the General Capital reserve.

**1.6 Property and equipment**

Property is initially recognised at cost and revalued once every three years – buildings are carried at their revalued amount less accumulated depreciation. Equipment is stated at historical cost and is depreciated to their residual value using the straight-line method over the estimated useful lives of assets. The following rates of depreciation have been used:

Furniture and fittings	5 years
Office equipment	5 years
Computer equipment	3 years
Motor vehicles	4 years
Buildings	40 years
Land is not depreciated.	

The carrying amounts of property and equipment are written down to their estimated recoverable amounts, where the estimated recoverable amount is lower than the carrying value.

A property is transferred to, or from, investment property when there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property.

**THE SMALL ENTERPRISE FOUNDATION**  
**(Non-Profit Company)**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 30 June 2022**

**1 Accounting policies (continued)**

**1.7 Intangible assets**

*Computer software*

Computer software that is acquired by the company is stated at cost less accumulated amortisation and accumulated impairment losses.

*Subsequent expenditure*

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Expenditure on research activities undertaken with the prospect of gaining new technical knowledge and understanding, is recognised in profit or loss as an expense as incurred.

*Development costs*

Expenditure on development activities, for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible, cost can be measured reliably, future economic benefits are probable and the company has the ability to complete the development. The expenditure capitalised includes all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Other development expenditure is recognised in profit or loss as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and accumulated impairment losses.

*Amortisation*

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are systematically tested for impairment at each reporting date or whenever there is an indication that they are impaired. Other intangible assets are amortised from the date they are available for use. The estimated useful lives of the current and prior years are as follows:

Computer software            3 years  
Management information : 3 years

**1.8 Financial instruments (also see note 1.13)**

Financial assets and financial liabilities are recognised on the statement of financial position when the company becomes a party to the contractual provisions of the instrument.

Financial assets (unless it is a trade receivable without a significant financing component) are initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. Trade receivables without a significant financing component are measured at the transaction price.

At reporting date, the company's principal financial assets included cash, short term funds, loans and advances and other receivables. Loans and advances are measured at amortised cost using the effective interest rate method. Cash, short term funds and other receivables are stated at their transaction prices which approximate fair values. All financial assets are reduced by appropriate allowances for estimated irrecoverable amounts where applicable.

Financial liabilities are measured at amortised cost or at FVTPL when they are held for trading which approximates fair value.

At reporting date, the company's principal financial liabilities included trade and other payables, short and long term loans. Short and long term loans are measured at amortised cost. Trade and other payables are stated at their nominal value which approximates fair value.

**THE SMALL ENTERPRISE FOUNDATION**  
**(Non-Profit Company)**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 30 June 2022**

**1 Accounting policies (continued)**

**1.9 Retirement benefits**

Contributions to retirement benefit funds are charged to the statement of comprehensive income when they are incurred as part of employment costs.

**1.10 Provisions**

Provisions for staff related expenses such as outstanding leave days not taken at year end and 13<sup>th</sup> cheques are made at total cost to the organisation as at reporting date.

Provision for audit fees and workmen's compensation are based on estimates as at reporting date.

**1.11 Loans and advances with credit balances**

Loans and advances with credit balances older than three years are recognised in the statement of comprehensive income as revenue.

Claims for amounts which have been recognised in the statement of comprehensive income are refunded to clients.

**1.12 Operational grant income**

The company currently discloses operational grants on the statement of comprehensive income as other income separately after surplus or loss for the year.

The related expenses are deducted from operational grant income and disclosed as a net amount in the statement of comprehensive income.

**1.13 Financial Instruments**

In the current year, the company has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018.

IFRS 9 introduced new requirements for:

1. Classification and measurement of financial assets and liabilities
2. Impairment of financial assets

1. Classification and measurement of financial assets and liabilities

The date of initial application (i.e. the date on which the company has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 July 2018. Accordingly, the company has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 July 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 July 2018.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

**THE SMALL ENTERPRISE FOUNDATION**  
**(Non-Profit Company)**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 30 June 2022**

**1.13 Accounting policies / Financial Instruments (continued)**

Specifically:

1. Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
2. Debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
3. All other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the company may make the following irrevocable election/designation at initial recognition of a financial asset:

1. The company may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and
2. The company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

In the current year, the company has not designated any debt investments that meet the amortised cost or FVTOCI criteria as measured at FVTPL.

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.

Debt instruments that are measured subsequently at amortised cost or at FVTOCI are subject to impairment.

The directors of the company reviewed and assessed the company's existing financial assets as at 1 July 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the company's financial assets as regards their classification and measurement:

Financial assets classified as held to maturity and loans and receivables under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

None of the reclassifications of financial assets have had any impact on the company's financial position, profit or loss, other comprehensive income or total comprehensive income in either year.

2. Impairment of financial assets

IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the company to recognise a loss allowance for expected credit losses on:

1. Debt investments measured subsequently at amortised cost or at FVTOCI;
2. Lease receivables;
3. Trade receivables and contract assets; and
4. Financial guarantee contracts to which the impairment requirements of IFRS 9 apply.



**THE SMALL ENTERPRISE FOUNDATION**  
**(Non-Profit Company)**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
for the year ended 30 June 2022

**1.13 Accounting policies / Financial Instruments (continued)**

In particular, IFRS 9 requires the company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit impaired financial asset.

However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit impaired financial asset), the company is required to measure the loss allowance for that financial instrument at an amount equal to 12 months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

A credit loss is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive discounted at the original effective interest rate. ECL is the weighted average credit losses with the respective risks of a default occurring as the weights.

The table below tabulates the change in classification of the company's financial assets upon application of IFRS 9:

Items at 30 June 2022 subject to IFRS 9	Credit risk attributes	Impact analysis	Management considerations
Loans and advances	The company applies the simplified approach for these assets.	High	ECL model applies
Other receivables	The directors have concluded that it would require undue cost and effort to determine the credit risk of receivable on their respective dates of initial recognition.	Low	No further consideration
Cash and short term funds	All bank balances are assessed to have low credit balances reputable international banking institutions	Low	No further consideration

**1.14 Measurement and recognition of leases as a lessee**

The company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the prevailing prime borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

THE SMALL ENTERPRISE FOUNDATION  
(Non-Profit Company)  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
for the year ended 30 June 2022

2. Property and equipment

2022 Cost	Land & buildings R	Furniture & fittings R	Office equipment R	Computer equipment R	Motor vehicles R	Leased assets R	Total R
At beginning of year	9 816 978	3 791 808	6 115 576	16 327 178	1 483 160	1 546 858	39 081 558
Additions	-	66 451	329 862	1 044 908	-	185 621	1 626 842
Disposals	-	-	-	-	-	-	-
Revaluation surplus	38 095	-	-	-	-	-	38 095,00
Scrappings	-	-	(39 450)	(40 388)	(536)	(87 497)	(167 871)
At end of year	<b>9 855 073</b>	<b>3 858 259</b>	<b>6 405 988</b>	<b>17 331 698</b>	<b>1 482 624</b>	<b>1 644 982</b>	<b>40 578 624</b>
<b>Accumulated amortisation</b>							
At beginning of year	(1 659 384)	(3 421 545)	(4 631 904)	(13 012 354)	(1 281 586)	(1 315 749)	(25 322 523)
Amortisation	(245 689)	(187 187)	(645 023)	(2 572 823)	(168 023)	(138 720)	(3 957 465)
Scrapping Amortisation	-	-	38 392	34 837	324	-	73 552
At end of year	<b>(1 905 073)</b>	<b>(3 608 732)</b>	<b>(5 238 535)</b>	<b>(15 550 340)</b>	<b>(1 449 285)</b>	<b>(1 454 469)</b>	<b>(29 206 435)</b>
<b>Carrying value</b>	<b>7 950 000</b>	<b>249 527</b>	<b>1 167 453</b>	<b>1 781 358</b>	<b>33 339</b>	<b>190 513</b>	<b>11 372 189</b>

The company adopted a policy of revaluing their land and buildings once every 3 years. This revaluation was performed in 2022. If the impact of all revaluations are ignored, the carrying value of land and buildings as at 30 June 2022 would be R7 229 757 (2021: R7 475 445).

THE SMALL ENTERPRISE FOUNDATION  
(Non-Profit Company)  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
for the year ended 30 June 2022

2. Property and equipment

2021 Cost	Land & buildings R	Furniture & fittings R	Office equipment R	Computer equipment R	Motor vehicles R	Leased assets R	Total R
At beginning of year	9 774 978	3 758 631	6 087 472	14 950 801	1 483 160	1 307 206	37 362 248
Additions	42 000	33 177	28 104	1 437 797	-	239 652	1 780 730
Disposals	-	-	-	-	-	-	-
Revaluation surplus	-	-	-	-	-	-	-
Scrappings	-	-	-	(61 420)	-	-	(61 420)
At end of year	<b>9 816 978</b>	<b>3 791 808</b>	<b>6 115 576</b>	<b>16 327 178</b>	<b>1 483 160</b>	<b>1 546 858</b>	<b>39 081 558</b>
<b>Accumulated amortisation</b>							
At beginning of year	(1 414 045)	(3 170 757)	(3 944 495)	(10 668 832)	(992 158)	(821 163)	(21 011 451)
Amortisation	(245 339)	(250 788)	(687 409)	(2 390 004)	(289 428)	(494 586)	(4 357 554)
Scrapping Amortisation	-	-	-	46 482	-	-	46 482
At end of year	<b>(1 659 384)</b>	<b>(3 421 545)</b>	<b>(4 631 904)</b>	<b>(13 012 354)</b>	<b>(1 281 586)</b>	<b>(1 315 749)</b>	<b>(25 322 523)</b>
<b>Carrying value</b>	<b>8 157 594</b>	<b>370 263</b>	<b>1 483 672</b>	<b>3 314 824</b>	<b>201 574</b>	<b>231 109</b>	<b>13 759 035</b>

The company adopted a policy of revaluing their land and buildings once every 3 years. The last revaluation was performed in 2019. If the impact of all revaluations are ignored, the carrying value of land and buildings as at 30 June 2021 would be R7 475 445 (2020: R 7 678 785)

THE SMALL ENTERPRISE FOUNDATION  
(Non-Profit Company)  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
for the year ended 30 June 2022

3. Intangible assets

	2022			2021		
	Computer software R	Management information system R	Total R	Computer software R	Management information system R	Total R
<b>Cost</b>						
At beginning of year			10 005 653			9 010 000
Additions	2 393 469	7 612 184	1 130 924	2 306 402	6 703 598	995 653
	51 866	1 079 058		87 067	908 586	
At end of year	<b>2 445 335</b>	<b>8 691 242</b>	<b>11 136 577</b>	<b>2 393 469</b>	<b>7 612 184</b>	<b>10 005 653</b>
<b>Accumulated amortisation</b>						
At beginning of year			(8 487 549)			(7 168 614)
Amortisation	(2 010 138)	(6 477 411)	(1 123 349)	(1 583 110)	(5 585 504)	(1 318 935)
	(325 245)	(798 104)		(427 028)	(891 907)	
At end of year	<b>(2 335 383)</b>	<b>(7 275 515)</b>	<b>(9 610 898)</b>	<b>(2 010 138)</b>	<b>(6 477 411)</b>	<b>(8 487 549)</b>
<b>Carrying value</b>	<b>109 952</b>	<b>1 415 727</b>	<b>1 525 679</b>	<b>383 331</b>	<b>1 134 773</b>	<b>1 518 104</b>

**THE SMALL ENTERPRISE FOUNDATION**  
**(Non-Profit Company)**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 30 June 2022**

	<u>2022</u>	<u>2021</u>
	R	R
<b>4 Loans and advances</b>		
Gross advances	535 248 738	645 169 054
Accrued interest on advances	11 109 444	13 487 321
Provision for bad debt	(43 737 258)	(34 957 882)
Incurred but not reported provision (death write-offs)	(5 255 619)	(7 946 748)
	<b>497 365 305</b>	<b>615 751 745</b>
Movement in impairment provision:		
Balance at beginning of the year	42 904 630	36 290 118
Current year movement in provision	6 088 247	6 614 512
	<b>48 992 877</b>	<b>42 904 630</b>

Advances are funded out of loans and capital grants received.

The company's Head Office is in Tzaneen and is operational in the surrounding areas of the Limpopo, Mpumalanga, North West, Gauteng, Eastern Cape and Kwazulu Natal Provinces of South Africa. Individual loans in group lending do not exceed R 25 000. Individual loans not within group lending do not exceed R 250 000.

Effective interest rates, based on a declining balance, are charged at a fixed rate and initiation and service fees are also charged. Rates do not fluctuate with changes to repo rate changes and no provision is calculated for rate changes.

Due to the fact that the interest rate on advances does not fluctuate with changes in the repo rate and due to the fact that the advances have a short time to maturity, the carrying amounts approximate fair value. The loan periods are between four and twenty four months.

**THE SMALL ENTERPRISE FOUNDATION**  
**(Non-Profit Company)**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 30 June 2022**

	<u>2022</u>	<u>2021</u>
	R	R
<b>4 Loans and advances (continued)</b>		
A total amount of R 62 884 381 (2021: R 54 656 831) of advances was in arrears at the financial year end. An analysis of the arrears for the current year is presented below.		
Rescheduled loans	1 191 249	1 013 924
1 – 30 days	25 032 758	28 211 092
31 – 60 days	9 526 287	8 929 012
61 – 90 days	8 624 322	5 223 227
91 – 120 days	7 908 540	4 817 770
121 - 150 days	10 601 225	6 460 912
> 150 days	-	894
	<u>62 884 381</u>	<u>54 656 831</u>

A rescheduled loan is a loan for which the company has agreed to delay the repayment dates or amounts due to a member's 'long-term illness'. The member must sign an acknowledgement of debt promising to repay the company once the member has recovered from his/her illness. If no loan repayment is received for 12 consecutive months, then the rescheduled loan is written off.

All loans older than 150 days are written off as bad debts if considered bad and irrecoverable.

**5 Other receivables**

Other receivables include small loans generally available for salary advances, study loans, housing and car loans given to staff. The loans carry interest at the prime rate plus three percent while salary advances and study loans are interest free. There were no arrears in respect of staff loans (2021: R nil) at the financial year end. Loans are normally repaid over a period of two years while the housing loans are repaid over 5 years.

Other staff loans	40 405	106 823
Rental deposits	267 606	250 133
Accrued debtors	9 564	423 537
Prepayments	3 992 613	4 024 433

Due to the fact that the other receivables have a short time to maturity, the carrying amount approximates fair value.

<u>4 310 188</u>	<u>4 804 926</u>
------------------	------------------

Other receivables are neither past due nor impaired.

**THE SMALL ENTERPRISE FOUNDATION**  
**(Non-Profit Company)**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 30 June 2022**

	<u>2022</u>	<u>2021</u>
	R	R
<b>6 Non-distributable reserve</b>		
<p>The non-distributable reserve represents the revaluation of properties. Revaluations are done every three years. The properties at 8 First Avenue and 5 Second Avenue, Medipark, Tzaneen were revalued upwards by R 38 095 in 2022.</p>		
Balance at beginning of year	682 148	682 148
Revaluation of Land & Buildings - prior year	-	-
Revaluation of Land & Buildings - current year	38 095	-
Balance at the end of the year	<u>720 243</u>	<u>682 148</u>

**7 General capital reserve**

The general capital reserve consists of grants received from donors other than USAID (United States Agency for International Development - see note 8). Such grants are, for the most part, non-recurring grants from a variety of organisations wanting to express their interest in, and support of, the work performed by the company. The main contributors during past years were Old Mutual Masisizane Fund, SIDA, SEFA, Genesis Steel, Whole Planet Foundation, Hivos Triodos Bank, DM Edwards, The Wealth Chef, BNP Paribas and various other donors. All grants have been designated by the donors concerned as loan capital to be utilised for future disbursements of loans to clients.

Balance at beginning of year	40 556 014	40 333 290
Movement in general capital reserve *	(222 724)	222 724
Balance at the end of the year	<u>40 333 290</u>	<u>40 556 014</u>

\* Payment made to client from the BNP Paribas grant which was not fully used by the end of financial year 2021 for its intended purposes and was transferred to reserves. These were utilised in the financial year 2022.

**8 Development reserve**

The development reserve comprises mainly of grants received from USAID (United States Agency for International Development). These grants are utilised for lending.

Balance at beginning and end of year	<u>6 654 459</u>	<u>6 654 459</u>
--------------------------------------	------------------	------------------

**THE SMALL ENTERPRISE FOUNDATION**  
**(Non-Profit Company)**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 30 June 2022**

	<u>2022</u>	<u>2021</u>
	R	R
<b>9 Educational reserve</b>		
The educational reserve consists of small individual grants. The donors have requested the funds be used to disburse educational loans to existing members of the organisation under an educational loan programme introduced in 1998. As from July 2007 these loans were discontinued.		
Balance at beginning and end of year	<u>20 188</u>	<u>20 188</u>

**10 Long term loans**

**Hivos Triodos Bank**

The balance owing to Hivos Triodos Bank consists of the following facilities:

R 15.25 million facility was signed in June 2012. The R 10 million was received in July 2012. R 2 million from a R4 million facility signed in June 2011 and R 3.25 million from a facility signed in 2008 were transferred on 31 December 2012 to form part of this facility. This facility was renegotiated in October 2015 and was repayable in September 2018 in one instalment. This facility was rolled over in September 2018 and in September 2021. Interest was payable bi-annually at a fixed rate of 13%.

R 7.5 million facility was signed in 2008 and received in November 2008. This facility was renegotiated in October 2015 and was repayable in September 2018 in one instalment. This facility was rolled over in September 2018 and in September 2021. Interest was payable bi-annually at a fixed rate of 13%.

R 40 million facility was signed in October 2015 and received in October 2015. This facility was repayable in September 2018 in one instalment. This facility was rolled over in September 2018 and in September 2021. Interest was payable bi-annually at a fixed rate of 13%.

In May 2020 the Company entered into a loan agreement with Hivos Triodos Bank for R 22.55 million. This loan carries interest at a fixed rate of 11.90% and is payable bi-annually commencing on 15 September 2020. Capital is repayable in one instalment on 6 May 2023. This loan is unsecured.

Balance	23 336 655	88 500 381
Short term portion transferred to current liabilities	(23 336 655)	(65 163 726)
Long term portion	<u>-</u>	<u>23 336 655</u>

**Legal Owner Triodos Funds B.V. and Triodos SICAV II**

In August 2021 the Company rolled over and consolidated its three existing loan entered into in September 2018 with Stichting Hivos-Triodos Fonds of R13.75 million, Triodos Custody B.V. of R26.5 million and Triodos SICAV II - Triodos Microfinance Fund of R 22.5 million into a loan agreement with Legal Owner Triodos Funds B.V. for R31.375 million and Triodos SICAV II for R31.375 million. These loans carry interest at a fixed rate of 11.70% and is payable bi-annually commencing on 15 March 2022. Capital is repayable quarterly in 4 equal instalments from 30 November 2023.

These loans are unsecured.

Balance	64 718 287	65 163 726
Short term portion transferred to current liabilities	-	(65 163 726)
Long term portion	<u>64 718 287</u>	<u>-</u>



**THE SMALL ENTERPRISE FOUNDATION**  
**(Non-Profit Company)**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 30 June 2022**

	<u>2022</u>	<u>2021</u>
	R	R
<b>10 Long term loans (continued)</b>		
<b>Oikocredit</b>		
In March 2018 the Company entered into a loan agreement with Oikocredit for R 15 million. Interest is calculated at repo rate plus 3.5%. Interest for the first 6 months was fixed at 9.75% if drawn down within 3 months from approval; the latest interest rate was 9.00%. Interest was payable 6 months after the first advance. Capital was repayable in 7 equal instalments starting 12 months from the first advance. This was an unsecured loan. This facility was early repaid in January 2022; it carried a penalty fee of R27,857.		
Balance	-	6 591 840
Short term portion transferred to current liabilities	-	(4 285 714)
Long term portion	-	<u>2 306 126</u>

**Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V (FMO)**

In December 2017 the Company entered into a R 30 million loan agreement with Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. The term of the loan is 4 years. The interest rate is calculated for each disbursement and each interest period based on the equivalent in local currency of 3 months Jibar plus 4.10% pa and an added margin of 0.25% pa; the current rate is 9.23%. The loan capital is payable in 8 semi-annual instalments starting from 20 May 2019. Interest is payable quarterly, starting from 20 February 2019.

In November 2021 the Company entered into a R 50 million loan agreement with Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. The term of the loan is 4 years. The interest rate is calculated for each disbursement and each interest period based on the equivalent in local currency of 3 months Jibar plus 4.50% pa and an added margin of 0.43% pa; the current rate is 9.313%. The loan capital is payable in 12 quarterly instalments starting from 20 January 2023. Interest is payable quarterly, starting from 20 January 2022.

These loans is unsecured.

Balance	54 694 464	11 352 236
Short term portion transferred to current liabilities	(12 122 012)	(7 500 000)
Long term portion	<u>42 572 452</u>	<u>3 852 236</u>

**THE SMALL ENTERPRISE FOUNDATION**  
**(Non-Profit Company)**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 30 June 2022**

	<u>2022</u>	<u>2021</u>
	R	R
<b>10 Long term loans (continued)</b>		
<b>Whole Planet Foundation</b>		
In May 2013 the Company entered into a loan agreement with Whole Planet Foundation for R 1 419 015. This loan is interest free. Capital is repayable in 12 equal quarterly instalments starting on 31 October 2020.		
In August 2013 the company entered into a second loan agreement with Whole Planet Foundation for R 1 068 098. This loan is interest free. Capital is repayable in 12 equal quarterly instalments starting on 31 October 2020.		
In December 2014 the company entered into a third loan agreement with Whole Planet Foundation for R 1 710 075. This loan is interest free. Capital is repayable in 12 equal quarterly instalments starting on 31 October 2020.		
In September 2015 the company entered into a fourth loan agreement with Whole Planet Foundation for R 4 735 255. This loan is interest free. Capital is repayable in 12 equal quarterly instalments starting on 31 October 2020.		
In August 2016 the company entered into a fifth loan agreement with Whole Planet Foundation for R 5 602 150. This loan is interest free. Capital is repayable in 12 equal quarterly instalments starting on 31 October 2020.		
In October 2019 the company entered into a sixth loan agreement with Whole Planet Foundation for R 4 477 050. This loan is interest free. Capital is repayable in 3 equal quarterly instalments starting on 31 October 2022.		
In November 2020 the company entered into a seventh loan agreement with Whole Planet Foundation for R 4 551 930. This loan is interest free. Capital is repayable in 3 equal quarterly instalments starting on 31 January 2024.		
These loans are unsecured.		
Balance	13 463 490	16 943 885
Short term portion transferred to current liabilities	(6 337 214)	(4 844 864)
Long term portion	<u>7 126 276</u>	<u>12 099 021</u>

**THE SMALL ENTERPRISE FOUNDATION**  
**(Non-Profit Company)**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 30 June 2022**

	<u>2022</u>	<u>2021</u>
	R	R
<b>10 Long term loans (continued)</b>		
<b>Freddie Marincowitz Welfare Trust</b>		
In September 2010 the Company entered into a loan agreement with The Freddie Marincowitz Family Trust. This loan agreement was amended in September 2012 to state that the loan is repayable on 3 months' notice only. The loan was amended in March 2017 whereby The Freddie Marincowitz Family Trust was changed to Freddie Marincowitz Welfare Trust. The loan amount advanced was R 10 million. This loan carries interest at 30% of the prime interest rate and will be repaid in September 2022. The facility is unsecured.		
Balance	10 079 189	10 070 377
Short term portion transferred to current liabilities	(10 079 189)	(10 070 377)
Long term portion	<hr/> <hr/> -	<hr/> <hr/> -

**The Small Enterprise Agency Soc Limited (SEFA)**

In May 2018 the Company entered into a revolving credit facility with SEFA for R 30 million. The term of the facility is 5 years. Capital is repayable no later than 60 months from the date of the first advance / disbursement. Interest is capitalized and payable monthly. The loan carries interest at a fixed rate of 11.0%. The facility is secured through a cession of book debts of R 15 million funded by SEFA.

In May 2022 the Company entered into a revolving credit facility with SEFA for R 30 million. The term of the facility is 5 years. Capital is repayable no later than 60 months from the date of the first advance / disbursement. Interest is capitalized and payable monthly. The loan carries interest at prime minus 1%. The facility is secured through a cession of book debts funded by SEFA.

Balance	-	558 482
Short term portion transferred to current liabilities	-	(558 482)
Long term portion	<hr/> <hr/> -	<hr/> <hr/> -

**THE SMALL ENTERPRISE FOUNDATION**  
**(Non-Profit Company)**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 30 June 2022**

	<u>2022</u>	<u>2021</u>
	R	R
<b>10 Long term loans (continued)</b>		
<b>Oxfam Novib</b>		
R9 588 950 facility was signed in November 2013 with Oxfam Novib represented by Triple Jump. This facility was repayable on 15 November 2019 in one instalment. The facility was rolled over on 15 November 2019 and repaid in October 2021 in one instalment. Interest was payable bi-annually at a fixed interest rate of 13%.		
R4 572 540 facility was signed in November 2015 with Oxfam Novib represented by Triple Jump. This facility was repayable on 15 November 2019 in one instalment. The facility was rolled over on 15 November 2019 and repaid in October 2021 in one instalment. Interest was payable bi-annually at a fixed interest rate of 13%.		
R9 837 000 facility was signed in November 2017 with Oxfam Novib represented by Triple Jump. This facility was repayable on 15 November 2019 in one instalment. The facility was rolled over on 15 November 2019 and repaid in October 2021 in one instalment. Interest was payable bi-annually at a fixed interest rate of 13%.		
These loans were unsecured.		
Balance	-	24 391 671
Short term portion transferred to current liabilities	-	(24 391 671)
Long term portion	<hr style="border-top: 1px solid black;"/> - <hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/> - <hr style="border-top: 1px solid black;"/>
<b>Atlantic Asset Management</b>		
In November 2018 the Company entered into a R30 million loan agreement with Atlantic Asset Management. The loan term is 3 years. The loan carries interest at prime plus 1%. Interest is paid monthly. Capital was early repaid in September 2021 as a bullet payment. This loan was unsecured.		
Balance	-	30 184 012
Short term portion transferred to current liabilities	-	(30 184 012)
Long term portion	<hr style="border-top: 1px solid black;"/> - <hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/> - <hr style="border-top: 1px solid black;"/>

**THE SMALL ENTERPRISE FOUNDATION**  
**(Non-Profit Company)**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 30 June 2022**

2022                      2021  
R                                      R

**10 Long term loans (continued)**

**KfW**

In June 2015 the Company entered into a loan agreement with KfW for an amount of R 69 600 000. This loan carries interest at the 3-months Jibar rate plus a 5.0% margin and is payable quarterly commencing on 15 September 2015; the interest rate as at 30 June 2021 was 8.683%. From 15 December 2016 interest is payable on the maturity dates of the repayments. The capital amount is repayable in 11 equal semi-annual instalments from 15 December 2016. The facility was unsecured and was fully repaid by December 2021.

Balance	-	6 349 851
Short term portion transferred to current liabilities	-	(6 349 851)
Long term portion		
	-	-

**Symbiotics**

In October 2018 the Company entered into a loan agreement with Regional MSME Investment Fund for Sub-Saharan Africa S.A., SICAV-SIF (Noteholder) and Symbiotics S.A. (Investment Manager of the Noteholder) for R 14.4 million. The term of the loan is 3 years. This loan carries interest at a fixed rate of 12.5% and is payable bi-annually commencing on 24 April 2019. Capital is repayable in 3 equal annual instalments from 24 October 2019. As at June 2019 the full facility had been drawn down. The facility was fully paid in October 2021.

In October 2018 the Company entered into a loan agreement with Symbiotics Sicav (Lux) acting on behalf of its sub-fund SEB VI Microfinance Fund (Noteholder) and Symbiotics S.A (Fund Manager of the Noteholder) for R 14.4 million. The term of the loan is 3 years. This loan carries interest at a fixed rate of 12.5% and is payable bi-annually commencing on 24 April 2019. Capital is repayable in 3 equal annual instalments from 24 October 2019. As at June 2019 the full facility had been drawn down. The facility was fully repaid in October 2021.

In November 2019 the Company entered into a loan agreement with Symbiotics Sicav (Lux) acting with respect to its SEB Microfinance Fund VII (Noteholder) and Symbiotics S.A (Fund Manager of the Noteholder) for R 9.6 million. The term of the loan is 3 years. This loan carries interest at a fixed rate of 12.5% and is payable bi-annually commencing on 15 May 2020. Capital is repayable in 3 equal annual instalments from 15 November 2020.

In November 2019 the Company entered into a loan agreement with Regional MSME Investment Fund for Sub-Saharan Africa S.A., SICAV-SIF (Noteholder) and Symbiotics S.A (Investment Manager of the Noteholder) for R 13.7 million. The term of the loan is 3 years. This loan carries interest at a fixed rate of 12.5% and is payable bi-annually commencing on 26 May 2020. Capital is repayable in 3 equal annual instalments from 26 November 2020.

In November 2020 the Company entered into a loan agreement with Symbiotics Sicav (Lux) acting with respect to its Global Financial Inclusion Fund (Noteholder) and Symbiotics S.A. (Fund Manager of the Noteholder) for R 8.25 million. The term of the loan is 3 years. This loan carries interest at a fixed rate of 9.5% and is payable bi-annually commencing on 18 May 2021. Capital is repayable in 3 equal annual instalments from 18 November 2021.

In November 2020 the Company entered into a loan agreement with Netri Foundation Privada and Symbiotics S.A. (Investment Partner of the Noteholder) for R 7.76 million. The term of the loan is 3 years. This loan carries interest at a fixed rate of 9.5% and is payable bi-annually commencing on 04 December 2020. Capital is repayable in 3 equal annual instalments from 04 December 2020.

2022                      2021  
R                                      R

**10 Long term loans (continued)**

**Symbiotics (continued)**

In November 2020 the Company entered into a loan agreement with Symbiotics Sicav (Lux) with respect to its SEB Microfinance Fund VIII (Noteholder) and Symbiotics S.A. (Fund Manager of the Noteholder) for R 33 million. The term of the loan is 3 years. This loan carries interest at a fixed rate of 9.5% and is payable bi-annually commencing on 13 May 2021. Capital is repayable in 3 equal annual instalments from 13 November 2021.

In November 2020 the Company entered into a loan agreement with Symbiotics Sicav (Lux) acting with respect to its Abendorf Microfinance Local Currency Fund (Noteholder) and Symbiotics S.A. (Fund Manager of the Noteholder) for R 14.5 million. The term of the loan is 3 years. This loan carries interest at a fixed rate of 9.5% and is payable bi-annually commencing on 13 May 2021. Capital is repayable in 3 equal annual instalments from 13 November 2021.

In November 2020 the Company entered into a loan agreement with Symbiotics Sicav (Lux) acting with respect to its Global Microfinance Fund (Noteholder and Symbiotics S.A. (Fund Manager of the Noteholder) for R 14.5 million. The term of the loan is 3 years. This loan carries interest at a fixed rate of 9.5% and is payable bi-annually commencing on 13 May 2021. Capital is repayable in 3 equal annual instalments from 13 November 2021.

In November 2020 the Company entered into a loan agreement with Regional MSME Investment Fund for the Sub-Saharan Africa S.A., SICAV-SIF (Noteholder) and Symbiotics S.A. (Investment Manager of the Noteholder) for R 40.3 million. The term of the loan is 3 years. This loan carries interest at a fixed rate of 9.5% and is payable bi-annually commencing on 13 May 2021. Capital is repayable in 3 equal annual instalments from 13 November 2021.

In November 2020 the Company entered into a loan agreement with Symbiotics Sicav (Lux) acting with respect to its Global Financial Inclusion Fund (Noteholder) and Symbiotics S.A. (Fund Manager of the Noteholder) for R 8.25 million. The term of the loan is 3 years. This loan carries interest at a fixed rate of 9.5% and is payable bi-annually commencing on 18 May 2021. Capital is repayable in 3 equal annual instalments from 18 November 2021.

In November 2020 the Company entered into a loan agreement with Regional MSME Investment Fund for Sub-Saharan Africa S.A., SICAV-SIF (Noteholder) and Symbiotics S.A. (Investment Manager of the Noteholder) for R 4 566 210. The term of the loan is 2 years. This loan carries interest at a fixed rate of 9.5% and is payable in 1 bullet instalment on 28 November 2022. Capital is repayable in 2 equal annual instalments from 26 November 2021.

In October 2020 the Company entered into a loan agreement with Regional MSME Investment Fund for Sub-Saharan Africa S.A., SICAV-SIF (Noteholder) and Symbiotics S.A. (Investment Manager of the Noteholder) for R 4.8 million. The term of the loan is 1 year. This loan carries interest at a fixed rate of 9.5% and is payable bi-annually commencing on 26 April 2021. Capital is repayable in 1 bullet instalment on 26 October 2021. The facility was repaid in October 2021.

In October 2020 the Company entered into a loan agreement with Symbiotics Sicav (Lux) acting with respect to its Microfinance Fund VI (Noteholder) and Symbiotics S.A. (Fund Manager of the Noteholder) for R 4.8 million. The term of the loan is 2.5 years. This loan carries interest at a fixed rate of 9.5% and is payable bi-annually commencing on 24 April 2021. Capital is repayable in a bullet instalments on 24 April 2024.

In November 2020 the Company entered into a loan agreement with Symbiotics Sicav (Lux) acting with respect to its SEF Microfinance Fund VII (Noteholder) and Symbiotics S.A. (Fund Manager of the Noteholder) for R 3.199 million. The term of the loan is 2 years. This loan carries interest at a fixed rate of 9.5% and is payable bi-annually commencing on 15 May 2021. Capital is repayable in a bullet instalments on 15 November 2022.

These loans are unsecured.

Balance	103 773 246	169 053 353
Short term portion transferred to current liabilities	(63 060 605)	(64 654 395)
Long term portion	<b>40 712 641</b>	<b>104 398 958</b>

THE SMALL ENTERPRISE FOUNDATION  
(Non-Profit Company)  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
for the year ended 30 June 2022

	<u>2022</u>	<u>2021</u>
	R	R
<b>10 Long term loans (continued)</b>		
<b>Global Partnerships Impact - First Development Fund, LLC</b>		
<p>In June 2020 the Company entered into a loan agreement with Global Partnerships Impact - First Development Fund, LLC for R 17.42 million. This loan carries interest at a fixed interest rate of 11% and is payable quarterly in arrears commencing on 21 September 2020. The capital amount is repayable in 3 equal annual instalments from 20 September 2021. The facility was unsecured. The facility was early repaid in January 2022; it carried a penalty and breakage fee of R434,118.</p>		
Balance	-	17 467 905
Short term portion transferred to current liabilities	-	(5 806 667)
Long term portion	-	<u>11 661 238</u>
<b>Abor FS Ltd</b>		
<p>In November 2019 the Company entered into a loan agreement with Abor FS Ltd for R 50 million. This loan carries interest at a fixed interest rate of 12.8% and is payable bi-annually in arrears commencing on 15 May 2020. The capital amount is repayable in 2 equal annual instalments from 15 November 2021. The facility is unsecured.</p>		
Balance	25 400 000	50 800 000
Short term portion transferred to current liabilities	(25 400 000)	(25 000 000)
Long term portion	-	<u>25 800 000</u>
<b>Microfinance Enhancement Facility SA, SICAV-SIF (Incofin)</b>		
<p>In May 2020 the Company entered into a loan agreement with Microfinance Enhancement Facility SA, SICAV-SIF for R 34.9 million. This loan carries interest at a fixed interest rate of 12.35% and is payable bi-annually in arrears commencing on 29 November 2020. The capital amount is repayable in one instalment on 29 May 2023. The facility was unsecured. The facility was early repaid in June 2022 ; it carried a penalty fee of R349,000.</p>		
Balance	-	35 259 179
Short term portion transferred to current liabilities	-	-
Long term portion	-	<u>35 259 179</u>
<b>Grameen Credit Agricole Microfinance Foundation</b>		
<p>In November 2019 the Company entered into a loan agreement with Grameen Credit Agricole Microfinance Foundation for R 50 million. This loan carries interest at a fixed interest rate of 12.57% and is payable bi-annually in arrears commencing on 15 December 2019. The capital amount is repayable in 6 bi-annual instalments from 15 December 2020. The facility was unsecured. This facility was early repaid in July 2021; it carried a penalty and breakage fee of R1,066,068.</p>		
Balance	-	30 157 125
Short term portion transferred to current liabilities	-	(20 000 000)
Long term portion	-	<u>10 157 125</u>

**THE SMALL ENTERPRISE FOUNDATION**  
**(Non-Profit Company)**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 30 June 2022**

	<u>2022</u>	<u>2021</u>
	R	R
<b>10 Long term loans (continued)</b>		
<b>BNP Paribas</b>		
In November 2019 the Company entered into a loan agreement with BNP Paribas for R 30 million. This loan carries interest at the 3-months Jibar rate plus a 4.5% margin and is payable quarterly in arrears commencing on 27 February 2020. The capital amount is repayable in 11 equal quarterly instalment from 27 February 2020. The facility was unsecured.		
This facility was amended in August 2020 whereby the capital of R21 818 180 was split into two loans:		
First loan of R10 909 090 for 1 year with capital repayable in 4 equal quarterly instalments from 27 November 2020. The loan carries interest at 3-months Jibar plus a 4.5% margin and is payable in arrears commencing from 27 November 2020; the last rate is 8.183%. This loan was repaid in August 2021.		
Second loan of R10 909 090 for 2 years with capital repayable in 4 equal quarterly instalments from 29 November 2021. The loan carries interest at prime and is payable in arrears commencing from 27 November 2020; the last rate was 7.28%. This loan was early repaid in February 2022.		
Balance	-	13 728 181
Short term portion transferred to current liabilities	-	(10 929 775)
Long term portion	-	<u>2 798 406</u>



**THE SMALL ENTERPRISE FOUNDATION**  
**(Non-Profit Company)**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 30 June 2022**

	<u>2022</u>	<u>2021</u>
	R	R
<b>10 Long term loans (continued)</b>		
<b>BlueOrchard Microfinance Fund</b>		
<p>In October 2021 the Company entered into a loan agreement with BlueOrchard Microfinance Fund for R 50 million. This loan carries interest at a fixed interest rate of 10.00% and is payable bi-annually in arrears commencing on 23 May 2022. The capital amount is repayable in 3 annual instalments from 22 November 2022. The facility is unsecured.</p>		
Balance	157 111 072	-
Short term portion transferred to current liabilities	(51 305 100)	-
Long term portion	<u>105 805 972</u>	<u>-</u>
<b>Lease liability</b>		
<p>Leases with a tenure of longer than 12 months are capitalised in line with IFRS 16.</p>		
Balance	204 526	241 100
Short term portion transferred to current liabilities	(106 330)	(167 561)
Long term portion	<u>98 196</u>	<u>73 539</u>
<b>Total long term loans</b>	<u>261 033 825</u>	<u>231 742 483</u>

THE SMALL ENTERPRISE FOUNDATION  
(Non-Profit Company)  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
for the year ended 30 June 2022

	<u>2022</u>	<u>2021</u>
	R	R
<b>11 Short term loans</b>		
<b>Other short term loans</b>		
Current portion Hivos Triodos Bank loan	23 336 655	-
Current portion Legal Owner Triodos Funds B.V. and Triodos SICAV II loans	-	65 163 726
Current portion Oikocredit loan	-	4 285 714
Current portion of FMO loan	12 122 012	7 500 000
Current portion of Whole Planet Foundation loan	6 337 214	4 844 864
Current portion of SEFA revolving credit facility	-	(558 482)
Current portion of Freddie Marincowitz Welfare Trust loan	10 079 189	10 070 377
Current portion of Atlantic Asset Management loan	-	30 184 012
Current portion of Oxfam Novib loan	-	24 391 671
Current portion of KfW loan	-	6 349 851
Current portion of Symbiotics loan	63 060 605	64 654 395
Current portion of Global Partnerships Impact - First Development Fund, LLC loan	-	5 806 667
Current portion of Abor FS Ltd loan	25 400 000	25 000 000
Current portion of Grameen Credit Agricole Microfinance Foundation loan	-	20 000 000
Current portion of BNP Paribas loan	-	10 929 775
Current portion of BlueOrchard Microfinance Fund loan	51 305 100	-
Current portion of lease liability	106 330	167 561
<b>Total short term loans</b>	<b>191 747 105</b>	<b>278 790 131</b>
<b>12 Trade and other payables</b>		
Trade and other payables	8 427 723	8 076 803
Loans and advances with credit balances	10 338 431	11 703 111
<b>Total trade and other payables</b>	<b>18 766 154</b>	<b>19 779 914</b>

**THE SMALL ENTERPRISE FOUNDATION**  
**(Non-Profit Company)**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 30 June 2022**

	<u>2022</u>	<u>2021</u>
	R	R
<b>13 Provisions</b>		
Provision for accumulated leave	4 317 136	4 739 451
Provision for 13th cheque	5 200 492	4 902 655
Provision for auditor's remuneration	2 098 689	1 625 065
	<b>11 616 317</b>	<b>11 267 171</b>
Movement in accumulated leave provision:		
Balance at beginning of the year	4 739 451	5 365 844
Current year movement in provision	10 737 912	14 518 679
Amounts used this year	(11 160 227)	(15 145 072)
	<b>4 317 136</b>	<b>4 739 451</b>
Movement in 13th cheque provision:		
Balance at beginning of the year	4 902 655	4 610 775
Current year movement in provision	11 470 785	9 883 439
Amounts used this year	(11 172 948)	(9 591 559)
	<b>5 200 492</b>	<b>4 902 655</b>
Movement in auditor's remuneration provision:		
Balance at beginning of the year	1 625 065	2 014 938
Current year movement in provision	2 212 635	2 090 588
Amounts used this year	(1 739 011)	(2 480 461)
	<b>2 098 689</b>	<b>1 625 065</b>

**Provision for accumulated leave**

Annual leave is not expected to be settled wholly within 12 months after the end of the reporting period. The annual leave liability is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement. When assessing expected future payments consideration is given to expected future salary levels including non-salary components and periods of service. It is uncertain if all employees at the end of the reporting period will be employed at the expected date of settlement.

**Provision for 13th cheque**

Employees are entitled to a 13th bonus cheque as per their letter of employment. This bonus is expected to be settled wholly within 6 months after the end of the reporting period. The 13th cheque liability is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement. When assessing expected future payments consideration is given to expected future basic salary levels and periods of service. It is uncertain if all employees at the reporting date will be employed at the expected date of settlement.

**Provision for auditor's remuneration**

Auditor's fees are provided for the period under the review. It is expected that this liability will be paid within 6 months after the end of the reporting period.

**THE SMALL ENTERPRISE FOUNDATION**  
**(Non-Profit Company)**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 30 June 2022**

	<u>2022</u>	<u>2021</u>
	R	R
<b>14 Accruals</b>		
Value Added Tax	2 646 529	2 259 571
Workmen's Compensation	186 884	170 504
Expenses incurred in current year but paid after year end	2 997 135	2 528 913
Unknown deposits	57 014	52 202
	<b>5 887 562</b>	<b>5 011 190</b>
<b>15 Revenue</b>		
Interest received on advances	375 809 718	406 987 198
Interest received on cash balances	3 414 372	2 783 932
Service fees	13 696 611	14 190 741
Interest earned on arrears / prepayments	35 003 649	32 319 725
	<b>427 924 350</b>	<b>456 281 596</b>
Interest received on advances includes initiation fees of R 208 593 340 (2021: R 226 859 665)		
<b>16 Finance costs</b>		
Finance costs in respect of loans	49 674 365	58 129 561
Administration cost on borrowings	2 113 862	1 716 021
Withholding tax on interest	27 533	135 271
Facility and maintenance fees	274 523	55 000
Exchange losses incurred	504 222	1 132 456
Finance costs in respect of overdraft facility	218 511	101 283
Finance costs in respect of employee savings	53 676	50 217
Finance costs in respect of client advance deposits	203 903	101 834
Lender early settlement fees	1 829 551	-
Finance costs in respect of leased assets	16 759	33 490
	<b>54 916 905</b>	<b>61 455 132</b>
<b>17 Impairment of advances</b>		
Bad debts written off	49 563 556	26 619 410
Bad debts recovered	(8 122 670)	(2 327 526)
Death write-offs	6 137 859	8 208 330
Impairment: Interest on arrears / prepayments*	35 003 649	32 319 725
	<b>82 582 394</b>	<b>64 819 939</b>
* SEF charges a fixed amount of interest over the tenure of the loan irrespective of the timing of the repayments. IFRS9 requires interest to be raised on arrears and reduced on prepayments. This adjustment therefore impairs the net interest earned as it is not collectible from clients in terms of their contracts.		
<b>18 Surplus before grants</b>		
The surplus before grants is arrived taking the following into account:	(14 306 784)	40 113 421
Staff costs	199 289 720	179 524 076
External auditor's remuneration		
- Statutory audit : current year	2 098 689	1 625 065
: prior year under provision	113 946	465 523
- Consulting: current year	26 110	35 385
	<b>2 238 745</b>	<b>2 125 973</b>
Amortisation of intangible assets	1 123 349	1 318 935
Amortisation of property and equipment	3 957 465	4 357 554
Operating Leases		
- Buildings	4 318 525	3 750 995
Legal fees	17 714	84 112
Profit on disposal of property, plant and equipment	21 896	80 104

**THE SMALL ENTERPRISE FOUNDATION**  
**(Non-Profit Company)**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 30 June 2022**

	<u>2022</u>	<u>2021</u>
	R	R
<b>19 Grants received</b>		
<b>Capital grants received – gross amount*</b>		
- Ashburton***	-	34 393 154
- BNP Paribas ***	-	1 000 000
- Cadiz	-	26 482
Total capital grants received	<u>-</u>	<u>35 419 636</u>
Grants utilised	222 724	35 196 912
Grants not utilised**	(222 724)	222 724
Total capital grants received	<u>-</u>	<u>35 419 636</u>

\* All capital grants were received with the express condition that the funds be used for lending to customers and are therefore considered being capital in nature.

\*\* BNP Paribas grant was not all used in this year for its intended purposes and is transferred to reserves.

\*\*\* These grants were specifically for the purposes of providing relief to beneficiaries who suffered loss due to the Covid-19 pandemic and such grants were provided as grant funding to those beneficiaries.

**20 Operating leases**

The company has various operating leases entered with landlords for the rental of buildings. The minimum lease payments are detailed below:

Amounts payable within 1 year	448 481	720 482
Amounts payable within 2 – 5 year	-	-
	<u>448 481</u>	<u>720 482</u>

Operating lease payments shorter than one year are recognised as an expense on a straight line basis over the lease term.

The company leases premises for its branches and offices in four provinces on a monthly, quarterly, bi-annual or annual basis; rent is payable in advance.

**THE SMALL ENTERPRISE FOUNDATION**  
**(Non-Profit Company)**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 30 June 2022**

2022  
R

2021  
R

**21 Taxation**

No provision has been made for taxation as the organisation was approved as a Public Benefit Organisation in terms of section 30 of the Income Tax Act and is therefore exempt from taxes.

**22 Retirement benefits**

All permanent employees of the company are members of the Old Mutual Orion Provident Fund. The Provident Fund is defined as a defined contribution plan, where the retirement benefits are determined with reference to the employer and employees' contributions to the Provident Fund. In 2022 the company contributed R 27 934 275 (2021: R 25 019 839) towards the Provident Fund and group life premiums. Current contributions to the Provident Fund are charged against income as incurred.

**23 Encumbered assets and contingent liabilities**

The following securities have been ceded by the company:

Three Standard Bank facilities (overdraft, credit card and fleet management services) are secured through:

- A first and second covering continuing mortgage bond over the property at second Avenue, Tzaneen of R 3.3 million and a cession of material damage insurance policy and Sasria cover over erf 199, Tzaneen.
- A first and second covering continuing mortgage bond over the property at first Avenue, Tzaneen of R 7.5 million and a cession of material damage insurance policy and Sasria cover over erf 199, Tzaneen.
- A cession over a portion of the loan book.

Certain assets were ceded as security for long term debt obligations as per note 10 of the annual financial statements.

**THE SMALL ENTERPRISE FOUNDATION**  
**(Non-Profit Company)**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 30 June 2022**

	<u>2022</u>	<u>2021</u>
	R	R
<b>24 Related party balances and transactions</b>		
The Small Enterprise Foundation entered into a related party transaction with a close family member of the Managing Director (Mr JR de Wit).		
Renting of office space and use of telephone, water and electricity.	-	37 236

**25 Risk management**

**Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation, and cause the other party to incur a financial loss. The Company mitigates this risk by employing a comprehensive framework of policies, procedures and limits to ensure a process of risk assessment, quantification and monitoring.

**Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations from its financial liabilities. Management, through regular review of the company's position, ensures that the Company's operations can meet the minimum levels of funds required.

The table in 28.3 analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the discounted cash flows except if stated otherwise. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

**THE SMALL ENTERPRISE FOUNDATION**  
**(Non-Profit Company)**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 30 June 2022**

**25 Risk management (continued)**

**Cash flow risk**

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount. The Company mitigates this risk by setting fixed repayment terms for all loans and advances.

**Interest rate risk**

Interest rate risk is the risk that interest rates will fluctuate in future. The Company adopts a policy of ensuring that its borrowings are at market related rates to address its interest rate risk.

**Capital risk**

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising its social returns through the optimisation of the debt and equity.

The capital structure of the company consists of debt, which includes borrowings, cash and cash equivalents, reserves and retained earnings respectively.

**Market risk**

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects interest rate risk, currency risk and other price risks. The interest rate risk has been addressed above and there are no significant exposures to currency risk.



THE SMALL ENTERPRISE FOUNDATION  
(Non-Profit Company)  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
for the year ended 30 June 2022

26.1 Statement of financial position - categories of financial instruments - 2022

	Total	Loans and receivables	Financial liabilities at amortised cost	Other and Non-financial assets and liabilities
	R	R	R	R
<b>Assets</b>				
Property and equipment	11 372 189	-	-	11 372 189
Intangible assets	1 525 679	-	-	1 525 679
Loans and advances	497 365 305	497 365 305	-	-
Other receivables	4 310 188	4 310 188	-	-
Cash and short term funds	145 828 545	145 828 545	-	-
<b>Total assets</b>	<b>660 401 906</b>	<b>647 504 038</b>	-	<b>12 897 868</b>
<b>Funds and liabilities</b>				
General capital reserve	40 333 290	-	-	40 333 290
Developmental reserve	6 654 459	-	-	6 654 459
Educational reserve	20 188	-	-	20 188
Retained earnings	123 622 763	-	-	123 622 763
Non – distributable reserve	720 243	-	-	720 243
Long term loans	261 033 825	-	261 033 825	-
Short term loans	191 747 105	-	191 747 105	-
Trade and other payables	18 766 154	-	18 766 154	-
Accruals and Provisions	17 503 879	-	17 503 879	-
<b>Total funds and liabilities</b>	<b>660 401 906</b>	-	<b>489 050 963</b>	<b>171 350 943</b>

The assets and liabilities included in the above table are carried at amortised cost; their carrying values are a reasonable approximation of fair value.

THE SMALL ENTERPRISE FOUNDATION  
(Non-Profit Company)  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
for the year ended 30 June 2022

26.1 Statement of financial position - categories of financial instruments - 2021

	Total	Loans and receivables	Financial liabilities at amortised cost	Other and Non-financial assets and liabilities
	R	R	R	R
<b>Assets</b>				
Property and equipment	13 759 035	-	-	13 759 035
Intangible assets	1 518 104	-	-	1 518 104
Loans and advances	615 751 745	615 751 745	-	-
Other receivables	4 804 926	4 804 926	-	-
Cash and short term funds	97 290 901	97 290 901	-	-
<b>Total assets</b>	<b>733 124 711</b>	<b>717 847 572</b>	-	<b>15 277 139</b>
<b>Funds and liabilities</b>				
General capital reserve	40 556 014	-	-	40 556 014
Developmental reserve	6 654 459	-	-	6 654 459
Educational reserve	20 188	-	-	20 188
Retained earnings	138 621 013	-	-	138 621 013
Non – distributable reserve	682 148	-	-	682 148
Long term loans	231 742 483	-	231 742 483	-
Short term loans	278 790 131	-	278 790 131	-
Trade and other payables	19 779 914	-	19 779 914	-
Accruals and Provisions	16 278 361	-	16 278 361	-
<b>Total funds and liabilities</b>	<b>733 124 711</b>	-	<b>546 590 889</b>	<b>186 533 822</b>

The assets and liabilities included in the above table are carried at amortised cost; their carrying values are a reasonable approximation of fair value.

THE SMALL ENTERPRISE FOUNDATION  
(Non-Profit Company)  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
for the year ended 30 June 2022

27.1 Income and expenses per category of financial assets and financial liabilities – 2022

	Total R	Loans and receivables R	Financial liabilities at amortised cost R	Non-financial assets and liabilities R
Interest income	414 227 739	414 227 739	-	-
Finance cost	(54 916 905)	-	(54 916 905)	-
Service fees	13 696 611	13 696 611	-	-
Other income	2 310 090	-	-	2 310 090
Impairment and provision for impairment on loans and advances	(88 670 641)	(88 670 641)	-	-
Other operating expenses	(300 953 678)	-	-	(300 953 678)
Other Non-Operating expenses	(691 466)	-	-	(691 466)
<b>Surplus for the year</b>	<b>(14 998 250)</b>	<b>339 253 709</b>	<b>(54 916 905)</b>	<b>(299 335 054)</b>

THE SMALL ENTERPRISE FOUNDATION  
(Non-Profit Company)  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
for the year ended 30 June 2022

27.2 Income and expenses per category of financial assets and financial liabilities – 2021

	Total R	Loans and receivables R	Financial liabilities at amortised cost R	Non-financial assets and liabilities R
Interest income	442 090 855	442 090 855	-	-
Finance cost	(61 455 132)	-	(61 455 132)	-
Service fees	14 190 741	14 190 741	-	-
Other income	1 423 439	-	-	1 423 439
Impairment and provision for impairment on loans and advances	(71 434 451)	(71 434 451)	-	-
Other operating expenses	(284 702 031)	-	-	(284 702 031)
Revaluation of long term loan	1 148 890	-	1 148 890	-
Other Non-Operating expenses	(870 279)	-	-	(870 279)
<b>Surplus for the year</b>	<b>40 392 032</b>	<b>384 847 145</b>	<b>(60 306 242)</b>	<b>(284 148 871)</b>

THE SMALL ENTERPRISE FOUNDATION  
(Non-Profit Company)  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
for the year ended 30 June 2022

28.1 Liquidity risk management - 2022

	Total R	<1 year R	>1 year <5 year R	> 5 year R	Non - determined R
<b>Funds</b>					
Total funds	171 350 943	-	-	-	171 350 943
<b>Discounted liabilities</b>					
Long term loans	261 033 825	-	261 033 825	-	-
Short term loans	191 747 105	191 747 105	-	-	-
<b>Undiscounted liabilities</b>					
Trade and other payables	18 766 154	18 766 154	-	-	-
Accruals and Provisions	17 503 879	17 503 879	-	-	-
<b>Total funds and liabilities</b>	<b>660 401 906</b>	<b>228 017 138</b>	<b>261 033 825</b>	<b>-</b>	<b>171 350 943</b>

THE SMALL ENTERPRISE FOUNDATION  
 (Non-Profit Company)  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
 for the year ended 30 June 2022

28.2 Liquidity risk management - 2021

Funds	Total R	<1 year R	>1 year <5 year R	> 5 year R	Non - determined R
Total funds	186 533 822	-	-	-	186 533 822
<b>Discounted liabilities</b>					
Long term loans	231 742 483	-	231 742 483	-	-
Short term loans	278 790 131	278 790 131	-	-	-
<b>Undiscounted liabilities</b>					
Trade and other payables	19 779 914	19 779 914	-	-	-
Accruals and Provisions	16 278 361	16 278 361	-	-	-
<b>Total funds and liabilities</b>	<b>733 124 711</b>	<b>314 848 406</b>	<b>231 742 483</b>	<b>-</b>	<b>186 533 822</b>

**THE SMALL ENTERPRISE FOUNDATION**  
**(Non-Profit Company)**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 30 June 2022**

	<u>2022</u>	<u>2021</u>
	R	R
<b>29 Credit risk management</b>		
<b>Financial assets whose terms have been renegotiated</b>		
These loans are termed rescheduled loans, as the terms have been renegotiated, due to the client's inability to pay. These loans are fully impaired.		
<b>Rescheduled loans - carrying amount</b>	1 191 249	1 013 924
<b>Loans and advances past due and impaired</b>	61 693 132	53 642 907
Past due up to 30 days	25 032 758	28 211 092
Past due up to 31-60 days	9 526 287	8 929 012
Past due up to 61-90 days	8 624 322	5 223 227
Past due up to 91-120 days	7 908 540	4 817 770
Past due up to 121-150 days	10 601 225	6 460 912
Past due > 150 days	-	894
<b>Loan advances neither past due and nor impaired</b>	483 473 801	603 999 544
<b>Gross loans and advances</b>	546 358 182	658 656 375
<b>Provision for impairments</b>	(48 992 877)	(42 904 630)
<b>Net loans and advances</b>	<u>497 365 305</u>	<u>615 751 745</u>

THE SMALL ENTERPRISE FOUNDATION  
(Non-Profit Company)  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
for the year ended 30 June 2022

30.1 Interest rate risk – 2022

	Total R	<1 year		>1 year <5 year		>5 year		Non-interest bearing / Fixed rate	
		R	R	R	R	R	R	R	R
<b>Assets</b>									
Property and equipment	11 372 189	-	-	-	-	-	-	-	11 372 189
Intangible Assets	1 525 679	-	-	-	-	-	-	-	1 525 679
Loans and advances (fixed rate)	497 365 305	-	-	-	-	-	-	-	497 365 305
Other receivables	4 310 188	-	-	-	-	-	-	-	4 310 188
Cash and short term funds	145 828 545	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>660 401 906</b>	<b>145 828 545</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>514 573 361</b>
<b>Funds</b>									
Total funds	171 350 943	-	-	-	-	-	-	-	171 350 943
<b>Discounted liabilities</b>									
Long term loans	261 033 825	-	-	42 670 648	-	-	-	-	218 363 177
Short term loans	191 747 105	22 307 531	-	-	-	-	-	-	169 439 574
<b>Undiscounted liabilities</b>									
Trade and other payables	18 766 154	-	-	-	-	-	-	-	18 766 154
Accruals and Provisions	17 503 879	-	-	-	-	-	-	-	17 503 879
<b>Total funds and liabilities</b>	<b>660 401 906</b>	<b>22 307 531</b>	<b>-</b>	<b>42 670 648</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>595 423 726</b>
<b>Interest rate gap</b>		<b>123 521 014</b>	<b>(42 670 648)</b>	<b>(42 670 648)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(80 850 365)</b>

The interest rate gap describes the excess of assets over liabilities which are subject to interest rate change over time.



THE SMALL ENTERPRISE FOUNDATION  
(Non-Profit Company)  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
for the year ended 30 June 2022

30.2 Interest rate risk – 2021

	Total R	<1 year		>1 year <5 year		>5 year		Non-interest bearing / Fixed rate	
		R	R	R	R	R	R	R	R
<b>Assets</b>									
Property and equipment	13 759 035	-	-	-	-	-	-	-	13 759 035
Intangible Assets	1 518 104	-	-	-	-	-	-	-	1 518 104
Loans and advances (fixed rate)	615 751 745	-	-	-	-	-	-	-	615 751 745
Other receivables	4 804 926	-	-	-	-	-	-	-	4 804 926
Cash and short term funds	97 290 901	97 290 901	-	-	-	-	-	-	-
<b>Total assets</b>	<b>733 124 711</b>	<b>97 290 901</b>	-	-	-	-	-	-	<b>635 833 810</b>
<b>Funds</b>									
Total funds	186 533 822	-	-	-	-	-	-	-	186 533 822
<b>Discounted liabilities</b>									
Long term loans	231 742 483	-	-	9 030 307	-	-	-	-	222 712 176
Short term loans	278 790 131	73 773 672	-	-	-	-	-	-	205 016 459
<b>Undiscounted liabilities</b>									
Trade and other payables	19 779 914	-	-	-	-	-	-	-	19 779 914
Accruals and Provisions	16 278 361	-	-	-	-	-	-	-	16 278 361
<b>Total funds and liabilities</b>	<b>733 124 711</b>	<b>73 773 672</b>	-	<b>9 030 307</b>	-	-	-	-	<b>650 320 732</b>
<b>Interest rate gap</b>		<b>23 517 229</b>	-	<b>(9 030 307)</b>	-	-	-	-	<b>(14 486 922)</b>

The interest rate gap describes the excess of assets over liabilities which are subject to interest rate change over time.

**THE SMALL ENTERPRISE FOUNDATION**  
**(Non-Profit Company)**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 30 June 2022**

**2022**

**R**

**2021**

**R**

**31 Interest rate sensitivity analysis**

As at 30 June 2022, if interest rates on floating rate assets and liabilities held at amortised cost have decreased/increased by 100 basis points with all other variables held constant, the impact on profit and loss would have been as set out below:

Decrease	4 527 809	5 105 326
Increase	(4 527 809)	(5 105 326)

**32 Directors' and prescribed officer's emoluments**

Included in staff expenditure and other operating expenditure are the following payments made to directors and prescribed officers for service rendered during the year:

**Director's emoluments**

*JR de Wit*

Services to the company	3 355 450	3 215 923
	<b>3 355 450</b>	<b>3 215 923</b>

No emoluments were paid to any of the other directors during the year.

**Prescribed officer's emoluments**

*C van Vuuren*

Services to the company	1 268 209	1 115 752
Retirement and Medical Aid contributions	288 221	271 311
	<b>1 556 430</b>	<b>1 387 063</b>

*N Vilakazi*

Services to the company	1 633 176	-
Retirement and Medical Aid contributions	353 116	-
	<b>1 986 292</b>	-

*L Motshoane*

Services to the company	1 615 575	1 470 875
Retirement and Medical Aid contributions	353 116	351 703
	<b>1 968 691</b>	<b>1 822 578</b>

**THE SMALL ENTERPRISE FOUNDATION**  
**(Non-Profit Company)**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 30 June 2022**

**33 Standards**

*Standards not early adopted*

The company has chosen not to early adopt any of the following new and revised Standards, amendments thereto and interpretations thereof in these financial statements.

<b>Standards (New)</b>	<b>Effective for year ends on or after</b>
<b>Standards (Interpretations)</b>	<b>Effective for year ends on or after</b>
<b>Standards (Amendments)</b>	<b>Effective for year ends on or after</b>
IFRS 3 Business combinations: Conceptual Framework for financial reporting	01 January 2022
IAS 37 Onerous Contracts: Cost of Fulfilling a Contract - Costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.	01 January 2022
IAS 16 Property, plant and equipment: Prohibits deduction of sale proceeds before use	01 January 2022
IFRS 17 Insurance contracts: Replaces IFRS 4	01 January 2023
IAS 8 Changes in Accounting Estimates: Definition of Accounting Estimates to help entities to distinguish between accounting policies and accounting estimates	01 January 2023
IAS 1 Disclosure of Accounting Policies: Presentation of accounting policies	01 January 2023
IAS 12 Deferred tax: Related to Assets and Liabilities arising from a Single Transaction that clarify how entities account for deferred tax on transactions such as leases and decommissioning obligations.	01 January 2023