



2022

ANNUAL REPORT



KwaZulu-Natal Clothing and Textile Cluster
Annual Report 2022

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INTRODUCTION

REPORT SCOPE

The annual report for the year ended December 2022 is an integrated financial and progress report. The KZN Clothing and Textiles Cluster (KZN CTC) is a public-private partnership between the government, industry, and other stakeholders.

The cluster is formally established as a not-for-profit company. The report considers financial, economic and programme performance and is available on the KZN CTC website (www.kznctc.org.za), where additional information pertaining to the cluster may also be accessed.

BACKGROUND TO THE KZN CTC

With the South African economy exposed to intense international competition, it is critical that local firms seek out innovative ways to improve their competitiveness. One way of doing so is through clustering, which recognises that there are certain support activities that can be better performed in collaboration with other firms confronting similar challenges in the industry.

This approach has been adopted through the establishment of the KZN CTC in 2005 as a not-for-profit initiative between government and industry to improve the competitiveness of the local clothing, textile, footwear, and leather (CTFL) goods manufacturing industry in KwaZulu-Natal (KZN).

Though funded in conjunction with government partners, the cluster is an industry-driven initiative, drawing on the leadership and expertise of individuals from a broad range of CTFL member firms. Together, some additional benefits that members hope to achieve include:

- The generation of a critical mass of resources in the industry;
- The rapid identification and dissemination of best practices throughout the industry;
- The reduced cost of upgrading initiatives; and
- Collective action and risk sharing.

The KZN CTC comprises primarily manufacturers but also major retailers that are committed to supporting the development of the local manufacturing industry.

VISION, MISSION AND OBJECTIVES

Our vision is "From retail to raw materials – a growing globally competitive and sustainable CTFL value chain."



KZNCTC 3-YEAR OBJECTIVES

1. Retail demand defined up to 2030 [units, product categories]
2. 51% of industry representation in KZN
3. Unlock R1 billion rand in capital for the CTFL industry
4. Cluster adopts sustainability metrics [water, energy, carbon, social compliance], confirms baseline and sets improvement targets
5. >15% improvement in quality, speed and reliability metrics
6. 10 000 new CTFL jobs created in KZN

LETTER FROM THE CHAIRPERSON



Imrdaan Bux

Chairperson,
KZN CTC

It gives me great pleasure to present the KZN Clothing and Textile Cluster's 2022 annual report. KZN is one of two clothing, textile, footwear and leather (CTFL) manufacturing hubs in South Africa, accounting for 43% of the South African industry. Our industry has faced significant challenges over the past decade, yet our resilience, collaboration and commitment to growth have been powerful drivers of progress.

2022 was a busy year in the cluster. 81 people were trained through our skills programmes. 12 best-practice shared learning sessions were held.

Further, 14 SMEs participated in the SME Business Accelerator programmes. Of these, 3 SME firms secured commercial opportunities to the value of approximately R3,4 million and 11 SMEs received business upgrading support. The total number of estimated jobs created through this programme is 28. 25 member firms received a GrowthFinder diagnostic.

On behalf of the KZN CTC I would like to sincerely thank the eThekweni Municipality for its continued support to revitalise the city's industrial sector through this public-private partnership. Industrialisation remains crucial for the sustainability of our local economy and meaningful job creation for the most marginalised in our society.

I wish to acknowledge the KZN CTC's executive committee for their leadership, ongoing dedication and support to driving the KZN CTC forward. We have been on a long road together and I thank you for walking this journey with industry.

The cluster's financial position remains strong and our governance and compliance position is healthy.

To our members, thank you for working towards our shared vision of growing a globally competitive, sustainable CTFL value chain. The KZN CTC looks forward to walking the road with you further in 2023.

LETTER FROM ETHEKWINI MUNICIPALITY

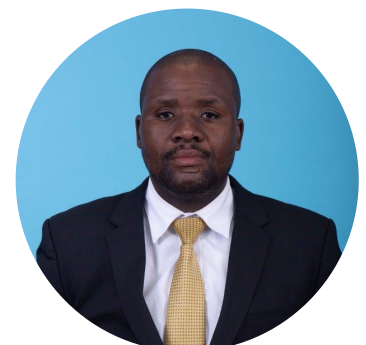
It is important to note that the clothing and textile sector in KwaZulu-Natal creates substantial employment in our province and City. The relatively low barriers to entry make it a highly strategic industry in terms of development and the labour-intensive nature of the sector, continues to make it an attractive one in terms of growing employment in the province, especially as the sector employs a large proportion of women.

The strategic partnership between eThekweni Municipality and the KZN CTC continues to bear fruit in support of the eThekweni Vision 2050, the objectives of the National Retail-Clothing, Textile, Footwear and Leather Masterplan and the thriving local clothing and textiles industry. During 2022 the KZN CTC's flagship programmes have culminated in the training of over 80 employees in the sector and new contracts between leading enterprises and black SMEs, valued in excess of R3,4 million. Following from these successes, firms should take every opportunity to support the programmes, and embrace opportunities for learning and shared improvements required to positively transform this critical industry. We look forward to opportunities to develop more black SMEs in 2023.

It is through partnerships like the KZN CTC that we are able to build a robust and thriving local clothing and textile industry. The eThekweni Municipality would like to reaffirm its support to the KZN CTC and we look forward to continued efforts in strengthening the growth of the industry and the expansion of opportunities that focus on localisation through the implementation of the programmes in 2023.

*Councillor Thembo
Mtshali*

Chairperson: Economic
Development and Planning
Committee



Q&A: OPPORTUNITIES IN THE R-CTFL VALUE CHAIN WITH COURTNEY BARNES

What are the key opportunities that exist for South African retailers in 2023?

Sure. South African retailers will be facing severe headwinds in 2023, with the country's national GDP growth forecasted by Investec to be 1% in 2023. Consumers will continue to feel their wallets stretched given increases in transport, food and energy prices. This means retailers will need to work harder for their portion of consumer's spend on on-trend products at the right quality and price remain the name of the game.

To do this, retailers will need to ensure their supply chains are agile, cost-efficient and reliable. This cannot be realised through transactional supplier engagements alone. Retailers who can set up developmental, performance-based supplier relationships will be most primed to navigate the storms of 2023.

What about sustainable products and processes? Do they present an opportunity for South African retailers?

Yes, they do. Sustainable products and processes continue to be an opportunity, not just to entice the more conscious consumers but also to remain relevant on the Johannesburg Stock Exchange. International investors are increasingly under pressure to invest in companies which have a strong environmental, social and governance (ESG) standing and established environmental sustainability strategies.

Moving on to South African manufacturers, what key opportunities exist for them?

If retailers are looking for agility, quality, and price, then being able to meet these standards is the key opportunity for SA manufacturers. Manufacturers with outwork capabilities in-house or via partnerships nearby will support reduced lead times.

Resilience from load-shedding to ensure on-time, in-full delivery is crucial-investment into solar energy given the changes to national legislation and tax incentives is a big opportunity for the industry.

In terms of product opportunities, this varies. We've seen a large swing to casual and athletic wear over the last few years, but trends are cyclical and there is an increasing appetite for more formal and occasional wear in the Global North. This trend will definitely grow in South Africa and is one which SA manufacturers should be prepared for.

For textile manufacturers, the ability to offer more flexible dying, printing and finishing capabilities is a noted opportunity to support any retailer on their quick response journey. For outwork firms, we're seeing increased demand for both embroidery and printing capabilities under one roof-especially for t-shirts.

Footwear and leather opportunities are often driven by price sensitivities, with the market bifurcated into low-end [flip-flops] and high-end [leather dress-shoes, craft-style designer shoes etc]. I definitely see a market opportunity in the missing middle although the industry faces challenges in accessing affordable raw materials, skills and competition from cheap imports which would need to be overcome.

Finally, how will the cluster support the realisation of the R-CTFL Masterplan of 65% local sourcing by 2030?

The Masterplan was built as a vehicle to identify hurdles to localisation and pull the necessary levers to make local more attractive. Our programmes work to make manufacturing in South Africa profitable for the manufacturer and their customer. Our shared learning and skills programmes support knowledge sharing and the development of lean manufacturing tools to improve cost competitiveness, quality and agility within our members.

Our Accelerator directly supports the Masterplan's transformation agenda by linking high-potential black manufacturers with large retailers looking to expand their sourcing. While our Diagnostics and research programmes aim to equip our members with data and insights to make more informed decisions to improve their performance.

Courtney Barnes

KZN CTC: Chief Facilitator
BMA: Head Buyer Led Value
Chains



THE KZN CTC CLUSTER IN 2022



PROGRAMME DELIVERY SUMMARY 2022

JANUARY	FEBRUARY	MARCH	APRIL
Skills Launch of uptake for 2022 ELDP and TLDP programmes. Launch of GrowthFinder Diagnostic Programme.	Lean Manufacturing Shared Learning session.	Green Manufacturing webinar KZN CTC Strategy Session with Exco members.	KZN Flood Impact Assessment was released to understand the impact of flooding on manufacturing businesses.
MAY	JUNE	JULY	AUGUST
Skills in person Graduation Ceremony. In-person Brink Towing Factory Tour. KZN CTC AGM In-person event at Barker Manor	Manufacturing meetup on Leading Lean	Manufacturing Meetup on Limiting your environmental impact	Manufacturing meetup session on how firms can be energy and resource resilient. In-person event on Dyefin Textiles Measurement and monitoring evolution
SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
Manufacturing meetup webinar on Sumitomo's strategic leadership development	Manufacturing meetup on Linde & Wiemann's enhanced focus on managing their supply chain.	TWIMS Management Technology Sandbox event	SMME Business Accelerator Graduation celebrations

SME BUSINESS ACCELERATOR PROGRAMME

The SME Business Accelerator is funded by eThekweni Municipality through the KwaZulu-Natal Clothing & Textile Cluster and is facilitated by BMA. The objective of the 2022 Business Accelerator was to identify and develop high-potential SMEs as strategic suppliers to industrial lead enterprises through market access, standards upgrading, and capital investment interventions.

The purpose has expanded to place particular emphasis on black SMEs and the continued development and scaling of SME operations after contracting with a leading enterprise. The SME Business Accelerator programme is designed to drive transformation and localisation in the local CTFL industry by creating market access opportunities for small black-owned enterprises and supporting these SMEs to unlock commercial opportunities and grow sustainably.

The cluster provided supporting growth interventions to SMEs through their partnership with Edge Growth and provided scaling-up X-Ray diagnostics and growth workshops for 6 SMEs aimed at understanding issues in the SME operations and then supporting growth opportunities.



SME BUSINESS ACCELERATOR CASE STUDY

Argento Trading lands deal with Mr Price Sport via KZNCTC Accelerator

- Argento is a 100% black-owned, women-led Cut-Make-Trim (CMT) production facility based in Isithebe, KZN
- Argento joined the Business Accelerator in 2021, accessed large retailers through market access initiatives and unlocked a commercial opportunity with Mr Price Sport to supply men's and kids' polyester knit golf shirts
- In the process, they received mentorship and upgrading support to stabilise delivery, scale production and meet customers' growth needs

Outcomes:

- Secured R5 million IDC "entrepreneurial development funding"
- Introduced four new production lines to supply Mr Price Sport (with two of these lines setup for a previously imported product)
- Factory space increased from 600m² to approximately 1000m²
- 48% employment growth
- National Bargaining Council compliance achieved

Considering their rapid growth over a short period of time, Argento is expanding their current building from 600m² to approximately 1,000m² in the first phase of their projected two-year expansion plan. The SME is also in the process of applying for their importer's code to import fabric. However, co-founder Joudalle Govender speaks of the importance of taking a step back to identify the skills, developmental and operational gaps that need to be filled to grow their business to scale and reflect on the support they've received so far. "Mr Price Sport have been incredible – they have held our hand through the whole process." – Joudalle Govender, co-founder of Argento Trading.

Next steps for this SME:

- Further engagement with Mr Price Sport on the scope, needs and budget of the supplier development project



Argento Trading's Co-Founders Joudalle and TK Govender



SKILLS DEVELOPMENT PROGRAMME

The Skills Development programme is designed to support productivity and growth within manufacturing firms and to provide a foundation for manufacturing employees to learn, implement and improve projects within their firms. In total, the 2022 skills programme saw 81 people being trained through cluster programmes – 50 learners were trained on the TLDP and 31 learners were trained on the ELDP.

The two key Skills Development programmes are the Team Leader Development Programme (TLDP) and the Emerging Leader Development Programme (ELDP). The TLDP comprises 7 modules, which include theory, summative and practical assessments. This programme provides an introduction to lean manufacturing principles applicable to team leaders and supervisors. The course is impactful and provides learners with sustained learning that includes practical and blended mentorship. The programme is engaging and will allow workers to identify and reduce waste, therefore supporting company waste management initiatives.

The ELDP comprises 6 modules, which include theory and summative assessments. The programme course includes conflict and change management and identifying business opportunities and improvement areas. The knowledge gained by these learners is applicable and immediately implementable, with demonstrated value added to firms.

During 2023, we look forward to innovative ways to deliver critical manufacturing content to more people in our member firms including through in-person and facilitated training sessions.

HIGHLIGHTS OF LEARNERS TRAINED



Skills Achievement Levels

The Yoshi levels are levels of engagement with the LMS platform – they are designed to reward learners who do not necessarily have the top marks but are engaging and putting in time and effort into their course – a possible indicator of commitment and potential leadership for the firm.

Learners get more Yoshi points for every part of the course that they engage with. E.g. watching course videos, joining in a discussion, and completing tasks.

PHOTOS FROM THE SKILLS GRADUATION EVENT HELD FOR 2021 TLDP AND ELDP LEARNERS





SKILLS DEVELOPMENT CASE STUDY

Ninian and Lester employee Tashveer Jugmohan participated and excelled in the TLDP during 2022. Through the TLDP he identified operation-changing improvements that were applied at the Ninian and Lester factory.

A key component of the TLDP is that each learner needs to complete a practical project to complete the programme. During Tashveer's practical project on the TLDP, he conducted a root-cause analysis to understand why so much fabric was being pulled for binding in their garments. Tashveer determined that approximately R57.72 was being wasted per metre of fabric. He was amazed to find that the staff responsible for pulling the fabric did not know the calculation for establishing the correct amount of fabric required.

The relevant staff were trained on the calculations, which resulted in less fabric wastage. Furthermore, the excess fabric which was previously discarded is now returned to the store. Tashveer estimates that the application of lean principles in the workplace has resulted in savings in excess of R20 000 per month.

DIAGNOSTICS PROGRAMME

The GrowthFinder diagnostic tool is used to identify key opportunities for firms in their specific operations and provides firms with the intelligence needed to make smarter decisions in pursuit of profitable and sustainable growth. It also provides insight to the KZN CTC team to help shape product and programme offerings for maximum impact across the sector.

The delivery phase for the Diagnostics programme concluded in June 2022 and the cluster provided diagnostics to 25 member firms, of which 9 were SME firms and 16 were large member firms.

The cluster looks forward to delivering diagnostics using the newly improved GrowthFinder diagnostic tool, which offers a simpler and more focused diagnostic across 4 key growth predictors. Following the restrictions imposed by Covid-19, the Diagnostics Programme will now also reintroduce factory site visits from our expert diagnostic consultants during 2023.



Revised modularised growth and performance diagnostic product – GrowthFinder

SHARED LEARNING

The 12 Shared Learning best-practice events held during 2022 were highly engaging sessions focused on competitiveness, sustainability, growth, and localisation. These were delivered through online Manufacturing Meetup webinars, in-person best-practice factory tours and hybrid sessions.

The events are demand driven and focused on themes and topics of relevance to cluster members, with input and content presented by leading firms and experts. 3 of these sessions were in-person best-practice factory tours and 9 were online webinars.

The programme introduced the “one new idea” concept to their sessions, inviting all participants to derive at least one new idea from every event that could be implemented within their own firms. 79% of participants derived one new idea from every session. Participation levels throughout the year remained high for these peer learning sessions.



COMPETITIVENESS | LOCALISATION & GROWTH | SUSTAINABILITY

THE IMPORTANCE OF BEING ENERGY AND RESOURCE RESILIENT AS A STRATEGIC GROWTH AND SUSTAINABLE FOCUS

MANUFACTURING MEETUP

[Register now](#)

KZN CTC

24 August || 10:00 - 11:00



COMPETITIVENESS | LOCALISATION & GROWTH | SUSTAINABILITY

DEVELOPING AN EFFECTIVE LEADERSHIP DEVELOPMENT STRATEGY FOR ALL EMPLOYEES

Manufacturing Meetup:
A review of the best practice approach at Sumitomo Rubber South Africa

[Register now](#)

KZN CTC



COMPETITIVENESS | LOCALISATION & GROWTH | SUSTAINABILITY

DEVELOPING AN EFFECTIVE LEADERSHIP DEVELOPMENT STRATEGY FOR ALL EMPLOYEES

Manufacturing Meetup Output:
From the session held on the 28 September 2022

[Register now](#)

KZN CTC



FACTORY EVENT AT DYEFIN TEXTILES

COMPETITIVENESS | LOCALISATION & GROWTH | SUSTAINABILITY

EVOLVING MEASUREMENT AND MONITORING PROCESSES TO DRIVE LEAN PERFORMANCE ADOPTION AND ADHERENCE

25 August || 09:00 - 10:30

KZN CTC



COMPETITIVENESS | LOCALISATION & GROWTH | SUSTAINABILITY

LINDE + WIEMANN'S ENHANCED FOCUS ON MANAGING THEIR SUPPLY CHAIN

MANUFACTURING MEETUP OUTPUT
From the session held on the 19 October

[Register now](#)

KZN CTC



COMPETITIVENESS | LOCALISATION & GROWTH | SUSTAINABILITY

SHOWCASING NEXT GEN MANUFACTURING AT TWIMS' MANAGEMENT TECHNOLOGY SANDBOX

Manufacturing Meetup:
Hybrid event hosted by TWIMS

NOV 15 Attend in-person or virtually

KZN CTC

SHARED LEARNING HIGHLIGHT – TWIMS MANUFACTURING MEETUP: STEPPING INTO THE FUTURE TODAY, SHOWCASING NEXT-GEN MANUFACTURING AT TWIMS MANAGEMENT TECHNOLOGY

The 4th industrial revolution has its key object to driving manufacturing forward. This means faster, more efficient and customer-centric operations that go beyond automation and optimisation to discovering new business opportunities and models and by embedding modern technology into manufacturing. Industry 4.0 transformation makes us work alongside a machine in a highly productive way.

KZN CTC members attended the TWIMS management sandbox hybrid event presented by Dr. Malika Khodja Moller, TFG Research Head of Future of Manufacturing. She provided insight into the 9 pillars of Industry 4.0:

- Additive Manufacturing – 3D printing
- Augmented reality (AR)
- Big Data
- Autonomous robots
- Simulation & digital twinning
- System Integration
- IoT (Internet of Things)
- Cybersecurity
- Cloud computing

This interactive and engaging session was also used to demonstrate new technologies including:

- IOT and Digital Twinning – simulation of real-world systems that allow businesses to improve industrial systems and products
- Augmented reality (AR) – can be used to integrate and add value to a user's interaction, can be used for repairs or assembly instructions and can monitor quality and maintenance functions, can be used for training purposes
- Additive manufacturing – creates physical objects layer by layer with materials made of polymers or metals. Offers low carbon emissions and can reduce waste and tool wear all leading to significant time, material, and cost savings

Some of the key learning outputs for firms are:

- Each business needs a clear technology strategy to define the most appropriate technologies for implementation in their factories based on a clear understanding of what value can be derived from the various technologies
- Technology, especially 3D can be integrated within any production line and sector
- Focused early investment and adoption can give firms a competitive edge and a greater market share
- Business needs to look at the potential risks and benefits the business will take when investing in technology but it is almost certain that if implemented and used correctly, spending on technologies such as AR and AI will pay off in the longer term

Measurement and monitoring of performance as well as key aspects of the value chain, including capacity and planning and lead times, is crucial to any firm to operate effectively and meet and satisfy customer demands. Measurement and monitoring enable firms to track performance and make informed decisions regarding areas requiring attention, focus and support.

During the event, management outlined and discussed Dyefin's measurement and monitoring processes, and how they have evolved to enable the firm to better manage its processes and production. The event comprised an in-person and virtual element, as well as a recorded factory focusing on the theme of the event.

The in-person attendees also participated in a physical tour of the facility. In the event, Dyefin's measurement and monitoring processes were discussed, and how they have evolved to enable them to manage their processes and production. There were in-person and virtual elements to the event, as well as a recorded factory tour. The in-person attendees participated in a physical tour of the facility.



Photos from the TWIMS Sandbox Event

ENERGY WHEELING – COLLECTIVE ENERGY EFFICIENCY OPPORTUNITIES IN ETHEKWINI MUNICIPALITY

The current energy supply crisis in South Africa, together with carbon taxation pressures, is creating a strong impetus for manufacturers to find alternative ways of procuring electricity to run their operations. Energy security, future electricity cost increases, and the CO₂ intensity of energy supply are all critical factors facing manufacturers that need to remain competitive, whether locally or internationally.

INTERNATIONAL PRESSURE

International pressure to reduce carbon emissions is increasing. Most notably, in June 2022 the EU parliament voted on a revised plan which extends the scope of the proposed Carbon Border Adjustment Mechanism (CBAM) and reduces the time frame for its implementation, now starting from January 2023–2026.

This will require exporters to the European Union to account for the Green House Gases embedded in their processes. This includes the emissions that result from the electricity used in manufacturing processes.

By 2027, EU-focused manufacturers tied to the South African coal-based grid will face significant CO₂ tax implications. At present, the CBAM equates to around €85 per ton of CO₂ embedded in products landing at EU ports. For a South African exported vehicle that contains 10 tons of embedded CO₂ when it lands in the EU, this represents another €850 trade barrier.

SA manufacturers need to respond proactively and quickly given that the largest contributor to the carbon footprint of manufacturers is the energy supply and South Africa's electricity grid will not be decarbonised by 2027. Alternative energy generation solutions are needed as failure to transition rapidly to green energy sources may result in South African manufacturers being priced out of key export markets.

THE ETHEKWINI OPPORTUNITY

To hasten the transition to renewable energy sources for manufacturing firms, especially those with a strong export focus, clusters of firms in the eThekwini municipality in collaboration with the municipality have been exploring opportunities for shared renewable energy generation, distribution, and consumption. The calculated current energy demand for eThekwini cluster firms is 67 MW based on 2019-2021 energy demand data provided by cluster firms.

Of this, 8 MW is currently generated using solar photovoltaic panels. Based on the concept of Collective Energy Efficiency, the findings from the research phase of the initiative indicate that the opportunities for shared renewable energy generation and distribution within the municipality are substantial.

At a firm level, using all potential viable roof space for solar (90% of north-facing asbestos-free roof space not already containing solar PVs), some firms would still not be able to generate sufficient renewable energy to meet their own energy demand requirements with an estimated 10.5 MW shortfall.

However, some firms with a large roof space and low energy demand would be able to produce enough energy for their own demand plus have excess to sell on. The calculated energy surplus for these ‘surplus’ firms over and above their own demand is estimated at 14,2 MW, which would be sufficient to cover the shortfall from other firms with 3.7 MW to spare (see Figure 1).

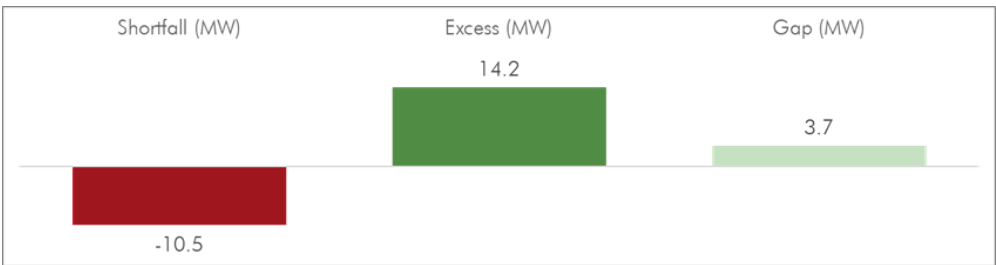


Figure 1. Energy gaps at an aggregated level for 102 eThekwini cluster firms

Apart from securing greater energy security, the transition toward renewables would also represent a major cost hedging opportunity for firms against the expected 15% annual rate increased expected from coal-based energy. By 2030, the cost of coal-based electricity will likely surpass R6.50 per kW, whereas solar is projected to cost less than R1.00 per kW.

Switching to solar would therefore drive down the cost of energy and boost the competitiveness of manufacturers, especially those with energy intensive operations. There is a clear opportunity for renewable energy trading/wheeling amongst manufacturers and a sustainable business model needs to be structured to facilitate a rapid transition to renewables as 2027 approaches. 2023 will see the cluster continue to investigate and build solutions for this prominent challenge.

CLUSTER MANAGEMENT SERVICES

Cluster Management remains fundamental to ensuring the continued provision of cluster services, through ensuring standards of good governance and financial management, and furthermore, supporting the expansion of the cluster reach and impact through recruitment, stakeholder engagement and communication.

The cluster secured R4.2m in funding from eThekweni Municipality for the delivery of programmes as set out in the KZN CTC Business Plan 2021/24 for the 2021/22 funding cycle.

The Cluster has ensured delivery of monthly funder progress reports, monthly PSC meetings with eThekweni Municipality, member engagement, quarterly funder progress reports, quarterly executive committee meetings, and annual reports followed by annual general meetings.



THE YEAR AHEAD: 2023

PROGRAMME	ACTIVITY	DELIVERABLES
Diagnostics	GrowthFinder Diagnostics	25 firms benchmarked
Value Chain Development	Development and deployment of a study to document the capacity and capabilities of the local value chain	KZN's CTFL value chain capacity and capabilities analysed and documented
Peer Learning	Monthly Online Sessions	12 Online manufacturing meetups
	Best Practice Factory Tours	4 Best Practice Factory tours
Skills Development	Providing sector-relevant lean and leadership training to front-line workers and emerging leaders	100 people trained on leadership and world-class manufacturing tools and principles
SMME Development	Connecting lead firms with high potential black SMEs and supporting SMEs to upgrade in order to secure new business	30 black SMEs upgraded
Sustainability	Supporting CTFL manufacturers to understand their impact on the environment	Establishment of an energy and water utilisation benchmark for KZN CTFL firms

KZN CTC EXCELLENCE AWARDS

FIRM	AWARD
Argento Trading	Accelerator Award
Dyefin Textiles	Shared Learning Award
KhanyiTex	Manufacturing Productivity Improvement Award
Mr Price Sport	Localisation Award
Ninian & Lester	Commitment to Skills Development Award
Powerhouse	Commitment to Skills Development Award
eThekweni Municipality	Funder Appreciation Award

THE KZN CTC EXECUTIVE COMMITTEE

Senior executives from member firms and officials from the eThekwin Municipality make up the KZN CTC's Executive Committee. The executive committee provides strategic oversight and programmatic direction to the cluster.

NAME	FIRM NAME	DESIGNATION	POSITION
Imraan Bux	Imraan Textile	Managing Director	Director & Chairman
Steve Tandy	Durban Overall	Director	Director & Vice-Chairman
John Comley	Celrose	CEO	Director
Brenton Pooley	Dyefin Textile	Managing Director	Executive Member
Adriaan Verhagen	Ninian & Lester	Managing Director	Executive Member
Natasja Ambrosio	Mr. Price Group	Head of Sustainability	Executive Member
Gakeem Satire	Glodina	Group CEO	Executive Member
Steven Mabugana	Khanyitex	Director	Executive Member
Takalani Rathiyaya	eThekwin Municipality	Deputy Head: Economic Development	Funder Representative
Courtney Barnes	BMA	Head of BLVC	Chief Facilitator

KZN CTC GOVERNANCE AND COMPLIANCE

- Registered as a non-profit company
- The KZN CTC Memorandum of Incorporation (MOI) entrenches the Public-Private Partnership (PPP) model of transparent governance and clear accountability
- Clear business plan and accompanying implementation plan, updated annually
- Memorandum of Agreement (MOA) in place governing the relationship with eThekweni as the primary funder
- Effective and efficient performance management and reporting systems in place
- Financial control systems are effective, efficient and transparent
- Adequate solvency and liquidity provisions in place
- Clean, unqualified annual financial audit – complete upon audit
- Risk management practices in place that are effective, efficient and transparent
- Competition Law checklist and related safeguards complied with
- Effective, efficient and transparent procurement processes and systems in the Cluster
- Service Level Agreement (SLA) in place governing the relationship with our facilitation service provider
- Compliance with funding agreements
- Compliance with the Companies Act; The Income Tax Act; Consumer Protection Law; the Public Finance Management Act; the Municipal Finance Management Act and the POPI Act
- Broad-Based Black Economic Empowerment (B-BBEE) level 4 contributor. 100% of expenditure can therefore be claimed as Preferential Procurement

OUR MEMBERS

ORGANISATION	PHONE NUMBER	WEBSITE
Aspire Fashions	031 301 3948	www.aspirefashions.co.za
Berzacks	031 274 0480	www.berzacks.co.za
Blanc Clothing (Alleycat)	031 365 8000	n/a
Canvas & Tent	012 671 1101	www.canvasandtent.co.za
Celrose Clothing	032 438 7300	www.celrose.co.za
Charnaud and Company	036 6341534	www.charnaud.net
Caliber Clothing	031 312 5656	n/a
Deneb Management Services	031 710 444	n/a
DanESCO Clothing	031 562 8115	www.danESCO.co.za
Durban Overall	036 631 1143	www.durbanoverall.co.za
Dyefin Textile	031 904 1547	www.dyefintextiles.com
Eddels Shoes	033 342 8111	www.eddels.co.za
Freudenberg Non Wovens	031 206 0470	www.freudenberg.com
Glodina Towelling	031 736 7600	www.glodina.co.za
Idols Clothing	031 403 7939	n/a
Imraan Textiles	039 977 7001	n/a
Jaba Holdings	n/a	n/a
KhanyiTex	031 736 6097	www.khanyitex.co.za
KwaZulu Uniforms	032 533 9987	www.kwazuluuniforms.co.za

ORGANISATION	PHONE NUMBER	WEBSITE
Labora Shoes	031 409 1146	www.laborashoes.co.za
Mala Dyeing	013 933 3340/1	www.maladyeing.co.za
Limitless Expressions Design	039 312 1136	www. limitlessexpressionsdesigns.com
Masters Primary Co-operative	n/a	n/a
Mr Price Group	031 310 8000	www.mrpricegroup.co.za
Ninian & Lester Clothing	031 303 1422	www.ninian.co.za
Ninian & Lester Textiles	031 303 1422	www.ninian.co.za/clothing-textile-division/
Novita Shoes	031 826 4080	www.novitashoes.co.za
Pit bull Print & Media	031 569 1147	www.pitbullprint.co.za
Powerhouse	031 303 2567	www.powerhouse.co.za
Prestige Clothing Mobeni	021 938 1501	n/a
Prilla 2000	033 397 780	www.prilla.co.za
Prisaan Footwear	031 700 9399	n/a
Rock Agencies	031 301 6633	n/a
Sentinel	031 736 1003	www.sentinelworkwear.weebly.com
Siko Republik	061 535 2861	www.sikorepublik.co.za
SL Fashion	084 396 6192	n/a
Tyler and Trent General Trading	031 401 7393	n/a
XO Collection	031 273 5219	n/a
ZA Gear	031 273 5219	n/a

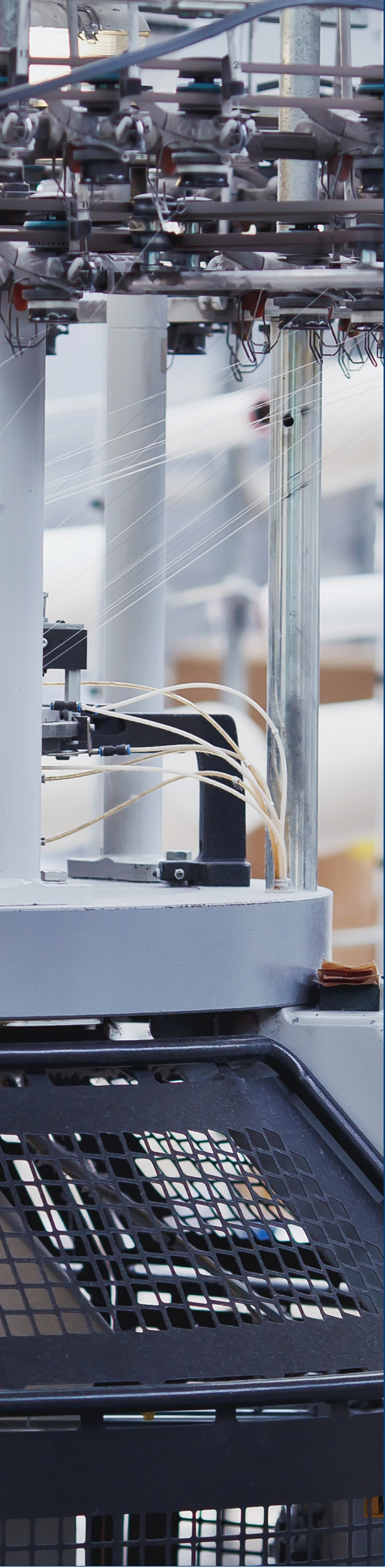
OUR PARTNER

The KZN CTC wishes to thank eThekweni Municipality for their supportive partnership in 2022.



eThekweni Municipality's public funding for the KZN CTC is overseen by the Economic Development and Investment Promotion Unit (ED&IPU), which is mandated to promote economic development, job creation, economic transformation and economic intelligence within the municipal region. The ED&IPU is guided by policies established by National and Provincial Government and articulates the approach to economic development through the Municipality's Integrated Development Plan (IDP) and an Economic Development Strategy (EDS) from which all activities are guided by, but not restricted to, as the Unit also responds to the broader challenges facing the greater region by endorsing other initiatives such as the Millennium Development Goals.

For more information on the eThekweni Municipality please visit www.durban.gov.za



CLUSTER CONTACT INFORMATION

Facilitation services to the KZN CTC are provided by an independent team from Benchmarking & Manufacturing Analysts SA (Pty) Ltd (BMA) who was appointed by the Executive Committee.

Founded in 1997, BMA provides high-value, manufacturing insight and services to drive sustainable industrial development.

These services are provided to governments, non-government organisations (NGOs), manufacturing clusters, industry associations, and retail and manufacturing companies.

For more information on BMA please visit www.bmanalysts.com.

CONTACT DETAILS

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KZNCTC@bmanalysts.com
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Hillcrest
3650
South Africa

www.kznctc.org.za

KWAZULU NATAL CLOTHING AND TEXTILES CLUSTER NPC
(Registration number 2005/035347/08)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Kwazulu Natal Clothing and Textiles Cluster NPC
(Registration number: 2005/035347/08)
Annual Financial Statements for the year ended 31 December 2022
General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Clustering programme for clothing and textile manufacturers in Kwazulu Natal
Directors	Steve Robert Tandy Imraan Bux John Motley Comley
Registered office	Block B Bellevue Campus 5 Bellevue Road Kloof 3610
Business address	Block B Bellevue Campus 5 Bellevue Road Kloof 3610
Postal address	Postnet Suite 10139 Private Bag X7005 Hillcrest 3610
Bankers	Investec Bank Limited
Auditors	Mazars Registered Auditor
Company registration number	2005/035347/08
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008 of South Africa.
Preparer	The annual financial statements were independently compiled by: MJ Cassan Chartered Accountant (S.A)
Issued	09 May 2023

Kwazulu Natal Clothing and Textiles Cluster NPC
(Registration number: 2005/035347/08)
Annual Financial Statements for the year ended 31 December 2022
Index

The reports and statements set out below comprise the annual financial statements presented to the shareholder:

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Statement of Comprehensive Income	10
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The following supplementary information does not form part of the annual financial statements and is unaudited:

Detailed Income Statement	17
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Kwazulu Natal Clothing and Textiles Cluster NPC
(Registration number: 2005/035347/08)
Annual Financial Statements for the year ended 31 December 2022
Directors' Responsibilities and Approval

The directors are required by the Companies Act 71 of 2008 of South Africa, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

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

The directors have reviewed the company's cash flow forecast for the year to 31 December 2023 and, in the light of this review and the current financial position, they are satisfied that the company has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 5 - 7.

The annual financial statements set out on pages 8 to 16, which have been prepared on the going concern basis, were approved by the board on 09 May 2023 and were signed on its behalf by:



Steve Robert Tandy



Imraan Bux

Practitioner's Compilation Report

To the Management of Kwazulu Natal Clothing and Textile Cluster NPC

We have compiled the accompanying annual financial statements of Kwazulu Natal Clothing and Textile Cluster NPC based on information you have provided. These financial statements comprise the statement of financial position of Kwazulu Natal Clothing and Textile Cluster NPC as at 31 December 2022, the statement of comprehensive income, statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these annual financial statements in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SME's), the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act 71 of 2008 of South Africa. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence, and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these annual financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SME's), the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act 71 of 2008 of South Africa.

Mazars
MJ Cassan
09 May 2023
Durban

Independent Auditor's Report

31 December 2022

To the Directors of Kwazulu Natal Clothing and Textiles Cluster NPC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kwazulu Natal Clothing and Textiles Cluster NPC set out on pages 9 to 16, which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and 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 Kwazulu Natal Clothing and Textile Cluster NPC as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities 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 Financial 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Continued-/

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled “Kwazulu Natal Clothing and Textiles Cluster NPC Annual Financial Statements for the year ended 31 December 2022” which includes the Directors' Report as required by the Companies Act 71 of 2008 of South Africa and the supplementary information as set out on page 17, which we obtained prior to the date of this report. The other information does not include the Annual financial statements and our auditor's reports 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 Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008 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.

Continued-/

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.

Mazars
Partner: S Doolabh
Registered Auditor
09 May 2023
Durban

Kwazulu Natal Clothing and Textiles Cluster NPC
(Registration number: 2005/035347/08)
Annual Financial Statements for the year ended 31 December 2022
Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Kwazulu Natal Clothing and Textiles Cluster NPC for the year ended 31 December 2022.

1. Nature of business

Kwazulu Natal Clothing and Textiles Cluster NPC was incorporated in South Africa with interests in the provision of cluster-based development and support to the clothing and textile industry. The company operates in South Africa.

There have been no material changes to the nature of the company's business from the prior year.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008 of South Africa. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

3. Directors

The directors in office at the date of this report are as follows:

Steve Robert Tandy
Imraan Bux
John Motley Comley

There have been no changes to the directorate for the period under review.

4. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

5. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

6. Auditors

Mazars continued in office as auditors for the company for 2023.

Kwazulu Natal Clothing and Textiles Cluster NPC
(Registration number: 2005/035347/08)
Annual Financial Statements for the year ended 31 December 2022
Statement of Financial Position as at 31 December 2022

Figures in Rand	Notes	2022	2021
Assets			
Current Assets			
Trade and other receivables	2	42,070	181,358
Cash and cash equivalents	3	3,261,643	6,177,299
		<u>3,303,713</u>	<u>6,358,657</u>
Total Assets		<u>3,303,713</u>	<u>6,358,657</u>
Equity and Liabilities			
Equity			
Retained income		<u>2,981,372</u>	<u>5,719,766</u>
Liabilities			
Current Liabilities			
Trade and other payables	4	<u>322,341</u>	<u>638,891</u>
Total Equity and Liabilities		<u>3,303,713</u>	<u>6,358,657</u>

Kwazulu Natal Clothing and Textiles Cluster NPC
(Registration number: 2005/035347/08)
Annual Financial Statements for the year ended 31 December 2022
Statement of Comprehensive Income

Figures in Rand	Notes	2022	2021
Revenue	5	5,679,457	9,955,550
Other income		-	49,105
Operating expenses		(8,469,156)	(8,453,844)
Operating surplus / (deficit)		(2,789,699)	1,550,811
Investment revenue	7	51,305	52,540
Surplus / (deficit) for the year		(2,738,394)	1,603,351

Kwazulu Natal Clothing and Textiles Cluster NPC
 (Registration number: 2005/035347/08)
 Annual Financial Statements for the year ended 31 December 2022
 Statement of Changes in Equity

Figures in Rand	Retained income	Total equity
Balance at 01 January 2021	4,116,415	4,116,415
Surplus for the year	1,603,351	1,603,351
Balance at 01 January 2022	5,719,766	5,719,766
Deficit for the year	(2,738,394)	(2,738,394)
Balance at 31 December 2022	2,981,372	2,981,372

Kwazulu Natal Clothing and Textiles Cluster NPC
(Registration number: 2005/035347/08)
Annual Financial Statements for the year ended 31 December 2022
Statement of Cash Flows

Figures in Rand	Note(s)	2022	2021
Cash flows from operating activities			
Cash (used in) generated from operations	9	<u>(2,966,961)</u>	<u>4,867,213</u>
Cash flows from investing activities			
Interest Income		<u>51,305</u>	<u>52,540</u>
Total cash movement for the year		(2,915,656)	4,919,753
Cash and cash equivalents at the beginning of the year		<u>6,177,299</u>	<u>1,257,546</u>
Total cash at end of the year	3	<u>3,261,643</u>	<u>6,177,299</u>

Kwazulu Natal Clothing and Textiles Cluster NPC
(Registration number: 2005/035347/08)
Annual Financial Statements for the year ended 31 December 2022
Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the Companies Act 71 of 2008 of South Africa. The annual financial statements have been prepared on the historical cost basis and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the annual financial statements.

Key sources of estimation uncertainty

Trade receivables and trade payables

The company assess its trade receivables and trade payables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from financial assets.

1.2 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. They are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

1.3 Revenue

Revenue is measured at the fair value of membership fees received or receivable excluding value added tax.

Government funding is accrued annually by reference to the amount specified in the agreement undertaking in respect of funding entered into between the government and the cluster.

Donations are measured at fair value when received.

Investment revenue is recognised, in profit or loss, using the effective interest rate method.

Kwazulu Natal Clothing and Textiles Cluster NPC
(Registration number: 2005/035347/08)
Annual Financial Statements for the year ended 31 December 2022
Notes to the Annual Financial Statements

Figures in Rand	2022	2021
2. Trade and other receivables		
Value added tax	42,070	181,358
3. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	3,261,643	6,177,299
4. Trade and other payables		
Trade payables	322,341	638,891
5. Revenue		
Donations	-	500,000
eThekweni Municipality	4,536,000	6,129,375
KZN Department of Economic Development, Tourism and Environmental Affairs	-	2,000,000
Membership fees	995,450	1,041,350
Other project income	148,007	159,825
Trade and Investment KZN	-	125,000
	5,679,457	9,955,550
6. Auditor's remuneration		
Fees	28,483	28,560
7. Investment revenue		
Interest Income	51,305	52,540
8. Taxation		
Non provision of tax		
No provision has been made for 2022 tax as the company is exempt from South African normal tax in terms of Section 10(1)(d)(iv)(bb) of the Income Tax Act.		
9. Cash (used in) generated from operations		
Net surplus / (deficit) before taxation	(2,738,394)	1,603,351
Investment income	(51,305)	(52,540)
Changes in working capital:		
Trade and other receivables	139,288	5,057,242
Trade and other payables	(316,550)	(1,740,840)
	(2,966,961)	4,867,213

Kwazulu Natal Clothing and Textiles Cluster NPC
(Registration number: 2005/035347/08)
Annual Financial Statements for the year ended 31 December 2022
Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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10. Related parties

Relationships

Entity under common management

B and M Analysts Proprietary Limited

Related party balances and transactions with entities with control, joint control or significant influence over the company

Related party balances

Amounts included in Trade receivable (Trade Payable) regarding related parties

B and M Analysts Proprietary Limited	(322,341)	(638,891)
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Related party transactions

Consulting fees paid to (received from) related parties

B and M Analysts Proprietary Limited	8,437,458	7,746,865
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B and M Analysts Proprietary Limited acts as an anchor service provider, distributing a portion of funds to additional 3rd party contractors.

11. Directors' and prescribed officer's remuneration

No emoluments were paid to the directors or any individuals holding a prescribed office during the year.

12. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

13. Events after the reporting period

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

Kwazulu Natal Clothing and Textiles Cluster NPC
(Registration number: 2005/035347/08)
Annual Financial Statements for the year ended 31 December 2022
Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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14. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2022

	Financial assets at amortised cost	Total
Cash and cash equivalents	3,261,643	3,261,643

2021

	Financial assets at amortised cost	Total
Cash and cash equivalents	6,177,299	6,177,299

15. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

2022

	Financial liabilities at amortised cost	Total
Trade and other payables	322,342	322,342

2021

	Financial liabilities at amortised cost	Total
Trade and other payables	638,891	638,891

Kwazulu Natal Clothing and Textiles Cluster NPC
(Registration number: 2005/035347/08)
Annual Financial Statements for the year ended 31 December 2022
Detailed Income Statement

Figures in Rand	Notes	2022	2021
Revenue			
Donation		-	500,000
Membership Fees		995,450	1,041,350
Other project income		148,007	159,825
Trade and Investment KZN		-	125,000
eThekweni Municipality		4,536,000	6,129,375
KZN Department of Economic Development, Tourism and Environmental Affairs		-	2,000,000
	5	<u>5,679,457</u>	<u>9,955,550</u>
Other income			
Decrease in provision for bad debts		-	49,105
Operating expenses			
Administration and management fees		-	20,205
Auditors remuneration	6	28,483	28,560
Bad debts		-	117,600
Bank charges		2,015	2,015
Consulting fees		8,437,458	7,746,865
KZNCTCIP Consulting fees		-	536,549
Secretarial fees		1,200	2,050
		<u>8,469,156</u>	<u>8,453,844</u>
Operating surplus/(deficit)		<u>(2,789,699)</u>	<u>1,550,811</u>
Investment income	7	51,305	52,540
Surplus/(Deficit) for the year		<u>(2,738,394)</u>	<u>1,603,351</u>

CLUSTER CONTACT INFORMATION

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