

KZN CLOTHING & TEXTILE CLUSTER **ANNUAL REPORT** 2023



Prepared By:



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INTRODUCTION

REPORT SCOPE

The annual report for the year ended December 2023 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 KZNCTC

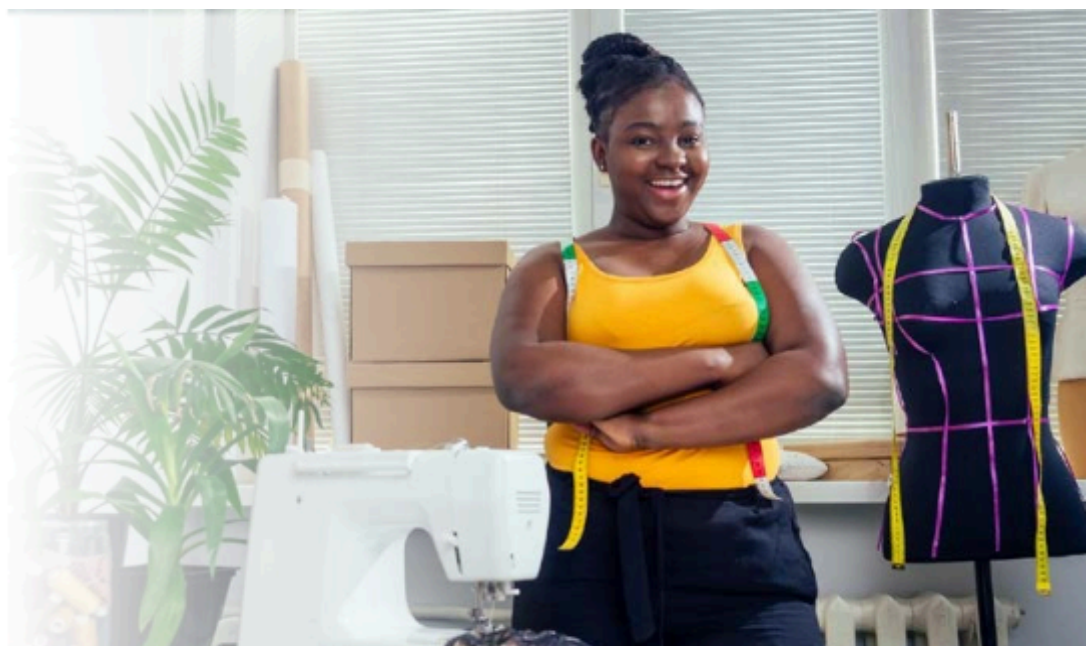
With the South African economy exposed to intense international competition, it is critical that local firms seek out innovative ways to improve their competitiveness. One way of doing so is through clustering, which recognises that there are certain support activities that can be better performed in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



INTRODUCTION

VISION, MISSION AND OBJECTIVES

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



Thought Leadership

Cluster as a source of global best practice



Demand Led

Interventions guided by needs of major customers



Shared Learning & Collective Efficiency

Interventions guided by needs of major customers



Sustainable

Interventions support a greener, more ethical value chain



Inclusive

Our membership is inclusive and representative of the value chain



Growth Led

Interventions and support oriented to inspire growth and development

OUR STRATEGIC OBJECTIVES



Retail demand defined up to 2030 [units, product categories]



Unlock R1 billion rand in capital for the CTFL industry



>15% improvement in quality, speed and reliability metrics



51% of industry representation in KZN



Cluster adopts sustainability metrics [water, energy, carbon, social compliance], confirms baseline and sets improvement targets



10 000 new CTFL jobs created in KZN

LETTER FROM THE CHAIRPERSON



Dear Valued Members,

As Chairman, I am delighted to share the KZN Clothing and Textile Cluster's 2023 Annual Report. This past year, our cluster has once again demonstrated its resilience and collaborative spirit within South Africa's clothing, textile, footwear, and leather (CTFL) manufacturing industry.

KZN remains a significant CTFL manufacturing hub, providing an estimated 56,000 jobs to the province. This exemplifies the strength of unity and shared vision in overcoming obstacles and fostering growth. As we embark on our next 3-year business plan with the eThekweni Municipality, I would like to reflect on our impact over the last three years. We are proud to announce the following achievements:

- Upgraded 101 black-owned SMEs to meet market standards.
- Unlocked R21.8 million in commercial opportunities for black-owned SMEs.
- Trained 243 employees on lean and leadership principles and tools, covering 1113 skills competencies.
- Hosted 52 shared learning sessions, bringing together 200 stakeholders in 2023 alone.
- Secured R12 million from the IDC's CTFL Growth Programme to support a targeted localisation project within KZN.
- Conducted 48 diagnostics to provide manufacturers with data-driven insights into their competitiveness and upgrading priorities.

Additionally, over the past three years, we have formally partnered with the Apparel Textile Association of South Africa (ATASA) to extend the reach of our services and improve representation, adding over 30 firms to the cluster. I am proud that we now have 79 members, ranging from micro-enterprises and SMEs to textile and clothing manufacturers and publicly listed retailers.

Our 2023 impact, highlighted in this report, exemplifies our progress. For all those who participated in our programmes, thank you, and congratulations on outstanding results, particularly in our skills and Accelerator programmes.

I would like to express my sincere gratitude to the eThekweni Municipality on behalf of the KZN CTC for their support in rejuvenating the city's industrial sector through this public-private partnership. The role of industrialisation in sustaining our local economy and creating meaningful employment opportunities for the most marginalised in our society cannot be overstated.

I also want to recognise the KZN CTC's executive committee for their leadership, ongoing commitment, and support in propelling the KZN CTC forward. We have journeyed a long way together, and I am grateful for your partnership with the industry.

Our cluster's financial health is robust, having received a clean audit. We maintain a strong governance and compliance position.

To our members, I extend my thanks for your efforts towards our shared vision of cultivating a globally competitive, sustainable CTFL value chain.

On behalf of the KZNCTC Exco, we hope you find this report insightful as we continue our journey towards building an environmentally sustainable KZN clothing and textile industry.

Thank you.



Imraan Bux

Chairperson,
KZNCTC

LETTER FROM ETHEKWINI



The Clothing, Textile, Footwear & Leather (CTFL) industry holds significant importance in KwaZulu Natal, particularly within the eThekweni Municipality, serving as an integral part of this value chain. Collaborative efforts between entities like the KZN Clothing & Textile Cluster and eThekweni Municipality are essential to effectively tackle challenges facing the region and bolster job creation within the CTFL sector.

To tackle the urgent unemployment challenge in eThekweni, manufacturing emerges as a key driver in creating and improving favourable, adequately remunerated job prospects for young people. Manufacturing is a pivotal catalyst for societal transformation, offering meaningful job prospects for marginalised populations and facilitating the development of advanced, scalable, and lucrative industrial capabilities. Additionally, manufacturing roles carry robust economic multipliers, positioning eThekweni to emerge as a prominent employment hub.

It is heartening to observe that the KZN Clothing & Textile Cluster maintained a consistent record of achievement throughout 2023, contributing significantly to the industry and its affiliated members. It has been truly gratifying to witness the positive results stemming from initiatives like the Business Accelerator Programme, aimed at nurturing promising black-owned SMEs to evolve into strategic suppliers for major enterprises. The Accelerator has received substantial backing from both public sector and private firms within the industry, further proving the potential to drive localisation and growth in alignment with the District Development Model strategies. I am confident that this programme will continue to fulfil its mission to facilitate market access for a diverse pool of suppliers.

Aligning with industry requirements, the KZN Clothing & Textile Cluster is actively steering employee productivity through meticulously curated training programmes with over 2500 hours of collective skills training; 271 competencies trained through the TLDP programme, and 106 competencies achieved through the ELDP programme, and over R9 million saved through improvement initiatives implemented by the learners in 2023. These initiatives encompass relevant operator and leadership training to equip our workforce with the skills essential for meeting the dynamic demands of the CTFL industry.

The municipality reaffirms its unwavering dedication and support for the KZNCTC and eagerly anticipates the continued success and impactful outcomes generated by the cluster, asserting its commitment to furthering economic development in the region of eThekweni.



Takalani Rathiyaya

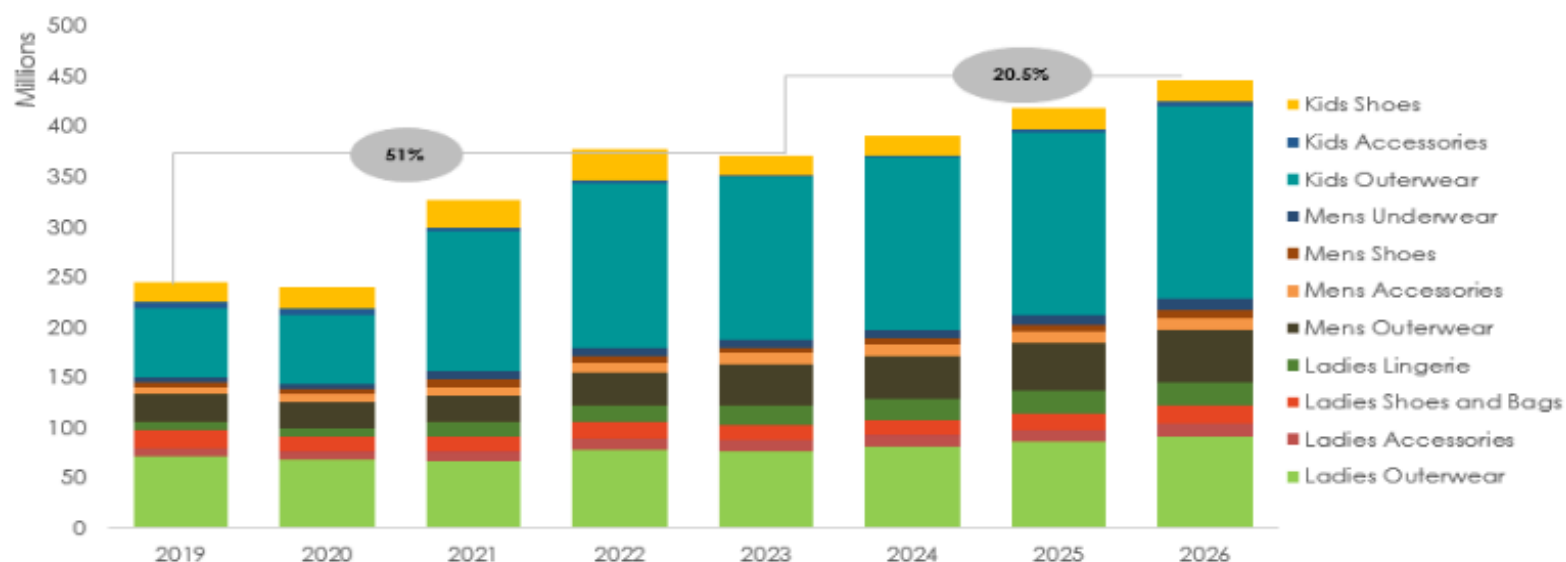
Economic Development Unit,
eThekweni Municipality

THE KZN CLOTHING AND TEXTILE VALUE CHAIN

The South African clothing, textile, footwear, and leather (CTFL) value chain consists of various entities such as retailers, design houses, manufacturers, and CMT operators. It operates as a buyer-led value chain, with major retailers dictating product requirements and standards. The Retail-Clothing, Textile, Footwear, and Leather (R-CTFL) Masterplan, signed in 2019, serves as a social compact between government, retail, manufacturing, and labour. Its goal is to enhance the sector's competitiveness, sustainability, and inclusivity by encouraging retailers to source more products from South African manufacturers. The Masterplan serves as a strategic roadmap guiding public policy decisions within the value chain.

Since the signing of the Masterplan, Masterplan signatories have purchased 51% more product, with over 350 million apparel units purchased in 2023. Masterplan signatories forecast a further 20.5% unit growth over the next 3 years, with the main drivers being kids and ladies' outerwear (as illustrated in the figure below).

Figure 1: Local sourcing, 2019-2026



2019 - 2022 includes actual units received

2023 - 2026 includes actual units received and planning projected units - even if it is inflation forecasting

*Excludes home & beauty units

Source: Masterplan Aggregator process, November 2023

eThekweni serves as a significant hub for clothing manufacturing in South Africa, boasting a rich history of textile production and entrepreneurship. The industry provides employment to 16,810 individuals in the city, with over 80% being female and 77% African. Despite its high unemployment rate of 26%, the CTFL sector in eThekweni offers substantial prospects for meaningful employment, particularly for semi-skilled workers, with 56% of employees lacking a matric qualification.

However, the industry has faced challenges due to macroeconomic disruptions, evidenced by a 30.1% decline in total employment over five years. Despite this, the CTFL value chain contributes 1.7% to South Africa's GDP, with KZN's manufacturing sector alone contributing 20% of the economic value added. Given the industry's resilience amidst adversities such as COVID-19, civil unrest, and floods, it's crucial to provide essential support to maintain its role as a driver of job creation and economic value addition for the broader economic development of the region.

SWOT

A summarised assessment of the industry's strengths, weaknesses, opportunities and threats is noted in the below infographic.



Strenghts

- Presence of two retailer Head Offices in eThekwinini (Mr Price and Retailability)
- High interest from national retailers to source from KZN
- Close to large market
- Upstream value chain representation (spinning, textile and trims manufacturing present)
- Two ports (when functioning) and large international airport
- Volume of semi-skilled labour
- Legacy of clothing manufacturing
- Intergenerational ownership and family-based succession planning
- Considered more price competitive than other SA manufacturing regions
- Entrepreneurial spirit



Weaknesses

- Quality, agility, efficiencies and flexibility
- Perceived lack of strategic thinking and willingness to operate differential to unlock global competitiveness
- Ability to understand and execute on customer needs
- Availability of technical skills such as mechanics, garment and fabric technologists, industrial engineers
- Unethical businesses creating uneven playing field within value chain
- Law enforcement of compliance
- Frontline and middle management leadership skills
- Awareness of sustainability practices and ability to execute upgrading programmes
- Ability to convert local cotton into competitively priced yarn for local conversion into knit fabric

SWOT



Opportunities

- Increased procurement from retailers with store footprint in SA
- Exports to EU based on industry being a competitive, green and developmental sourcing hub
- Niche market development via public procurement and exports (e.g. uniforms, PPE, workwear)
- Green energy and circular operating models
- Inclusion and development of youth into industry
- Increase spinning capability and capacity
- Increase production efficiencies



Threats

- Continued decline of water and electricity infrastructure, rising crime and worsening service delivery
- Cost of doing business continues to escalate
- Availability of raw materials and ability to export due to port inefficiencies
- Aging workforce and lack of succession planning
- Lack of interest from younger generation to work in factories
- Investment confidence
- Exchange rate fluctuations
- Illegal imports
- Public sector fragmented approach to support initiatives

2023 IN REVIEW



- Manufacturing Meet up: Renewable Energy Sources for Manufacturers

Jan



- Manufacturing Meet up: Localisation Best practices approaches and lessons from TFG and Cape Union Mart
- KZNCTC Strategy Session
- KZNCTC Executive committee meeting

Feb



- Skills ELDP Circle Peer Learning Session
- KZNCTC Skills TLDP Foundations
- Launch of Blitz Fundamentals Skills Development Training
- KZNCTC Dragon's Den
- Manufacturing Meet up: Goodyear's CI & problem-solving approach to driving excellence
- 2022 Skills Programme Graduation

Mar



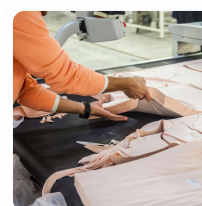
- KZNCTC Q1 Exco Meeting
- KZNCTC Dragon's Den
- Manufacturing Meet up: Reviewing ITL's (Intelligent Label Solutions) responsive approach to addressing water challenges

Apr



- 2022 Annual General Meeting
- Hybrid Manufacturing Meet up: Jockey SA's empowering leadership development
- ELDP Circle Peer Learning Session

May



- Manufacturing Meet up: Implementing Renewable Energy Solutions panel discussion
- ELDP Circle Peer Learning Session
- KZNCTC Skills Champion Session

Jun

2023 IN REVIEW



- Executive committee meeting
- Manufacturing Meet up: Unleash the Power of AI and Machine Learning

Jul



- 2023 Accelerator: Supporting Growth onboarding session
- Manufacturing Meetup: 6S adherence as a fundamental of lean manufacturing at Smiths Manufacturing – In Person Factory Tour
- Lean Leadership Study Tour to Gqeberha and Kariega, Eastern Cape
- R-CTFL Masterplan online event

Aug



- Executive committee meeting
- ELDP Circle Peer Learning Session

Sep



- Hybrid Manufacturing Meet up: Equator Belts sustainability framework
- Manufacturing Meet up: 4P Culture Framework with Mike Hoseus
- Executive committee meeting

Oct



2023 IMPACT

In partnership with our 85+ members, ranging from JSE-listed retailers to small clothing manufacturers, we continued to create a coalition focused on growth, inclusion and the pursuit of manufacturing excellence. In 2023 we achieved:

+200

KZN CTC stakeholders brought together through our shared learning programme



12

Manufacturing Meet Ups



R9 million saved

Across our membership through continuous improvement projects initiated through our skills programme



+2500 HOURS

Of collective skills training, 271 competencies trained through the TLDP programme, and 106 competencies achieved through the ELDP programme.



R6.4 MILLION

In commercial opportunities unlocked



25

SMEs supported through capacity building



Our members participated in several key programmes throughout the year, namely our SME Accelerator, Skills Development, Shared Learning, and Diagnostics programme.

SME BUSINESS ACCELERATOR PROGRAMME



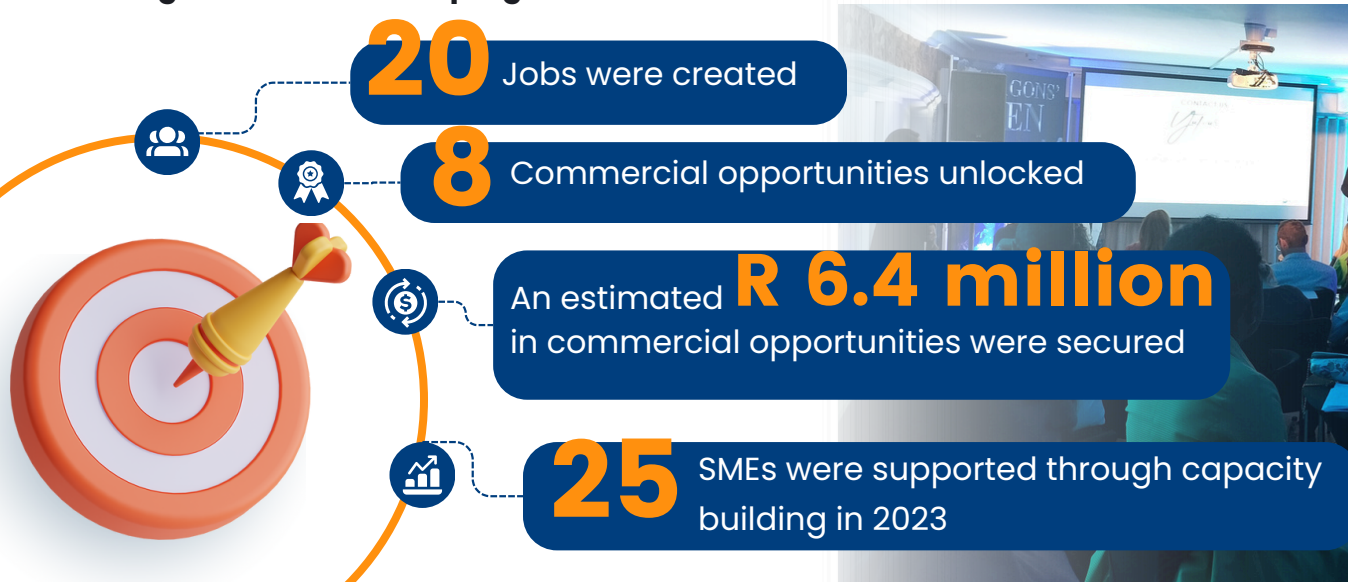
The SME Business Accelerator, funded by eThekweni Municipality through its partnership with the KZN Clothing & Textile Cluster, identifies and develops high-potential SMEs as strategic suppliers to industrial lead enterprises by reviewing lead firm-specific supply requirements combined with market needs, connecting lead enterprises with high potential suppliers, unlocking commercial opportunities through robust upgrading plans and interventions, supporting lead enterprises to optimise their B-BBEE spend and deliver tangible and real transformation outcomes.

The programme's focus has expanded to emphasise black SMEs, ensuring their continued development and scaling after contracting with leading enterprises. The SME Business Accelerator is designed to drive transformation and promote localisation in the local clothing, textile, footwear, and leather (CTFL) industry by creating market access opportunities for small black-owned businesses and supporting their sustainable growth.

The 2023 Accelerator marketing concluded on 28 February 2023, receiving and screening 86 applications. 30 high-potential SMEs were selected for the Capacity Building workshop held on 30 March 2023. The workshop provided expert coaching for 24 SMEs to develop clear value propositions using the 6Cs framework and prepare for business pitches. Additionally, there was a SABC News live interview on Morning Live to discuss the 2023 Accelerator.

The Dragons' Den event was held on 20 April 2023 at the Toyota Wessels Institute for Manufacturing Studies (TWIMS), with 37 industry stakeholders present, including our core funder eThekweni Municipality, IDC, and the Department of Trade, Industry, and Competition. Ten high-potential SMEs presented their value propositions to five leading retailers, gaining exposure to large customers and retail standards. Instyle Linen won the "Best Business Case" award, Reapso SA received "Most Promising/Innovative Business" award, and Bidywood Design was recognised as the "Industry Gamechanger," each receiving a cash prize. The SME's further underwent X-Ray assessments to confirm upgrading roadmaps and interventions needed to meet customer requirements and scale business activities.

Through the Accelerator programme:



SKILLS DEVELOPMENT PROGRAMME

The cluster has achieved remarkable success through its training and development initiatives, surpassing initial expectations and reaffirming the significance and efficacy of the programmes. With a total of 377 competencies achieved over the year; 271 competencies through the Team Leader Development Programme (TLDP) and 106 through the Emerging Leader Development Programme (ELDP), the cluster takes pride in its contribution to providing invaluable skills, empowering individuals to make significant strides in both their personal and professional advancement.

The TLDP Online-On-Demand launch saw 8 learners joining, 11 enrolling in the ELDP Circle, and 2 registering for the ELDP Online-On-Demand course. A new initiative, the TLDP Blitz fundamentals, was launched, offering practical hands-on training in Lean Manufacturing over two days, equipping employees with skills in waste reduction and process optimisation. This programme empowers learners to contribute effectively to process improvement initiatives, earning them a certification of completion at the end. Notable progress was made in the ELDP, with improved learner completions attributed to the implementation of intrinsic and extrinsic reward mechanisms. Additionally, the introduction of the ELDP Circle course provided participants with access to practical projects, mentorship, and a supportive community for emerging leaders. Moreover, the Skills Graduation 2022 event was successfully hosted March 30th, 2023.

The cluster successfully hosted Skills Champion Sessions, offering members a platform to exchange experiences and insights on workplace skills development. These sessions yielded valuable feedback and actionable insights for future training initiatives. Additionally, the first three ELDP Circle mentor sessions were well-received, fostering meaningful dialogue and idea exchange between learners and mentors, resulting in improved relationships and increased engagement. The second Lean Fundamental in-person training took place at TFG Prestige Manufacturing, Durban, further enhancing participants' skills. The Skills Champion sessions facilitated interactive discussions on growth and development topics, encouraging participants to share their workplace learning experiences. The collaborative atmosphere led to highly productive sessions, providing valuable insights for future training endeavours.



SKILLS DEVELOPMENT PROGRAMME

In the third quarter of the year, 20 individuals were trained in defining and creating problem statements, while another 20 received training in utilising fishbone diagrams for root cause analysis. Additionally, 20 individuals were trained in the 5 Whys methodology for root cause analysis, and 20 more were trained in problem-solving methodologies. Thirteen leaders in training participated in three monthly mentorship sessions, guided by mentors as they progressed in their practical projects. The next initiative involved empowering 22 learners with practical leadership skills through the Leadership in Action course. Impressively, 83% of trained frontline workforce learners have initiated waste reduction projects, implementing over 18 waste initiatives within the cluster three months post-course, with an average annual waste reduction value per learner amounting to R232,762. All learners trained in leadership skills have enhanced their team's productivity by applying their acquired skills. Additionally, high-achieving learners were awarded vouchers to the value of R 1000.

A total of 46 leadership training competencies were achieved in Strategy and Change Management, as well as Operations Management and Innovation. Additionally, 67 emerging leaders were trained in practical leadership skills, including conflict management, communication, and performance review. The efforts of emerging leaders resulted in savings exceeding R450,000 through step-change projects, guided by industry experts. Furthermore, team leaders and supervisors implemented lean waste reduction initiatives, leading to opportunity savings. Moreover, 95% of learners demonstrated competence in initiating waste reduction initiatives six months after completing their Lean Fundamentals course, as evaluated by their line managers.



SHARED LEARNING



The KZNCTC's Shared learning programme is carefully designed to facilitate and support community-driven events that actively engage participants and drive improvements in key performance metrics within the R-CTFL manufacturing sector. Our goal is to inspire and empower attendees by fostering a cooperative environment that significantly enhances learning and knowledge sharing. Our initiatives are meticulously designed to enrich the educational experiences of participants in the manufacturing industry.

Our Manufacturing Meetups feature online webinar sessions where attendees can network, exchange innovative strategies, and engage in detailed discussions led by industry experts, thereby deepening their understanding. Our Hybrid Events combine the strengths of both in-person and online interactions, expanding the reach and impact of each event. Additionally, our Factory Tours provide a unique opportunity for participants to observe industry-leading manufacturing processes and systems first-hand, offering valuable insights into operational practices.

Through these engagements, attendees have the privilege of learning directly from distinguished industry leaders and experts, who share their extensive knowledge and experience. Interactions with Best Practice Firms allow participants to learn from both local and international firms recognised for their outstanding operational excellence and innovative practices.



SHARED LEARNING



Here's a glimpse into some of the compelling sessions we covered in 2023:

RENEWABLE ENERGY SOURCES FOR MANUFACTURERS: A BUSINESS CASE ANALYSIS
 Manufacturing Meetup: Green Manufacturing
 25 January 2023 || 10h00-11h00
[Register now](#)

Localisation Successes & Lessons from TFG and Cape Union Mart
 17 February 2023 || 10h00-11h00
[Register now](#)

REV UP YOUR PERFORMANCE:
 DISCOVER GOODYEAR'S POWERFUL APPROACH TO CONTINUOUS IMPROVEMENT AND PROBLEM-SOLVING!
 MANUFACTURING MEETUP
 28 March 2023 || 10h00-11h00
[REGISTER NOW](#)

REGISTER NOW!
 MANUFACTURING MEETUP
 REVIEWING ITO'S RESPONSIVENESS APPROACH TO ADDRESSING WATER CHALLENGES
 19 April 2023 || 10h00-11h00

UNBOXING JOCKEY SA'S EMPOWERING LEADERSHIP DEVELOPMENT!
 MANUFACTURING MEETUP: APPROACH TO LEADERSHIP DEVELOPMENT
 Attend in-person or virtually
 In-person: 955 Umgeni Rd, Stamford Hill, Durban
 Virtually: YouTube Webinar
 MAY 18

SUPERCARGE YOUR MANUFACTURING:
 Unleashing the Power of AI & Machine Learning for Peak Performance
 Thursday, 20 July 2023
 10:00 - 11:00
[REGISTER FOR THE WEBINAR HERE](#)

KZN Factory Tour
 6S Adherence as a Fundamental of Lean Manufacturing at Smiths Manufacturing
 22 August 2023
 09:00 - 11:30
 Smiths Manufacturing:
 10 Pineside Rd, Pineside, Pinetown, 3600
[REGISTER FOR THE FACTORY TOUR HERE](#)

USING 4P CULTURE FRAMEWORK FOR HOLISTIC CORPORATE CULTURE:
 Session with Mike Hoseus
[REGISTER FOR THE WEBINAR HERE](#)
 Thursday, 5 October 2023
 13:30 - 14:30

Spotlight on Sustainability Excellence: A Core Competency Focus at Equator - The Belt Factory
 Hybrid event
 Wednesday, 18 October 2023
 Online webinar: 09:00 - 10:00 | In-person: 09:00 - 11:30
 YouTube | 8 Pine Industrial park, 16 Pineside road, New Germany, KZN, 3610

MAHLE BEHR'S PATH TO ENHANCED COMPETITIVENESS: MASTERING CONTINUOUS IMPROVEMENT AND PROBLEM-SOLVING EXCELLENCE
 Date: 9 November 2023
 Time: 09:00 - 11:30
 Address: MAHLE Behr - Valley View Industrial Park, 24 Otto Volek Road, New Germany, 3610
[REGISTER FOR THE IN-PERSON EVENT HERE](#)

OUR STORIES



KZN CTC SKILLS DEVELOPMENT PROGRAMME CASE STUDY: BOOSTING TEAM PRODUCTIVITY THROUGH VISUAL MANAGEMENT

DYEFIN TEXTILES, AMANDA MBEKI

Amanda demonstrated her leadership prowess by addressing a communication challenge within her team, hindering production progress. Recognising the lack of effective communication and visibility of key metrics, she implemented a Team Information Board to track essential data points daily and enhance engagement during meetings. By encouraging input from team members, Amanda fostered a culture of continuous improvement. This initiative resulted in improved visibility of work progress, enhanced communication, and increased awareness of departmental and company performance metrics. Furthermore, the introduction of an "Employee of the Month" recognition system boosted team morale. Overall, Amanda's efforts led to a significant increase in the use of visual performance management tools, strengthened collaboration, and promoted a culture of healthy competition and ongoing improvement within the team.



ACCELERATOR PROGRAMME CASE STUDY: BEHIND THE SEAMS – INSTYLE LINEN'S EVOLUTION FROM A SMALL FACTORY TO MAJOR TEXTILES MANUFACTURER

INSTYLE LINEN, ABDULQADIR SHAIK

Instyle Linen is a 100% Black-owned home textiles Cut-Make-Trim (CMT) manufacturer based in Clairwood, KwaZulu-Natal. Upon joining the Accelerator programme in March 2023, the SME diligently advanced through various stages, undergoing thorough screening and capacity-building phases to present a persuasive business plan that met the demands of customers. Instyle's promising trajectory captured the interest of prominent clients such as Mr Price Group, Pepkor Speciality, TFG and Woolworths during the cluster's Dragons' Den event.



OUR STORIES



ACCELERATOR PROGRAMME CASE STUDY: ARGENTO TRADING LANDS DEAL WITH MR PRICE SPORT VIA KZNCTC ACCELERATOR

ARGENTO TRADING, JOUDALLE GOVENDER

Argento Trading, a 100% black-owned, women-led Cut-Make-Trim (CMT) production facility based in Isithebe, KZN, participated in the Accelerator in 2021, gaining access to large retailers and securing a commercial opportunity with Mr Price Sport to supply men's and kids' polyester knit golf shirts. Through mentorship and upgrading support, they stabilised delivery, scaled production, and met customer growth needs. Recognised as a high-potential supplier by MRP Sport, Argento received additional support through a Supplier Development project to enhance delivery and sustainable scaling. Solutions included Commercial Readiness and Scale Diagnostics, as well as interventions in costing, quality, capacity planning, and cashflow optimisation, driving critical factory improvements. The outcomes include the development and implementation of an improved costing tool, a 400% increase in weekly production volumes, expansion of factory space with over 40 new hires, acquisition of a majority shareholding in a local knit millhouse, establishment of an in-house training school with the MRP Foundation leading to 18 certified graduates joining permanently, and progress towards producing t-shirts for the 2024 Comrades Marathon. Additionally, they were recognised as a top 10 finalist for Standard Bank's 2023 KZN Top Business Women.



SKILLS DEVELOPMENT PROGRAMME CASE STUDY: STRETCHING THE SAVINGS – ELDP LEARNER SAVES OVER R10 000 MONTHLY ON ELASTIC WASTE

NINIAN & LESTER, XOLANI SHANDU

Ninian & Lester's employee, Xolani Shandu, identified a significant amount of waste elastic being discarded from the production of men's underwear. Through a root cause analysis and a five why's analysis, he discovered that the Bill of Materials for this product hadn't been updated and called for 25% more elastic than necessary. To address this issue, Xolani implemented two solutions: correcting the measurements on the Bill of Materials and conducting a 5S audit of the elastic storage area to enhance efficiency. The outcomes of these interventions were promising: after updating the Bill of Materials, the elastic required per work order decreased by 25%, and implementing waste reduction techniques through the 5S audit resulted in a 50% reduction in elastic waste for discard. This had a tangible impact, preventing over 1400 meters of elastic from being wasted and discarded, effectively improving resource utilisation and reducing costs.

VOICE OF OUR MEMBERS

Spero Ngubo, Dyefin Textiles

Skills Development Programme



"The learner's communication with Superiors has improved, and this is contributing to improved quality of our production"

Zonke Ngubane, Senitel

Skills Development Programme



"The TLDP is the best course and it has groomed me in the world of business. I would give it 10/10"

Ravesha Govender, Programme Manager of the Economic Development Unit for eThekweni Municipality



"Today was a momentous occasion where we hosted 10 SMMEs in a Dragons' Den for the KZN CTC Business Accelerator programme. eThekweni Municipality has been a proud partner of the KZN Clothing & Textile Cluster and supports the cluster for over 15 years. This event today was the third in line of numerous events that we've had over the years to support SMEs to enter supply chains and to help businesses in their ESD spend. Today was brilliant because we got to see 10 wonderful pitches and even due to strict criteria and due diligence, these businesses have made it thus far. We're very proud of the three winners today but over and above this we're also very proud that the 10 businesses will be supported to supply the broader clothing and textiles industry"

Abdulqadir Shaik, Instyle Linen

SME Business Accelerator Programme



"Words cannot truly describe what an honour and privilege it was to be a part of the KZN Clothing & Textile Cluster 2023 Business Accelerator Dragons Den. After three months of due dates and stressful submissions, nail-biting moments and the exhilarating feeling of continuously making it through to the next stage, we finally had the opportunity to showcase our business, our talent and our skills to the judges who were the Head Buyers of South Africa's leading retailers. This hopefully opens the doors for many more exciting opportunities, and we look forward to becoming the reputable, direct manufacturers and suppliers of South Africa and Africa's leading retailers in the near future! We wish all the other finalists every bit of success in their business ventures."

VOICE OF OUR MEMBERS

Melinda Lindeque, Powerhouse Clothing co

Skills Development Programme

★★★★★

"The ELDP Circle course project has taught me that continuous improvement is critical in order to stay ahead of the game"

Phillip Whightman, Ninian & Lester Textiles

Manufacturing Meetup: "4P" Culture framework – Shared Learning Programme

★★★★★

"Very well presented made a broad topic seem much less complex."

Corne Stevens, Durban Overall

Manufacturing Meetup: "4P" Culture framework – Shared Learning Programme

★★★★★

"Very good and relevant. The culture you want is what your systems and processes dictate"

Paulina Urban, Sourcing Director at Mr Price Sport

SME Business Accelerator Programme

★★★★★

"It's been an unbelievable experience to see the calibre of local supply, the potential opportunities and how Mr Price can partner with these SMEs for future growth and reaching our localisation targets. The KZNCTC Business Accelerator presents an incredible opportunity for stakeholders across the sector to come together to grow and stimulate the production landscape."



PROJECT ASSEGAI

INTRODUCING OUR 2024 – 2027 BUSINESS PLAN

The KZNCTC is proud to share it's revised business strategy, as it enters a new three-year business plan with eThekweni Municipality.

This plan, named "Project Assegai" seems to This revised business strategy has been crafted through various interactions with the local industry, including engagements with retail, manufacturing, and labour sectors. Additionally, the cluster has examined the R-CTFL Masterplan, local and national economic development strategies, and assessed past cluster performance to gain a comprehensive understanding of the present and envisioned future state of the industry. Furthermore, the cluster has ensured that this business plan adheres to its guiding principles as illustrated below:



2023 AWARDS

JOCKEY

Shared Learning Award

In recognition to their commitment to shared learning through active participation in the cluster's Manufacturing Meetup programme and openness to sharing their passion for lean manufacturing with the broader South African manufacturing community.

EQUATOR THE BELT FACTORY

Sustainability Excellence Award

In acknowledgement of their strong advocacy for the importance of green manufacturing and openness to sharing their sustainability practices with the broader South African manufacturing industry.

NINIAN & LESTER

Skills Champion Award

In recognition of their support for the cluster's skills programme.

MR PRICE SPORT

Localisation Award

Awarded for their commitment to developing high-potential enterprises, suppliers and Black industrialists into strategic partners to strengthen the South African clothing & textile value chain

INSTYLE LINEN

SME Accelerator Award

In recognition of their dedication to recalibrating their generational business to respond to current customer needs and commitment to being a high-potential local supplier

IMRAAN BUX

Leadership Award

Awarded for his outstanding commitment and leadership to the KZNCTC over his tenure as KZNCTC Chairperson and Director.

ETHEKWINI MUNICIPALITY

Partnership Award

In recognition of their ongoing advocacy, promotion and support to the local clothing and textile value chain.

BRENTON POOLEY

Industry Champion Award

In recognition of his dedicated service, commitment and executive leadership on the KZNCTC.

STEVE TANDY

Industry Champion Award

In recognition of his strong championship of the values of clustering, lean manufacturing, and executive leadership on the KZNCTC. Including his tenure as KZNCTC director and chair.





2023 EXECUTIVE COMMITTEE

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

IMRAAN BUX

Imraan Textile
Director & Chairman

JOHN COMLEY

Celrose
Director

ABDULLA SHAIK**

Dyefin Textile
Executive Member

NATASJA AMBROSIO

Mr. Price Group
Executive Member

STEVEN MABUGANA

Khanyitex
Executive Member

NELISIWE MAGUBANE

eThekweni Municipality
Funder Representative

COURTNEY BARNES

BMA
Chief Facilitator

STEVE TANDY

Durban Overall
Director & Vice-Chairman

BRENTON POOLEY*

Dyefin Textile
Executive Member

ADRIAAN VERHAGEN

Ninian & Lester
Executive Member

ABDUL-GAKEEM SATIRE

Glodina
Executive Member

TREVOR GOVENDER**

Durban Overall
Executive Member

TAKALANI RATHIYAYA

eThekweni Municipality
Funder Representative



*Retired at the end of 2023;
**Elected to the Executive in 2023

OUR PARTNERS

The KZN CTC wishes to thank eThekweni Municipality for their supportive partnership in 2023.

ETHEKWINI MUNICIPALITY

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



APPAREL & TEXTILE ASSOCIATION OF SOUTH AFRICA

The KZN CTC further wishes to thank ATASA (Apparel & Textile Association of South Africa) for their partnership in 2023.

For more information on ATASA please visit www.atasa.org.za





CLUSTER FACILITATION SERVICE



BMA provides facilitation services to the KZN CTC. Since its founding in 1997, BMA has been dedicated to helping grow manufacturing profitably and sustainably. They deliver specialised, high-value services designed to support sustainable industrial development to governments, NGOs, manufacturing clusters, industry associations, and both retail and manufacturing companies.

Driven by their commitment to building dignity and generating opportunities through production-led economies, BMA's mission is to enhance manufacturing competitiveness and growth for private firms, development organisations, and governments.

Their strong foundation in policy development and firm-level performance benchmarking, combined with their history in Lean training and consulting, equips BMA with a comprehensive understanding of the macro and micro aspects of manufacturing. Their expertise, along with their extensive experience in facilitating and managing industrial clusters, allows them to integrate data-driven insights with market-oriented strategies and collaborative approaches, producing exceptional results.

For more detailed information about our services and projects, please visit our website at www.bmanalysts.com.

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

MEMBER LISTING

FIRM NAME	CONTACT NUMBER	WEBSITE
Alleycat Blanc Clothing (Pty) Ltd	031 365 8000	n/a
Berzacks	031 274 0480	www.berzacks.co.za
Canvas and Tent	012 671 1101	www.canvasandtent.co.za
Celrose Clothing	032 438 7300	www.celrose.co.za
Charnaud and Company (Pty) Ltd	036 6341534	www.charnaud.net
Colibri	031 736 7600	www.glodina.co.za
Caliber Clothing	031 312 5656	n/a
Danesco Clothing	031 562 8115	www.danesco.co.za
Durban Overall	036 631 1143	www.durbanoverall.co.za
Dyefin Textiles	031 904 1547	www.dyefintextiles.com
Equator Belts	031 702 1469	www.equator.group
Eddels Shoes	033 342 8111	www.eddels.co.za
Freudenberg Nonwovens (Pty) Ltd (KZN)	031 206 0470	www.freudenberg.com
Glodina (Pty) Ltd	031 736 7600	www.glodina.co.za
Imraan Textile Mills	039 977 7001	n/a
KhanyiTex (Mabugana Group)	031 736 6097	www.khanyitex.co.za
Mala Dyeing	013 933 3340/1	www.maladyeing.co.za
Mr Price Group	031 310 8000	www.mrpricegroup.co.za
Ninian & Lester Textile	031 303 1422	www.ninian.co.za
Ninian & Lester Clothing Division/ Jockey	031 303 1422	www.ninian.co.za/clothing-textile-division/
Powerhouse	031 303 2567	www.powerhouse.co.za
Prestige Durban	021 938 1501	n/a
Prilla 2000	033 397 780	www.prilla.co.za
Sentinel (Eza Clothing)	031 736 1003	www.sentinelworkwear.weebly.com



FIRM NAME
Argento Trading
Bidywood design
Deemas International Trading
DK and Kids Clothing
Exodus
Juneco
Reapso SA
Thafiso Industries
Instyle Linen
Uniforms and Safety Gear
Yatsar Clothing Manufactures
Idols
Xo collection
SA Workwear Solutions (pty) Ltd
Aliwal Manufacturers (pty) Ltd
J. J fashions cc
Good cap 24 cc
Sesha fashions clothing manufacturers. C.c.
Yes man fabric (pty) Ltd
Junit manufacturing cc
Juanre clothing manufacturers cc
Inangs clothing (pty) Ltd
Idols club clothing cc
Hot pants underwear cc
Eza clothing (pty) Ltd
Lynxwear pty Ltd
Dirose enterprise cc
Mbww (pty) Ltd
Corinth clothing (pty) Ltd



Cover-up trading (pty) ltd
Chatsworth apparel (pty) ltd
Canada clothing contractors
Cool and comfy underwear manufacturers C.c.
Beetoo trading cc
Dromex globale (pty) ltd
Shiva clothing cc
V. S. Manufacturing
Top heat trading (pty) ltd
Tower city trading 319 (pty) ltd
Tashre clothing cc
Trade call investments apparel (pty) ltd
Twin clothing mnfrs. Pty ltd
Morewood clothing (pty) ltd
Santon workwear (pty) ltd
Leo garments pty ltd
School gear c.c
Royal commerce trading (pty) ltd
Radical sports gear cc
Prikell clothing cc
Numoode (pty) ltd
Zenzeleni clothing (pty) limited
Market demand trading 9990 (pty) ltd
Silver ruby manufacturers (pty) ltd
Tci apparel (pty)ltd
Seasons find 1063 c c t/a basic marketing
Bonwit
Rampage clothing

CLUSTER INFORMATION



Who We Are:

The KZN CTC boosts the competitiveness of the local clothing, textile and footwear industries to ensure they can compete in the global market.

Contact Us :



Phone Number
+27 031 764 6100



Email Address
kznctc@bmanalysts.com



Post Box Address
**PostNet Suite 10139, Private Bag X7005,
Hillcrest, 3650, South Africa**



Website
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 2023

Kwazulu Natal Clothing and Textiles Cluster NPC
(Registration number: 2005/035347/08)
Annual Financial Statements for the year ended 31 December 2023
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
Auditor	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 of South Africa.
Preparer	The annual financial statements were independently compiled by: MJ Cassan Chartered Accountant (South Africa)
Issued	26 April 2024

Kwazulu Natal Clothing and Textiles Cluster NPC
(Registration number: 2005/035347/08)
Annual Financial Statements for the year ended 31 December 2023
Index

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

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The following supplementary information does not form part of the annual financial statements and is unaudited:	
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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 2023
Directors' Responsibilities and Approval

The directors are required by the Companies Act 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 auditor is 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 2024 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 auditor is 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 auditor and their report is presented on page 5 to 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 26 April 2024 and were signed on its behalf by:



Steve Robert Tandy



Imraan Bux

Practitioner's Compilation Report

To the Directors of Kwazulu Natal Clothing and Textiles Cluster NPC

We have compiled the accompanying annual financial statements of Kwazulu Natal Clothing and Textiles Cluster NPC based on information you have provided. These financial statements comprise the statement of financial position of Kwazulu Natal Clothing and Textiles Cluster NPC at 31 December 2023, 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 Companies Act of South Africa and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council. 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 Standards for Small and Medium-sized Entities (IFRS for SME's), the Companies Act of South Africa and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.



Mazars
MJ Cassan
26 April 2024
Durban

Independent Auditor's Report

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 2023, 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 Textiles Cluster NPC as at 31 December 2023, 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 Accounting Standards as issued by the International Accounting Standards Board 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 2023", which includes the Directors' Report, as required by the Companies Act of South Africa and the supplementary information as set out on page 17, which we obtained prior to the date of the 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 the International Financial Reporting Standard for Small and Medium-sized Entities Accounting Standards as issued by the International Accounting Standards Board 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.

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
26 April 2024
Durban

Kwazulu Natal Clothing and Textiles Cluster NPC
(Registration number: 2005/035347/08)
Annual Financial Statements for the year ended 31 December 2023
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 2023.

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 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 will continue in office as auditors for the company for the 2024 financial year end.

Kwazulu Natal Clothing and Textiles Cluster NPC
(Registration number: 2005/035347/08)
Annual Financial Statements for the year ended 31 December 2023
Statement of Financial Position as at 31 December 2023

Figures in Rand	Notes	2023	2022
Assets			
Current Assets			
Trade and other receivables	2	37,341	42,070
Cash and cash equivalents	3	3,169,821	3,261,643
		<u>3,207,162</u>	<u>3,303,713</u>
Total Assets		<u>3,207,162</u>	<u>3,303,713</u>
Equity and Liabilities			
Equity			
Accumulated surplus		<u>2,933,828</u>	<u>2,981,372</u>
Liabilities			
Current Liabilities			
Trade and other payables	4	<u>273,334</u>	<u>322,341</u>
Total Equity and Liabilities		<u>3,207,162</u>	<u>3,303,713</u>

Kwazulu Natal Clothing and Textiles Cluster NPC
(Registration number: 2005/035347/08)
Annual Financial Statements for the year ended 31 December 2023
Statement of Comprehensive Income

Figures in Rand	Notes	2023	2022
Revenue	5	5,945,680	5,679,457
Operating expenses		(6,056,468)	(8,469,156)
Operating deficit	6	(110,788)	(2,789,699)
Investment revenue	8	63,244	51,305
Deficit for the year		(47,544)	(2,738,394)

Kwazulu Natal Clothing and Textiles Cluster NPC
(Registration number: 2005/035347/08)
Annual Financial Statements for the year ended 31 December 2023
Statement of Changes in Equity

Figures in Rand	Accumulated surplus	Total equity
Balance at 01 January 2022	5,719,766	5,719,766
Deficit for the year	(2,738,394)	(2,738,394)
Balance at 01 January 2023	2,981,372	2,981,372
Deficit for the year	(47,544)	(47,544)
Balance at 31 December 2023	2,933,828	2,933,828

Kwazulu Natal Clothing and Textiles Cluster NPC
(Registration number: 2005/035347/08)
Annual Financial Statements for the year ended 31 December 2023
Statement of Cash Flows

Figures in Rand	Notes	2023	2022
Cash flows from operating activities			
Cash used in operations	10	(155,066)	(2,966,961)
Interest income		<u>53,453</u>	<u>-</u>
Cash flows from investing activities			
Interest Income		<u>9,791</u>	<u>51,305</u>
Total cash movement for the year		(91,822)	(2,915,656)
Cash and cash equivalents at the beginning of the year		<u>3,261,643</u>	<u>6,177,299</u>
Total cash at end of the year	3	<u>3,169,821</u>	<u>3,261,643</u>

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 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.

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 surplus or deficit) 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 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 surplus or deficit.

Trade and other payables

Trade payables are recognised initially at the transaction price, including transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise of cash in bank and is initially recognised at fair value plus transaction costs and subsequently at amortised cost.

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.

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 2023
Notes to the Annual Financial Statements

Figures in Rand	2023	2022
2. Trade and other receivables		
Value added tax	37,341	42,070
3. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	3,169,821	3,261,643
4. Trade and other payables		
Trade payables	273,334	322,341
5. Revenue		
Membership fees	913,300	995,450
Other project income	133,500	148,007
eThekwin Municipality	4,898,880	4,536,000
	5,945,680	5,679,457
6. Operating deficit		
Operating deficit include the following expenses:		
Executive function	979,346	1,134,780
Market access	500,010	974,076
Skills development	1,204,101	1,175,522
Small business accelerator	1,858,650	3,942,983
Value chain upgrading	1,470,203	1,210,097
7. Auditor's remuneration		
Fees	30,987	28,483
8. Investment revenue		
Interest revenue		
Interest income	63,244	51,305
9. Taxation		
Non provision of tax		

No provision has been made for 2023 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.

Kwazulu Natal Clothing and Textiles Cluster NPC
(Registration number: 2005/035347/08)
Annual Financial Statements for the year ended 31 December 2023
Notes to the Annual Financial Statements

Figures in Rand	2023	2022
10. Cash used in operations		
Net deficit before taxation	(47,544)	(2,738,394)
Investment income	(63,244)	(51,305)
Changes in working capital:		
Trade and other receivables	4,729	139,288
Trade and other payables	(49,007)	(316,550)
	<u>(155,066)</u>	<u>(2,966,961)</u>

11. 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 payables owing to related parties
B and M Analysts Proprietary Limited 273,335 322,341

Trade payables are paid within 30 days.

Related party transactions

Amounts paid to related parties
B and M Analysts Proprietary Limited 6,012,311 8,437,458

B and M Analysts Proprietary Limited acts as an anchor service provider distributing a portion of funds to additional third party contractors.

12. Directors' and prescribed officer's remuneration

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

13. 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.

14. 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 2023
Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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15. Financial assets by category

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

2023

	Financial assets at amortised cost	Total
Cash and cash equivalents	3,169,821	3,169,821

2022

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

16. Financial liabilities by category

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

2023

	Financial liabilities at amortised cost	Total
Trade and other payables	273,334	273,334

2022

	Financial liabilities at amortised cost	Total
Trade and other payables	322,341	322,341

Kwazulu Natal Clothing and Textiles Cluster NPC
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Annual Financial Statements for the year ended 31 December 2023
Detailed Income Statement

Figures in Rand	2023	2022
Revenue		
Membership fees	913,300	995,450
Other project income	133,500	148,007
eThekweni Municipality	4,898,880	4,536,000
	5,945,680	5,679,457
Operating expenses		
Auditors remuneration	30,987	28,483
Bad debts	11,087	-
Bank charges	2,084	2,015
Executive function	979,346	1,134,780
Market access	500,010	974,076
Secretarial fees	-	1,200
Skills development	1,204,101	1,175,522
Small business accelerator	1,858,650	3,942,983
Value chain upgrading	1,470,203	1,210,097
	6,056,468	8,469,156
Operating deficit	(110,788)	(2,789,699)
Investment income	63,244	51,305
Deficit for the year	(47,544)	(2,738,394)