2021/2022
ANNUAL REPORT

DCC
DURBAN·CHEMICALS·CLUSTER

ETHEKWINI MUNICIPALITY

Thank you to our core funder, eThekwini Municipality, and member firms who have supported the Durban Chemicals Cluster over the past 14 years.

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LETTER FROM THE CHAIRPERSON

I am writing this letter as we enter the 15th year of partnership through the Durban Chemicals Cluster. And, what a year it has been! The KZN riots and floods hit our industry hard. Nonetheless, the Cluster was able to facilitate productive partnerships between the government and the private sector and redirect critical resources to help manage the risks. We remain resilient as an industry and focused on opportunities for growth. The strong partnerships we enjoy with eThekwini Municipality and our members have been key in ensuring our sustainability and ensuring the cluster provides the support that our members expect and depend on.

Over the year, working with our strategic partners, the DCC has proven invaluable in these difficult times and has allowed us to develop and roll out a variety of business support and recovery plans and programmes. Over 120 people were trained through the cluster programme, ranging from SME business owners to shop floor employees and executives. Further, 23 small businesses have benefited from the SME Business Accelerator programme – the largest number to date in a 4-year long initiative. Despite all the disruptions, the cluster is healthy, vibrant and growing and we enjoy a membership base of 65 this financial year.

One of our large-scale and catalytic value chain development for this past year has been supporting the development of the local manufacturing capacity for the wind energy sector. The wind energy sector is growing rapidly in South Africa opening up opportunities for leading OEMs in this industry to set up local manufacturing capacity for wind turbine components. The strategic advantage of a local turbine blade manufacturing plant is attractive and the DCC value chain development team has developed key insights and engaged critically with leading wind turbine OEMs in South Africa to further this development. Investment in this area would be a significant driver for local growth in the chemicals industry with many manufacturers (composite materials, metals, adhesives, resins, coatings, etc.) producing materials that would feed directly into the wind turbine blade industry value chain. The wind energy project is but one example and the cluster is in the process of identifying similar catalytic projects which will aim to benefit the members in the future.

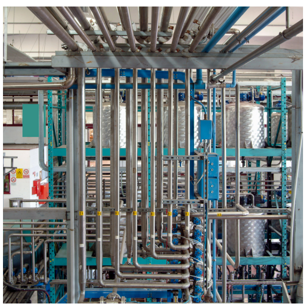
From a financial perspective, the DCC remains in a healthy position. We remain compliant with all legal and statutory requirements and again received an unqualified audit; this has indeed been the situation for the past 14 years.

I would also like to thank our member firms who continue to engage in cluster programmes. It is your continued support that has ensured the endurance and relevance of the cluster. As we enter the last year of our current business plan, the DCC will continue to provide valuable support to members and will remain the industry's go-to resource for leading-edge thinking, information, and support programmes.

On behalf of the Executive Committee, we thank the eThekwini Municipality, KZN EDTEA, the team from BMA as well as our members for your ongoing support over what has been a most extraordinary period. We look forward to new opportunities to strengthen the local chemicals sector.

Rudi van Niekerk

Chairperson, DCC
Regional General Manager, H&R Africa



LETTER FROM THE CITY

Councillor Thanduxolo Sabelo

Chairperson: Economic Development and Planning Committee

eThekwini Municipality is the heartbeat of the provincial economy, however, these past 12 months have been particularly challenging. The aftermath of the COVID-19 pandemic, the KwaZulu-Natal floods and civil unrest have been nothing short of devastating to our communities and the regional economy. Despite this, it must be noted that the industrial growth potential of this sector in South and Southern Africa remains undisputed, and realising this growth is critical to changing the trajectory of economic development in eThekwini and South Africa. The industrial clusters, including Durban Chemicals Cluster, play a large role in being able to achieve this, working with the government to capture these opportunities.

DCC has begun implementing a strategy to promote the growth and competitiveness of the KZN chemicals manufacturing sector and participation in the targeted programmes of the DCC is delivering significant productivity and competitiveness improvements. Catalytic initiatives such as the SME Business Accelerator and the support it provides for Black-owned small businesses are also fundamental for ensuring that the sector reaches its transformation targets.

Additionally, empowering and transforming future industry leadership through targeted development programmes will provide key skills to support our industry in the long term.
Now we are also expanding our support to members through identifying competitiveness improvement opportunities as well as maximizing supply chain opportunities through the value chain development programme.

Now, we are looking ahead, and plotting our economic recovery. In the coming financial year, we will continue to drive a strong focus on transformation, economic growth and building the capabilities of SMEs supporting the industry, which will be vital to the growth of our local economy. eThekwini Municipality continues to invest in infrastructure projects that help to address challenges and repair facilities, while creating an environment conducive to investment and job creation.

Durban Chemicals Cluster remains a key player in supporting economic recovery. eThekwini Municipality commits to its continued support of the DCC and its members – together we strive to improve the future of our city, province and economy.

Q&A WITH THE FACILITATION TEAM

Q:

HOW CAN THE CLUSTER SUPPORT BUSINESS IN GROWING PROFITABILITY WHILE SUPPORTING A GREEN AGENDA?

A:

A global shift is taking place towards a greener economy. This is being driven by government regulations such as carbon taxes, market and customer demands, as well as from environmental organisations. This shift is influencing manufacturers at all levels, from the products that they produce to the markets that they supply into, to the materials and processes they use in production and the disposal and treatment of waste so that there is little to no adverse impact on the environment. This shift cannot be avoided.

Knowing this, growing a business profitably must include a focus on green manufacturing processes.

This requires a thorough understanding of what the relevant market needs, and an honest assessment of a business's performance from a green perspective and relative to its peers. The GrowthFinder Diagnostic is a starting point to empower businesses with market demand intelligence to identify and capitalise on their future needs as well as know how the businesses rank in terms of industry standards. This ensures an understanding of their current state from which to develop and grow and it has helped firms to understand the importance of measuring production and performance to manage and improve upon this.

Added to this base knowledge, when strategically evaluating ways to become more profitable in this new economy, you need to change your mindset - old ways are no longer sustainable. Look for ways to be proactive by reducing pollution and waste, recycling and reusing materials, and by moderating emissions in your factory processes. Look for the low-hanging fruits - not all greening process changes require massive investments. The market is demanding more sustainable products and ways of working so make a start.

O'Neill Marais

Facilitator

Q:

HOW DOES THE DCC SKILLS PROGRAMME ADD VALUE TO MEMBERS?

A:

The Skills Programme targets both team leaders, future leaders as well as SMEs within our member companies. These programmes marry theoretical learning with practical, on-the-job mentorship and project implementation. While online in delivery, learners affect practical and impactful change through their performance and in their workplace. The programme empowers individuals from manufacturing teams to make small changes that have a significant impact on their company's operations while also developing a leadership pipeline to support future growth in the industry.

Furthermore, the programme affords learners the opportunity to engage with experienced industry executives with a wealth of knowledge to guide them through change management projects. Benefiting from this valuable mentorship and completing a practical improvement project in their workplace means that learners can share their training experience with others. Ultimately, these learners have been identified as potential business leaders and providing them with the opportunity to work across different divisions, functions, and levels of seniority within their firms will culminate in a more confident person, a stronger team dynamic and a collective vision for the firm improvements.

Paige Sherriff

Facilitator

Q:

THE DCC ENABLES COLLECTIVE EFFICIENCY AND JOINT ACTION. ONE OF THE LARGEST CHALLENGES FACING FIRMS AT THE MOMENT IS THE ENERGY CRISIS. WHAT IS THE CLUSTER DOING IN THIS SPACE AND HOW CAN IT SUPPORT ENERGY RESILIENCE?

A:

The cluster has facilitated several Shared Learning sessions focused on sustainability and Green Manufacturing and limiting the impact on the environment. These have been of interest to DCC member firms considering their profile and the importance of environmental issues for chemical firms, as well as with regards to proactively dealing with the energy crisis being experienced.

The Manufacturing Meetup session in July considered what best practice firms are practically doing to limit their environmental impact, and ultimately use less energy and be more self-reliant. Best practice firms shared what they are doing, with the key takeaways, which are of benefit to DCC members, including implementing robust measurement and monitoring of energy and resource usage, partnering with organisations that can assist and guide and support firms on their sustainability journey, focusing on low-hanging environmental and sustainability interventions (e.g. LED lighting), as well as investigating and initiating projects around additional environmental and sustainability interventions (e.g. replacing old motors with new inverter motors on capital which are more efficient).

The September Manufacturing Meetup session considered the importance of firms adopting resilient strategies for energy, water and waste. Highly informative inputs around what firms should be doing were received from a panel of experts, including firms. The session noted the data linked to areas around energy, water and waste must be continuously collected, monitored, and managed (i.e. via dashboards), and businesses must ensure an accurate understanding of their resources, as well as the associated risks, and they must seek to alter the narrative around areas such as waste, with waste to be viewed as a resource that can add value to businesses.

In addition, to further look to support firms to deal with the energy crisis, the DCC is supporting an energy renewable project. It is focused on better understanding energy usage & demand requirements at firms within the eThekwini Municipality region. The intention of the project is to identify value-added collaborative and partnering opportunities for member firms going forward.

Sean Ellis

Facilitator

THE GROWTH DRIVER REPORT

GLOBAL INDUSTRY OUTLOOK

As ESG assets are to exceed $50 trillion globally by 2025, sustainability has evolved from a responsibility to a growth strategy in the chemicals sector.

Chemicals firms have responded affirmatively to this clarion call, gearing up for carbon tax and emissions trading systems by using more accurate and transparent emissions reporting methodologies. Independent organizations such as the Global Reporting Initiative have come into existence to assist by providing unbiased independent reporting. BASF made the decision to take ownership of its own greenhouse gas accounting. Their SCOTT carbon emissions evaluation tool is a pioneer in this regard. The data from this system informs the company's sustainable solution steering ethos, a framework for labelling products to benchmark sustainability.

Arkema makes use of a similar methodology, with its eyes set on bio-circularity, the use of biodegradable raw materials to ensure recyclability, such that its verticalized value chain can be as circular as possible. This approach has resulted in a 55% reduction in scope 1 and 2 greenhouse gas emissions, a 10% reduction in net energy purchases, a 55% reduction in water pollution and a 42% reduction in volatile organic compound air pollution.

THE SOUTH AFRICAN CONTEXT

For chemicals firms, two interesting local growth opportunities are accurate greenhouse gas accounting to minimize carbon tax and the bio-integration of their value chains. The greenhouse accounting as set out by the Carbon Tax Act of 2019 carries with it allowances which can lower carbon tax to as little as 10% of the SARS administered tax rate of R144/tCO2e. This can be achieved by investing in sustainable raw material sources, decreasing unsustainable practices and transparently reporting greenhouse gas emissions per the Department of Environment, Forestry and Fisheries.

One avenue open to bio-integration is the use of agricultural products as replacement inputs for traditionally oil-based chemicals raw materials. Some examples of this are adipic acid and acetic acid, which could be produced using sugar cane and castor beans respectively. The tail end of local chemical value chains is also open to collaborations with recycling consulting firms and initiatives. Partnerships with initiatives such as the South African Waste Pickers Association are an avenue to custodianship over the end of the chemicals value chain.

THE INTENTION OF THIS REPORT

The nature of this type of industry disruption is that of unpredictability. This report has endeavoured to unpack the trends, risks and strategies that are evident and likely to play out in the coming years. Not to promise growth, or solve the perfect storm of challenges in a few paragraphs, but to give sound and evidence-based guidance. To put numbers and arguments in place for all parties in the value chain to look at the industry with sober eyes.

IMPACT OF 21/22 CLUSTER ACTIVITIES

65
Cluster Members

14
Years of adding value to chemical manufacturers

23
Small businesses supported in 21/22

94%
Average approval and facilitation rating

50
TLDP learners

47
ELDP learners

7
Commercial opportunities secured with 4 SMEs, through the Business Accelerator programme

1500+
Participants in shared learning programmes

A REFLECTION OF 21/22 CLUSTER ACTIVITIES

JULY

- Following the social unrest, the cluster held a session on Taking Stock of the Crisis: Understanding and Rebuilding. This was in response to the need for accurate, up-to-date and relevant information about the crisis, the extent of the impact and the resultant supply chain and business operational challenges facing our sector.

- The cluster received a request from the Presidency to collect information on the impact this unrest has had on manufacturing value chains and the support that is required for recovery in order to coordinate a rapid and strategic response to ensure production gets back up as quickly as possible. Our report included the extent of the damage across the value chain and the likely impact on demand and supply over the coming weeks, months and beyond.

AUGUST

- The cluster launched the 2021 Business Accelerator Programme. The Accelerator programme aims to link lead firms with high-potential, high-commitment SMEs in KZN and then support their upgrading to meet these new commercial opportunities. Lead firms in the chemicals sector were engaged to solicit support and contributions to the programme. Five lead firms were onboarded, namely, Ferro Coating Resins, Ferro Dispersions, H&R, NCS Resins and SAPREF.

SEPTEMBER

- The Business Accelerator Programme was marketed through various channels and publications and the applications were screened to solicit applicants from high-potential SMEs.
- The cluster also rolled out the GrowthFinder Diagnostic Programme.

- The programme is an updated benchmark assessment that will help members confirm industry peers' performance benchmarks, receive detailed and objective assessments of operations and processes, and identify priority areas that need attention.

- The cluster collaborated with a legal expert and firms that successfully rolled out vaccination strategies to discuss vaccination action plans and the rights of individuals and firms.

OCTOBER

- The cluster hosted a strategic panel discussion consisting of leading, international experts in the field of organisational redesign for innovation. The discussion topics included:
    - How to incentivise innovation within your organisation
    - Resourcing and internal organisation, and process capabilities required to thrive
    - Reducing the time from research to commercialisation
    - Celebrating the successes and achievements in innovation

NOVEMBER

- The Business Accelerator launched its Capacity Building Programme which aimed to equip businesses with skills to develop an effective manufacturing strategy in an age of major change. The businesses were also provided with a framework to articulate their value proposition through a business pitch. 20 chemical SMEs were invited to participate in the Capacity Building.

DECEMBER

- The SMEs from the Business Accelerator had an opportunity to present their value propositions/ business pitches to potential customers and investors in a Dragons Den as a market access opportunity. 8 SMEs presented their value proposition at the Dragons' Den and the lead firm identified some commercial opportunities.

JANUARY

- The DCC launched its 2022 skills development programme to develop leaders from the factory floor to the C-suite. These programmes are modular, with gamified learning to drive engagement and improve skill retention. These programmes were well received with 50 learners registered for TLDP and 47 learners registered for ELDP.

- The Due Diligence and Business Case Development phase of the Business Accelerator was introduced to the SMEs. This phase afforded the SMEs an opportunity to build a business case for the opportunities that were identified by the lead firms and a financial and compliance due diligence exercise was completed. Business Cases were developed for 8 SMEs, including support from a Lean manufacturing expert and a financial expert. Financial and compliance due diligence assessments completed for 8 SMEs

FEBRUARY

- Eight SME owners were onboarded to the Emerging Leadership Development Programme and 15 SME employees were onboarded to the Team Leader Development Programme. The learners continue to receive upgrading support through the cluster's ELDP and TLDP skills development programmes as well as through external consultants.

- The cluster held a shared learning session on Adhering to Lean Fundamentals. The panellists identified alternative working methods to ensure the fundamentals remain in place, are effective and the basics of lean do not suffer. The discussion included:
    - Lean fundamentals that have been hardest hit by COVID-19
    - How leading firms are overcoming the new normal challenges, ensuring that the basics of lean remain in place, and
    - How technology is increasingly being used to support lean adherence

MARCH

- The cluster held a shared learning session on Green Manufacturing as a Competitiveness Edge. The session considered what manufacturing firms can practically do to respond to the Green Economy and, crucially, how can the adoption of Green Manufacturing support and bolster competitiveness and become a competitive advantage. The discussion included:
  - Unpacking the Green Economy layers (e.g. regulations, market demand, etc.) and the implications for the manufacturing sector.
  - How firms are effectively responding to the Green Economy in their manufacturing environments.
  - How can the adoption of Green become a competitiveness advantage?

APRIL

- The cluster supported firms that were impacted by the devastating KZN Floods by facilitating support between the government and private sector and assessing the impact of the flooding to promote resource allocation to risk mitigation and recovery.
- The lead firms were engaged using the business cases developed by the SMEs to confirm commercial opportunities with signed letters of interest. 7 Letters of interest were signed for 4 SMEs

MAY

- The cluster's skills development graduation ceremony honoured learners from 2021 who completed and passed the TLDP & ELDP.The graduation was attended by over 400 graduates, from various manufacturing sectors, both in-person and online.
- The cluster coordinated a factory tour along with Brink Towing Systems in Pietermaritzburg. Brink's management outlined their approach to manufacturing reliability, showcasing their supporting best practice elements that enable them to be leaders in internal reliability. This included their approach to maintenance and changeovers, as well as Visual Management and 5S.

- Lean manufacturing has an unbelievable ability to transform manufacturing firms. In the cluster's Manufacturing Meetup, the cluster discussed how to make Lean a passion and excitement among employees.

JUNE

- The cluster hosted a shared learning session on operational availability as an indicator of the reliability of the manufacturing environment. Some of the key take-aways from the session were as follows:
  - Daily, weekly, and monthly forecast production planning is vital
  - People capacity management is vital
  - Develop and adhere to an effective preventative maintenance schedule
  - Measure, monitor and analyse breakdown performance (e.g. weekly reports by area and reason)
  - Continually undertaking Kaizen improvement projects
  - Allow experimentation to find what works and the best possible solution.

TESTIMONIALS

NCS Resins (Pty) Ltd. has been a lead contributor to the Business Accelerator programme since its inception in 2018. The programme was launched to identify and develop high potential, Black-owned SMEs as strategic suppliers to industrial lead enterprises through market access, standards upgrading and capital investment interventions.

"Every year, things get better and it's great to see how these businesses that are pitching are progressively improving. We're encouraged by the level of entrepreneurship we're seeing and are absolutely privileged to be in a position to be able to contribute to the entrepreneurial society in South Africa. We appeal to more companies to be assisting in this space and it's really something we need to do as South Africans to make South Africa work."

NCS RESINS pure science a Bud Group Company

- Trevor I'Ons, Managing Director of NCS Resins, a Bud Group company

"We would like to extend our gratitude and appreciation to you and your team for such great leadership qualities and insights; these have left us in awe. We look forward to working with you."

- Mlamuli Ngubane, Managing Director - Transoil Woman

Feedback from our Skills learners:

I am confident that I can identify problems and solutions better in my work.

I feel empowered with knowledge and skills to implement changes for the better in my company.

The information in the course was relevant (important) to my work.

“I realized that I am the one to exercise continuous improvement each day and give others support. I have to quickly solve problems among the team to maintain our production.”

“I am now empowered to confidently disagree with what is wrong on my team. Before, I never voiced my concerns during production. Then, we would have big shortages on loading day. Now, orders leave on time with the right quantity.”

CASE STUDIES FROM THE BUSINESS ACCELERATOR PROGRAMME

UGODO HEALTH AND SAFETY CONSULTANTS GROW FROM STRENGTH TO STRENGTH

UGODO Health and Safety Consultants is an occupational health and safety services provider that is based in Hammarsdale. The owner, Wiseman Shange, had been an occupational practitioner for over 15 years and his passion for the field is what drove him to start the business with his partner in 2020. The company began operations during the COVID-19 pandemic and has persevered through the challenges posed by the pandemic and has since grown from strength to strength.

The owner, Wiseman Shange is a dedicated, committed, and diligent individual that is determined to see his business succeed, although the business is young it has taken significant steps to grow and expand its customer base and service offering. He has used programmes such as the Durban Chemicals Cluster Business Accelerator Programme and opportunities afforded therefrom to grow his business and have a greater impact in the sector. This has played a role in giving his business exposure to different sectors, and growing. He has also been featured in numerous publications.

Distributed free in Outer West Durban to bring business and the community closer together. Published by the Hammarsdale Cato Ridge Development Association NPC 2020/674596/08

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Feb-March 202

Start-up with SocioNext

Running from 28 February to 4 March at the Unit 6 Community Hall, SOCIONEXT will deliver their highly interactive hands-on training in social innovation, entrepreneurship skills development and rapid prototyping. The SOCIONEXT methodology works. A survey of previous participants showed that 49% are still active in business, 11% in the businesses created during the workshop, 38% in other businesses. Mr Price Foundation is supporting this programme and is eager to see the results.

#DoMorePlay brings wooden toys to children

AS PART of an ambitious Enterprise Development Project, DO MORE FOUNDATION has partnered with the Association for People with Disabilities (APD) KZN and CHEP to provide affordable and durable wooden toys to support cognitive learning for vulnerable young children in Hammarsdale.

As DO MORE FOUNDATION's focus is on early childhood development, enterprise development and easing hunger it looks forward to seeing this partnership grow, most especially for the outcomes for the young children they support. Find more at www.domore.org.za.

Simon Maphumulo explains what Msenenge Environmental Landscapes can offer to local business executives.

SMMEs ON A ROLL

Three local black-owned SMMEs were invited to introduce their businesses at a HCRDA event on 18 November 2021. All were impressive: Ugodo Health and Safety Consultants secured multiple meetings and at least three new contracts!

"We met a number of large firms at the meeting the HCRDA arranged. Safal Steel, Merlog Foods and Geo Plumbing and Plastics Sales have since called us and we have had meetings and have training planned. This introduction was invaluable," said Wiseman Shange, Managing Director of Ugodo Health and Safety Consultants.

Ugodo, Nathi Africa and Msenege Environmental Landscapes also attended the HCRDA's first SMME Engagement sessions in November. These were held to support SMMEs to develop compelling propositions with which to approach potential customers.

All 16 SMMEs that attended reported that good value was achieved. Plans for 2022 are afoot to include a further five SMME workshops consisting of presentations by:

- larger businesses in Hammarsdale / Cato Ridge on what commercial oppo tunities exist for SMMEs
- funders on what they can offer SMME
- experts on a variety of topics of rel vance to SMMEs
- SMMEs themselves. This will enab SMMEs to get feedback from other a tendees on their pitch presentations

SMMEs will also be able to netwo and engage with the HCRDA and identi areas of collaboration. Interested SMM are encouraged to register their business www.hcrda.org/smme-directory

Publication featuring UGODO Health and Safety Consultants

The business has been predominantly focused on safety and with some health services provided. These include provision and installation of firefighting equipment, health, and safety systems' implementations: Induction Training, COVID-19 Training, Risk Assessments, Contractors' Safety Management. Their services are applicable across many sectors but currently, their clients range from the construction industry to the chemicals industry.

As a visionary, Wiseman has identified an opportunity to expand his services to include Mobile Clinics given the demand, therefore. This opportunity has piqued the interest of large customers in the Chemicals industry. He is currently in the process of soliciting funding to invest in the mobile clinic service offering with the support of the Accelerator.

The great potential was identified by potential customers and investors at the Dragons' Den event in November 2021. Although the market that UGODO is servicing is highly competitive but lead firms are seeing a need for their services and to support UGODO through their development and growth they have received business case development support, skills development support and a GrowthFinder Diagnostic to identify gaps and growth opportunities in the business from the Accelerator Programme. After receiving this support, they were able to secure two letters of interest from SAPREF and H&R.

The DCC is currently supporting UGODO to realise the opportunities with H&R and SAPREF and is excited to see the business grow from strength to strength.

SILOKOTHO TRADING PRIMARY COOPERATIVE

Silokotho Trading Primary Cooperative is a growing, dynamic, innovative company that manufactures safety shoes, but also has expertise in personal protective equipment (PPE), corporate work wear and technical textile products, based in Pinetown.

The business started as a small cooperative in Umlazi to create jobs and opportunities for the community and has since grown to 47 employees with the potential to continue growing into new markets.

Their extraordinary craftsmanship, superior quality and commitment to excellent service have enabled them to maintain positive relationships with major customers in the international PPE and Technical textiles space. Silokotho has become a trusted manufacturer in Durban and is looking for opportunities to expand into the rest of KZN.

Figure 1: Silokotho Trading Primary Cooperative plant floor

Thandazile Gqwaru and Brian in conjunction with a team of committed and dedicated managers have played a major role in maintaining the quality and service standards of the business as the business has grown over the years. Testament to the business's commitment to growth and expansion, the business was recently awarded a grant from the National Development Agency. These funds were used to purchase machinery and employ 6 more people in the business.

The Durban Chemicals Cluster (DCC) supported the development of Silokotho through business case development assistance provided by manufacturing specialists, skills development support and a GrowthFinder Diagnostic to identify gaps and growth opportunities in the business.

Figure 2: Sample school shoes produced by Silokotho Trading Primary Cooperative

These interventions resulted in the development of expanding into the school shoe market with samples produced.

Brian, the COO, noted: "We are glad that we were part of the Accelerator, as we would not be where we are now in terms of skills set. The business case development phase with our mentor was eye-opening because we have identified an opportunity to expand our products and have already produced a sample of school shoes."

CASE STUDIES FROM THE SKILLS PROGRAMMES

TLDP CASE STUDY

Kayshree Govender, Valspar, DCC

Kayshree implemented team meetings using a Visual Performance Management (VPM) Board which she created as an outcome of the TLDP.

During the meeting, the team discusses the actions of the previous meeting, problem-solving and prioritizes work required for the day. This enables clarity in information and the team can focus on the actions required.

Furthermore, metrics, key performance indicators and achievements are discussed.
Today, her team's VPM board is used to display their 6S standards for the laboratory and is successfully being adhered to by the whole team.

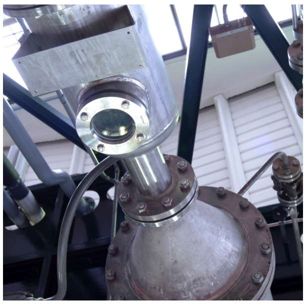
TLDP CASE STUDY

Cedric Hlongwa
BAP South Africa, DCC

DCC SME| Pallet supplier to the Chemicals industry
The ELDP assisted Cedric to develop and implement company policies to govern production decisions. In support of minimizing customer returns.

Using the 5 why's method, it was identified that the business lacks foundational policies, procedures and S.O.Ps to guide staff behavior and decisions regarding production.

BAP South Africa has established and trained staff on policies, procedures, S.O.P's and Work Instructions. Product reject rates have reduced from 2% to 0%.



ELDP CASE STUDY

Prior to implementing her ELDP project, Prevashinee noted that bacterial contamination levels in fungal spore AI were in excess of the release specification.
This meant that only 66% of batches were able to be released.

Using lean 6 sigma, the team created a process map, cause and effects matrix and a failure modules and Effects Analysis.

The team's target was to achieve required bacterial specifications on 80% of batches.

Through their ELDP learners, the team achieved 89% of batches meeting bacterial specifications. And continue to make plans for further continuous improvements.

Prevashinee Padayachee, BASF Agricultural Specialties, DCC

THE EXECUTIVE COMMITTEE

Senior executives from member firms and officials from the eThekwini Municipality make up the DCC's Executive Committee. The Executive Committee provides strategic oversight and programmatic direction for the cluster.

Rudi van Niekerk
DCC Chairperson
H&R South Africa

Lulamani Mabaso
Investment and Growth Programme Chair (until June 2022)
Gold Reef Chemicals

Ziningi Ntombela
Skills Development & Transformation Programme Chair (until June 2022)
Flint Group

Daniel Souchon
DCC Director
Ferro Coating Resins and Ferro Dispersions

Trevor I'Ons
DCC Director
NCS Resins

Claude du Plessis
Nominated Industry Representative
Gold Reef Chemicals

Leo Maistry
Nominated Industry Representative
NCS Resins

Vijay Pramjee
Refinery Representative
Engen

Takalani Rathiyaya
eThekwini Municipality Representative
eThekwini Municipality

Ravesha Govender
eThekwini Municipality Representative
eThekwini Municipality

Meghan King
Non-voting Chief Facilitator
BMA

Joshlean Chettiar
Non-voting Facilitator
BMA

OUR PARTNERS

THE DCC EXPRESSES GRATITUDE TO ETHEKWINI MUNICIPALITY AND ALL SUPPORTING AND STRATEGIC PARTNERS FOR 21/22

GOVERNANCE AND COMPLIANCE

- Registered as a Non-Profit Company
- Memorandum of Incorporation (MOI) that entrenches Public-Private Partnership (PPP) model, transparent governance and clear accountability
- Clear business plan and accompanying implementation plan
- Memorandum of Agreement (MOA) governing relationship with the primary funder
- Performance management and reporting systems that are effective and efficient
- Financial control systems that are effective, efficient and transparent
- Adequate solvency and liquidity provisions
- Clean, unqualified annual financial audit
- Risk management practices that are effective, efficient and transparent
- Competition Law checklist and related safeguards
- Procurement systems that are effective, efficient and transparent
- Service Level Agreement (SLA) governing relationship with facilitation service provider
- Capacity to comply 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 and 100% of expenditure can therefore be claimed as Preferential Procurement

MEMBERS OF 2021/2022

NAME	CONTACT NUMBER	WEBSITE
ABS Chemicals	0769102346	www.abschemicals.co.za
Associated Additives	0314681561	www.almstab.co.za
AlcoNCP	031560 1242	www.ncpalcohols.com
BASF Agricultural Specialties	0317692003	www.basf.co.za
BASF SA	0319047860	www.basf.com
Buckman Laboratories	0317368800	www.buckman.com
Dow Southern Africa	031 716 5900	www.dow.com
Engen	0314603911	www.engen.co.za
Ferro Coating Resins	0319103500	www.ferrocoatingresins.co.za
Ferro Dispersions	0314808100	www.ferrodispersions.co.za
Flint Group	031 912 1928	www.flintgrp.com
Gold Reef Chemicals	0319107500	www.gold-reef.co.za
H&R South Africa	0314668700	www.hur.com
Isegen	0319133200	www.isegen.co.za
Kansai Plascon	0314513200	www.kansaiplascon.co.za
KZN Resins	0314613883	www.kznresins.co.za

MEMBERS OF 2021/2022

NAME	CONTACT NUMBER	WEBSITE
NCS Resins	031 713 0600	www.ncsresins.com
Ocean Plastic Technologies	031 331 0098/99	www.oceanplastictechnologies.com
Paperkem	0317133200	www.bimkemi.com
Protea Chemicals	0314685424	www.proteachemicals.co.za
Rheochem	0317003700	www.rheochem.co.za
Safripol	0314504111	www.safripol.com
Sancryl Chemicals	0319021422	www.sancryl.co.za
Scott Bader	0317368500	www.scottbader.com
Shell and BP South African Petroleum Refineries (SAPREF)	0314801911	www.sapref.com
Sherwin-Williams t/a Valspar	0314598400	www.sherwin-williams.com
Sika South Africa	0317926500	www.sika.com
SteriTech	0317027656	www.steritech.co.za
Sun Chemical South Africa	0319133000	www.sunchemical.com
The Great Supply	0317004168	www.thegreatsupply.co.za
Vopak	031 466 9200	www.vopak.com

SMME MEMBERS

- Albert Park Pharmacy
- Convolution
- D Chem Group
- Fresh Lemon Chemicals (Pty) Ltd
- Freshmo Brands Pty Ltd
- Gotec Investments CC
- Hitech Services
- Immaculate and Partners
- Isijumbana Project Primary Co Operative
- LignOrganic
- Mankesa Electrical and Construction
- Moonshine Reflective Spray
- Motetema Thushanang Crisis Committee
- MSC Engineering
- PixiePro
- Plastimed
- S Mach Engineering Services
- Sangwe Pty Ltd
- Sankahla Agricultural Co-operative limited
- Silokotho Trading Primary Cooperative
- Tempting Scents
- Thola Ukuthi Trading and Projects
- Thulasizwe Global Projects
- Titirheleni mhluri holdings pty Ltd
- Tlure Skin
- Smart Dynamic Wholesalers
- Trade Avail 172 CC
- Transoil Woman Pty Ltd
- Tshiwo Cleaning Products
- Ugodo Health and Safety Consultants Inc
- Zululand Filters

AWARDS

The cluster recognises the engagement and support from member firms and would like to award the following members with awards for contribution and commitment to all cluster programmes, and continued and long-term support of industrial development in KZN:

D CHEM GROUP

Zf FILTERS & TECHNOLOGIES

BASF We create chemistry

NCS RESINS pure science a Bud Group Company

GoldReef Speciality Chemicals

CHIETA CHEMICAL INDUSTRIES EDUCATION & TRAINING AUTHORITY

H&R Group

FERRO coating resins a Bud Group Company

DURBAN CHEMICALS MANUFACTURING CLUSTER NPC
(Registration number 2008/025461/08)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Clustering programme for chemical manufacturers in Kwa-Zulu Natal
Directors	Rudolf Jacob Francois Van Niekerk Trevor Andrew I'Ons Maurice Daniel Souchon
Registered office	Block B Bellevue Campus 5 Bellevue Road Kloof 3610
Business address	Block B Bellevue Campus 5 Bellevue Road Kloof 3610
Banker	Investec Bank Limited
Auditors	Mazars Registered Auditor
Company registration number	2008/025461/08
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 internally compiled by: T Erasmus Chartered Accountant (SA)
Issued	30 September 2022

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

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 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 of directors 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 30 June 2023 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently 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 page 6 to 8.

The annual financial statements set out on pages 4 to 17, which have been prepared on the going concern basis, were approved by the board of directors on 30 September 2022 and were signed on its behalf by:

Approval of annual financial statements

______________________________ ______________________________

Rudolf Jacob Francois Van Niekerk **Trevor Andrew I'Ons**

____

Maurice Daniel Souchon

The directors have pleasure in submitting their report on the annual financial statements of Durban Chemicals Manufacturing Cluster NPC for the year ended 30 June 2022.

1. Nature of business

Durban Chemicals Manufacturing Cluster NPC was incorporated in South Africa. The company is engaged in the provision of cluster-based development and support to the chemical 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.

3. Directors

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

	Changes
Rudolf Jacob Francois Van Niekerk	
Trevor Andrew I'Ons	
Maurice Daniel Souchon	
Douglas Scott Comrie	Resigned 05 July 2021

4. 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 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.

5. Auditors

Mazars continued in office as auditors for the company for 2022.

6. Events after the reporting period

At the date of finalisation of the financial statements, there were no material events that occurred subsequent to the reporting date that required adjustment to the amounts recognised in the financial statements. However, close monitoring of any potential impact from COVID-19 is being undertaken by the directors.

Practitioner's Compilation Report

30 June 2022

To the Directors' of Durban Chemicals Manufacturing Cluster NPC

Report on the Compilation of the Annual Financial Statements

Opinion

We have compiled the annual financial statements of Durban Chemicals Manufacturing Cluster NPC set out on pages 4 to 17, based on the information you have provided. These annual financial statements comprise the statement of financial position of Durban Chemicals Manufacturing Cluster NPC as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 to Medium-sized Entities, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

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

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you have 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 to Medium-sized Entities, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

Mazars
Partner: T Erasmus
19 September 2022
Durban

Independent Auditor's Report

30 June 2022

To the Directors' of Durban Chemicals Manufacturing Cluster NPC

Report on the Audit of the Annual Financial Statements

Opinion

We have audited the annual financial statements of Durban Chemicals Manufacturing Cluster NPC set out on pages 9 to 16, which comprise the statement of financial position as at 30 June 2022, and the statement of 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 annual financial statements present fairly, in all material respects, the financial position of Durban Chemicals Manufacturing Cluster NPC as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards for Small to Medium-sized Entities, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council 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 Annual 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 annual 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' and the International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide 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 "Durban Chemicals Manufacturing Cluster NPC Annual Financial Statements for the year ended 30 June 2022", which includes the Directors' Report as required by the Companies Act of South Africa and the supplementary information set out on page 17, which we obtained prior to this report. The other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual 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 annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual 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 Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with the International Financial Reporting Standards for Small to Medium-sized Entities, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council 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 annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual 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 Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual 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 annual 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 annual 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 annual 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 annual financial statements, including the disclosures, and whether the annual 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: MJ Cassan
Registered Auditor
19 September 2022

Statement of Financial Position as at 30 June 2022

Figures in Rand	Notes	2022	2021
Assets			
Current Assets			
Trade and other receivables	3	145,203	97,019
Prepayments	2	553,662	-
Cash and cash equivalents	4	242,880	562,356
		941,745	**659,375**
Total Assets		**941,745**	**659,375**
Equity and Liabilities			
Equity			
Retained income		36,179	219,698
Liabilities			
Current Liabilities			
Trade and other payables	5	905,566	439,677
Total Equity and Liabilities		**941,745**	**659,375**

Statement of Comprehensive Income

Figures in Rand	Notes	2022	2021
Revenue	6	5,778,466	4,644,548
Other income	7	2,722	69,009
Operating expenses		(5,968,413)	(4,767,154)
Operating Deficit		**(187,225)**	**(53,597)**
Investment revenue	8	3,706	4,809
Deficit for the year		**(183,519)**	**(48,788)**

Statement of Changes in Equity

Figures in Rand	Retained income	Total equity
Balance at 01 July 2020	**268,486**	**268,486**
Deficit for the year	(48,788)	(48,788)
Balance at 01 July 2021	**219,698**	**219,698**
Deficit for the year	(183,519)	(183,519)
Balance at 30 June 2022	**36,179**	**36,179**

Statement of Cash Flows

Figures in Rand	Notes	2022	2021
Cash flows from operating activities			
Cash (used in) generated from operations	9	(323,182)	(36,750)
Cash flows from investing activities			
Interest Income		3,706	4,809
Total cash movement for the year		**(319,476)**	**(31,941)**
Cash at the beginning of the year		562,356	594,297
Total cash at end of the year	4	**242,880**	**562,356**

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 Recognition

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments. The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are measured initially at fair value, including transaction costs for those that are not at fair value through profit or loss. Transaction costs on financial instruments at fair value through profit or loss are recognised immediately in profit or loss.

Subsequent Measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period. Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses. Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

Impairment of financial instruments

At the end of each reporting period, the entity assesses whether there is objective evidence of impairment of financial assets that are measured at cost or amortised cost. If there is objective evidence of impairment, the entity recognises an impairment loss in profit or loss immediately.

1.2 Financial instruments (continued)

Effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a debt instrument and allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts over the expected life of a debt instrument to the net carrying amount on initial recognition.

Trade and other receivables

Trade and other receivables are classified as loans and receivables.

Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other payables

Trade and other payables are classified as financial liabilities at amortised cost.

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

Cash

Cash and cash equivalents comprise cash at bank and cash on hand and other short term deposits with an original maturity of three months or less. Cash and cash equivalents are short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value. These are classified as loans and receivables.

1.3 Revenue

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

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

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

Figures in Rand	2022	2021

2. Prepayments

Prepayments	553,662	-

3. Trade and other receivables

Trade receivables	95,962	39,883
Value added tax	44,318	57,136
Accrued income	4,923	-
	145,203	**97,019**

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Investec Current Account	213,915	534,133
Investec Investment	14,221	13,681
Investec Cash Management Account	14,744	14,542
	242,880	**562,356**

5. Trade and other payables

Trade payables	905,566	439,677

6. Revenue

CHIETA Funding	318,400	30,825
KZN EDTEA	1,000,000	-
Membership Fees	1,053,364	1,129,483
Other Project Income	1,012,650	945,500
TIKZN Funding	-	282,500
eThekwini Municipality	2,394,052	2,256,240
	5,778,466	**4,644,548**

7. Other income

Changes in bad debts provision	2,722	69,009

8. Investment revenue

Interest revenue		
Bank	3,706	4,809

9. Cash generated from operations

Deficit for the year	(183,519)	(48,788)
Adjustments for:		
Interest received	(3,706)	(4,809)
Changes in working capital:		
Trade and other receivables	(48,184)	(26,331)
Prepayments	(553,662)	-
Trade and other payables	465,889	43,178
	(323,182)	**(36,750)**

Figures in Rand	2022	2021

10. Related parties

Relationships

Entity under common management	B and M Analysts Proprietary Limited

Related party balances and transactions with other related parties

Related party balances

	2022	2021
Amounts included in Trade Payable regarding related parties		
B and M Analysts Proprietary Limited	904,185	439,676

Related party transactions

	2022	2021
Amounts paid to related parties		
B and M Analysts Proprietary Limited	5,904,250	4,739,054

11. Taxation

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.

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 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

At the date of finalisation of the financial statements, there were no material events that occurred subsequent to the reporting date that required adjustment to the amounts recognised in the financial statements. However, close monitoring of any potential impact from COVID-19 is being undertaken by the directors.

Detailed Income Statement

Figures in Rand	2022	2021
Revenue		
CHIETA Funding	318,400	30,825
KZN EDTEA	1,000,000	-
eThekwini Muncipality	2,394,052	2,256,240
Membership Fees	1,053,364	1,129,483
Other Project Income	1,012,650	945,500
TIKZN Funding	-	282,500
	5,778,466	**4,644,548**
Other income		
Decrease in provision for bad debts	2,722	69,009
Operating expenses		
Accounting fees	1,200	3,050
Administration fees	34,624	-
Auditors remuneration	26,350	20,220
Bank charges	1,989	2,108
Executive Services	493,855	488,966
Increase in the provision for bad debts	-	2,722
Investment and Growth	2,541,873	1,062,040
Operational Excellence	1,159,577	1,654,578
TIKZN	-	220,569
Transformation and Skills	1,708,945	1,312,901
	5,968,413	**4,767,154**
Operating Deficit	**(187,225)**	**(53,597)**
Investment income	3,706	4,809
Deficit for the year	**(183,519)**	**(48,788)**

The Detailed Income Statement does not form part of the audited annual financial statements and is supplementary.

CLUSTER CONTACT INFORMATION

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W: www.durbanchemicalscluster.org.za