CLOTHING TEXTILES RETAIL

CCTC
CAPE CLOTHING AND TEXTILE CLUSTER

INVEST CAPE TOWN

CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

2022

ANNUAL REPORT

We envision a vibrant, expanding, globally competitive Western Cape CTFL industry.

CONTENTS

INTRODUCTION

REPORT SCOPE

The annual report for the year ended December 2022 is an integrated financial and progress report. The Cape Clothing and Textile Cluster (CCTC) is a public-private partnership (PPP) between the government, industry, and other stakeholders. The CCTC is formally established as a Not-for-Profit Company. The report considers financial, economic and programme performance and is available on the CCTC website (www.capeclothingcluster.org.za), where additional information pertaining to the cluster may also be accessed.

BACKGROUND TO THE CCTC

The CCTC was established in 2005 as a collaboration between government and industry to boost the competitiveness of the clothing, textile, footwear and leather (CTFL) manufacturing industry in the Western Cape. The CCTC is an industry-driven initiative, drawing on the leadership and expertise of individuals from a broad range of member firms. The Cluster comprises primarily manufacturers but also major retailers that are committed to supporting the development of the local manufacturing industry.

VISION, MISSION AND OBJECTIVES

We envision a vibrant, expanding, globally competitive Western Cape CTFL industry.

We support domestic firms to access domestic and selected export markets by driving globally competitive, sustainable clothing and textile value chains.

The CCTC aims to achieve this through supporting the development of World Class Manufacturing capabilities, optimised supply chains and advanced Quick Response capabilities, each of which are based on a clear set of market-led requirements and commercial business propositions.

All CCTC activities are guided by the following principles:

WHY CLUSTERING?

With the South African economy exposed to intense international competition, it is critical that local firms seek out innovative ways of upgrading 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. The benefits of clustering as a model for competitiveness upgrading include:

- Generation of a critical mass of resources
- Rapid identification and dissemination of best practices
- Reduced cost of upgrading initiatives through sharing
- Collective action and risk sharing

For these benefits to be realised, the clustering model is dependent on a range of key principles, the most fundamental of which are:

1. COLLECTIVE INTERVENTION

Cluster members recognise that, through their interconnectedness within an industry, cooperation and collaboration are key to their individual and collective future growth, even if they may also compete with each other.

2. PUBLIC-PRIVATE PARTNERSHIP

A balance between private sector and public sector objectives needs to be maintained, with this applicable to goals, commitment and funding.

3. INDUSTRY OWNERSHIP

Even if facilitated by a third-party service provider, clustering activities must be guided and led by member firms, as it is most often within these member firms that learning opportunities are to be found.

4. COMMITMENT AND RELIABILITY

A high level of trust, transparency and credibility needs to be maintained in respect of the relationship between firms, public sector funders, and the appointed cluster facilitators.

LETTER FROM THE CHAIRPERSON

As the chair of the Cape Clothing Textiles Cluster, it is my pleasure to present our 2022 annual report. 2022 saw the cluster membership grow by 200% to 95 members through our strategic partnership with the South African Apparel Association and deliver real impact to the industry through our various upgrading programmes.

Despite the various supply chain, load-shedding and general infrastructure challenges faced by the industry, we have been able to adapt, innovate and realise pockets of growth and excellence across our member firms.

CCTC trained 100 individuals on the TLDP and ELDP programmes and 19 firms completed our Diagnostic GrowthFinder programme to unlock growth. Additionally, we held 14 shared learning sessions to share best practices. Our 2021 Business Accelerator Programme continued into 2022 with 3 SMEs securing commercial opportunities with large customers valued at approximately R2.4 million. Given the reduced threat of Covid-19, we were back in factories this year for 3 best-practice in-person factory tours.

In 2023 we will be expanding our in-person programmes further, with our Diagnostic GrowthFinder programme reintroducing an in-person site visit. At our core, the CCTC is a learning organisation. This will continue in 2023 with the cluster hosting 3 best practice tours unpacking world-class manufacturing across the automotive, furniture, food and CTFL industries. Additionally, our Skills Lean Blitz programme will be back in factories, equipping over 40 people with the lean principles and tools to meaningfully reduce waste and improve firm-level competitiveness.

As custodians of public and private sector funding, we remain committed to strong governance and financial management. I would like to thank the CCTC Executive Committee for their leadership and dedication to the cluster over the last financial year. I have appreciated your candour, vision and passion to develop this sector and ensure the cluster is a strong vehicle to deliver this vision.

To our 95 members, public sector partners in the City of Cape Town and BMA, our appointed service provider, thank you for your continued commitment to our collective mission. I look forward to travelling the road ahead with you all.

CCTC
CAPE CLOTHING AND TEXTILE CLUSTER

Andy Thorvaldsen

Chairperson, CCTC

LETTER FROM THE CITY OF CAPE TOWN

Alderman James Vos

Mayoral Member for Economic Growth and Tourism at the City of Cape Town

INVEST CAPE TOWN

CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

We are proud to have a vibrant and dynamic clothing and textile industry that has made significant contributions to our local economy. Over the years, the clothing and textile industry has been a key driver of economic growth and job creation in the Western Cape. Our region is the traditional home to a diverse range of clothing and textile companies, from small and medium-sized enterprises to large retailers with global footprints. These companies employ thousands of people, providing them with vital skills and training opportunities.

The clothing and textile industry in Cape Town has been at the forefront of sustainable and ethical practices. As consumer awareness grows, an increasing number of local CCTC companies have adopted environmentally friendly materials, ethical labour practices, and sustainable production processes. As a result, the industry has gained a reputation for being socially responsible and environmentally sustainable.

2022 was another steady year of delivery by the Cape Clothing and Textile Cluster.

It has been particularly rewarding to see the outcomes of initiatives such as the Business Accelerator Programme that have been established to develop high-potential emerging SMEs to become strategic suppliers to large firms in the sector. These initiatives are already bearing fruit with new contracts between leading enterprises and SMEs valued in excess of R2,4 million.

Through the City's partnership and close working relationship with the CCTC, we will continue to drive skills and workforce development, job readiness, and accelerate production in order to drive demand and exports.

I encourage member firms to take every opportunity to support the programmes, embrace opportunities for learning and the shared improvements required to grow this critical industry.

The City of Cape Town reinforces its commitment to the Cape Clothing and Textile Cluster and looks forward to our continued partnership in 2023.

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

What are some of the key opportunities for the South African retailers in 2023?

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

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

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

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

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

If retailers are looking for agility, quality, and price, then being able to meet these standards is the key opportunity for SA manufacturers. Manufacturers with outwork capabilities in-house or via partnerships nearby will support reduced lead times. Resilience from load-shedding to ensure on-time, in-full delivery is crucial -- investment into solar energy given the changes to national legislation and tax incentives is a big opportunity for the industry.

In terms of product opportunities, this varies.

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

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

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

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

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

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

Courtney Barnes

CCTC: Chief Facilitator
BMA: Head Buyer-Led Value Chains

THE CCTC IN 2022

MOMENTS CAPTURED FROM THE 2022 CCTC AGM

IMPACT OF 2022 CLUSTER ACTIVITIES

17

Years of adding value to the Western Cape CTFL industry

3

SME firms secured commercial opportunities between large customers through our SME Business Accelerator programme valued at approximately R2,4m

10

SMEs exposed to retailer standards and supported on communications and pitch development skills

14

Best-practices shared learning sessions held, which comprised virtual webinars, hybrid events, and in-person factory tours

4

SMEs were provided with upgrading support which included mentorship, skills development, and business case development

19

Firms unlocked growth through our Diagnostic GrowthFinder programme

100

People trained on the skills TLDP and ELDP programmes

95

CCTC members in 2022

SME BUSINESS ACCELERATOR PROGRAMME

The SME Business Accelerator Programme is funded by the City of Cape Town and Invest Cape Town through the CCTC and is facilitated by BMA. The objective is to identify and develop high-potential SMEs to become strategic suppliers to industrial lead enterprises through market access, standards upgrading and capital investment interventions.

The programme delivered the following in 2022:

- 10 SMEs were exposed to retailer standards and supported in communication and pitch development skills
- 3 commercial opportunities were secured between large customers and SMEs
- 4 SMEs were provided with upgrading support (Mentorship, Skills Development, Business case development)
- 10 SMEs were granted cluster membership and access to cluster resources (including Skills Development, industry peer learning events, knowledge library and industry news)

The first group of SMEs in the CCTC programme had their achievements celebrated at the CCTC Accelerator Graduation that took place in July 2022. This in-person event was facilitated by Ecogift Clothing with partners, funders and other stakeholders (SMEs, funders, lead firms, mentors and cluster representatives) to close out the 2021 Accelerator with 2 SME graduates (Ecogift Clothing and ZURI and IMANI) entering the Accelerator alumni network.

PHOTOS OF SKILLS TLDP BLITZ AND SKILLS GRADUATION 2022

SME BUSINESS ACCELERATOR TESTIMONIALS

"For me, the Cape Clothing and Textile Small Business Accelerator came at a time of feeling jaded about the local manufacturing sector and the need to be re-energized professionally. Being a part of the Accelerator has taught me the importance of not getting sucked into the business but rather to find time to work on the business."

– Nozipho Dube, owner and founder of Ecogift Clothing

"I've learnt that there's so much that goes into the manufacturing process and doing it from a small space comes with its own challenges. I've learnt that it's not always about solving a problem about a product or understanding what your customer wants. Often, it's about solving problems within your own manufacturing plant – the timing, costing and layout of your production."

– Suraya Williams, owner of Design 26

"We've learnt to focus on what we love, how to build community, collaborate with our customers and focus on creating jobs to sustain families that depend on this in the long-term. We're also still learning to enjoy the present and to stop living in the unknown future."

– Moshibudi Piet, owner of Sabafuraha (Pty) Ltd

SKILLS DEVELOPMENT PROGRAMME

There were 2 Skills programmes presented to CCTC member firms in 2022 being the Emerging Leadership Development Programme (ELDP) and Team Leader Development Programme (TLDP). We achieved remarkable success by training and developing over 100 individuals, surpassing our expectations and affirming the impact and value of our programmes. The cluster takes pride in equipping these individuals with the right valuable skills that enable learners to make a meaningful contribution to their personal and professional growth.

Of these 100 learners, 40 were trained on the ELDP. The ELDP is an online on-demand training course that consists of 6 modules, which include theory and learning assessments. Some of the learning outcomes of the course include conflict and change management and identifying business opportunities and improvement areas in their operations. In 2023, we look forward to revisions to the ELDP that include more facilitated engagements.

The TLDP is also an online on-demand training course consisting of 7 modules, which include theory and assessments. Some of the learning objectives of the course include understanding ways to respectfully engage and motivate teams and how to identify and reduce waste. 53 learners completed the TLDP in 2022.

A new in-person version of the TLDP training was launched as the TLDP Blitz. The Blitz training provided CCTC companies with an opportunity for employees to practically understand the fundamentals of lean manufacturing. Freudenberg and Pepclo hosted the TLDP Blitz and this presented the opportunity for learners to conduct a waste walk and 6S Audit. 8 firms participated with 35 learners trained. 100% of TLDP Blitz participants felt empowered with knowledge and skills to implement changes for the better in their companies. This will be continued in 2023 as a meaningful way to train learners and engage them in discussions.

Despite the great participation in the learning programmes, a highlight of the 2022 Skills Programme was the CCTC’s skills development graduation ceremony where TLDP and ELDP learners from 2021 were honoured. The graduation on 5th May was attended by over 400 graduates from various manufacturing sectors, both in-person and online. Whilst the spectacular event was a deserved honour for all learners, the real celebration was the outcomes from the programme and seeing the learnings implemented in companies.

SKILLS CASE STUDY: CAPE UNION MART REDUCING WAITING WASTE BY RE-ORGANISING THE TEAM

Cape Union Mart, a member of the CCTC, is a large retailer based in Cape Town. During a 6S audit conducted as part of the CCTC Team Leader Development Programme, Shahied Khan observed delays in carton delivery to their internal customers.

He realized that the cause of the delays was due to the rollers often getting stuck and the laser sensor is blocked. Through a root-cause analysis, Shahied ascertained that stickers and tape were not removed properly from previously used cartons, and the state of the cartons were not assessed before re-use. Operators were rushing to make cartons while doing other work too.

Shahied decided to dedicate a team to making cartons. This enables sufficient time, energy and focus on assessing the condition of the carton, properly removing previous tape and stickers and ensuring that cartons are made well. This resulted in more efficient delivery to internal customers and less frustration from employees due to disruptions to workflow.

Before

After

DIAGNOSTICS PROGRAMME

GROWTHFINDER DIAGNOSTIC

The GrowthFinder diagnostic tool is used by firms to identify key opportunities and to provide the intelligence needed to make smarter decisions in pursuit of growth. The diagnostics delivery outcomes also provide insight to the CCTC team to help shape the product offering to deliver maximum insight for recipient firms. In 2022, 19 diagnostics were carried out with cluster members of which 4 firms were SMEs on the Business Accelerator programme and 15 were large manufacturing firms.

Though 2020 was a highly disrupted year, the data collected during the diagnostics performed then was augmented with comparative data for 2021 and this was used as a comparative base data for the 2022 diagnostic assessments. The data from the diagnostics conducted over the year indicated that there was a good recovery in terms of average sales (+17%) and employment (+8%) during 2022.

The GrowthFinder programme will continue in 2023 with a revised offering that has simplified the user interface while providing a quicker turnaround in reporting. The 2023 programme also reintroduces the valuable factory site visits that were cancelled during the pandemic.

SHARED LEARNING

The cluster hosted 14 shared learning best-practice events during 2022 for CCTC members which were highly engaging sessions that focused on areas related to competitiveness, sustainability, growth and localisation. These were delivered through online manufacturing meetup webinars, in-person best-practice factory tours and hybrid sessions. The events are demand driven and focused on themes and topics of relevance to cluster members, with input and content presented by leading firms and experts. Of the shared learning sessions in 2022, 3 were in-person best-practice factory tours.

The shared learning programme introduced the “one new idea” concept to their sessions, inviting all participants to think about at least one new idea from every event that could be implemented within their own firms. Typically, in each session, 90% to 100% of individuals generated at least one new idea. Participation levels throughout the year remained high for these peer learning sessions.

<u>Some of the interesting topics discussed during 2022</u>

SHARED LEARNING HIGHLIGHT, ALPINE LOUNGE FACTORY TOUR: LEVERAGING VISUAL PERFORMANCE MANAGEMENT TO DRIVE LEAN ON THE SHOP FLOOR

As Visual Performance Management (VPM) is a crucial aspect of Lean and driving and creating a Lean culture at firms, especially on the factory floor, the CCTC asked the Alpine Lounge factory, a division of Bravo Brands, to host us to demonstrate their use of advanced, operator-level performance measurement and VPM systems as drivers of overall performance. Strong VPM is not about measuring as many aspects of performance as possible but about measuring the performance metrics that matter most and presenting information to staff in a way that it can be used to make good management decisions in pursuit of continuous improvement.

Alpine Lounge uses a portable barcode scanning system and the cloud-based performance management software to track performance down to the operator-level. That information is presented simply and visually at the front of each sewing line in real time for operators and line managers to understand their current performance versus target and to quickly highlight any problems so they can be addressed.

Example of a sewing line with live performance display at the front of the line

Performance data for each section of the factory is also fed into a central "War Room" where all levels of management conduct daily meetings to review performance, troubleshoot issues, and give direction to the production floor.

Central "War Room" with live performance screens above and monthly performance charts below

Some of the key learnings from the Alpine Lounge tour:

- VPM starts with accurate and timely information gathering, but the real value is in how information is presented and then used to drive decision-making throughout the production process
- The systems and processes used to present performance data simply and visually are as important as the systems and processes to actually measure performance data. Visual displays quickly show data to enable effective decision-making
- Simplicity and standardisation are important. Each section at Alpine Lounge reports on the same six charts: Production Efficiency, Lost Time, Absenteeism, Safety, 5S, and a Corrective Action Plan
- The critical metrics to run your business might be different but it is important to understand what metrics really matter, keep it simple, and standardise
- Successful measurement and visual performance management practices should be implemented over time as part of continuous improvement rather than a one-time implementation, supported by carefully selected technical solutions that are flexible and adaptive to your needs
- Performance data as close to real-time as possible is critical to enabling more effective decision-making

> *"If you are looking at yesterday's performance, it is too late to change it."*

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

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

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

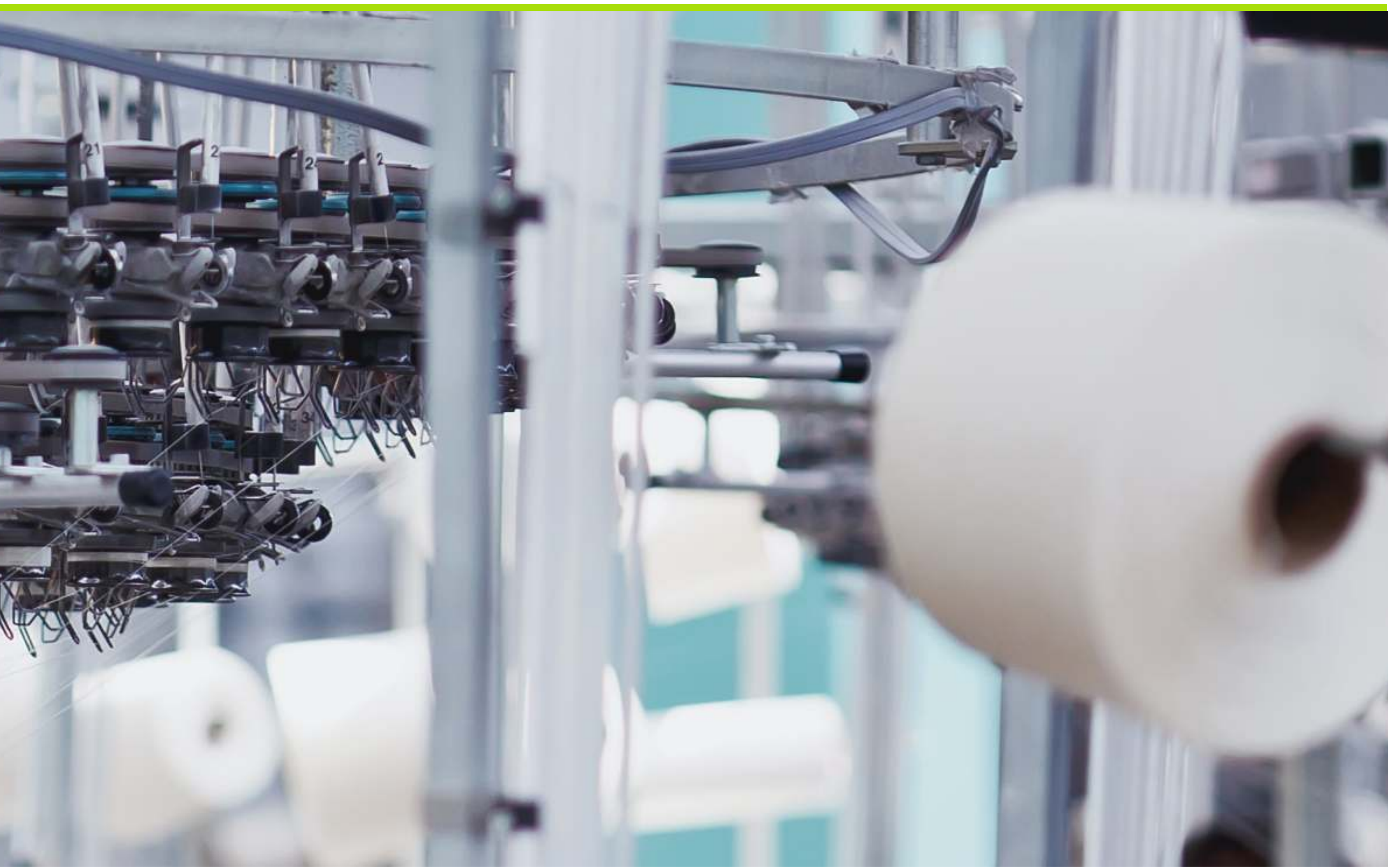
1. Additive manufacturing – 3D printing
2. Augmented reality (AR)
3. Big data
4. Autonomous robots
5. Simulation & digital twinning
6. System integration
7. IoT (Internet of Things)
8. Cybersecurity
9. Cloud computing

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

- IoT and Digital Twinning – simulation of real-world systems that allow businesses to improve industrial systems and products
- Augmented reality (AR) – can be used to integrate and add value to a user's interaction, can be used for repairs or assembly instructions and can monitor quality and maintenance functions, can be used for training purposes
- Additive manufacturing – creates physical objects layer by layer with materials made of polymers or metals. Low carbon emission and can reduce waste, tool wear, and lead time, saving significantly on material costs

Some of the key learning outputs for firms are:

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



PROGRAMME DELIVERY SUMMARY

JANUARY

- Skills Launch for 2022 ELDP and TLDP programmes.
- Launch of GrowthFinder Diagnostics
- CCTC Strategy session with executive committee members

FEBRUARY

- Lean Manufacturing Shared Learning session
- Diagnostics for SMMEs

MARCH

- Webinar on Green Manufacturing
- Executive Committee Meeting

APRIL

- Commencement of GrowthFinder Diagnostics

MAY

- Skills Hybrid Graduation Ceremony
- Manufacturing Meetup on Leading Lean

JUNE

- CCTC AGM held at Kelvin Grove as industry leaders come together to discuss the state of the Masterplan 2030
- In-person factory tour to Alpine Lounge on Leveraging Visual Performance Management
- Executive Committee Meeting

JULY

- Manufacturing Meetup on Limiting your environmental impact
- SMME's Business Accelerator Graduation Celebration

AUGUST

- Manufacturing meetup on energy and resource resilience
- Dyefin Textiles Measurement and monitoring evolution webinar

SEPTEMBER

- Best practice "Gemba Walk" to the Western Cape Blood Services
- Manufacturing meetup on Sumitomo's strategic leadership development
- Executive Committee Meeting

OCTOBER

- Manufacturing meetup on Linde & Wiemann's enhanced focus on managing their supply chain

NOVEMBER

- Atlantis Foundries in-person factory tour on how they have successfully implemented industry 4.0 technologies.
- TWIMS Management Technology Sandbox event

DECEMBER

- Executive Committee Meeting

2023 THE YEAR AHEAD

Programme	**Activity**	**Deliverables**
Diagnostics	GrowthFinder Diagnostics	The cluster will deliver 8 in-person Diagnostic
Peer learning	Monthly Online Sessions	10 Online manufacturing meetups will be delivered
	Best Practice Factory Tours	4 Best Practice Factory tours
Manufacturing leadership	Team Leader Development Through the Lean Blitz Training	Cluster will provide training to 40 people on World Class Manufacturing practices through in-person Lean Blitz training.
	Emerging Leader Development Programme (ELDP)	10 emerging leaders upskilled, with monthly HR shared learning sessions to support the development of CCTC skills ecosystem
Retailer engagement	Customised support for Retail members	Localisation support for South African retailer
Stakeholder Engagement + Marketing	AGM/Annual Report	In-person AGM and networking event hosted

AWARDS FOR CCTC EXCELLENCE

FIRM	DESCRIPTION OF AWARD
ACA Threads	Shared Learning Award
Freudenberg	Skills Champion Award
Pepclo	Skills Supporter Award
TFG	Localisation Award
Pepkor Speciality	Localisation Award
Cape Union Mart International	Esprit de corp
City of Cape Town	Funder Appreciation Award

THE EXECUTIVE COMMITTEE

Good governance is central to the success of any manufacturing cluster. The CCTC, therefore, has an Executive Committee overseeing and advising on its constituent programmes. In addition to their oversight of and fiduciary requirement function for the Cluster, which is the bulk of the Executive's activities, the Executive is also responsible for the cluster relationships with other stakeholder groupings regionally and nationally, as well as the identification of broader strategic opportunities. As the custodians of the Cluster, the Executive meets on a quarterly basis.

By nature of their composition, clusters require the service provision of a neutral third party to facilitate activities and negotiate conflicting energies should they arise. To this end, B and M Analysts Pty (Ltd) (BMA) was re-appointed by the Executive Committee as the service provider for another three-year term over the period 2022-2025 through a tendering process. BMA is responsible for the day-to-day running of the CCTC's administrative functions, and the undertaking of all benchmarking and programme facilitation activities. As its service provider, BMA remains under the fiduciary control and governance of the CCTC's Executive Committee.

EXECUTIVE COMMITTEE MEMBERS IN 2022

NAME	FIRM NAME	DESIGNATION
Andy Thorvaldsen	Cape Union Mart	Chairperson / Director
Fiona Shaw	Freudenberg Nonwovens	Director
Bobby Fairlamb	K-Way Manufacturers	Director
Marthie Raphael	Pep Clothing	Executive Member
Graham Choice	The Foschini Group	Executive Member
Sean Kirby	Prestige Clothing	Executive Member
Lawrence Pillay	Woolworths	Executive Member
Martin Rohner	Rotex Fabrics	Executive Member
Werner Terblanche	ITL	Executive Member
Johann Baard	South African Apparel Association	Executive Member

GOVERNANCE AND COMPLIANCE

THE FOLLOWING IMPORTANT INFORMATION APPLIES TO THE CCTC

- Registered as a Non-Profit Company
- Memorandum of Incorporation (MOI) that entrenches the Public-Private Partnership (PPP) model of transparent governance and clear accountability
- Clear business plan and accompanying implementation plan
- Memorandum of Agreement (MOA) governing the 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 the relationship with the 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

MEMBER LISTING

ORGANISATION	TELEPHONE NUMBER	WEBSITE ADDRESS
ACA Threads	021 981 1133	www.acathreads.co.za
Alligator Manufacturing (Pty) Ltd	021 531 1854	www.alligator.co.za
Apparel Components Manufacturing (Pty) Ltd	021 590 1351	www.acm-sa.com
Authentic Activewear	n/a	www.authenticactivewear.co.za
Berzacks	021 511 7044	www.berzacks.co.za
Blue Jean Traders	021 506 4600	www.sissyboyjeans.com
Camp Cover	021 905 5005	www.campcover.co.za
Cape Union Mart	021 464 5800	www.capeunionmart.co.za
Ciovita	021 461 3931	www.ciovita.co.za
Cotton Traders	021 982 7890	www.cottontraders.com
Crimson Catwalk Pty Ltd	n/a	n/a
Design Twenty-Six	n/a	www.design26.co.za

ORGANISATION	TELEPHONE NUMBER	WEBSITE ADDRESS
Ecogift Protective Clothing CC	021 461 2808	www.ecogift.co.za
Falke Eurosocks	021 951 2137	www.falke.co.za
Freudenberg Nonwovens	021 933 3501	www.freudenberg.com
Genuine Connection Promotions	021 872 0300	www.gencon.co.za
Green Thread Manufacturers	021 5112929	www.keedo.co.za
International Trimmings & Labels Pty Ltd	021 590 1100	www.itl-group.com
Jobb Pty Ltd	n/a	n/a
K-Way Manufacturers	021 704 1350	www.capeunionmart.co.za/c/brands-kway
Kudu Wear South Africa Pty Ltd	n/a	n/a
Luomo Atlantis Manufacturing	021 683 1786	www.luomoatlantis.co.za
Pepclo	021 937 2300	www.pepstores.com
PepKor	021 937 2300	www.pepstores.com
Pepper Street Apparel	n/a	www.pepkor.co.za

ORGANISATION	TELEPHONE NUMBER	WEBSITE ADDRESS
Performance Brands	021 180 4036	www.performancebrands.co.za
Prestige Caledon	028 212 1607	n/a
Prestige Epping	n/a	n/a
Prestige Maitland	021 510 2108	n/a
Reliance Clothing	021 447 7313	www.reliance-clothing.com
Rotex Fabrics	021 577 1640	www.rotexfabric.com
Rogz	021 551 2839	www.rogz.com
SAAA	021 531 2130	n/a
Sabafuraha Pty Ltd	n/a	n/a
Sheraton Textiles	087 470 0383	www.sheratontextiles.co.za
TFG Apparel	n/a	www.tfglimited.co.za
Woolworths	021 407 9111	www.woolworths.co.za
Zuri and Imani Pty Ltd	n/a	n/a

ORGANISATION
TVET SA
A Fraser & Company LTD
Advanced Technical Sock
African Compass Trading 682
Arc Sportswear
Basson Fabriek
Baywear Clothing
Beta Stitch (pty) Ltd
BBF Safety Group Ltd T/A Daytona
Beaches Clothing
Bri-Clo CC
Cape Mohair
East London Textiles
EmbroiCraft CC (Pty) Ltd
Ethekwini Clothing Manufacturers
Ethne B SA (Pty) Ltd
Fabi Fashions CC
Farbe Designs (Pty) Ltd
FG Uniforms CC
Future Females Foundation
Iafrica Trading CC
Imagemakers Trading CC
Imaterial Textile Printers CC
Integrated Apparel Services (Pty) Ltd
Jacqui Couture CC
KDCD Group of Companies
Kingsgate Clothing (Pty) Ltd
Kingsgate Trading CC

Kingspark Manufacturers CC

Kinross Clothing (pty) Ltd

Lontana Fabrication (Pty) Ltd

Luspin Manufacturer

Luxxe Clothing

Maestro Rugby CC

Maze Clothing (Pty) Ltd

Midnight Spark Trading T/A RS Clothing

Mizpah Clohting CMT

National Cap Factory CC

Pamadrie Vervardiging (EDMS) BPK

Poly Nation Design CC

Proudly Coloured

Saisha Trading CC

Seagullindustries Trading CC

Sips Mehana Couture

Sirdicks Trading CC

Sockit Trading CC

Sunthings Trading CC

Suzi Trading CC

Sweet-Orr Trading CC

Technostitch Trading CC

The Hat Factory (Pty) Ltd

Tideway Trading

Trimtique International

Tylerandtrent Trading CC

Vatoh Kouture Pty Ltd

Veso Services

WECBOF

OUR PARTNERS

CITY OF CAPE TOWN

The CCTC expresses gratitude to the City of Cape Town for its supportive partnership in 2022.

The City of Cape Town's public funding for the CCTC is overseen by the Department of Enterprise and Investment, which aims to create an enabling environment to attract investment that generates economic growth and job creation in Cape Town.

The Department of Enterprise and Investment does this by:

1. Advising City departments on maximising the economic benefits of their public investments and service delivery activities
2. Helping prospective investors find development and investment support
3. Positioning Cape Town as a forward-looking, globally competitive business destination
4. Strengthening and promoting Cape Town's status as a high-performance, African business hub that supports big ideas and innovation
5. Working with key economic stakeholders to improve the business environment and support industry development in Cape Town.

For more information on the City of Cape Town visit www.capetown.gov.za

BMA

Facilitation services to the CCTC are provided by an independent team from BMA appointed by the Executive Committee through a competitive tendering process.

Founded in 1997, BMA aims to grow manufacturing profitably and sustainably. BMA provides high-value, specialised services to drive sustainable industrial development. These services are provided to the government, non-government organisations (NGOs), manufacturing clusters, industry associations, and retail- and manufacturing companies.

BMA is passionate about building dignity and opportunity through production-led economies. BMA's purpose is to provide highly specialised services to private companies, development agencies and governments in the field of manufacturing competitiveness and growth.

BMA's roots are in policy development and firm-level performance benchmarking, along with their history in Lean training and consulting, means BMA understands and links the big picture to the factory floor. Combined with their deep experience in facilitating and project-managing industrial clusters, BMA is uniquely positioned to combine data-led facts, market-oriented thinking and collaborative methodologies that yield exceptional results.

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

CLUSTER CONTACT INFORMATION

T: +27 031 764 6100
E: cctc@bmanalysts.com
A: PostNet Suite 10139
Private Bag X7005, Hillcrest
3650, South Africa
W: www.Capeclothingcluster.org.za

CAPE CLOTHING AND TEXTILE CLUSTER NPC
(Registration number 2005/034664/08)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

General Information

Country of incorporation and domicile	South Africa
Directors	R W T Fairlamb F P Walther A Thorvaldsen
Registered office	Block B Bellevue Campus 5 Bellevue Road Kloof 3610
Business address	Block B Bellevue Campus 5 Bellevue Road Kloof 3610
Bankers	Investec Bank Limited
Auditors	Mazars
Company registration number	2005/034664/08
Tax reference number	9064059174
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: Partner: MJ Cassan Chartered Accountant (S.A)
Issued	24 May 2023

Index

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

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

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

The annual financial statements set out on pages 8 to 18, which have been prepared on the going concern basis, were approved by the directors on 24 May 2023 and were signed on its behalf by:

	Fiona Walther
Director	**Director**

Mazars, Ridgeside Office Park
21 Richefond Circle, Umhlanga Ridge
Durban, 4319

Tel: +27 31 818 9000
Email: dbn@mazars.co.za
www.mazars.co.za

Practitioner's Compilation Report

To the Directors of Cape Clothing and Textile Cluster NPC

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

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

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

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

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

Mazars

Mazars
MJ Cassan
24 May 2023
Durban

Mazars, Ridgeside Office Park
21 Richefond Circle, Umhlanga Ridge
Durban, 4319

Tel: +27 31 818 9000
Email: dbn@mazars.co.za
www.mazars.co.za

Independent Auditor's report

31 December 2022

To the Directors of Cape Clothing and Textile Cluster NPC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Cape Clothing and Textile Cluster NPC set out on pages 9 to 17, which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Cape Clothing and Textile Cluster NPC as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

Basis for Opinion

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

Continued-/

Material Uncertainty Related to Going Concern

We draw attention to note 12 to the financial statements which indicates that the company has incurred a total comprehensive loss of R2,760,518 for the year ended 31 December 2022 (2021: total comprehensive income of R2,252,949 for the year ended) and, as of that date, the company's current liabilities exceed its current assets by R65,595. As stated in note 12, these events or conditions, indicate that a material uncertainty exists which may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Cape Clothing and Textile Cluster NPC Annual Financial Statements for the year ended 31 December 2022", which includes the Directors' Report, as required by the Companies Act 71 of 2008 of South Africa and the supplementary information as set out on page 18, which we obtained prior to the date of the report. The other information does not include the Annual Financial Statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008 of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Continued-/

mazars

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.
Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Mazars

Mazars
Partner: S Doolabh
Registered Auditor
24 May 2023
Durban

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

1. Nature of business

Cape Clothing and Textile 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 and SAICA Financial Reporting Poronouncements as issued by the Financial Reports Standards Council. 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 and do not in our opinion require further explanation.

3. Directors

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

Directors	Changes
R W T Fairlamb	
J Morris	Resigned 28 November 2022
F P Walther	
A Thorvaldsen	Appointed 28 November 2022

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

We draw attention to the fact that the company has incurred a total comprehensive loss of R 2,760,518 for the year ended 31 December 2022 (2021: total comprehensive profit R 2,252,949) and, as of the date, the company's current liabilities exceeds its current assets by R 65,595. These events or conditions indicate the existence of material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ingoing operation of the company and that company is able to attain its forecast net profit after tax for the 2023 financial year of R 176,933. Furthermore, the directors note that subsequent to year end, the company has managed to attain its 2023 forecast profitability levels as reflected by the total comprehensive income of R 543,270 generated for the 2023 financial year to date as at 30 April 2023. Additionally, the directors note that the company has generated significant cash inflow for the 2023 financial year to date as at 30 April 2023 due to the members subscriptions raised which is expected to result in the company meeting its projected cash flow levels for the foreseeable future.

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 are also not aware of any material non-compliance with statutory are regulatory requirements or pending changes to legislation which may affect the company.

6. Auditors

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

Statement of Financial Position as at 31 December 2022

Figures in Rand	Notes	2022	2021
Assets			
Current Assets			
Trade and other receivables	2	33,152	165,781
Cash and cash equivalents	3	55,762	2,883,824
		88,914	**3,049,605**
Total Assets		**88,914**	**3,049,605**
Equity and Liabilities			
Equity			
Accumulated (deficit)/surplus		(65,595)	2,694,923
Liabilities			
Current Liabilities			
Trade and other payables	4	154,509	354,682
Total Equity and Liabilities		**88,914**	**3,049,605**

Statement of Comprehensive Income

Figures in Rand	Notes	2022	2021
Revenue	5	1,977,483	6,541,895
Operating expenses		(4,787,348)	(4,331,089)
Operating (deficit)/surplus		**(2,809,865)**	**2,210,806**
Investment revenue	7	49,347	42,143
(Deficit)/surplus for the year		**(2,760,518)**	**2,252,949**

Statement of Changes in Equity

Figures in Rand	Accumulated (deficit)/surplus	Total equity
Balance at 01 January 2021	441,974	441,974
Surplus for the year	2,252,949	2,252,949
Balance at 01 January 2022	2,694,923	2,694,923
Deficit for the year	(2,760,518)	(2,760,518)
Balance at 31 December 2022	(65,595)	(65,595)

Statement of Cash Flows

Figures in Rand	Notes	2022	2021
Cash flows from operating activities			
Cash (used in) generated from operations	9	(2,877,409)	2,311,354
Net cash from operating activities		**(2,877,409)**	**2,311,354**
Cash flows from investing activities			
Interest Income		49,347	42,143
Total cash movement for the year		**(2,828,062)**	**2,353,497**
Cash and cash equivalents at the beginning of the year		2,883,824	530,327
Total cash at end of the year	3	**55,762**	**2,883,824**

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 are required to make critical judgements in applying accounting policies from time to time. The judgements, apart from those involving estimations, that have the most significant effect on the amounts recognised in the annual financial statements, are outlined as follows:

Trade receivables and trade payables

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

1.2 Financial instruments

Initial measurement

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

Financial instruments at amortised cost

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

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

1.3 Revenue

Revenue is measured at the fair value of the consideration received or receivable, excluding value added taxes and discounts.

The IDC's (Industrial Development Corporation of South Africa) contributions to the CTCIP (Clothing and Textile Competitiveness Improvement Propgramme) are accrued annually by reference to the amount specified in the agreement undertaken in respect of funding entered into between the funder and the cluster.

Government funding is accrued by referring to the amount specified in the agreement undertaken in respect of funding between the municipality and the cluster.

1.3 Revenue (continued)

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

Figures in Rand	2022	2021

2. Trade and other receivables

Trade receivables	-	518
Value added taxes	33,152	165,263
	33,152	**165,781**

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	55,762	2,883,824

4. Trade and other payables

Trade payables	154,509	354,682

5. Revenue

Members contributions to CTCIP	-	108,682
Membership Fees	1,377,483	1,315,454
Government Funding	600,000	2,762,250
IDC contibutions to CTCIP	-	2,300,609
Other project income	-	54,900
	1,977,483	**6,541,895**

6. Auditor's remuneration

Fees	28,483	26,620

7. Investment revenue

Interest revenue		
Investec Bank	49,347	42,143

8. Taxation

Non provision of tax

No provision has been made for 2022 tax as the company is exempt from South Africa normal tax in terms of Section 10(1)(d)(iv)(bb) of the Income Tax Act.

9. Cash (used in)/generated from operations

Net (deficit)/surplus before taxation	(2,760,518)	2,252,949
Adjustments for:		
Interest received	(49,347)	(42,143)
Changes in working capital:		
Trade and other receivables	132,630	(145,452)
Trade and other payables	(200,174)	246,000
	(2,877,409)	**2,311,354**

Figures in Rand	2022	2021

10. Related parties

Relationships
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	154,509	354,682
Consulting fees paid to related parties		
B and M Analysts Proprietary Limited	2,989,383	3,739,442

B and M Analysts Proprietary Limited acts as an anchor service provider distrubuting a portion of funds to additional 3rd party contractors.

11. Directors' and prescribed officer's remuneration

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

12. Going concern

We draw attention to the fact that the company has incurred a total comprehensive loss of R 2,760,518 for the year ended 31 December 2022 (2021: total comprehensive profit R 2,252,949) and, as of the date, the company's current liabilities exceeds its current assets by R 65,595. These events or conditions indicate the existence of material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ingoing operation of the company and that company is able to attain its forecast net profit after tax for the 2023 financial year of R 176,933. Furthermore, the directors note that subsequent to year end, the company has managed to attain its 2023 forecast profitability levels as reflected by the total comprehensive income of R 543,270 generated for the 2023 financial year to date as at 30 April 2023. Additionally, the directors note that the company has generated significant cash inflow for the 2023 financial year to date as at 30 April 2023 due to the members subscriptions raised which is expected to result in the company meeting its projected cash flow levels for the foreseeable future.

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 are also not aware of any material non-compliance with statutory are regulatory requirements or pending changes to legislation which may affect the company.

13. 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.

Figures in Rand	2022	2021

14. Financial assets by category

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

2022

	Financial assets at amortised cost	Total
Trade and other receivables	33,152	33,152
Cash and cash equivalents	55,762	55,762
	88,914	**88,914**

2021

	Financial assets at amortised cost	Total
Trade and other receivables	165,781	165,781
Cash and cash equivalents	2,883,824	2,883,824
	3,049,605	**3,049,605**

15. Financial liabilities by category

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

2022

	Financial liabilities at amortised cost	Total
Trade and other payables	154,509	154,509

2021

	Financial liabilities at amortised cost	Total
Trade and other payables	354,682	354,682

Cape Clothing and Textile Cluster NPC
(Registration number: 2005/034664/08)
Annual Financial Statements for the year ended 31 December 2022
Detailed Income Statement

Figures in Rand	2022	2021
Revenue		
Members contributions to CTCIP	-	108,682
Membership Fees	1,377,483	1,315,454
Other project income	-	54,900
Government funding	600,000	2,762,250
IDC contributions to CTCIP	-	2,300,609
	1,977,483	**6,541,895**
Operating expenses		
Accounting fees	1,200	1,050
Administration and management fees	-	24,840
Auditors remuneration	28,483	26,620
Bad debts	164,300	32,626
Bank charges	2,030	1,994
Consulting fees	2,989,383	3,739,442
Software for manufacturers	1,601,952	504,517
	(4,787,348)	**(4,331,089)**
Operating (deficit)/surplus	**(2,809,865)**	**2,210,806**
Investment income	49,347	42,143
(Deficit)/surplus for the year	**(2,760,518)**	**2,252,949**

The supplementary information presented does not form part of the annual financial statements and is unaudited