20 years of a firm foundation

east london idz

ANNUAL REPORT 2022/23

THE EAST LONDON INDUSTRIAL DEVELOPMENT ZONE

APPROVAL OF **ANNUAL REPORT 2022 / 2023**

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DESIGNATION: Chairperson: ELIDZ Board of Directors

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CELEBRATING 20 YEARS OF ***A FIRM FOUNDATION***

The 2022/23 financial year marked the 20th year since the Department of Trade and Industry (DTI) designated an Industrial Development Zone for the city of East London. Like any other milestone, the 20th year gives the organisation an opportunity to pause, to look back and to take stock of not only what it has achieved in its 20th year, but the journey it has travelled over time.

It's a journey that started back as far as 1997 when organised business in East London formed the Border Metropolitan Development Company (Bomedco) and tasked the section 21 company with investigating the formation of an IDZ in East London as a possible catalyst for the development of the then Border Area. By 1998 a section 21 company, named the East London Industrial Development Zone Corporation (ELDZC), was formed to champion the lobbying, the designation and the development of an IDZ for East London. In 2001 this company applied for the designation of an IDZ for East London. The motivation was simple - the province was in dire need of a fresh and formalised platform of state action to spearhead efforts to address its long history of economic under development and the lack of industrial expansion impetus in the region. The East London IDZ, would, according to motivation at the time, work to strengthen the existing motor industry through component manufacturing and other related industrial activity.

The announcement on the 27th of September 2002 ,by then DTI Minister Alec Erwin, that an IDZ had been designated for East London ,was seen as many as the culmination of a dream into reality but today, as we look back at that moment from 20 years ago, we believe that in essence, that was the beginning.

The beginning of journey of learning and discovery, a trail blazing journey as front runners of the IDZ programme in South Africa. The beginning of a testing journey as one of the guinea pigs of the South African IDZ programme. A journey fuelled by a lot of advocacy and lobbying all in pursuit of a vision to change the face of our city and region. It has been a journey inspired by a shared leadership vision to not only build a phenomenal legacy for our province, but a desire to change and inspire the lives of ordinary South Africans; to plant a seed of hope and motivation and to be a catalyst for development and innovation.

As we look back at this journey and all that has been achieved along the way, it is clear that it is a journey that has been powered and enabled by a firm foundation that was laid all those years ago.

- *It is a journey that is **ANCHORED** on a resolute , a selfless and developmental founding core ideology for the ELIDZ to be the change that this province, this city, this country, wants to see.*
- *It is a journey that is **POWERED** by 20 years of commitment to performance excellence that is inspired by impact and the desire to make our tomorrows better than our yesterdays.*
- *It is a journey **FOUNDED** on ethical , inspirational, and committed leadership, who since the beginning of the journey, have led from the front and have demonstrated courage and resilience at the best, and at the worst of times.*
- *The ELIDZ journey is one that has been **FUELLED** by the immeasurable commitment of Team ELIDZ who have gone beyond their call of duty to give credence and value to the shared vision.*
- *This is a journey that has been **ENABLED** by the commitment, support of our stakeholders our funders and shareholders who courageously invested in a long-term vision that had no guarantees, but a vision, that today is yielding great returns for our country.*

This annual report for 2022/23 illustrates the results a firm foundation laid over the last 20 years. A concrete an unshakeable foundation that continues to deliver excellent results, to touch many lives and to grow a memorable economic legacy for future generations.

1.1

ELIDZ GENERAL **INFORMATION**

REGISTERED NAME:	East London Industrial Development Zone SOC Ltd
REGISTRATION NUMBER:	2003/012647/30
PHYSICAL ADDRESS:	Lower Chester Road, Sunnyridge, East London, 5201
POSTAL ADDRESS:	P.O. Box 5458, Greenfields, East London, 5208,
TELEPHONE NUMBER/S:	+27 43 702 8200
FAX NUMBER:	+27 43 702 8251
EMAIL ADDRESS:	info@elidz.co.za
WEBSITE ADDRESS:	www.elidz.co.za
EXTERNAL AUDITORS:	Auditor-General South Africa
BANKERS:	Standard Bank
COMPANY SECRETARY:	Jo-Anne Palmer

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LIST OF ***ABBREVIATIONS/ ACRONYMS***

AFS	Audited Financial Statements
AGSA	Auditor-General of South Africa
AIDC	Automotive Industry Development Centre
BBBEE	Broad-Based Black Economic Empowerment
BCMDA	Buffalo City Municipal Development Agency
BCMM	Buffalo City Metropolitan Municipality
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CSI	Corporate Social Investment
CSR	Corporate Social Responsibility
DEDEAT	Department of Economic Development, Environmental Affairs and Tourism
DOA	Delegation of Authority
EC2030	Eastern Cape Vision 2030 provincial development plan
ECDC	Eastern Cape Development Corporation
ELIDZ	East London Industrial Development Zone
FDI	Foreign Direct Investment
GAAP	Generally Accepted Accounting Principles
GBE	Government Based Enterprise
GRAP	Generally Recognized Accounting Practice
ICT	Information Communication Technology
IDZ	Industrial Development Zone
IPAP	Industrial Policy Action Plan
MBSA	Mercedes-Benz South Africa
MDA	Manufacturing and Development Act
MEC	Member of Executive Council
MGDS	Metro Growth and Development Strategy 2030
MTEF	Medium Term Expenditure Framework
NDP	The National Development Plan
NIPF	National Industrial Policy Framework
OEM	Own Equipment Manufacturer
PEDS	Provincial Economic Development Strategy
PGBE	Provincial Government Business Enterprise
PFMA	Public Finance Management Act
PIDS	Provincial Industrial Development Strategy
SAICA	South African Institute of Chartered Accountants
SCM	Supply Chain Management
SEZ	Special Economic Zone
SEZA	Special Economic Zones Act
SMME	Small, Medium and Micro Enterprises
SOE	State-Owned Entity
STP	Science and Technology Park
TCTA	Trans-Caledon Tunnel Authority
the dtic	Department of Trade, Industry and Competition
TR	Treasury Regulations
VAT	Value Added Tax

1.3

FOREWORD BY THE ***BOARD CHAIRPERSON***

In the period under consideration, the ELIDZ commemorated a significant milestone—20 years since its official designation by the Department of Trade and Industry and Competition (the dtic) in September 2003. While the primary focus of this Annual Report is to provide an overview of the organization's endeavours throughout the 2022/23 financial year, it would be remiss not to acknowledge and reflect upon the two decades of the ELIDZ's existence.

Reviewing the organization's historical literature, it's evident that the accomplishments we enjoy today are a direct result of the visionary efforts of individuals like the late Des Halley, the inaugural Chairman of the ELIDZ, who championed development and impact. Presently, we commemorate two decades of a steadfast state-owned entity, built upon the foundations established by exceptional figures such as my predecessor, Mr. Zolile Tini, and the men and women who, though no longer with the ELIDZ, contributed to establishing a stable and focused institution, renowned for its professionalism and integrity. Their enduring contributions continue to pave the way for our current board as we carry forward this significant legacy.

A cornerstone of the factors that have upheld the entity's stability is not only a commitment to its core business, but also the profound impact this business has on the surrounding communities. In line with this legacy, this preface delves into several elements that have influenced the ELIDZ's core operations during the 2022/23 financial year. Furthermore, it dissects the effect of ELIDZ's activities and establishes key priorities for the organization throughout the remainder of the ongoing five-year cycle.

Investment Attraction, Settlement and Retention

In the 2022/23 financial year, the ELIDZ and its tenant industries navigated a complex operational landscape. Marking the third year of the ELIDZ's 5-year strategy, this period was marked by global economic sluggishness, uncertainty, and heightened investor risk aversion. Despite challenges encountered since adopting Vision 2025, significant strides have been made toward achieving the organization's Vision 2025 targets.

Over the initial years of the five-year cycle, the ELIDZ successfully attracted investments totalling R3.9 billion, surpassing the R3 billion target. While the initial two years experienced substantial investments, particularly in the automotive sector, attracting investments has proven more challenging in the current fiscal year. Nevertheless, during the 2022/23 period, the ELIDZ operationalised three new investment facilities. Noteworthy among them is Drager Safety Zenith (Pty) Ltd, a

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manufacturer of safety and medical equipment. This facility not only serves South Africa but also exports to the broader African market. Additionally, Bushveld Electrolyte, a venture specialising in vanadium beneficiation for commercial energy storage solutions, invested R535 million in equipment and infrastructure. Furthermore, by the end of 2022/23, the ELIDZ board approved four new investment projects valued at R1.9 billion, including two renewable energy projects for the establishment of 100MW Solar Photovoltaic farms.

Infrastructure Planning and Delivery

Throughout the first two years of the five-year cycle, the ELIDZ prioritized constructing tenant facilities tailored for use, facilitating targeted investor settlement. However, recent challenges include swiftly securing funding for critical sector-enabling projects like the data centre and Phase 2 infrastructure expansion. Moving forward, the ELIDZ's focus centres on designating Ntabozuko as a Special Economic Zone (SEZ), particularly in light of the growth in the renewable energy sector. Key infrastructure needs within the precinct will be addressed, with investigations into potential funding options aligned with strategic activities. Emphasis will also be placed on developing, testing, and packaging catalytic projects necessitating public and private sector support. These encompass the Fort Jackson upgrade, packaged renewable energy projects, and the Alexander Golf Course Commercial project.

Addressing Challenges and Environmental Sustainability

Challenges related to sustainable utility supply and the impact of climate change have amplified the significance of environmental sustainability efforts for the ELIDZ. In the current year, the organization formulated a companywide Environmental, Social, and Governance (ESG) Roadmap and value proposition. Focus shifted to investigating and packaging critical projects for urgent green energy provision within the zone. In the upcoming year, the ELIDZ prioritizes executing renewable energy generation initiatives within the zone, alongside long-term plans for water security, including exploration of a desalination plant.

SEZ Incentives and Industrial Support Eco System

While the ELIDZ effectively negotiated and facilitated access to Special Economic Zone (SEZ) incentives for eligible entities, lobbying for SEZs to administer the incentive package is crucial. This approach would furnish SEZs with essential investor impact data and enhance the efficiency of the SEZ program. Despite challenges, such as those faced by the Aquaculture sector, strategic efforts continue. The ELIDZ was approved by DTIC to house a satellite One Stop Shop within the IDZ precinct, which will be operationalised in the coming year.

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A Catalyst for Growth

Central to ELIDZ's role is the contribution of its platform industries to export-oriented growth and provincial economic output. At the close of the 2022/23 financial year, industrial turnover in zone enterprises experienced a 27.5% growth due to the operationalisation of new factories. Moreover, export-oriented production by ELIDZ enterprises increased by 20% year-on-year, attributed to growth in the automotive sector.

Focusing on Community Development and Skill Advancement

Aligned with its Sustainable Development Agenda, the ELIDZ prioritizes community development and skills advancement, extending support not only to immediate surroundings but also to both urban and rural communities in the Eastern Cape. This year, 15 bursaries were awarded to Math and Science university students facing financial difficulties. Additionally, 17 Corporate Social Investment (CSI) initiatives were implemented, spanning sports, education support, and enterprise development. The ELIDZ's Science and Technology Park (STP) continues to emphasize innovation support and incubation, benefiting 112 beneficiaries through training.

Future Priorities

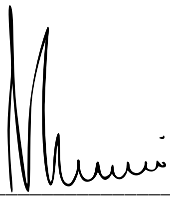
Over the five-year strategic cycle, the ELIDZ will focus on sectors likely to catalyse growth and bolster national momentum. Renewable Energy stands out as a key opportunity, with a strong pipeline for private sector investment nearing R2.5 billion at advanced negotiation stages. A significant objective for the 2023/24 fiscal year includes solidifying key investments within the pipeline while fostering an enabling environment, establishing suitable institutional arrangements, and cultivating the necessary skills for swift investment operationalisation. This approach diversifies the ELIDZ's investment portfolio and positions it as a pioneer in providing green and sustainable energy to investors.

The importance of the agro-processing sector grows as climate change impacts food security. Collaboration with government stakeholders remains a priority for scaling efficiency within this sector. The Information and Communications Technology (ICT) sector, identified as a major growth sector, aims to expand its customer portfolio in services such as Disaster Recovery, Connectivity, Business Process Outsourcing (BPO), and Data Hosting. Plans for a multi-Purpose ICT Hub, encompassing a scalable data centre and BPO facility, are underway. To support these endeavours, the ELIDZ is actively planning the construction of a Tier 3 data centre and promoting it to potential users. Additionally, the organization continues its efforts to overcome challenges in the Aquaculture sector.

Given significant changes since the implementation of Vision 2025, such as the pandemic, geopolitical events, and energy crises, adjustments to tactics are imperative. The ELIDZ aims to intensify its efforts in collaborating with strategic stakeholders, acquiring and designating strategic land parcels for key sectors, and addressing energy crises with innovative solutions. In this pursuit, several opportunities are being explored.

Stakeholder Support

As we celebrate another successful year for the ELIDZ, it's important to recognize that our achievements are the result of dedication, courage, and resilience of all of our customers, our funders the dtic and DEDEAT, our shareholders DEDEAT and BCMM as well as our employees who have worked hard to create a conducive and enabling environment for growth.



Professor MW Makalima

Board Chairperson
Accounting Authority.


WALLENIUS WILHELMSEN

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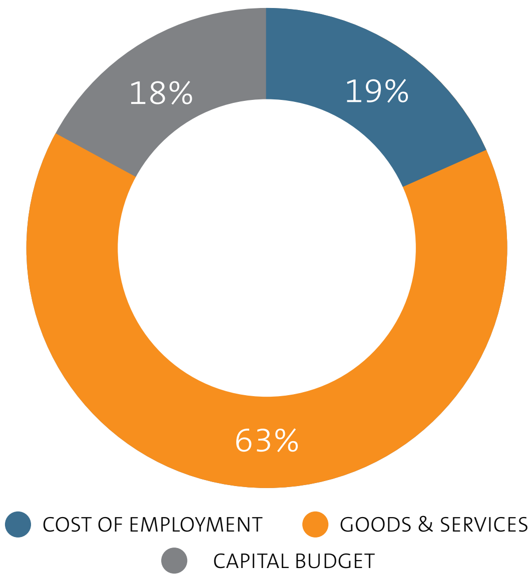
CHIEF EXECUTIVE ***OFFICER'S OVERVIEW***

In 2022/23 financial year the ELIDZ received a clean audit opinion from the Auditor General of South Africa. This was the eighth consecutive clean audit for the organisation...

BUDGET BREAKDOWN PER ECONOMIC CLASSIFICATION 2021/22



1.4.1. FINANCIAL REVIEW OF THE ENTITY

The ELIDZ's operating budget for the period 2022/23 was R407,5million. The bulk of this amount (63%) was allocated to the ELIDZ's core operations which included the maintenance of the organisation's facilities, the management of the ELIDZ's property portfolio and the operations of the organisation's STP. The remaining 37% was allocated to the organisation's institutional support and administration programmes. The ELIDZ's operating budget was funded from two main sources, namely the DEDEAT grant as well as income generated from the ELIDZ's own operations. Income from ELIDZ operations include lease income, income from utility services as well as income from other services such as ICT, the STP Laboratory as well as the Canteen and Conferencing Centre.

There were three investors that were operationalised during the year and that resulted in an increase in the rental revenue for the organisation. These investors are non-automotive, therefore increasing the diversity of the tenants in the zone that are predominantly automotive. The organisation had to increase its budget upwards during the year to cater for additional costs pressures that were not budgeted at the beginning of the year like the payment for Special Investigation Unit (SIU), additional rates to the municipality that were levied to new buildings that came on stream from the previous and current year.

The organisation had a capital budget of R207,6 million. Of that, R36,4 million was allocated to finalising capital projects that had reached practical completion at the beginning of the year, but still needed to reach final completion during the year under review. The remaining R171,3 million was allocated to projects that had not yet reached practical completion and were still to be commenced or had commenced during the previous financial year. The budget had to be revised to R83million during the year due to delays in implementing projects ear marked for the year.

To the left is a graph that shows the final split of different economic classification during the year.

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1.4.2. EXPENDITURE AND INCOME TRENDS

As at the end of the 2022/23 financial year, the ELIDZ had spent 99% of its budget resulting in a positive variance of 1%. Key contributors to the under expenditure included a delayed filling of some positions that were budgeted during the year but could not be filled as the organisation was monitoring closely the automotive supply chain challenges that could have had a negative effect on the revenue to be collected during the year. The organisation overspent on utilities that increased at a rate more than budgeted during the year, however there was a positive variance from the revenue derived from selling the same utilities. The over expenditure on institutional support was from insurance, SIU and ICT projects that were more than what was budgeted during the year. The organisation had is still being investigated by the SIU and the cost of the investigation is paid by the organisation. Of the approved capital budget of R207,7 million, the majority of this was for projects which had been approved by the dtic's SEZ fund and DEDEAT Stimulus fund in the prior year and were already undergoing implementation. These projects were partly implemented and finalised during the 2022/23 financial year.

The budget had to be revised to R82.96 during the year as two projects that were supposed to have started during the year were only awarded towards the end of the year. The late start was due to a delay in the allocation for funding for the datacentre and sourcing of a consultant for the manufacturing incubator project. The projects were rolled over into the following year, and they are progressing according to plan . The electrical project that was supposed to have started last year was rolled over into the following year due to delay in getting permission from the municipality to work on a substation under their control. The table below shows the projects information.

Project	Original 2022/23 Budget	2022/23 Revised Budget	Actual FY2022/23	Variance	Comments
Automould	-	-	1 907 508	-1 907 508	Completed
Bushveld	16 117 723	16 117 723	11 509 195	4 608 528	Completed
Draeger	20 270 770	20 270 770	12 893 205	7 377 565	Completed
Data Centre	56 004 809	1 778 865	1 821 751	-42 886	The R77million required for the project has been approved by the Board for the FY2023/24. An amount of R56 million has been allocated by the province for this project and the additional funding to be sourced during the 2023/24 financial year
Bulk Electricity Upgrade	40 909 730	41 909 730	1 000 000	40 909 730	The organisation was waiting approval to proceed with phase 2 of the project. The approval was granted and .the project is progressing in 2023/2 financial year
Manufacturing Incubator	74 350 405	2 881 761	3 090 607	-208 846	The project procurement contract was awarded in March 2023. The organisation has completed designs for the project
Grand Total	**R207 653 436**	**R82 958 849**	**R32 222 266**	**R50 736 582**	

There were projects still under implementation at the end of the 2022/23 financial year. The closing balance for these capital projects were rolled over to the 2023/24 financial year.

1.4.3. CAPACITY AND FUNDING CONSTRAINTS

With the development of its new 5-year strategy, one of the ELIDZ's risks is the inability to resource its strategy in terms of funding. Below are some of the projects that the organisation would like to implement in the current strategy and their funding challenges:

Development of the Golf Course into mixed use property
The organisation is looking for R6.4 billion for converting its golf course into mixed use property. Phase one needs R2.2 billion , phase 2 needs 2.8 billion and last phase needs 0.98 billion. The organization is working on bringing private sector to assist with raising the funds as the fiscus funding is constrained currently.

Purchase of additional land in Westbank
The organisation would like to expand its footprint by acquiring additional land around the East London Port. The organisation is looking for funding and is working with government funders to raise the funding needed to acquire the land. The purchase of the land needs about R48 million in grant funding.

Funding other non-designated land and properties
The organisation has some properties that are in non SEZ designated area. For these properties, the organisation cannot utilise the funding from the SEZ fund. Additional grant funding to fund the maintenance and revamping of these properties is being sought.

Factory Flats
The organisation would like to grow SMMEs in the region and in the zone. To that end, the organisation would like to build factory flats that would house the SMMEs. Currently the organisation is fund raising for this initiative but there are no funders that have come on board until there are enough letters of intent from the possible occupants of the factory flats.

1.4

1.4.4. REQUEST FOR ROLL-OVER OF FUNDS

The organisation had several projects that were still in progress at the end of the financial year and were funded by the province and dtic. In order to finalise the projects, the ELIDZ has applied for roll-over of funds that were committed at year end but not utilised. The following graph shows the projects that were in progress and had funds that needed to be rolled over to the following year:

Description	Amount
Dtic funded Projects	96 400 928
STP Projects	5 896 557
DEDEAT Projects	60 432 291
Grant Total	**162 729 776**

1.4.5. SUPPLY CHAIN MANAGEMENT

The ELIDZ awarded thirty-nine (39) contracts to the value of R335,7 million for the 2022/23 financial year. The bulk of the contracts awarded were initiated by the Zone Operations Department. These contracts were awarded in accordance with ELIDZ SCM policy and applicable National Treasury regulations.

There were no unsolicited bids awarded for the period under review. As part of its procurement policies and to ensure that it extends its developmental impact, the ELIDZ promotes the awarding of contracts to BBBEE enterprises. In line with these aspirations, the ELIDZ set and achieved the following BBBEE performance targets for period under review:

BEE Target	SMEs Target	Black Woman Target
90%	30%	12%
	Actual Achieved	
127%	**31%**	**15%**

In response to the need to do more in terms of shifting the bulk of expenditure to benefit Black Owned Enterprises, the ELIDZ has revised its Preferential Procurement Policy to allow for the following:

- Award of all ELIDZ contracts to BBBEE compliant contractors,
- Specification of the minimum 30% compulsory sub-contracting provision to 51% black-owned enterprises for all contracts that are above R30 million to ensure that opportunities for the participation of designated groups are created, this was applicable up to 16 January 2023. In the 2023/24 financial year subcontracting is for contracts that are above R50 million. This is in line with the new Preferential Procurement Policy.
- Target of ensuring that 30% of its total expenditure is with local enterprises.

The ELIDZ has made meaningful strides with respect to the above, the sub-contractable construction work subcontracted to designated groups for all tenders above R30 million was on average 45% at the end of 2022/23. While the above are noted as progressive, it must be noted that there were significant developments with the regards to the preferential regulation issued in November 2022 and during the period under review the ELIDZ made amendments to its own policies to accommodate this development.

1.4.6. AUDIT REPORT MATTERS

In 2022/23 financial year the ELIDZ received a clean audit opinion from the Auditor General of South Africa. This was the eighth consecutive clean audit for the organisation and a clear indication of strong controls and best practice governance by the entity.

1.4.7. ECONOMIC VIABILITY

The ELIDZ continues to prioritise the growth of its revenue from its operations in order to reduce and eliminate reliance on provincial grant funding over the longer term. This is however influenced by a number of factors including the zone's ability to attract investors, the liquidity of investors on the ELIDZ platform and the availability of funding for the development of investment property in the zone. Since 2020/21, the ELIDZ has increased its revenue generation capability by 54% and continues to improve the own generated revenue cover of its operational budget as indicated above. Just in the last year, the ELIDZ was able to grow its own generated revenue by 12% year-on-year.

Year	2023	2022	2021	% Change
Rentals	159 066 876	150 386 711	107 763 572	6
Utilities	158 386 190	132 154 742	98 625 669	20
Total	**317 453 066**	**282 541 453**	**206 389 241**	**12**

CONCLUSION

The ELIDZ has, for the past 10 years, attracted an annual average of 5 new investors onto its platform. This is testament to the competitiveness and appeal of the zone's value proposition despite the growing competition from new SEZ entrants. This performance momentum would not be possible without the ELIDZ's enabling stakeholders such as DEDEAT, the dtic and BCMM who continue to lay a solid funding and legislative foundation for the zone. Even during a year which was challenging and stretching in terms of the country's economic resources, the ELIDZ received excellent support from its funders and in return – 4 new investments were secured, there was notable increase in the turnover of zone enterprises and there was notable growth in export-oriented production in the zone. These are critical outcomes for the zone and are fundamental in contribution towards an improved and enabled regional economy. The ELIDZ remains committed to its mandate of being a catalyst for economic development of the region, it remains committed to changing the lives of our citizens and broadening economic participation by all.

Simphiwe Kondlo

CEO: East London IDZ

1.5

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ***THE ACCURACY OF THE ANNUAL REPORT***

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in the annual report are consistent with the annual financial statements (AFS) audited by the AGSA.

The annual report is complete, accurate and is free from any material omissions.

The annual report has been prepared in accordance with the Guidelines on the Annual Report as issued by National Treasury.

The AFS have been prepared in accordance with GRAP, and the Companies Act and the PFMA the GRAP standards applicable to the public entity.

The accounting authority is responsible for the preparation of the AFS and for the judgements made in this information.

The accounting authority is responsible for establishing, and implementing, a system of internal control has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the AFS.

The external auditors are engaged to express an independent opinion on the AFS.

In our opinion, the annual report fairly reflects, in all material respects, the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2023.

Yours faithfully

Simphiwe Kondlo
Chief Executive Officer

Professor M.W. Makalima
Chairperson of the Board

1.6

STRATEGIC **OVERVIEW**

1.6.1 Vision

The ELIDZ the vision, refined at the beginning of 2021-2025 contemplates a more expansive and integrative developmental role for the SEZ within its host region. The vision statement is as follows:

VISION – *A catalyst for growing a strong regional industrial base, supported and sustained by a business ecosystem that serves to extend the global competitiveness of local industries.*

1.6.2 Mission

ELIDZ's Mission was revised in 2021 to signal its more expansive orientation and positioning as an agent of industrial development in the region, using the features and attractions of the SEZ industrial platform as the basis of presenting and positioning the host region as a world class investment destination offering.

Following the phase of transitioning of zones from the former IDZ programme into the broader SEZ programme, the Mission now also references the SEZ context explicitly. This is useful particularly for foreign direct investors who will better appreciate the nature of the ELIDZ's business and role.

Finally, the mission highlights the ELIDZ's drive to assist its client industries to excel and prosper, since SEZ Enterprises exist as the primary beneficiaries of the fulfilment of the entity's Mission and the SEZ's overall value creation efforts.

The Mission now reads as follows:

MISSION – *To attract and retain targeted industries through the operation of a world class investment location, supported by a conducive business environment and special economic zone benefits, where industries excel and prosper.*

In building the desired business environment, ELIDZ's strategy recognises that the SEZ platform interfaces across three dimensions of what it views to be an optimal industrial support ecosystem (at the Industrial, Locational and Institutional levels). The SEZ project offers a mechanism for benefits from these three areas to be converged and to deliver added value for targeted industries (see page 21 for a more complete discussion of the industrial support ecosystem).

1.6

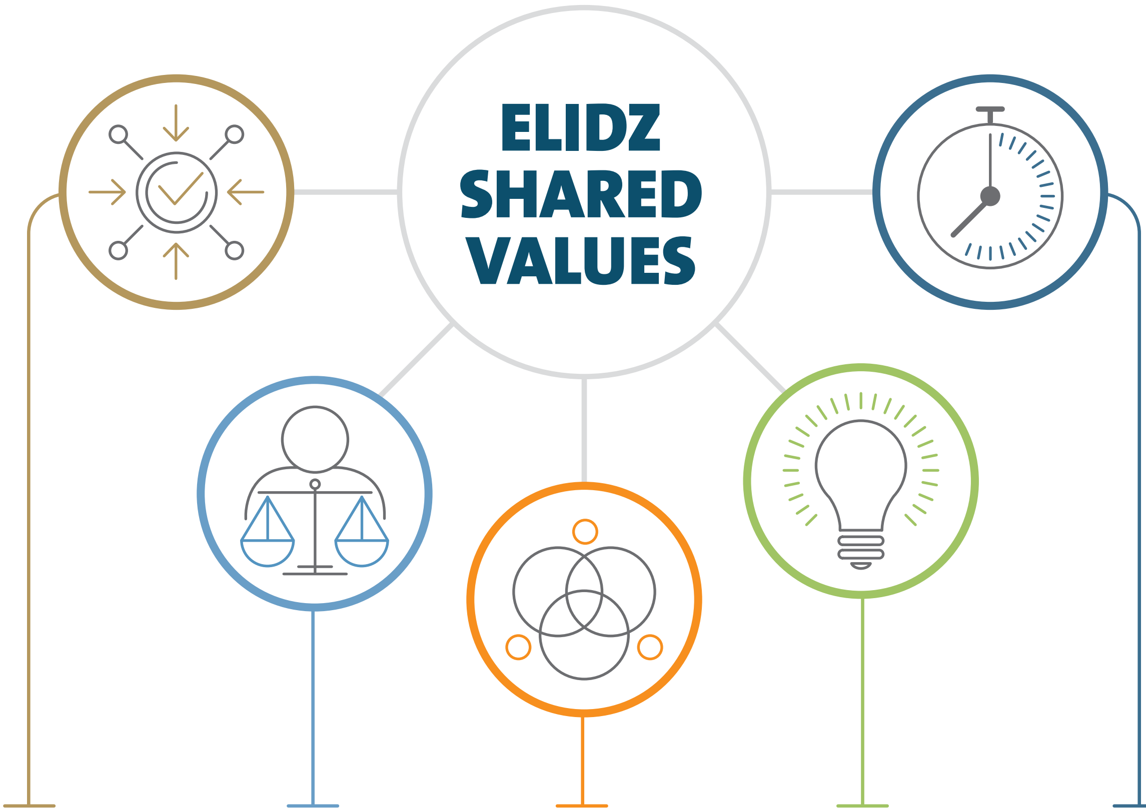
1.6.3 Corporate Values

Although ELIDZ's corporate values are closely shaped by its role as a developmental entity -- and so have been reasonably stabilised for some time -- the current term has afforded opportunity for the values to be flexed and enhanced in line with the new role opportunities opening for the business.

This change has also been done in acknowledgement of internal and external feedback that have emphasised and uplifted certain values that were not directly voiced in the corporate values that were in place for the closing five-year term. These include:

- the entity's orientation and sensitivity to demonstrate a real and meaningful developmental impact; and
- a recognition that accountability and trustworthiness as a public organisation forms an integral part of the culture of the ELIDZ and is prized as a strength of the SEZ project and its project implementation team.

The revised corporate values are shown below and are to be factored into ongoing work to actively strengthen and grow a winning culture within the organisation:



INSPIRED BY IMPACT

"We are not satisfied with our performance unless it has a lasting and meaningful impact in uplifting the lives and future potentials of the citizens we have been created to serve."

ETHICAL BY NATURE

"We are responsible and accountable for how we do business, how diligently we utilise all resources entrusted to us and how we manage our operations in a manner that assures the safety and reliability of our industrial precinct and its services."

BUILDERS OF SYNERGY

"We actively lead in building productive synergies and collective expertise with our key stakeholders, exploiting our knowledge and continuous learning."

SEEKERS OF SOLUTIONS

"In every situation, we seek out possibilities that foster and yield innovative and practical solutions in order to deliver superior outcomes of value to our customers, stakeholders, and ourselves."

PASSIONATE FOR EFFICIENCY

"We respond to address the needs of customers with speed and efficiency and these needs direct and energise both our plans and actions."

1.7

LEGISLATIVE AND ***OTHER MANDATES***

ELIDZ develops its organizational priorities on the basis of government's industrial and economic development aspirations, as set out in the high-level strategic planning issued by its principals located within national, provincial and municipal government.

Chapter 7 of the South African Constitution cites the promotion of social and economic development as a core object for local government. In addition, Part A of Schedule 4 to the Constitution lists industrial promotion and regional planning and development as functional areas of concurrent national and provincial legislative competence.

As the entity closes the current five-year strategic term it has pursued high-level priority objectives that have been formulated in terms of the mandated purposes for SEZ project implementation. These are facilitated and enabled under applicable frameworks of policy and planning, as expressed across the three spheres of State as indicated below.

- **NATIONAL GOVERNMENT**

  The National Development Plan (NDP), National Industrial Policy Framework (NIPF), Industrial Policy Action Plan (IPAP), Special Economic Zones (SEZ) Policy Statement and SEZ Programme legislative instruments (SEZ Act and Regulations);

- **PROVINCIAL GOVERNMENT**

  Eastern Cape Vision 2030 provincial development plan (EC2030); Provincial Economic Development Strategy (PEDS), Provincial Industrial Development Strategy (PIDS);

- **LOCAL GOVERNMENT**

  Metro Growth and Development Strategy 2030 (MGDS).

In considering its strategic agenda and institutional development and growth opportunities for the new five-year term, ELIDZ's Board and Executive management reflected on the scope and direction afforded to the SEZ by its enabling legislation to seek to be more outward-looking and expansive in positioning itself as a provincial industrial development role-player.

Figure 1- SEZ purpose SEZ Act Chapter 2, section 4, regional and locational context

1.7

The graphic above dissects the SEZ Act's purposes of SEZ project implementation and highlights the intertwining interest of the SEZ Programme in its SEZs positioning themselves (and in shaping their programmes and operations) with a view to influencing industrialisation strategically, on both the local (designated SEZ site) footprint as well as in relation to contributions, linkages and support that is provided as part of integrative regional development.

The ELIDZ 2021-2025 Strategic Plan is further aligned to the Provincial Medium-Term Strategic Framework (PMTSF) which essentially is the Implementation Plan of the Provincial Development Plan. The ELIDZ's Mandate, as encapsulated in its revised vision and mission contributes towards the following provincial government priorities:

PMTSF	Priority 1:	Economic Transformation and Job Creation
	Priority 2:	Education, Skills and Health
	Priority 6:	A capable ethical and Developmental State
EASTERN CAPE 2030	Goal 1:	An innovative, inclusive and growing economy
	Goal 2:	An enabling Infrastructure Framework
	Goal 3:	An innovative and high value agricultural and rural sector

Figure 2- Provincial Development planning alignment

1.8

ORGANISATIONAL ***STRUCTURE***

CHIEF EXECUTIVE OFFICER

MANAGER: OFFICE OF THE CEO

OFFICE OF THE CHIEF EXECUTIVE OFFICER

Functional Area	EM	MG	SP	AS	T
Office of the CEO	1	1	1	1	**4**
Company Secretarial Support	-	-	1	-	**1**
Corporate Strategy and Planning	-	-	1	-	**1**
Project Portfolio Management	-	1	-	-	**1**
Assurance	-	-	1	-	**1**
Total Filled Positions	1	2	4	1	**8**
Performance Monitoring	-	-	1	-	**1**
Total Vacant Positions	-	-	1	-	**1**
Total Positions	**1**	**2**	**5**	**1**	**9**

CHIEF FINANCIAL OFFICER

FINANCIAL MANAGEMENT

Functional Area	EM	MG	SP	AS	T
Financial Management	1	-	-	2	**3**
Financial Control & Reporting	-	-	1	2	**3**
Financial Management, Reporting & Administration	-	-	1	2	**3**
Management & Cost Accounting	-	1	1	-	**2**
Supply Chain Management	-	1	3	-	**4**
Total Filled Positions	1	2	5	6	**15**
Financial Management, Reporting & Administration	-	1	-	-	**1**
Total Vacant Positions	-	-	-	-	**-**
Total Positions	**1**	**3**	**5**	**6**	**16**

CHIEF OPERATIONS OFFICER

OPERATIONS

Functional Area	EM	MG	SP	AS	T
Zone Operations	1	-	-	3	**4**
Sector Development & Investment Promotion	-	4	-	-	**4**
Project Management & Coordination	-	1	3	-	**4**
Property Portfolio Management	-	1	-	1	**2**
Maintenance & Facilities Management	-	1	3	1	**5**
Investor Support Services Management	-	1	3	2	**6**
Science & Technology Park	-	1	1	2	**4**
Laboratory	-	-	5	2	**7**
Total Filled Positions	1	9	15	11	**36**
Sector Development & Investment Promotion	-	2	-	-	**2**
Maintenance & Facilities Management	-	-	3	-	**3**
Investor Support Services Management	-	-	-	1	**1**
Science & Technology Park	-	-	4	-	**4**
Total Vacant Positions	-	2	7	1	**10**
Total Positions	**1**	**11**	**22**	**12**	**46**

EXECUTIVE MANAGER: CORPORATE AFFAIRS

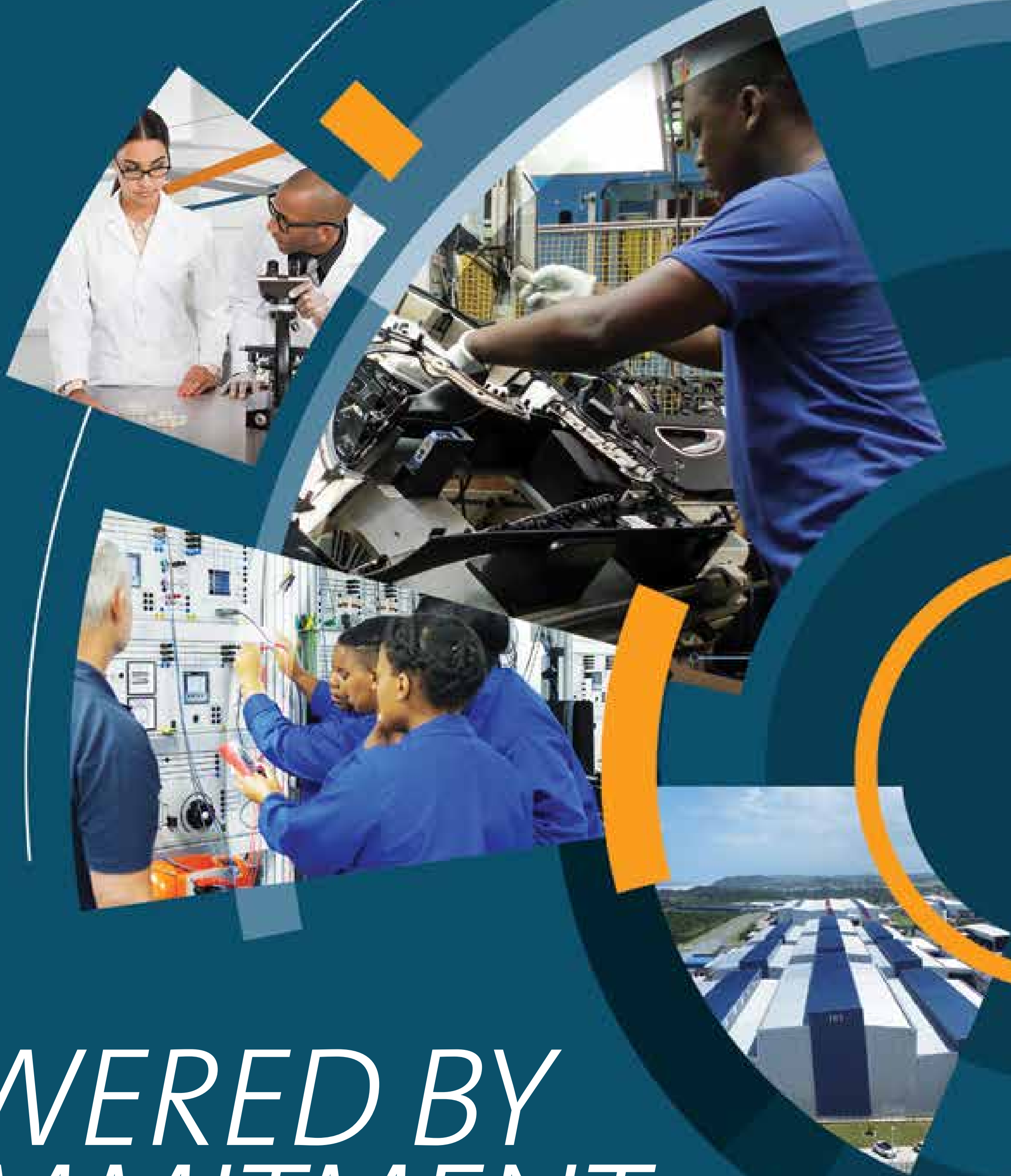
CORPORATE AFFAIRS

Functional Area	EM	MG	SP	AS	T
Corporate Affairs	1	-	-	2	**3**
Human Capital	-	-	3	-	**3**
Legal Services	-	1	1	-	**2**
Marketing & Corporate Communications	-	1	2	1	**4**
Information Communication & Technology Management	-	1	4	-	**5**
Safety, Health & Environmental Management	-	1	3	1	**5**
Records Management	-	1	1	1	**3**
Total Filled Positions	1	5	14	5	**25**
Human Capital	-	1	1	-	**2**
Marketing & Corporate Communications	-	-	1	-	**1**
Information Communication & Technology Management	-	-	-	2	**2**
Total Vacant Positions	-	1	2	2	**5**
Total Positions	**1**	**6**	**16**	**7**	**30**

EM: Executive Manager | **MG:** Management | **SP:** Specialist | **AS:** Admin / Support | **T:** Total

*We exist for something bigger than ourselves, we carry the **hopes and dreams** of this region.*

ELIDZ CEO: Simphiwe Kondlo



POWERED BY COMMITMENT TO ***PERFORMANCE EXCELLENCE***

Since its designation 20 years ago, the ELIDZ has made meaningful strides in pursuit of its ultimate vision. A vision to develop and operate a globally competitive industrial precinct that would offer industrialists a compelling value proposition that is characterised by world class infrastructure and zone service enable industrialists to thrive. Twenty years later, the ELIDZ continues to be lauded by investors for its excellent infrastructure foundation, built to last and engineered for ultimate efficiency.

5123

direct manufacturing & services jobs active in the zone

77.5%

customer satisfaction index

R1.9 Billion

Value of new private sector investment secured

Since it laid its first foundations in 2003, with the development of its bulk infrastructure, the ELIDZ has continued to build and maintain excellent logistics infrastructure around the zone , these include, world class industrial facilities complemented by access to reliable utilities, ICT Infrastructure and services and other value-added services such as canteen and conference facilities, waste management services, sector value chain support, business facilitation and other shared services that enable investors to streamline their operations. Additionally, industrialists in the ELIDZ have access to SEZ incentives that include customs and tax benefits, infrastructure and superstructure funding and employment incentives. The ELIDZ's science and technology park continues to be the breeding ground for innovation and support industrialists in accessing a skilled workforce and optimising the STP's research and innovation support ecosystem to build resilience, optimise new opportunities and expand their market footprint.

A key test of the ELIDZ's ability to deliver this value, has been its aptitude to not only attract new strategic foreign and domestic industries in pursuit of excellence and efficiency but to continuously retain these industrialists onto the ELIDZ platform. An even bigger vote of confidence in as far as the ELIDZ's ability to achieve its mandate, has been the growing impact of the industries that continue to operate from the ELIDZ. Since it attracted its first four investors in the 2005/2006 financial year, the ELIDZ has attracted investment to the value of R8 billion and just over 40 enterprises operate their facilities from its world class industrial precinct. The multi sectoral zone has attracted investments in the automotive, agro-processing, aquaculture, ICT and electronics, logistics and advanced manufacturing sectors. Within the precinct there are investors who have grown multiple folds since first joining the ELIDZ.

One of the first investors that were announced by the ELIDZ in 2005/6 was the Foxtec-Ikhwezi investment, a joint venture between a German company and a local partner, Ikhwezi. This company, whose track record in the ELIDZ now spans over 15 years of operation, is now one of the most significant exporters in the zone. Similarly, only 13 years ago, the ELIDZ welcomed its first investor in the agro-processing sector, Sundale Dairies. This family-owned business is one of the biggest employers in the zone and recently gave birth to another operation, Sundale Schreiber, which is currently producing processed cheese for fast food outlets all over South Africa. There are many other stories of excellent growth and manufacturing prowess that the other industrialists in the zone can tell, but the biggest story, in this 20-year journey for the ELIDZ is the growth in its impact.

In its 20 years of existence, the ELIDZ has been able to not only attract meaningful investment by private sector, but this investment has further yielded significant impact for the provincial and national economies. This annual report highlights that there are 5123 direct manufacturing and services jobs that are active in the zone, this is a growth of 82% compared to just 8 years ago. This is despite a challenging economic landscape that, in the last three years, has been further exacerbated by the unprecedented impact of Covid 19.

In 2019/20, the annual turnover of zone enterprises was sitting at R896 million, at the end of the financial year under review, the combined turnover of enterprises in the zone was sitting at R4,4 billion in just one year. Exports, had grown from R459 million in 2019/20 to R3,1 billion at the end of 2022/23. The firm foundation set 20 years ago, continues to inspire performance excellence, it continues to inspire results, it continues to inspire impact.

2.1

AUDITOR-GENERAL'S **REPORT**

Report of the auditor-general to Eastern Cape Provincial Legislature on the East London Industrial Development Zone SOC Ltd

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the East London Industrial Development Zone SOC Ltd set out on pages 72 to 127, which comprise the statement of financial position as at 31 March 2023, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the East London Industrial Development Zone SOC Ltd as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practise (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Companies Act 71 of 2008 (the Companies Act).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.

4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Fair Value Adjustments

7. As disclosed in note 26 to the annual financial statements, the entity incurred a fair value adjustment of R135 million (2022: R137 million) as a result of a decline in the value of investment properties.

Restatement of corresponding figures

8. As disclosed in note 36 to the financial statements, the corresponding figures for 31 March 2022 were restated as a result of an error in the financial statements of the public entity at, and for the year ended, 31 March 2023.

Responsibilities of the accounting authority for the financial statements

9. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

10. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

11. My 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 my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

12. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

13. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected programme presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

14. I selected the following programme presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected a programme that measures the public entity's performance on its primary mandated functions and that is of significant national, community or public interest.

Programme	Page numbers	Purpose
Operations	34 – 37	The programme coordinates and executes the planning, development, construction and commissioning of the SEZ project, and manages its investment attraction and marketing activities, and the subsequent operation and maintenance of the functional SEZ precinct.

15. I evaluated the reported performance information for the selected programme against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides the users with useful and reliable information and insights on the public entity's planning and delivery on its mandate and objectives.

16. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
- the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance, as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as were committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

17. I performed the procedures for the purpose of reporting material findings only, and not to express an assurance opinion.

18. I did not raise any material findings on the reported performance information of operations.

Other matter

19. I draw attention to the matter below.

Achievement of planned targets

20. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and under achievement.

Report on compliance with legislation

21. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.

22. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

23. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow for consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

24. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

25. The accounting authority is responsible for the other information included in the annual report, which includes the directors' report, the audit committee's report and the company secretary's certificate, as required by the Companies Act 71 of 2008. The other information referred to does not include the financial statements, the auditor's report and those selected programme presented in the annual performance report that have been specifically reported on in this auditor's report

26. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

27. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

28. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

29. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

30. I did not identify any significant deficiencies in internal control.

Other reports

31. I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

32. In the 2021 financial year the board of directors became aware of a signed proclamation by the Republic of South Africa's president. The proclamation provided approval for the Special Investigating Unit to investigate allegations of corruption and maladministration at the entity which took place between 1 January 2011 and the date of publication of this proclamation. These proceedings were still in progress at the date of this auditor's report.

Auditor-General

East London
28 July 2023

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for the selected programme and on the public entity's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I 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 my 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 public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Annexure to the auditor's report - *continued*

Auditor-general's responsibility for the audit

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999 (PFMA)	Section 50(3) Section 51(1)(a)(iii); 51(1)(a)(iv); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii) Section 52(b) Section 53(4) Section 54(2)(c); 54(2)(d) Section 55(1)(a); 55(1)(b); 55(1)(c)(i) Section 56 Section 57(b) Section 57(d) Section 66(3)(d); 66(5); 67
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury regulation 29.1.1; 29.1.1(a); 29.1.1(c'); 29.2.1; 29.2.2; 29.3.1 Treasury regulation 31.1.2(c') Treasury regulation 31.2.5; 31.2.7(a) Treasury regulation 32.1.1(a); 32.1.1(b); 32.1.1(c) Treasury regulation 33.1.1; 33.1.3
Companies Act.71 of 2008	Section 45(2); 45(3)(a)(ii); 45(3)(b)(i); 45(3)(b)(ii); 45(4) Section 46(1)(a); 46(1)(b); 46(1)(c) Section 112(2)(a); Section 129(7)
Prevention and Combating of Corrupt Activities Act 12 of 2004 (PRECCA)	Section 34(1)
Construction Industry Development Board Act38 of 2000 (CIDB)	Section 18(1) Section 22(3)
CIDB Regulations	CIDB regulations 17; 25(7A)
PPPFA	Section 1; 2.1(a); 2.1(b); 2.1(f)
PPR 2017	Paragraph 4.1; 4.2 Paragraphs 5.1; 5.3; 5.6; 5.7 Paragraphs 6.1; 6.2; 6.3; 6.5; 6.6 Paragraphs 7.1; 7.2; 7.3; 7.5; 7.6 Paragraphs 8.2; 8.5 Paragraphs 9.1; 9.2 Paragraph 11.2 Paragraphs 12.1 and 12.2
PPR 2022	Paragraphs 4.1; 4.2; 4.3; 4.4 Paragraphs 5.1; 5.2; 5.3; 5.4
PPR 2017	Paragraph 4.1; 4.2 Paragraphs 5.1; 5.3; 5.6; 5.7 Paragraphs 6.1; 6.2; 6.3; 6.5; 6.6 Paragraphs 7.1; 7.2; 7.3; 7.5; 7.6 Paragraphs 8.2; 8.5 Paragraphs 9.1; 9.2 Paragraph 11.2 Paragraphs 12.1 and 12.2
PPR 2022	Paragraphs 4.1; 4.2; 4.3; 4.4 Paragraphs 5.1; 5.2; 5.3; 5.4
NT SCM Instruction Note 03 2021-22	Paragraphs 4.3; 4.4; 4.4(c);4.4(d)
NT SCM Instruction Note 11 2020-21	Paragraphs 3.1; 3.4(b); 3.9
NT Instruction Note 4 of 2015-16	Paragraph 3.4
Second amendment of NTI 05 of 2020-21	Paragraphs 4.8; 4.9; 5.1; 5.3
Erratum NTI 5 of 2020-21	Paragraph 1
Erratum NTI 5 of 2020-21	Paragraph 2
NT Instruction Note 5 of 2020-21	Paragraphs 5.1 and 5.3

2.2

SITUATIONAL ***ANALYSIS***

2.2.1 Service delivery environment

The ELIDZ and its tenant industries continued to navigate a challenging operating environment in the 2022/23 financial year. The year, which marked the third year of the ELIDZ's 5-year strategy, was dominated by a sluggish global economy, uncertainty, and increased risk aversion from the investor community.

FDI trends and related impact

While Foreign Direct Investment (FDI) is estimated to have more than doubled from $38,9 billion in 2020 to $83 billion in 2021, the FDI inflows into Africa accounted for only 5,2% of global FDI in 2021. South Africa featured in the 5 top FDI destinations for FDI in Africa with half of the investments destined for African going to South Africa. Closer to home, the Eastern Cape province attracted a total of $36,92 million between Q3 of 2021 and Q2 of 2022. This is less than 1% of the total FDIs inflows into Africa.

The flare up of Covid 19 in China, which resulted in renewed lockdown in some areas and the continued global supply chain challenges, which have contributed to shortages of key inputs such as semi-conductors, further discouraged new greenfield investment in global value change intensive industries. All these challenges have impacted on the ELIDZ's own performance and the growth rate of its investment pipeline in recent years. At the end of 2021/22 the growth in the ELIDZ investment pipeline stood at 4% compared to 18% year-on-year growth in 2019/20. The decline was more pronounced during Covid-19 pandemic, but it has begun to show signs of a slight recovery in the current financial year (increased to 11%), driven primarily by the renewable energy sector.

Threats of global economic recession and trade tensions

Globally there has been increasing talks about the possibility of a global recession which could be detrimental to the developing countries that rely on FDI such as South Africa. This has meant that some first world countries, which are major sources of inward investment into Africa, have been more inward looking and this has reduced FDI stock. The trade tensions between economic superpowers continue to affect investment in the future.

A challenging domestic economy

A synopsis of the social and economic conditions domestically does not paint a positive picture for investment promotion. At a national level, safety and security is becoming a serious issue and the crime is alarming. The rate and incidents of vandalism have escalated, and all these have a negative contribution to the country's image and could undermine investment promotion efforts. The national challenges relating to supply of electricity have further impacted key economic industries and could potentially lead to a shrinkage in the economic output of the country.

Investment Pipeline Performance and Sectoral Developments

There is an observed shift in the new pipeline entries which are dominated by investors in the renewable energy sector with a substantial land uptake demand, however, the process to convert them into actual operational investors are contingent on successful EIA outcomes, solid market offtake as well as the projects achieving financial closure.

The energy security issues, however , present both a threat and opportunity to the ELIDZ. The loadshedding challenge has led to increased enquiries from companies in the Renewable Energy sector particularly in Zone 2 of the IDZ in Berlin (Ntabozuko). To ensure optimisation of these opportunities, the ELIDZ needs shareholder support in lobbying for the resources for basic infrastructure provision for this precinct in response to this opportunity. There are also various challenges which are likely to impact on the operationalisation of the renewable energy sector investments that the ELIDZ is attracting and key to these are limitations linked to the provincial grid capacity and other infrastructural constraints. These require swift action, advocacy, and investment by local, provincial and national government.

“*The ELIDZ and its tenant industries continued to navigate a challenging operating environment in the 2022/23 financial year. The year, which marked the third year of the ELIDZ's 5-year strategy, was dominated by a sluggish global economy, uncertainty, and increased risk aversion from the investor community.*”

2.2.2 Organisational environment

Vision 2025 is a growth strategy premised on the ELIDZ's ability to swiftly optimise its strengths to solidify and build its core business, while at the same positioning itself for the emergence of new opportunities in the ELIDZ's targeted sectors. The ELIDZ's Vision 2025 is underpinned by the ELIDZ's desire to contribute towards building a strong regional industrial base where local industries have improved global competitiveness and there is broadened and inclusive participation of communities in economic activity. The ELIDZ, specifically wants to contribute towards three outcomes and these are:

- ***High performing, competitive and resilient industries***
- ***Technology-led innovation and industrial modernisation***
- ***Sustainable operational efficiencies and global best practice.***

Some of the key assumptions that underpinned this bullish strategy have been shaken and tested by the emergence of Covid 19; the challenges that continue to affect the global economy and other developments in our domestic environment.

Key to these assumptions were the following:

1. **Growth and expansion in the automotive sector:** Whilst there were growth in the automotive sector, this was to a limited scale due to Covid, and the challenges exacerbated but semi-conductor shortages.
2. **Growth in ICT sector linked to Yekani and its future suppliers:** Due to challenges relating to market size and other operating challenges, Yekani lost 500 jobs when they were liquidated and a further growth of 500 jobs from that cluster was not realised.
3. **Growth in ICT Services and BPO linked to the undersea cable and data centre project:** The assumption was that opportunities linked to the undersea cable would lead to the activation of internationally tradeable services such as BPO. There has been delays in funding this project, the IOX cable was rerouted and while ELIDZ is looking at other undersea cables , the activation of this sector has been delayed .
4. **Growth in the Aquaculture Sector based on approved project:** None of the approved investments in this sector have operationalised due to inability to achieve financial closure.

The ELIDZ, however, remains resolute on chasing Vision 2025 and delivering on the envisaged impact the strategy on the economy of the Eastern Cape province.

2.3

PROGRESS TOWARDS ACHIEVEMENT OF ***INSTITUTIONAL IMPACTS AND OUTCOMES***

IMPACT STATEMENT

– A strong regional industrial base, where local industries have improved global competitiveness and there is broadened and inclusive participation of communities in economic activity, leading to a growing and transformed economy.

2.3.1 Measuring the Impact

The impact that ELIDZ seeks to realise in the Eastern Cape's industrial economy over the longer-term emerges as an aggregated effect of the successful delivery of the SEZ's primary outputs – investments (in both industrial output and in technology), skills development and industrial innovation. The year under review was the second year of the zone's 5-year strategy cycle . Despite it being early days, the work that the ELIDZ is doing in the Science and Technology Park to aid incubation and support innovation of new industries is critical in contributing towards broadened inclusive and transformed economic participation. Similarly the increased investment in the zone has contributed towards growth in fixed capital information.

2.3.2 Measuring Outcomes

Key to the ELIDZ outcome indicators is a measure of the extent to which the zone has attracted new investment into the region. By the end of the period under review the organisation had attracted over R1,9 billion worth of investment. It had created 5123 employment opportunities and training for youth of 112 skills beneficiaries.

- With regards to Outcome 1 consolidated performance since the beginning of the financial year notes that the ELIDZ has attracted R3,9 billion worth of investment against its target of R3 billion for the five-year cycle. The ELIDZ targeted to create 6000 manufacturing and services jobs by 2025 and at the end of year three, it is sitting at 5123 manufacturing and services jobs active within the zone. Whilst the current year did not see much construction activity, the ELIDZ exceeded its construction jobs target of 700 jobs, taking the cumulative jobs created since the beginning of the financial year to 3605 which is equivalent to 60% of the 5-year target. Since the beginning of the 5 years cycle the ELIDZ has noted a higher than performance on both industrial turnover of zone enterprises and in the value of export-oriented manufacturing owing to the following factors:
    - Increase in the number of industries that are manufacturing from the zone.
    - Increase in the number of industries participating in the survey.

With regards to Outcome 2, which was one of the key growth areas for the current 5-year strategy, the ELIDZ has been consistent in supporting innovators through the development of prototypes for new innovations and is currently sitting at 70% of the 5-year target. With regards to skills development, the ELIDZ has exceeded it 5-year target of 410 beneficiaries and is currently sitting at 446 as at the end of the 22/23 financial year.

With regards to outcome 3, the ELIDZ continues to achieve its targeted performance on the best practice systems index with its clean administrative record and continued accreditation on best practice Safety, Health, Environmental and Quality Systems. The ELIDZ's new construction incubation programme is also starting to yield returns and the ELIDZ has already exceeded its target with regards to the number of programme beneficiaries that are upgraded through the programme.

2.2.3. Name, Purpose, and Outputs of ELIDZ Programmes

ELIDZ is organised and structured to drive two principal programmes. These are its **Operations Programme** and its **Institutional Support Programme.**

The purpose of the Operations Programme is to undertake and discharge all the activities and regulatory and other responsibilities that attach to a Special Economic Zone's management and operating entity. Specifically, the programme co-ordinates and executes the planning, development, construction, and commissioning of the SEZ project, manage its investment attraction and marketing activities and manage the subsequent operation and maintenance of the functional SEZ precinct.

The purpose of the Institutional Support Programme is to support the Operations of the SEZ through the provision of a range of professional, technical, and administrative services. These include assistance in relation to the SEZ project's resourcing (financial and non-financial), governance, and administration.

The planning programme did not envisage any material change that would necessitate a revision.

Programming

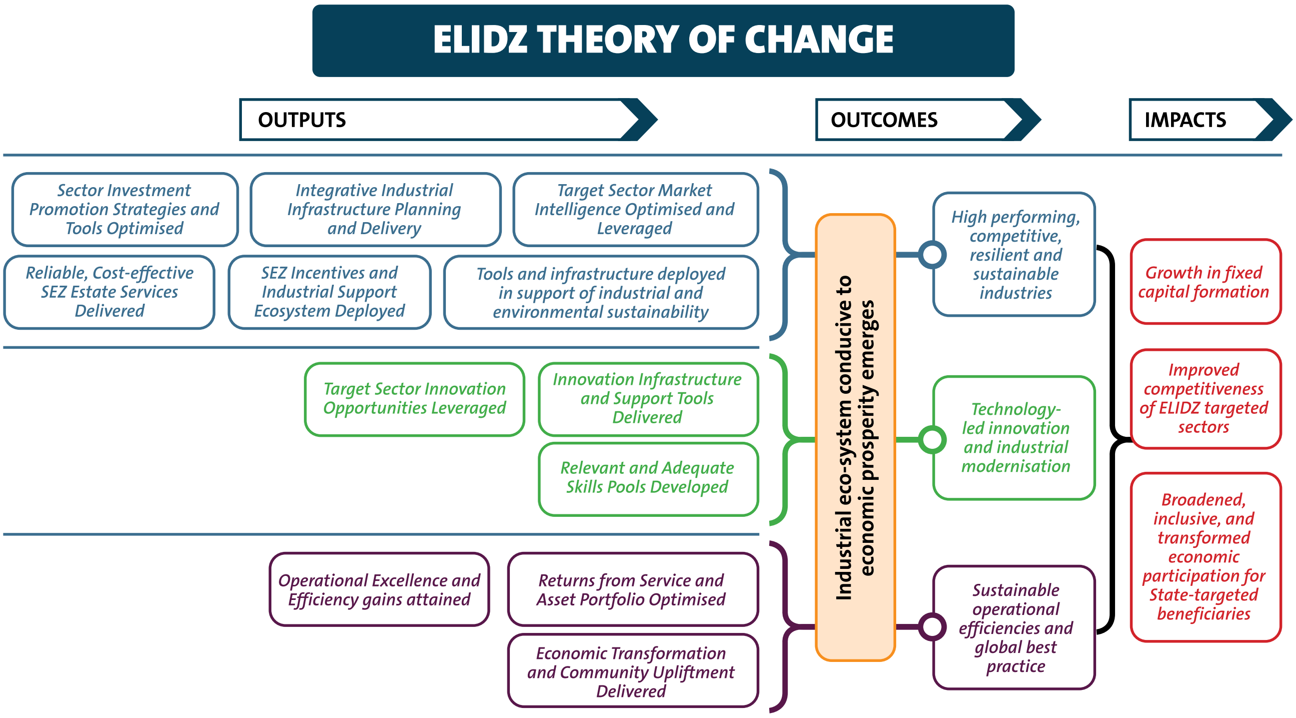
The programming is constituted to respond to the broad purpose and legislative and policy mandating of the SEZ programme and each of the programme areas is underpinned by sub-programme elements as indicated below:

PROGRAMME	PROGRAMME OUTPUTS
Programme 1: Operations **Sub-programmes:** • Industrial Development • Zone Operations	*Integrative Industrial Infrastructure Planning and Delivery*
	Target Sector Market Intelligence Optimised and Leveraged
	Reliable, Cost-effective SEZ Estate Services Delivered
	SEZ Incentives and Industrial Support Ecosystem Deployed
	Target Sector Innovation Opportunities Leveraged
	Innovation Infrastructure and Support Tools Delivered
	Relevant and Adequate Skills Pools Developed
	Sector Investment Promotion Strategies and Tools Optimised
	Tools and infrastructure deployed in support of industrial and environmental sustainability.

PROGRAMME	PROGRAMME OUTPUTS
Programme 2: Institutional Support **Sub-programmes:** • Office of the Chief Executive Officer • Corporate Affairs • Financial Management	*Operational Excellence and Efficiency gains attained.*
	Returns from Services and Asset Portfolio Optimised
	Economic Transformation and Community Upliftment Delivered

ELIDZ Level 1 Theory of Change (per outcome)

The below is the ELIDZ's main theory of change which targets three-high level institutional outcomes, the realisation of which will assist to strengthen the industrial economy.



The theory of change requires that the ELIDZ develops Outputs per each of the identified outcomes and furthermore activities/ strategic interventions that underpin these outputs. Furthermore, resource considerations are also required. Below is the Level 2 Theories per each of the ELIDZ Outcomes. These are followed by Indicators and Targets for all the Outputs as the resource requirements per programme.

2.4

INSTITUTIONAL PROGRAMME ***PERFORMANCE INFORMATION***

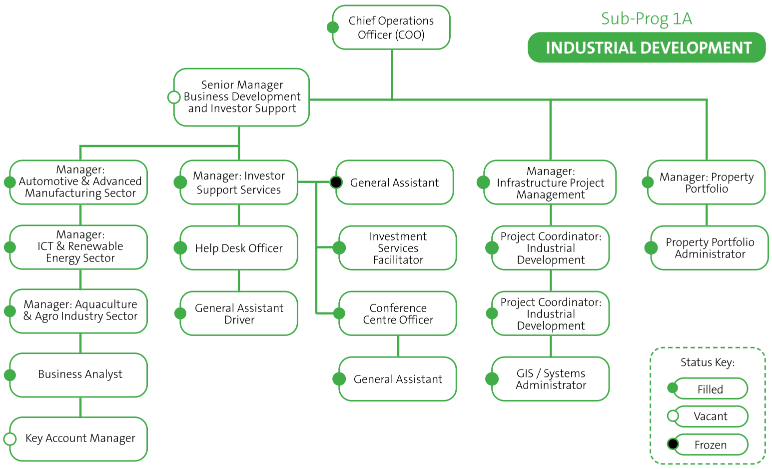
2.4.1 Programme 1A: Industrial Development

Sub-programme 1A: Industrial Development

Programme Purpose:

- Sector Development and Investment Promotion
- Project Management: Industrial Development
- Industrial Innovation and Competitiveness
- Sector Skills Development
- Laboratory Services

ELIDZ's structure for the Sub-programme 1A: Industrial Development is as follows:

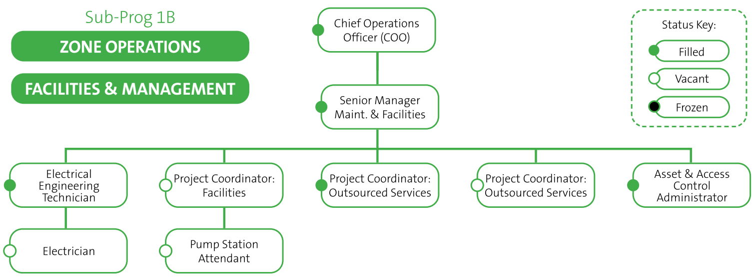


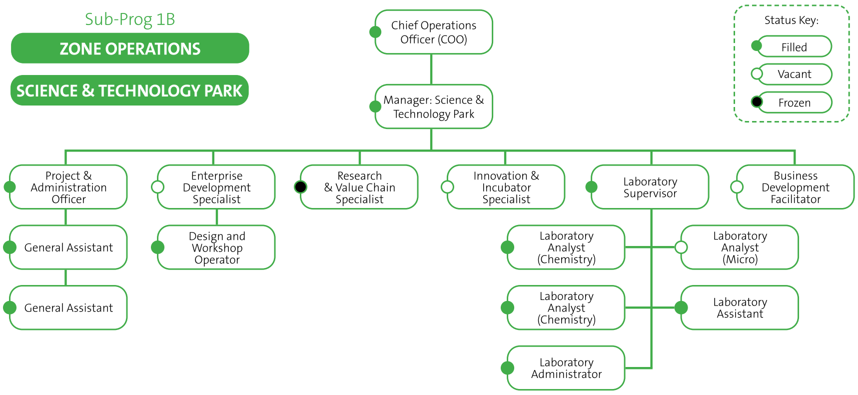
Sub-programme 1B: Zone Operations

Programme Purpose:

- Maintenance and Facilities Management
- Sector Skills Development
- Laboratory Services
- Industrial Innovation and Competitiveness

ELIDZ's structure for the Sub-programme 1B: Zone Operations is as follows:





Programme 1: Operations							
Outcome	**Outcome Indicator**	**Audited Actual Performance 2019/20**	**Audited Actual Performance 2020/21**	**Audited Actual Performance 2021/22**	**Planned Annual Target 2022/23**	**Actual Annual Performance 2022/23**	**Reason for deviations (Refer to note number)**
Outcome 1: High performing, competitive and resilient industries	1.1 Value of new private sector investment secured	R1 363m	R982m	R969m	R500m	R1 972,5m	1
	1.2 Number of active manufacturing and services jobs	4 794	3 945	5 270	4 600	5123	2
	1.3 Number of construction jobs created	1 549	2 048	2 149	700	750	3
	1.4 Percentage growth in industrial turnovers of zone enterprises	New KPI	155.49%	53.1%	3%	27,5%	4
	1.5 Percentage growth in export-oriented production by SEZ enterprises	New KPI	154.66%	126.9%	3%	20%	5

Notes:

1. 1. The ELIDZ set a target of R500m and was able to secure investment to the value of R1 972,5m for the financial year. The investment value is constituted by 4 investment agreements. These investments include the Permalox-Perpkor investment (R70 million) and the Kempston Properties (R2,5 million) which are both in the logistics sector and are located in Zone 1 D of the ELIDZ. Permalox-Perpkor investment will see the setting up of the first retail distribution centre in the ELIDZ and will need much needed employment opportunities for the zone. The investments secured also include Lejo Matla (R1 000 m) and Thezi Langa (R900m) which are both in the renewable energy sector. The Renewable Energy investments are for the establishment of Solar Photovoltaic farms for an installed capacity of 100MW plants respectively. Both these projects will locate in the ELIDZ's Ntabozuko precinct.

2. 2. The 2022/23 has seen significant growth in the Manufacturing and Services jobs since the beginning of the financial year. Whilst in the previous year, the consolidated number of employment opportunities stood at 5270, the reality is that this was as a result of a higher number of jobs created in Q1 and Q2 and because of several challenges facing the automotive sector, the active manufacturing, and services jobs in Q4 of 2021/22, had decreased to 3736 and this trend continued into Q1 of the 2022/23 financial year. The ELIDZ started seeing growth in the 2nd and 3rd quarters of 2022/23 resulting in a cumulative performance of 5123 manufacturing and services jobs for the financial year against a target of 4600. This is a positive variance of 11%. There was a growth of 10% in the agro-processing sector jobs owing to new opportunities linked to new investor, Sundale Schreiber. The automotive sector, which contributes 70% of the total jobs created in the zone saw an overall growth of 22% on the employment opportunities created, with one of the investors, Polytech showing a growth of 97% during the year owing to its ramping up of its production.

3. 3. Despite the lower than anticipated construction activity in the zone, the ELIDZ exceeded its construction jobs target of 700 by creating 750 construction job opportunities during the financial year. The key construction projects that contributed to this growth were Bushveld, Draeger and the Permalox Pepkor projects which were completed during the financial year.

4. 4. The growth in industrial turnover increased from R3,5 billion to R4,4 billion year on year marking a growth of 27,5%. The over-performance is as a result of growth in production of new automotive suppliers operationalised in the previous financial year.

5. 5. Export-oriented production increased by 20% from R2,6 billion to R3,1 billion year on year. This over-performance can be attributed to increased growth from the automotive suppliers operationalised in the prior year.

Programme 1: Operations							
Outcome	**Outcome Indicator**	**Audited Actual Performance 2019/20**	**Audited Actual Performance 2020/21**	**Audited Actual Performance 2021/22**	**Planned Annual Target 2022/23**	**Actual Annual Performance 2022/23**	**Reason for deviations (Refer to note number)**
Outcome 2: Technology-led innovation and industrial modernisation	2.1 Number of prototypes developed	1	2	3	2	2	6
	2.2 Number of new innovations commercialised (intermediate outcome)	New KPI	n/a	n/a	0	0	7
	2.3 Number of new technologies localised in targeted industries	New KPI	n/a	n/a	0	0	8

Notes:

6. The ELIDZ STP has assisted in the development of 2 completed prototypes during the year. The first prototype was for a marketing platform software application which enables players in the agriculture space to sell and market their produce and services. The second prototype is an application for disadvantaged learns and enables the leaners access to critical study material without data access.

7. This KPI is not applicable this FY and will not be evaluated as it is an intermediate outcome and the benefit of which will only be derived in later years. The work currently being implemented by the ELIDZ in terms of Outcome 2 will, if achieved contribute towards the outcome of this intermediate outcome.

8. This KPI is not applicable this FY and will not be evaluated as it is an intermediate outcome and the benefit of which will only be derived in later years. The work currently being implemented by the ELIDZ in terms of Outcome 2 will, if achieved contribute towards the outcome of this intermediate outcome.

Programme 1: Operations							
Outcome	**Outcome Indicator**	**Audited Actual Performance 2019/20**	**Audited Actual Performance 2020/21**	**Audited Actual Performance 2021/22**	**Planned Annual Target 2022/23**	**Actual Annual Performance 2022/23**	**Reason for deviations (Refer to note number)**
Output 1.1: An integrative industrial infrastructure planning and delivery programme implemented	1.1.1 Annual percentage increase in constructed tenant facilities (sqms)	New KPI	39%	4%	6%	3,37%	9
	1.1.2 Number of economic enabling construction projects implemented	New KPI	1	0	1	0	10
Output 1.2: Reliable and cost-effective SEZ Estate Services delivered	1.2.1 Customer Satisfaction Index	78%	75%	83%	75%	77,5%	11
Output 1.3: SEZ incentives and value-added support ecosystem effectively deployed	1.3.1 Percentage of approved and operational investors enabled to benefit from SEZ incentives and other supporting tools	80%	80%	79%	75%	89%	12
Output 1.4 : Targeted sector market intelligence optimised and leveraged	1.4.1 Number of new investors operationalised	New KPI	4	11	3	3	14
Output 1.5 Tools and infrastructure deployed in support of industrial and environmental sustainability	1.5.1 Percentage achieved against completion of Environmental, Societal and Governance best practices plan	New KPI	New KPI	New KPI	15%	30%	15
Output 1.6. Sector Investment Promotion Strategies and tools optimised.	1.6.1 Number of new investors attracted	7	6	6	4	4	13

Notes:

9. There were three construction projects that were implemented during the period under review. These were tenant facilities for Draeger and Bushveld which were ELIDZ's own development and there was also a private development in Zone 1 D for a new logistics facility. The cumulative increase of tenanted facilities was 3,37% which was lower than the forecasted 6% growth. A key contributor to this was the lower than anticipated conversion rate of the pipeline investment due to the current economic climate. Moreover, the growth would have been even higher if the funding shortfall for the data centre had been obtained leading to an earlier implementation of the project. The ELIDZ has developed various strategies to not only increase its investment pipeline but to also ensure conversion of projects in the pipeline into investments in the zone. This will have a positive impact on this indicator.

10. There are currently 3 enabling projects underway. One of these projects, the electrical upgrade, h was expected to have been completed during the 2022/23 financial year. There were, however, delays in approval processes between the local municipality and Eskom. The latest estimate is that this project may only be concluded in the 2023/24 financial year. This has resulted in an underperformance in this KPI. The ELIDZ will prioritise the construction of the Data Centre and Manufacturing incubator which are now fully funded and will further engage the relevant stakeholders to unblock the challenges impacting on the completion of the electrical upgrade project.

11. The customer satisfaction survey has been calculated at 77,5%. This exceeds the targeted performance; however, it is a slight regression from the performance of the prior year. Notable areas where perceptions have regressed include property management, security services, the clinic and the canteen. The ELIDZ will develop a response plan to ensures that these areas are improved in future years.

12. The ELIDZ had set an annual target of 75% for enterprises eligible for the SEZ incentive benefit including other supporting tools and has achieved a performance of 89,4% against the annual target. The ELIDZ currently has Sixteen (16) Customs Controlled Area Enterprises, with the most recent additions being Ebor, Seraphim, Valeo, Dräger, and Clariter. Sundale continues to benefit from the Employment Tax Incentive due to its labour-intensive business model and employment structure. The majority of qualifying investors also benefit from the reduced corporate tax incentive.

13. The performance is linked to KPI 1.1 in that the signed investment values were calculated from the number of signed investment agreements. The reasons for the overperformance are therefore the same.

14. The ELIDZ has operationalised three (3) new investors during the financial year against an annual target of three (3), resulting in a 100% achievement of the indicator. This over-achievement was possible due to efficiencies in obtaining funding and project management efforts through the construction and commissioning of facilities.

15. During the period under-review the ELIDZ made significant strides in the development an implementation of its 3-year Environmental Sustainability Framework. Key outputs included a gap analysis, the determination of the ELIDZ's requirements and the development and implementation of the framework.

Programme 1: Operations							
Outcome	**Outcome Indicator**	**Audited Actual Performance 2019/20**	**Audited Actual Performance 2020/21**	**Audited Actual Performance 2021/22**	**Planned Annual Target 2022/23**	**Actual Annual Performance 2022/23**	**Reason for deviations (Refer to note number)**
Output 2.2: Innovation infrastructure and support tools delivered	2.2.1 Number of enterprises in active ELIDZ incubators	New KPI	0	0	0	0	16
	2.2.2 Number of incubators operational	3	1	2	2	2	17
	2.3.1 Number of skills beneficiaries trained	122	84	250	90	112	18

Notes:

16. The ELIDZ set a target of 0 enterprises for the 2022/23 financial year owing to the fact that there was still a funding shortfall with for the construction of the manufacturing incubator. For the year under review, the ELIDZ intensified its fundraising activities, and the shortfall was secured. By the end of the financial year, the ELIDZ was busy with the development of its operational plan for the facility and was in the preliminary planning stages for the construction of the facility.

17. The ELIDZ is currently hosting 2 incubators. Schubert Park (textile incubator) and Cisco (ICT incubator). This meets the annual target.

18. The annual target has been exceeded with 112 beneficiaries receiving training over the period. This due to the partnerships achieved with service providers and funding providers, diversification of training courses on offer and positive uptake.

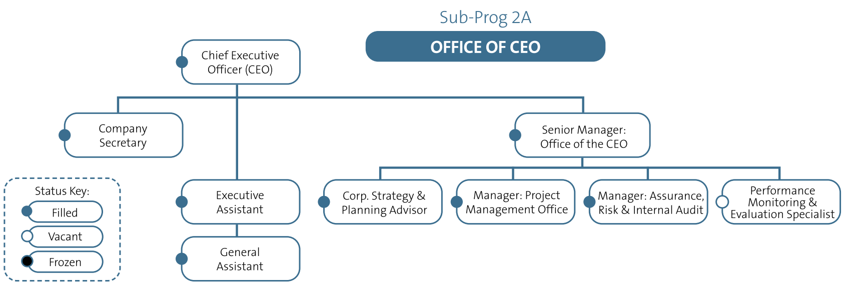
2.4.3 Programme 2: Institutional Support

Sub-programme 2A: Office of the CEO

Programme Purpose:

- Corporate Governance and Compliance
- Corporate Strategy and Planning
- Research
- Programme Portfolio Management
- Performance Information Management
- Assurance (Risk)

ELIDZ's structure for the **Sub-programme 2A: Office of the CEO** is as follows:

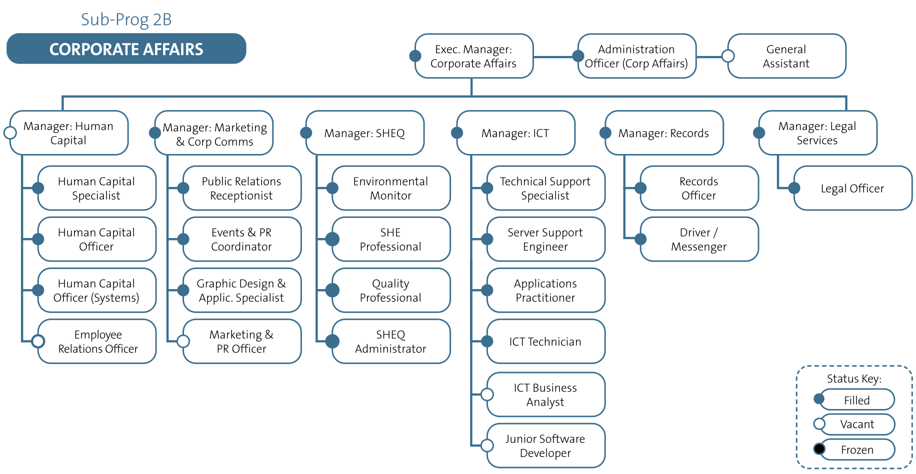


Sub-programme 2B: Corporate Affairs

Programme Purpose:

- Legal Services
- Safety, Health, Environmental and Quality Management
- Human Capital and Employee Relations
- Records Management
- Corporate Communications and Marketing
- Information Communication and Technology Management

ELIDZ's structure for the **Sub-programme 2B: Corporate Affairs** is as follows:

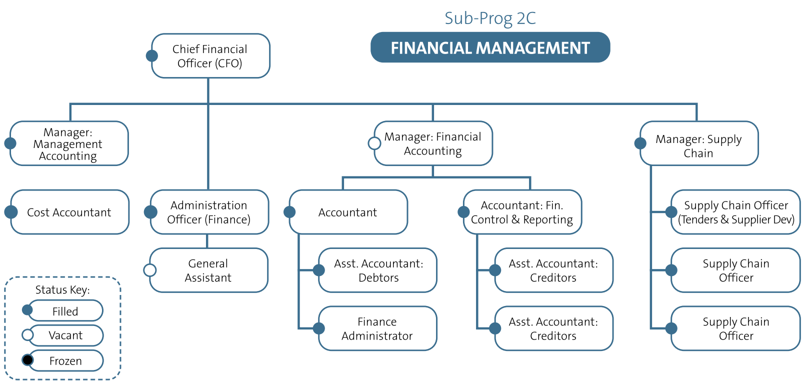


Sub-programme 2C: Financial Management

Programme Purpose:

- Management and Cost Accounting
- Financial Management
- Financial Control and Reporting
- Supply Chain Management.

ELIDZ's structure for the **Sub-programme 2C: Financial Management** is as follows:



Programme 2: Institutional Support							
Outcome	**Outcome Indicator**	**Audited Actual Performance 2019/20**	**Audited Actual Performance 2020/21**	**Audited Actual Performance 2021/22**	**Planned Annual Target 2022/23**	**Actual Annual Performance 2022/23**	**Reason for deviations (Refer to note number)**
Outcome 3: Sustainable operational efficiencies and global best practice	3.1 Number of SMME development programme beneficiaries upgraded by at least two levels in CIDB grading	New KPI	n/a	0	5	8	19
	3.2 Best practice systems compliance index	New KPI	3	4	3	3,3	20

Notes:

19. Whilst the ELIDZ has faced a number of challenges in securing a partner for practical work for this incubation programme, the ELIDZ is starting to see some fruits of the programme. As at the end of 2022/23 a total of eight contractors had been upgraded at least by 2 grades while an additional eight contractors achieved 1 upgrade according to the CIDB calculator. This is an indication of overperformance for this KPI.

20. This index measures the ELIDZ's implementation of best practice. It utilises various internal and external audit outcomes with respect to Project maturity, risk management, compliance, performance, ICT Systems as well as Safety, Health and Quality Management Systems.

Programme 2: Institutional Support							
Outcome	**Outcome Indicator**	**Audited Actual Performance 2019/20**	**Audited Actual Performance 2020/21**	**Audited Actual Performance 2021/22**	**Planned Annual Target 2022/23**	**Actual Annual Performance 2022/23**	**Reason for deviations (Refer to note number)**
Output 3.1: Operational excellence and efficiency gains attained	3.1.1 Annually assessed ELIDZ BBBEE Status	Level 2	Level 3	Level 3	Level 2	Level 3	21
	3.1.2. Number of SMME development beneficiaries active in ELIDZ construction Incubation programme	New KPI	New KPI	New KPI	45	56	22
Output 3.2: Economic transformation and community upliftment delivered	3.2.1 Number of internships offered per annum within ELIDZ	41	43	58	30	55	23
	3.2.2 Number of active bursaries awarded by ELIDZ	11	12	11	8	15	24
	3.2.3 Number of Corporate Social Investment projects administered by ELIDZ	15	16	18	12	17	25
Output 3.3: Returns from services and asset portfolio optimised	3.3.1 Increase in gross income from ELIDZ services receipted per annum	New KPI	-1%	33%	10%	20,5%	26
	3.3.2 Average Vacancy Rate per annum	1%	1%	1%	2%	12,172%	27

Notes:

21. The ELIDZ is currently at Level 3 and despite actively working on improving to achieve a Level 2 assessment, an assessment undertaken during 2022/23 revealed that they ELIDZ was not able to graduate to Level 2 due to a number of areas including management ownership and employment of the disabled. As such the ELIDZ has under-performed on this KPI.

22. There are currently 56 SMMEs participating in the construction incubation programme against a target of 45 and this indicates an over-performance on this KPI.

23. The ELIDZ was able to provide workplace experience to 55 graduates as part of its internship programme during the financial year. The internships are initially a year-long contract which can be extended into a Junior Professional role based on performance of the intern over the period.

24. The ELIDZ initially awarded bursaries to 15 students. The bursaries were awarded to financially disadvantaged learners from various parts of urban and rural Eastern Cape including the ELIDZ's resident ward, Ward 36.

25. The ELIDZ has completed 17 CSI initiatives for the year. These projects focus on the surrounding community members of Ward 46 and extend within the municipality and province. The ELIDZ remains committed to supporting communities.

26. A preliminary calculation of 20,5% has been provided. The performance is subject to being audited. Nevertheless, the performance exceeds the target and is attributed to an increase in utilities consumption by new and existing investors.

27. The entity saw its vacancy rate reaching 12,172% at the end of the financial year owing to a number of properties that became vacant during Q3. Key to these properties was the Yekani facility which was returned back into stock following the finalisation of the liquidation process. In response to this underperformance, the ELIDZ has packaged and is currently marketing these properties to ensure the reduction of vacant facilities in the zone.

2.4.4 Strategies to overcome under-performance.

As at the end of the financial year, the ELIDZ had under-performed in 4 of its Key Performance areas and the following strategies have been devised to deal with the zones under performance going into the 2023/24 financial year.

1. **CONSTRUCTION SQM GROWTH:** The under-performance in this KPI is directly linked to low growth of the investment pipeline as the ELIDZ's buildings are build based on demand. To over-come this under performance the ELIDZ the ELIDZ will prioritise the following:

   (i) **Facilitation of the SEZ designation for Ntabozuko especially considering the growth in the renewable energy sector.** There is a need for the ELIDZ to look at key infrastructure needs for the precinct and investigate funding possibilities for such in line with the targeted activities.

   (ii) **There also needs to be a strong focus on the development, testing and packaging of identified catalytic projects** that may require public and private sector funding. These include the Fort Jackson upgrade, the packaged renewable energy projects and the Alexander Golf Course Commercial project.

   (iii) **Targeted sector market intelligence optimised:** The work around sector market research is yet to be fully capacitated and this is affecting the organisation's ability to develop sector market intelligence that would support targeted industries in market development and new opportunity identification.

   (iv) In the next year the ELIDZ need to focus its efforts on building research capacity, developing market intelligence through partnerships and facilitating access to market development opportunities and programmes for targeted industries.

2. **ENABLING PROJECTS CONSTRUCTED:** The ELIDZ will prioritise the construction of the Data Centre and Manufacturing incubator which are now fully funded and will further engage the relevant stakeholders to unblock the challenges impacting on the completion of the electrical upgrade project.

3. **BBBEE:** The ELIDZ will develop a BBBEE improvement plan which will assist in strengthening the weak areas in its BBBEE score.

4. **VACANCY RATE:** The ELIDZ will continue marketing its vacant properties and focus on offering and customising these for new investors rather than construct new facilities. The ELIDZ has also packaged and undertaking intense marketing of the vacant facilities with the local and international investment market.

2.4.5 Linking Performance with Budgets

2.4.5.1 Expenditure

	2021/2022			2022/2023		
Programme/ Activity/Objective	**Budget**	**Actual**	**(Over)/Under Expenditure**	**Budget**	**Actual**	**(Over)/Under Expenditure**
	R'000	R'000	R'000	R'000	R'000	R'000
Programme 1: Operations	204 590	204 590	0	255 519	248 089	7 430
Programme 2: Institutional Support	131 983	125 865	6 118	137 741	140 550	(2 809)
Total	**336 573**	**330 455**	**6 118**	**393 260**	**388 639**	**4 621**

2.4.5.2 Revenue

	2021/2022			2022/2023		
Source of Revenue	**Estimate**	**Actual**	**(Over)/Under Collection**	**Estimate**	**Actual**	**(Over)/Under Collection**
	R'000	R'000	R'000	R'000	R'000	R'000
Rentals	109 441	150 387	40 946	159 031	159 067	36
Zone Levies	2 830	4 629	1 799	3 057	5 265	2 208
Utilities Income	110 441	116 611	6 170	136 575	140 991	4 416
Other Income	11 055	6 606	(4 449)	8 321	7 349	(972)
STP Revenue	5 824	3 601	(2 223)	5 100	4 781	(319)
Total	**239 591**	**281 834**	**42 243**	**312 084**	**317 453**	**5 369**

PART C:
CORPORATE
GOVERNANCE

LEADERSHIP, ACCOUNTABILITY, AND CLEAN ADMINISTRATION IS ***THE FOUNDATION OF GOOD GOVERNANCE***

As one of the first SEZs to become operational in South Africa, the ELIDZ has been a point of learning and an important point of reference for many who have come after it. Almost every time the ELIDZ hosts a study tour, it is asked to reflect on what has been the secret behind its success and its resilience over the years. The ELIDZ has always been consistent in responding to this question. Without underplaying the infrastructure which is a tangible and very important component of the ELIDZ value proposition, the ELIDZ's intangible attributes have always been an important part of its success.

The intangible attributes of the ELIDZ from an investment promotion perspective are centred on the existence of a credible SEZ brand that offer investors peace of mind in terms of compliance to legislation, alignment to best practice in terms of governance and front-runner status with respect to the efficient and best practice operations of the zone. In fact, the ELIDZ's brand promise, since 2006 has been premised on the ambition of operating the ELIDZ in a manner that investors would resonate with and in a manner which investors, themselves, would want their own business to be run.

The ELIDZ shareholders and board have been very instrumental in not only supporting this brand vision but in continuously upping the game and in ensuring that exemplary leadership and accountability were non-negotiable over the years. In fact, one of the factors that have differentiated the ELIDZ over the years has been the existence of a skilled, committed, and visionary board of directors who have led from the front in enabling the vision of the ELIDZ and in navigating very turbulent and challenging waters over the 20-year journey.

An important measure of good governance for entities such as the ELIDZ is its audit track record and this is an area that the board has guarded vigilantly. Over the 20 years of its existence, there was only one year in which the Auditor General issued a qualified opinion for the ELIDZ and that was in 2012/13. As difficult as this was for the ELIDZ, it also gave rise to courageous leadership from the shareholder and the board of directors who were determined to use the crisis as an opportunity to learn, to improve and to aim for excellence in administration and since then, the organisation has not looked back. As a result, for the period under review, the Auditor General of South Africa issued the ELIDZ with its 8th consecutive clean audit.

At the centre of the ELIDZ's good governance track record has been its commitment to good corporate citizenship. From the onset of its 20-year journey the ELIDZ has prioritised good corporate citizenship and has at all levels aspired to be ethical by nature. The ELIDZ board and management have been very intentional about leading a team that is responsible and accountable for how it does business and how it diligently utilises all the resources that have been entrusted to the entity. This has fostered an ethical culture within the organisation, and this has been an important foundation for how the ELIDZ operates in every sphere of its mandate.

Additionally, as an organisation whose mandate is anchored on being a catalyst for economic development, the ELIDZ has been consistent in maximising opportunities that would benefit local industries, support and develop local communities and give hope to the region's citizens. While the ELIDZ's main focus over the years has been to create a lasting impact, the organisation has been very intentional in doing this in a manner that would not compromise people (employees, customers, and the general public) and the environment.

8 *consecutive clean audits*

3.1

INTRODUCTION

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. It defines the distribution of rights and responsibilities among the different stakeholders and participants in the organisation, it determines the rules and procedures for making decisions on corporate affairs (including the process through which the organisation's objectives are set) and provides the means of attaining those objectives and monitoring performance. Importantly it defines where accountability lies throughout the organisation.

In addition to legislative requirements based upon the ELIDZ's enabling legislation and the Companies Act of 2008, corporate governance is applied through the prescripts of the PFMA and in accordance with the principles contained in the King IV Report on Corporate Governance and the Protocol on Corporate Governance, 2002.

The ELIDZ is committed to upholding the highest standards of corporate governance by complying with legislation applicable to it as well as aligning itself to non-binding rules, codes and standards such as the King report and governance protocol. Parliament, the Executive and the Board of the ELIDZ are responsible for corporate governance.

3.2

PORTFOLIO ***COMMITTEES***

Parliament exercises its role through evaluating the performance of the ELIDZ. It does this by interrogating the AFS of the organisation and other relevant documents, which may be tabled from time to time.

The Standing Committee on Public Accounts reviews the AFS and the audit reports of the external auditor, which in the case of the ELIDZ, is the AGSA.

The Portfolio Committee exercises oversight over the service delivery performance of the ELIDZ and as such reviews the non-financial information contained in its annual report. The committee is concerned with service delivery and enhancing economic growth.

The ELIDZ met with the Portfolio Committee on 5 April 2022 for the purposes of presenting its corporate plan and its budget and on 18 November 2022 for the consideration of annual and financial oversight reports.

3.3

EXECUTIVE ***AUTHORITY***

The Executive Authority is authorised in terms of the provisions of the PFMA to exercise oversight over the ELIDZ. The Executive Authority has the power to appoint Board members and is also responsible for ensuring that the members of the Board have the skills and experience necessary to perform the functions and fulfil the duties of directors.

3.4

THE BOARD ***OF DIRECTORS***

The Board of Directors is the accounting authority of the ELIDZ and constitutes a fundamental base for the application of corporate governance principles. The ELIDZ is directed and controlled by a Board, which comprises of an appropriate mix of non-executive directors who have the necessary skills and experience to strategically guide the company.

The role and function of the Board of the ELIDZ is as follows:

- To act as the focal point for and custodian of corporate governance;
- To inform and approve the strategy of the Company;
- To provide effective leadership based on an ethical foundation;
- To ensure that the Company is and is seen to be a responsible corporate citizen;
- To ensure that the Company's ethics are managed effectively;
- To ensure that the Company has an effective and independent audit committee;
- T be responsible for the governance of risk;
- To be responsible for information technology governance;
- To ensure that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards;
- To ensure that there is an effective risk-based internal audit;
- To appreciate that stakeholders' perceptions affect the Company's reputation;
- To ensure the integrity of the Company's annual report;
- To report on the effectiveness of the Company's system of internal controls;
- To act in the best interests of the Company;
- To appoint the Chief Executive Officer and establish a framework for the delegation of authority. The Board shall ensure that a succession plan is in place for the CEO and other members of executive management.

3.4.1 Board Charter

The Board of the ELIDZ has a charter setting out its role and responsibilities. The charter was drafted in accordance with the provisions of the Companies Act, the PFMA, the principles contained in the King Code and the Memorandum of Incorporation of the Company.

The Board charter of the ELIDZ confirms:

- The role and function of the Board
- The appointment and terms of office of Board members
- The process for termination of office of Board members
- The structure and function of Board committees
- The roles and responsibilities of the Chairperson of the Board, the Chief Executive Officer and the Company Secretary
- The process for performance evaluations of the Board and its Directors
- The procedure for meetings of the Board
- The rules regarding remuneration of Directors

The charter furthermore confirms that the Board is responsible for:

- Corporate governance
- Determining the ELIDZ's strategic direction
- Control of the company
- Ensuring that management cultivates a culture of ethical conduct
- Determining the values to which the company will adhere and incorporating these values into a code of conduct
- Ensuring that integrity permeates all aspects of the ELIDZ's operations and that the Company's vision, mission and objectives are ethically sound
- Aligning its conduct and the conduct of management with the values that drive the Company's business
- Considering the legitimate interests and expectations of the Company's stakeholders in its deliberations, decisions and actions

The documents which inform the Board charter form part of the Board induction process and training program. Compliance with the charter is also monitored by way of the work plans of the Board and its committees.

3.4.2 Composition of the Board

The Board of the East London IDZ comprised of seven non-executive directors as at 31 March 2023. The Chief Executive Officer is an ex officio member of the Board. The Executive Authority is responsible for appointing members of the Board and the Chairperson of the Board, and determines the conditions of their service. The directors are drawn from diverse backgrounds and bring a wide range of experience and professional skills to the Board and its sub-committees. The evaluation of the Board, its committees and the individual Directors is performed on a 2-year cycle. The Board met several times during the financial year in order to discharge its responsibilities. The following schedule contains a list of meetings attended by each Director.

BOARD OF ***DIRECTORS***

FRONT ROW - From left to right: Ms E. Jooste | Mr A. Kanana | Professor M.W. Makalima
Mr S. Kondlo | Ms N. Mnconywa | Mr M. Mfuleni

MR E. JOOSTE
Chairperson of the Finance Committee, Member of the Audit Committee and the Governance Committee

Current employment: Consultant at EVJ Consulting (Pty) Ltd

Skills: Supply Chain Management, Public Sector Governance and Finance

Affiliations: South African Institute of Professional Accountants (SAIPA), Institute of Internal Auditors South Africa (IASA), Member of IoDSA

MR A. KANANA
Chairperson of the Audit Committee and Member of the Governance Committee

Current employment: Chief Executive Officer – HL HALL AND SONS

Skills: Auditing , Public and Private Sector Governance, Primary Agriculture, Agricultural Finance, Global Marketing

Affiliations: Member of South African Institute of Chartered Accountants (SAICA), Member of IoDSA

COUNCILLOR MR N. KUMBACA *
Member of the Finance Committee

Current employment: Councillor at Buffalo City Metropolitan Municipality

Skills: Public Administration, Local Government Administration, Infrastructure Development and Planning, Communications.

Affiliations: Member of IoDSA

PROFESSOR M.W. MAKALIMA
Chairperson of the ELIDZ Board and Chairperson of the Governance Committee

Current employment: Private Academic Research

Skills: Academic, Public Administration, Social and Economic Development, International Relations, Leadership and Project Management

Affiliations: Member of IoDSA

MS C. KONGWA
Member of the Audit Committee

Current employment: Administrator of the National Gambling Board

Skills: Legal and Public Sector Governance

Affiliations: Member of IoDSA

BACK ROW - From left to right: **Cllr N. Kumbaca | Ms C. Kongwa | Mr B. Mpondo | Mr A. Skenjana**

MR S. KONDLO
Executive Director - Ex Officio

Current employment: Chief Executive Officer of the ELIDZ

Skills: Engineering, Public Sector Governance, Business Management, Project Management; SEZ Development

Affiliations: SAIAE, WISA, Board Member of Rand Water, Member of IoDSA

MR B. MPONDO
Member of the Operations and Risk Committee; Member of Finance Committee

Current employment: Founder & Managing Director of Safiri (Pty) Ltd; Director of InnateSafiri; Director of Originate Capital Founder and Director of Tembo Investments

Skills: Business Strategy Development and Execution, Corporate Governance, Turnaround Strategies; Infrastructure and Property Development; Project Management and Transport Planning, Development Planning, Project Management

Affiliations: Member of IoDSA

MS N. MNCONYWA
Chair of Ops and Risk Committee
Member of the Finance Committee

Current employment: Senior lecturer in Accounting at the University of Fort Hare

Skills: Public Sector Governance and Finance

Affiliations: Member of South African Institute of Chartered Accountants (SAICA), The Independent Regulatory Board for Auditors (IRBA), Member of IoDSA

MR A. SKENJANA
Member of the Operations and Risk Committee

Current employment: Director: Agro-Processing at DEDEAT

Skills: Agriculture, Agro-Processing, Project Management

Affiliations: Member of the South African Council of Natural Scientists, Member of the South African Society for Animal Science, Member of IoDSA

MR M. MFULENI
Member of the Audit Committee and the Operations and Risk Committee

Current employment: Chief Executive Officer of Imbizo Group

Skills: Manufacturing and Development, Telecoms and IT Consulting

Affiliations: Member of IoDSA, Chairman BayTV, President Black Technology Forum (BTF)

Name	Designation	Date appointed	Date retired	Age	Qualifications	Area of expertise	Non-Executive /Independent Non-Executive	No. of Board meetings attended	No. of committee meetings attended
Professor MW Makalima	Chairperson of the Board and Chairperson of the Governance Committee	26/01/2016	N/A	75	BA (Hons) (MA)	Public sector	Independent Non-Executive	8/8	GOVCO 4/4
Mr A Kanana	Chairperson of the Audit Committee and member of the Governance Committee	24/10/2012	N/A	41	BComm (Hons) (CA) SA	Auditing, Private and public sector governance	Independent Non-Executive	7/8	AUDITCO 7/7 GOVCO 4/4
Mr E Jooste	Chairperson of the Finance Committee, member of the Audit Committee, member of the Governance Committee	01/11/2013	N/A	61	BComm Acc	Finance and public sector governance	Independent Non-Executive	8/8	AUDITCO 7/7 FINCO 5/5 GOVCO 3/4
Ms N Mnconywa	Chairperson of the Operations and Risk Committee, member of the Finance Committee, member of the Governance Committee	26/09/2016	N/A	51	BCom (Hons), CA(SA), Higher Diploma in Education, Post Graduate Certificate in Accounting, Masters in Accounting Sciences	Finance and public sector governance	Independent Non-Executive	8/8	ORCO 4/4 FINCO 5/5 GOVCO 4/4
Mr M Mfuleni	Member of the Audit Committee, member of the Operations and Risk Committee	31/10/2018	N/A	52	Diploma (Theology)	Information and Communications Technology (ICT) Governance.	Independent Non-Executive	5/8	AUDITCO 5/7 ORCO 2/4
Mr B Mpondo	Member of the Operations and Risk Committee, member of the Finance Committee	31/10/2018	N/A	48	BSc (Hons) Town and Regional Planning	Transportation and Infrastructure Planning. Public Sector Governance.	Independent Non-Executive	8/8	ORCO 4/4 FINCO 4/5
Ms C Kongwa	Member of the Audit Committee	30/10/2020	N/A	45	LLB, LLM	Legal, public sector governance.	Non-Executive	2/8	AUDITCO 3/7
Mr A Skenjana	Member of the Operations and Risk Committee	30/10/2020	1 December 2022	45	BSc, MSc Agriculture	Agriculture, Agro-Processing, Project Management	Non-Executive	3/8	ORCO 3/4
Mr N Kumbaca	Member of the Finance Committee	31 March 2022	1 December 2022	42	National Diploma in Local Government Law and Administration, National Diploma in Journalism	Public administration, local government administration, infrastructure development and planning, communications	Non-Executive	4/8	FINCO 4/5

3.4.3 Changes in the Board Composition in 2022/23 FY

Cllr N Kumbaca and Mr A Skenjana were retired as Board members on 1 December 2022.

3.4.4 Committees

The Board has the authority to delegate its power to executive structures and board committees. A delegation of authority framework is in place to facilitate this delegation. The Board has accordingly established the following sub-committees for the purposes as outlined below:

- The Governance Committee;
- The Audit Committee;
- The Finance Committee;
- The Operations and Risk Committee.

3.4.4.1 Governance Committee (GOVCO)

This committee consists of four non-executive board members. The Committee is responsible for:

- Monitoring execution of the Company's strategic plans;
- Performing the functions of a governance committee;
- Performing the functions of a nominations committee;
- Drawing matters within its mandate to the attention of the Board as the occasion requires;
- Reporting, through one of its members, to the Shareholders at the Company's Annual General Meeting on matters within its mandate;
- Reporting on a quarterly basis, through the Chairperson of the Committee, to the Board of Directors, on all matters submitted to the Committee for consideration and the outcome of each deliberation.

3.4.4.2 Audit Committee (AUDITCO)

The Audit Committee is tasked by the Board to carry out its statutory duties in terms of Section 77 of the PFMA, Treasury Regulation 27.1 and Section 94(7) of the Companies Act of 2008, as well as all other duties assigned to it by the Board.

The committee is comprised of four non-executive directors. The Chief Executive Officer, Chief Financial Officer, internal auditors and external auditors are standing invitees to the meetings.

The main objective of this committee is to provide the Board with assurance that the internal controls are appropriate and effective and to monitor the component parts of the audit and compliance process. The specific role of the audit committee is to assist the Board in discharging its responsibilities and to, amongst other things:

- Safeguard assets;
- Maintain adequate accounting records;
- Develop and maintain effective systems of internal control;
- Promote the independence of both the external auditors and internal audit function;
- Review the scope and outcome of audits;
- Ensure that the Board makes informed decisions and is aware of the implications of such decisions regarding accounting policies, practices and disclosures;
- Provide as much assistance and information as possible to the Board to enable it to discharge its responsibilities appropriately.

3.4.4.3 Finance Committee (FINCO)

The committee is comprised of three non-executive directors. The Committee is responsible for:

- Reviewing policies and strategies relating to financial activities including the application for and utilisation of grants;
- Deliberating on issues relating to the financial budget of the Company including the preparation of annual operating and revenue budgets and periodic budget reviews;
- Awarding of tenders in accordance with the provisions of the Company's procurement policy and the delegation of authority matrix of the Board;
- Reviewing the implementation of procurement procedures;
- Determining and monitoring procurement targets;
- Performing the functions of a remuneration committee.

3.4.4.4 Operations and Risk Committee (ORCO)

The committee is comprised of four non-executive directors. The Committee is responsible for:

- Deliberating on issues relating to business development and in particular the attraction and placement of investment;
- Performing the functions of a social and ethics committee in terms of the Companies Act of 2008;
- Enquiring into the process of risk identification and the measures in place to contain these risks;
- Reviewing and recommending to the Board revisions to business plans and targets as a result of investment trends;
- Reviewing and recommending to the Board investor after-care strategies aimed at retaining and expanding investment in the Company and the provision of appropriate resources;
- Reviewing and recommending to the Board strategies aimed at developing small medium and micro enterprises (SMMEs) aimed at improving local participation in manufacturing;
- Reviewing and recommending to the Board strategies aimed at developing streamlined business services support to investors;
- Reviewing and recommending to the Board strategies aimed at facilitating customer satisfaction;
- Reviewing and evaluating all investment proposals;
- Considering national and international developments in the fields of trade and investment;
- Considering local, provincial and national legislative policy developments in the field of investment promotion and facilities;
- Considering potential risks associated with an investment;
- Monitoring and evaluating all programmes and policies aimed at meeting the objectives and targets for development and operations of the zone.

Committee	No. of meetings held	No. of members	Name of members
Governance Committee	4	4	Professor MW Makalima (Chair) Mr E Jooste Mr A Kanana Ms N Mnconwya
Audit Committee	7	4	Mr A Kanana (Chair) Mr E Jooste Ms C Kongwa Mr M Mfuleni
Finance Committee	5	4	Mr E Jooste (Chair) Ms N Mnconywa Mr B Mpondo Cllr N Kumbaca * (Retired)
Operations and Risk Committee	4	4	Ms N Mnconywa Mr B Mpondo Mr M Mfuleni Mr A Skenjana * (Retired)

3.4.5 Remuneration of Board Members

Board members are remunerated in terms of a non-executive director remuneration policy. The rates of remuneration are in accordance with the National Treasury Guidelines issued on 24 May 2013. Board members that are in the employ of the Executive Authority are not remunerated for their services as Directors.

Board members are remunerated according to the following rates:

- Chairperson of the Board – R12 500 per sitting of the Board
- Member of the Board – R7 500 per sitting of the Board
- Statutory Committee chairs (Audit/Operations and Risk) – R9 500 per sitting of the committee
- Statutory Committee members (Audit/Operations and Risk) – R6 375 per sitting of the committee
- Chairperson of committee (other than Audit/Operations and Risk) – R8 500 per sitting of the committee
- Member of committee (other than Audit/Operations and Risk) – R6 375 per sitting of the committee
- Attendance of Board workshops, meetings with the Auditor-General, the MEC and the Portfolio Committee, adhoc meetings with the chairperson and special approved requests for board members to work on certain matters – R2 800 per hour for the Chairperson of the Board, R1 667 per hour for statutory committee chairs (Audit/Operations and Risk), R1 250 per hour for other members of the Board or Committee
- Attendance at external stakeholder workshops and presentations – R705 per hour for the Chairperson of the Board, R606 per hour for the Board and committee members
- Members of the Board furthermore receive a monthly contribution towards their airtime at the rate of R319 for the Chairperson of the Board and R213 for the members of the Board
- Members of the Board that travel from out of town receive an out-of-town travel allowance of R1 277 per round trip
- Members of the Board are reimbursed for fuel used to attend ELIDZ commitments at the published AA rates.

Name	Remuneration	Other allowance	Other re-imbursements	Total
A. Kanana	158 857	1 278	-	160 135
B. Mpondo	121 340	2 555	-	123 895
E. V Jooste	178 465	1 278	-	179 743
N. Mnconywa	182 384	2 768	-	185 152
M. Mfuleni	84 397	2 555	-	86 952
M. Makalima	204 417	1 890	-	206 307
N. Kumbaca	69 708	860	-	70 568
Total Board Fees	**999 569**	**13 184**	**-**	**1 012 753**

3.5

RISK **MANAGEMENT**

ELIDZ has had an approved risk management policy and strategy in place for the duration of the 2022/23 financial year. Risk assessments are conducted regularly in order to determine the effectiveness of the risk management strategy and to identify new and emerging risks.

The Risk Management Committee assessed the overall system of risk management, especially the mitigation of unacceptable levels of risk. The Committee met quarterly to review the organisational risk register and provide updates on implementation of risk management action plans.

3.5.1 Board and Sub-committee oversight

The ELIDZ utilizes the three lines of defence model which sees:

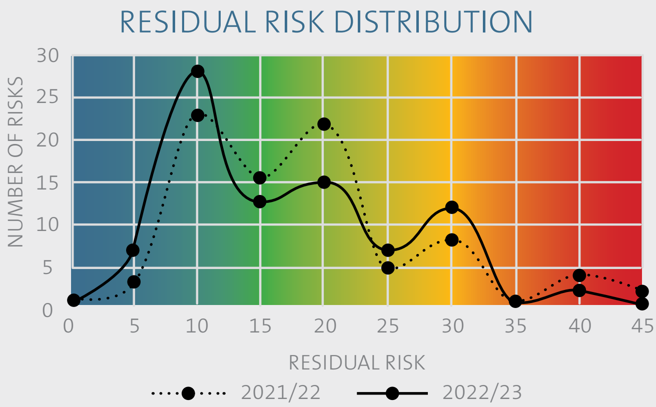
- Business units having the primary responsibilities to manage risks and implement action plans
- Risk Management Unit in the Office of the CEO is the second line with responsibility being independent monitoring of the management of risks and controls
- Internal Audit provides assurance and assessment of high-risk areas.

The Operations and Risk Committee of the Board provide monitoring and oversight of Risk Management. The Board has continued to perform their oversight role in respect of risk management. High priority risks are allocated to the relevant Board sub-committee thereby allowing for greater oversight and monitoring of action plans. The Operations and Risk Committee advised management and those charged with governance on risk management and independently monitored the effectiveness of the system of risk management. Assurance was further provided by internal audit through their independent review of the ELIDZ risk management processes. A reduction was noted in the overall entity residual risk as a result of action plans implemented during the period. This has transmitted into improvements in the entity's performance as well as a significant improvement in the internal control environment.

At the beginning of the financial year, risks were prioritised based on the extent of the residual risk which was mainly a result of the potential impact, the probability and strength of controls to mitigate the risks.

The ELIDZ has 4 main risk categories namely Strategic Risk, Financial Risks, Operational Risks as well as Governance and Regulatory Risks. In the year under review the financial risks category continues to have the highest average risk rating owing to continued debtor defaults which could in turn impact on the liquidity of the organisation. The lack of funding for strategic catalytic projects such as the data centre and the manufacturing incubator further impacted on the high-risk rating for this category. The second highest risk category was the Operational Risk Category which was impacted by risks relating to the introduction and compliance to the new Infrastructure Project Management Methodology for large projects. Business Process Management Risks relating to knowledge management further contributed towards the rating of this category. Below is an illustration of the risk distribution per category. Looking at the risk sub-categories, a bulk of the ELIDZ's risks are in the commercial risk sub-category, owing to the nature of the ELIDZ's mandate

The ELIDZ's risk register contained a total of 81 risks for the 2022/23 financial year and this was consistent with the prior year, however of these risks a majority of the ELIDZ risks are included in the P4 and P5 risk categories – these risks are adequately mitigated through controls in place. This is consistent with the organisational controls assessment where 74% of controls have been rated as satisfactory and above.



Comparison of ELIDZ Residual Risk distribution year-on-year

At the end of the 4th quarter, ELIDZ had implemented most of its risk mitigation and treatment action plans and this led to movements in a number of priority risks that were on the ELIDZ's risk register. As a result of this the ELIDZ's residual risk rating was reduced by 3% overall.

There was also notable reduction in the residual risk rating of 9% for the ELIDZ's top 10 risks as per the table below.

	Risk title	Annual overview	Control assessment – Q4	Residual risk – Q1	Residual risk – Q4	Annual movement
1	Non-disclosure of required data and information by existing tenants	Disclosure of information by 3rd parties is outside the control of ELIDZ. Every effort has been made to simplify and incentivise disclosure, this resulted in a significant improvement in disclosure submissions in the current year	Satisfactory	Priority 1	Priority 4	↓
2	Ineffective management of critical organisational knowledge and information	Control improvements have not been noted at an organisational level – information silos and manual listings are the biggest contributors to the risk.	Weak	Priority 1	Priority 1	↔
3	Inability to balance developmental mandate and financial sustainability expectations	Inherent risk has been negatively impacted by current economic climate, high unemployment and constrained government fiscus making balancing priorities challenging.	Satisfactory	Priority 1	Priority 1	↔
4	Inability to attract new investors	Although largely influenced by external factors, significant control improvements have been implemented to manage any possible negative stakeholder perceptions as a result of the ongoing SIU investigation.	Satisfactory	Priority 1	Priority 1	↔
5	Ineffective management of insurance portfolio	Improvements have been made through insurance review performed as well as additional ASIB certificates issued, however, identifying underwriters willing to take on the ELIDZ portfolio has proven challenging.	Weak	Priority 1	Priority 1	↔
6	Inadequate market intelligence	Actions to mitigate risk were to be undertaken by the Researcher, however the post remained vacant during the 2022/23 financial year. Alternate action was taken in Q4 through outsourcing research projects, however the control improvement is only expected to be seem in 2023/24.	Weak	Priority 1	Priority 1	↔
7	Inconsistent service delivery standards	Developing a consistent set of service standards remains a priority in order to ensure than customers receive measurable consistency and timeous feedback for all product lines and services.	Weak	Priority 1	Priority 1	↔
8	Exposure to contracting risk	The challenging financial climate has necessitated a more flexible approach to contract negotiation by ELIDZ – increased contracting risk was noted as a result of these non-standard, ad hoc amendments.	Weak	Priority 1	Priority 1	↔
9	Ineffective records management	Physical records management remains a challenge due to the decentralised operating structure. Documentation supporting the external audit is well maintained and easily retrievable, however operational records are not always transferred by the relevant sub-unit to archives.	Weak	Priori ty 1	Priority 1	↔
10	Inefficient response to new market opportunities (time-to-market)	Due to the heavily legislated environment in with ELIDZ operates, swift responses to new market opportunities are not always possible due to the various levels of approval required.	Weak	Priority 1	Priority 1	↔

3.6

INTERNAL AUDIT AND **AUDIT COMMITTEE**

Internal audit is responsible for the examination and evaluation of the adequacy and effectiveness of the ELIDZ's systems of control.

Specifically, internal audit will:

- Review the reliability and integrity of financial and operating information.
- Review the systems established to ensure compliance with policies and appropriate legislation, and determine whether the ELIDZ is in compliance with these requirements.
- Review the safeguarding of assets and, as appropriate, verify the existence of such assets.

Audit committee meetings were as follows:

Name	Qualifications	Internal/ External	If internal, position in public entity	Date Appointed	Date Resigned	Number of meetings attended
Mr A Kanana (Chairperson)	BComm (Hons) (CA) SA	External	n/a	24/10/2012	n/a	7/7
Mr E Jooste (Member)	BComm Acc	External	n/a	01/11/2013	n/a	7/7
Ms C Kongwa (Member)	LLB, LLM	External	n/a	30/10/2020	n/a	3/7
Mr M. Mfuleni (Member)	Diploma (Theology)	External	n/a	31/10/2018	n/a	5/7

The Audit Committee reports that it has adopted an appropriate formal terms of reference as its Audit Committee charter, that it has regulated its affairs in compliance with this charter and that it has discharged all of its responsibilities contained therein. The Audit Committee further reports that it has conducted its affairs in line with the requirements of the PFMA and Treasury Regulation 3.1.13.

The Audit Committee has an oversight function with regards to:

- Financial Management and other reporting practices;
- Internal controls and management of risks;
- Compliance with laws and regulation;
- The external audit and;
- The internal audit function.

In the conduct of its oversight duties, the Audit Committee has, inter alia, reviewed and is satisfied with the effectiveness of the following:

- Finance functions;
- The expertise, resources and experience of the finance function;
- The effectiveness of the CFO;
- Internal control, management of risks and compliance with legal and regulatory provisions;
- The effectiveness of the internal control systems;
- The effectiveness of the system and process of risk management, including the following specific risks: financial controls; fraud risks relating to financial reporting; information technology risks relating to financial reporting; and effectiveness of the entity's compliance with legal and regulatory provisions;
- Financial and sustainability information provided; and
- The adequacy, reliability and accuracy of financial information provided by management.

3.7

FRAUD AND ***CORRUPTION***

- ELIDZ adopts an annual fraud management plan which forms part of the risk management framework. The plan was fully implemented for the 2022/23 financial year.
- A fraud hotline has been in place for the full financial year – all items reported through the hotline are investigated by internal audit. Legislated protections are also in place for whistleblowers through the Ethics policy.
- Finally, all employees are required to adhere to both the Code of Conduct (signed annually) and the Ethics policy which includes disclosing all conflicts of interest.

3.8

MINIMISING ***CONFLICT OF INTEREST***

- All employees sign an annual disclosure of interest form and are required to disclose any new conflicts as soon as they arise in terms of the Ethics policy.
- Verbal confirmation that employees are not conflicted takes place before each supply chain management related meeting.
- Where a conflict does arise and is reported, these are assessed by the Manager: Assurance, Manager: HCM and Legal Services and the Supply Chain Management Manager
- Controls are then implemented as and when needed.

3.9

CODE OF ***CONDUCT***

All employees are required to sign the ELIDZ Code of Conduct annually. This document outlines and describes acceptable conduct within the workplace. Any breaches of the Code of Conduct would be addressed through the corresponding policy relating to the breach.

3.10

HEALTH, SAFETY AND ***ENVIRONMENTAL ISSUES***

Chapter 2 of the Constitution of South Africa (SA) contains the Bill of Rights in which basic human rights are enshrined. The fundamental rights detailed below merit consideration when considering the safety and environmental context within which the ELIDZ operates.

Section 24 states that "Everyone has the right –

a. to an environment that is not harmful to their health or well-being; and
b. to have the environment protected, for the benefit of present and future generations, through reasonable legislative and other measures that –

   (i) prevent pollution and ecological degradation;
   (ii) promote conservation;
   (iii) secure ecologically sustainable development
   (iv) use of natural resources while promoting justifiable economic and social development and
   (v) ensures a development environment that is safe and secure for its investors and those impacted by its operational and other activities.

Section 24(b) is aimed at reconciling development and conservation. It is important to note that the emphasis on the prevention of pollution and ecological degradation is qualified by the obligation placed on government in Section 24(b)(iii) to simultaneously promote "justifiable economic and social development". A case in point is the responsibility industries have to eliminate and at worst mitigate their impact on the environment and on accelerated climate change. In addition, a fundamental condition associated with the ELIDZ's permit to operate an SEZ is to ensure compliance to applicable legislation. One such legal obligation is to comply with the conditions of the change in land use that requires the establishment and maintenance of an Environmental Management System (EMS).

It is therefore Key for the ELIDZ maintain its certification to the adopted globally recognised ISO 14001 EMS in order to remain compliant as an operator of an SEZ. The Adequacy of the ELIDZ maintenance of certification is tested through certification audits by accredited certification body. The ELIDZ is similarly certified in the globally recognised ISO 45001 Occupational Health and Safety Management System. This demonstrates the ELIDZ's commitment to comprehensively managing the Occupational Health and Safety hazards and risks as well as managing its obligation to compliance to legal and other requirements associated with its operational and other activities.

ELIDZ SHE Management System Maintenance is critical to responding to the needs and expectations of interested and affected stakeholders (Enabling, Functional, Normative & Diffused) that include:

1. Current and future investors
2. Employees
3. Surrounding Communities
4. Outsourced service support
5. DEDEAT
6. Dtic
7. BCMM
8. DOL

The ELIDZ achievement of Certification in globally leading SHE Management Systems – ISO 14001 & ISO 45001 augments its efforts to manage its stakeholders, as well as efforts for attraction and retention of foreign direct investment. It is best described as an accolade worthy of a national front running world class organisation that aspires to sustainable industrial development.

3.11

COMPANY ***SECRETARY***

In terms of Section 88 (2) (e) of the Companies Act, I certify that the company has filed with the Companies and Intellectual Property Commission all such returns and notices in terms of the Act, and all such returns appear to be true, correct and up to date.

Palmer

Jo-Anne Palmer
Company Secretary

3.12

ELIDZ SOCIAL AND ETHICAL ***RESPONSIBILITY***

The East London Industrial Development Zone is a Schedule 3D entity. Schedule 3D entities are referred to as government business enterprises or State-Owned Enterprises (SOCs). These entities generate income, but may be either substantially self-funded or substantially government funded. While entities such as the ELIDZ have less autonomy than the schedule 2 public entities, they are still run in accordance with general business principles.

> ***"The ELIDZ prioritises being a good corporate citizen & is committed to ethical & responsible leadership. Key to this commitment is the ELIDZ's focus on developing & harnessing an ethical culture within the organisation."***

3.12.1. LEGISLATION AND BEST PRACTICE APPLICABLE TO SOCIAL AND ETHICS COMMITTEE

As an SOC, the ELIDZ is committed to not only complying with the Companies Act No 71 of 2008 (as amended in 2011) but also applicable voluntary and leading best practice in Corporate Governance as contained in the King IV Report on Corporate Governance for South Africa (King IV Report).

Both the Companies Act and the King IV Report highlight the need for an active and operational Social and Ethics Committee.

THE COMPANIES ACT ON SOCIAL AND ETHICS

The Companies Act, The Companies Amendment Act (Act No. 3 of 2011) (hereafter the Companies Act) and the Companies Regulations of 2011 all highlight the key responsibilities for South African Companies. Section 7 (b) of the Companies Act constitutes the Social and Ethics Committee as a statutory and board committee that is mandated with promoting the development of the South African economy by encouraging transparency and high standards of corporate governance as appropriate, given the significant role of enterprises within the social and economic life of the nation.

THE KING IV REPORT ON SOCIAL AND ETHICS

Sustainable Development is one of the philosophies that underpin the King IV Report. The report defines Sustainable Development as development that meets the needs of the present without compromising the ability of future generations to meet their need. Centred on Integrated thinking and value creation, the King IV Report highlights Corporate Citizenship as one of the key pillars of sustainable Developments. Corporate Citizenship in this context refers to the organisation's rights, obligations and responsibilities towards the society and the natural environment on which society depends. Of the 10 Principles highlighted in the King IV Report – two key principles are focused on the role of the Social and Ethics Committee. Principle 2 focuses on the development, monitoring and reporting on the organisation's Ethics Framework, while Principle 3 is focused on Corporate Citizenship policies, practice and oversight. There are no differences between the provisions made in the Companies Act and those made in the King IV Report with respect to the role of the Social and Ethics Committee. The King IV Report, however, provides a comprehensive framework and guidance on the role of the Social and Ethics Committee and this has been extensively used in this document to guide the ELIDZ's Social and Ethics Agenda for the 21/22 Financial Year.

3.12.2. The ELIDZ SOCIAL AND ETHICS COMMITMENT

The ELIDZ prioritises being a good corporate citizen and is committed to ethical and responsible leadership. Key to this commitment is the ELIDZ's focus on developing and harnessing an ethical culture within the organisation. Additionally, as an organisation whose mandate is anchored on being a catalyst for economic development, the ELIDZ is committed to maximising opportunities for shared socio-economic value in order to benefit local industries , communities and citizens. The ELIDZ is also determined to deliver this value in a manner that will not compromise people (employees, customers, and the general public) and the environment. While the ELIDZ prioritises compliance with all relevant legislation and code, its social and ethical agenda is driven by more than just compliance, but by the shared aspiration to do good and to have a positive impact on people and the environment.

3.12.3. COMMITTEE ROLES AND RESPONSIBILITY

MONITORS the organisation's activities with regards to social and economic development, good corporate citizenship; the environment, health and public safety, consumer relationships and labour and employment.

REPORTS to the board and the shareholders of the company on the organisation's progress and developments with regards to social and economic development, good corporate citizenship; the environment, health and public safety, consumer relationships and labour and employment.

OVERSEES the organisation's governance of ethics in a manner that supports the establishment of an ethical culture.

ASSISTS the board in assessing aspects of governance applicable to the committee's function and terms of reference

3.12.4. SOCIAL AND ETHICS PRIORITY AREAS AND PROGRESS FOR 2022/23

BUSINESS ETHICS AND TRANSPARENCY

Key to the ELIDZ's values is the commitment for every member of the board, management and staff to be ethical by nature and to ensure that due care is taken in the use and optimisation of organisational resources. The board is tasked with assuming responsibility for the governance of ethics by setting the direction and the tone from the top. During the period under review the ELIDZ amended its ethics framework to strengthen its controls with respect to management of the declaration of interest process. Ongoing awareness to ensure that employees were aware of the ELIDZ's policies in relation to employee conduct, fraud and ethics management was implemented. To ensure that the organisation promoted an organisational culture that was supportive of its aspirations to be ethical by nature, the ELIDZ nominated an organisational culture task team who implemented a culture enhancement programme that supported the living of the ELIDZ values and the promotion of good ethics within the organisation.

To mitigate the risk of conflict of interest in in operations , the ELIDZ has an automated process for the declaration of interest and requires all employees to recommit to the Code of Conduct annual and further requires the declarations of interest to be updated at the beginning of each financial year. The ELIDZ has various policies and practices in place to ensure that the organisation's ethical standards are applied in all recruitment, performance evaluation, rew3ard of employees and award of contracts to suppliers and the ELIDZ 's internal audit plan includes auditing the implementation of these policies in a manner that upholds the ethical standards of the organisation. The ELIDZ continues to have an externally managed Fraud Hotline and all matters reported to the hotline are handled confidentially and investigated. The Auditor General of South Africa (AGSA) is an important assurance partner for the ELIDZ in ensuring that ELIDZ complies to all its policies and applicable legislation in all its operations. During the period under review the ELIDZ received a clean audit opinion from the AGSA for the period under review and there were no findings relating to any fraudulent or corrupt activity.

RESPONSIBLE CITIZENSHIP IN THE WORKPLACE

The ELIDZ board, as part of its Human Capital Management Strategy acknowledges that employees are an important asset to the organisation. As part of this realisation, during the period under review the ELIDZ refined its Employee Value Proposition to include the following:

Moreover during the period the ELIDZ continue to develop and review various policies to ensure that the was a clear direction set by the board on how various issues would be approached and address in the work place. As part of its workforce planning the ELIDZ sets annual targets with respect to its staff vacancy rate and its staff turnover rate. During the period under review the ELIDZ's vacancy rate was sitting at 16,83 against a target of 15% owing to the growth of the organisation's organogram from 90 to 101 people with effect from 01 April 2022. The staff turnover rate for the same period was sitting at 11,90% against a target of 10% owing to resignations and 2 deaths in the organisation.

During the period under review, the ELIDZ developed and approved a new 5-year plan (effective from 01 November 2022 to 31 October 2027). The purpose of the plan is to transform the organisational environment such that the ELIDZ's workforce is representative of the demographics of the province. In preparing the Employment Equity Plan, the Committee went through an extensive and thorough analysis of qualitative and quantitative aspects related to the workplace. A qualitative analysis was conducted of the then current employment equity plan goals, employment policies, practices, procedures and the working environment to identify barriers which were deemed to adversely affect people from designated groups. This resulted in non-numerical goals being formulated aimed at removing affirmative action barriers and obstacles which may negatively impact on the organisation's ability to reach the numerical targets. A quantitative analysis was also conducted of the workforce profile, per occupational category, to determine the under-representation of people from designated groups based on the Economically Active Profile (EAP) of the Eastern Cape; the then current vacancies, possible opportunities and vacancy trends were also considered. This resulted in the setting of numerical goals focusing on increasing the representation of designated groups across the necessary occupational levels in an effort to achieve alignment with the EAP.

In terms of the Skills Development Act read together with the Skills Development Levies Act, designated employers are required to submit their Workplace Skills Plan and Annual Training Report (WSP/ATR) annually on/before 30 April. As a designated employer, the ELIDZ compiled its WSP from the developmental interventions identified through the Personal Development Plans and reported on the training conducted in the previous financial year.

The 2022/23 WSP/ATR was endorsed by the Employment Equity and Skills Development Committee, the Chief Financial Officer and the Chief Executive Officer and was submitted before the legislated deadline of 30 April 2022. During 2022/23, a total number of Seventy-nine (79) employees have been trained on numerous training interventions in line with their personal development plans and in-house driven programmes including bursary beneficiaries. This translates to a participation rate of 84,95% It is envisaged that all employees are to be trained in line with their personal development plans, hence a 100% participation rate is desired, however, due to operational requirements this is not always possible. The total training expenditure as at end Quarter 4, inclusive of training & development interventions, bursaries, and internship programme, amounts to R5 490 559 which is 7,49% of the annual cost of employment. The targeted Organisational training expenditure percentage for the 2022/23 financial year is 3% of the total cost of employment. The expenditure to date is consistent with past trends that show an improved training up-take during the financial year, consistent with the drive to improve the BBBEE level of the organisation.

ECONOMIC DEVELOPMENT AND TRANSFORMATION

The ELIDZ exists as a catalyst for economic development and transformation. It is therefore vital that in its operations the ELIDZ prioritises activities that would ensure maximum socio-economic benefit for the citizens of the region and the country. Key to the ELIDZ's priorities in this regard will be the attraction of new industry that will ensure expansion of sector value chains, creation of employment opportunities and the transfer of skills and technology into the region. It is also vital that the ELIDZ, in utilising funds that it has generated through its own operations or through government grants, prioritises practices that would ensure transformation, inclusive and broadened economic participation to ensure equitable distribution of wealth and empowerment of the previously disadvantaged.

An important part of the ELIDZ's current vision is growing our very own local enterprises in our targeted sectors and support these to not only growth but to build a resilient and growing global footprint. The ELIDZ has prioritised the development of an innovation support ecosystem within the ELIDZ's Science and Technology Park to support this ambition. As part of this ecosystem, in the last year, the ELIDZ has successfully hosted two incubators to support and grow entrepreneurs in both the ICT sector and in the Textiles sector. Just in the ICT sector the ELIDZ has utilised a multi-stakeholder programme to train youth trained on various programmes. Through this programme three hackathons were conducted, and 12 companies emanated from the programme and have been incubated and mentored in ELIDZ STP. A successful partnership with CISCO to support and grow entry level tech companies through the provision of infrastructure, training and other business support tools has also contributed to increased impact by the ELIDZ.

The ELIDZ continues to implement a skills development programme to build new capabilities to support the manufacturing activity in the zone and during the period under review, 112 beneficiaries were trained.

The ELIDZ also has a construction incubator which is currently incubating 58 construction companies from the Eastern Cape and despite the current economic climate, this incubator has, in the last few months seen . For the period under review, a total of eight contractors had been upgraded at least by 2 grades while an additional eight contractors achieved 1 upgrade according to the CIDB calculator. A strategic priority in the ELIDZ's automotive sector growth plan is the localisation of additional components and the planned manufacturing incubator which will play a key role in the following 5-year cycle in realising new automotive component manufacturers and driving for increased localisation of the sectoral value chain. The Manufacturing incubator has now been fully funded following the provision of 50% top up funding from provincial government to match the funding already provided for by DTIC. Construction for this facility will commence in the new financial year.

COMMUNITY DEVELOPMENT AND CORPORATE SOCIAL INVESTMENT

Key to the ELIDZ's Sustainable Development Agenda is the prioritization of Community Development Programmes that prioritize education support, enterprise development, sports development, and skills advancement. The ELIDZ's focus, in as far as this initiative is concerned is not only concentrated in supporting communities that are within its immediate surroundings but extends to communities both in rural and urban Eastern Cape. This is to ensure extended impact of the zone. For the period under review the ELIDZ implemented 17 Corporate Social Investment initiatives in surrounding communities. These initiatives included the sponsorship and development of sport and sporting facilities in rural areas, the support of youth development programmes and the training of local entrepreneurs to enable them to thrive in the current economic climate. The ELIDZ also awarded bursaries to deserving students who are furthering their under graduate studies in local institutions of higher learning.

ENVIRONMENTAL IMPACT MANAGEMENT

The ELIDZ prioritises minimising the impact of its operations and those of its attracted industries on the environment. Additionally, the ELIDZ encourages its employees and its customers to implement best practices when it comes to the protection of people, the environment and natural resources that surround it. To this end the ELIDZ will for the 2022/23 financial year maintained the following standards:

- Effective Implementation and compliance to ISO14001:2015 Environmental Management System
- Effective Implementation and compliance to ISO 45001:2018 Occupational Health and Safety Management system.
- Effective implementation and compliance to ISO 9001:2015 Quality Management System

Moreover there were no material non compliances noted on matters relating to the management of the organization's environmental impact and the ELIDZ undertook the necessary environmental due diligence and approval processes prior to the establishment of new enterprises in the zone.

CONCLUSION

Based on the committee's performance during the year, we are satisfied that it has fulfilled its mandate in terms of the Companies Act read with Regulation 43 of the Regulations to the Companies Act. There were no known instances of material non-compliance with legislation or regulations, or non-adherence with codes of best practice in terms of the areas within the committee's mandate, during the year under review, or repeated regulatory penalties, fines, censures or compliance orders. As such, we are satisfied that the group has operated as a socially responsible corporate citizen demonstrating an ongoing commitment to sustainable development.

KEY AREAS OF FOCUS FOR NEXT YEAR

Environmental, Social and Governance (ESG) reporting has become a growing phenomenon globally. ESG reporting is aimed at addressing social and environmental problems while also achieving a sustainable society. The environmental aspect of ESG focuses on a company's efforts to address various environmental issues such as climate change bio-diversity, energy efficiency, carbon intensity and environmental management systems. The social aspect examines the company's internal and external relationships and the extent to which the company encourages equal opportunities, workplace safety, human rights, customer and product responsibility and community support and investment. The governance aspect relates to how the organization priorities compliance and business ethics. It also focuses on issues such as board independence, executive compensation, and board transparency.

It is critical that as part of its ESG journey an organization sets its own ESG Goals based on its core business, its value creation model, industry standards and investor and shareholder expectations. It is also vital that an organization selects a set of ESG KPIs , aligned to industry best practice that will enable key stakeholders to measure the company's performance with respect to ESG.

As an organization that is focused on attracting global industries into South Africa and whose value proposition is anchored on providing customers with world class industrial precinct which enables industries to be globally competitive, the ELIDZ will, in 2023/24 prioritize ESG Investment and reporting and the need to establish robust data collection, analysis and reporting mechanisms to effectively track and measure ESG performance.

“... we are satisfied that the group has operated as a socially responsible corporate citizen demonstrating an ongoing commitment to sustainable development.”

3.13

AUDIT COMMITTEE ***REPORT***

The Audit Committee is pleased to present its report for the financial year ended 31 March 2023.

3.13.1 Audit Committee Members and Attendance

The Audit Committee consists of the members listed hereunder and has met as reflected below

Name	Number of meetings attended
Mr A Kanana (Chairperson)	7 of 7
Mr E Jooste (Member)	7 of 7
Ms C Kongwa (Member)	3 of 7
Mr M. Mfuleni (Member)	5 of 7

3.13.2 Audit committee responsibility

The Audit Committee reports that it has adopted an appropriate formal terms of reference as its Audit Committee Charter, that it has regulated its affairs in compliance with this Charter and that it has discharged all of its responsibilities contained therein. The Audit Committee further reports that it has conducted its affairs in line with the requirements of the PFMA and Treasury Regulation 3.1.13.

The Audit Committee has an oversight function with regards to:

- Financial Management and other reporting practices;
- Internal controls and management of risks;
- Compliance with laws and regulation;
- The external audit and;
- The internal audit function.

In the conduct of its oversight duties, the Audit Committee has, inter alia, reviewed and is satisfied with the effectiveness of the following:

- Finance functions;
- The expertise, resources and experience of the finance function;
- The effectiveness of the CFO;
- Internal control, management of risks and compliance with legal and regulatory provisions;
- The effectiveness of the internal control systems;
- The effectiveness of the system and process of risk management, including the following specific risks: financial controls; fraud risks relating to financial reporting; information technology risks relating to financial reporting; and effectiveness of the entity's compliance with legal and regulatory provisions;
- Financial and sustainability information provided; and
- The adequacy, reliability and accuracy of financial information provided by management.

3.13.3 Effectiveness of Internal Control

The Audit Committee is satisfied:

- That the internal audit function is operating effectively and that it is addressing the risks pertinent to the Company in its audits;
- Of the independence and objectivity of the external auditors;
- Of the quality of the external audit; and
- That accounting and auditing concerns are identified as a result of internal and external audits, including reportable irregularities in line with the principles of combined assurance, as outlined in the King IV report on corporate governance.

The following internal audit work was completed during the year under review:

- Quarterly review of financial statements;
- Quarterly review of performance reports;
- Performance management review;
- AFS review;
- Dashboard review;
- Human resource management;
- Compliance review;
- SCM review;
- Going concern review;
- Asset management;
- Costing model;
- Fraud hotline review;
- Follow up reviews (all audits).

The Audit Committee is of the opinion, based on the explanations given by management and information gathered by the committee through its extended oversight programme as well as internal audit reports, that:

- The systems and process of risk management and compliance processes are adequate, effective, efficient and transparent;
- The internal accounting controls are adequate to ensure that the financial records may be relied upon for preparing the financial statements and accountability for assets and liabilities is maintained; and
- Having considered the matters set out in section 94(8) of the Companies Act No. 71 of 2008, that it is satisfied with the independence and objectivity of the external auditors.

The ELIDZ has submitted monthly and quarterly reports to the Executive Authority.

3.13.4 Evaluation of Financial Statements

The Audit Committee has evaluated and discussed the AFS of the ELIDZ for the year ended 31 March 2023 and, based on the information provided to it, considers that the statements comply, in all material respects, with the requirements of the Companies Act and the PFMA. The Audit Committee concurs with the Board of Directors and management that the adoption of the going concern premise in the preparation of the financial statements is appropriate.

The Audit Committee has therefore, at its meeting held on 18 August 2023, recommended the adoption of the financial statements by the Board of Directors.

The Audit Committee concurs with and accepts the AGSA's report on the AFS and is of the opinion that the AFS should be accepted and read together with the report of AGSA.

3.13.5 Auditor-General

The Audit Committee has met with AGSA to ensure that issues that were raised are being resolved by management.

On behalf of the Committee:

Mr A Kanana
Chairperson: Audit Committee

The Audit Committee has therefore, at its meeting held on 18 August 2023, recommended the adoption of the financial statements by the Board of Directors.

3.14

B-BBEE COMPLIANCE ***PERFORMANCE INFORMATION***

Has the Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	**Response Yes / No**	**Discussion (include a discussion on your response and indicate what measures have been taken to comply)**
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?		
Developing and implementing a preferential procurement policy?	**Yes**	The ELIDZ has developed this SMME policy to guide the organisation in the process of acquisition of goods and services that are required to support the service delivery obligations of the ELIDZ from time to time. The ELIDZ commits itself to implement this policy in a manner that will: • *Promote and empower small and emerging enterprises;* • *Support local business enterprises; and* • *Empower those persons disadvantaged by unfair discrimination.*
Determining qualification criteria for the sale of state-owned enterprises?		
Developing criteria for entering into partnerships with the private sector?		
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?		

3.15

MATERIALITY & SIGNIFICANCE ***FRAMEWORK***

The ELIDZ has developed and adopted a materiality significance issues framework for reporting losses through criminal conduct, irregular, fruitless or wasteful expenditure, as well as for significant transactions envisaged as per section 55(2) of the Public Finance Management Act (Act No 29 of 1999). The materiality amount for the period under review was R30 054 168. This represents 1% of ELIDZ's total assets as at 31 March 2021. ELIDZ's total assets for the period then reported was R3 005 416 792.

PART D:
HUMAN
RESOURCES

TEAM ELIDZ - ***OUR COMPETITIVE EDGE***

From the day that the ELIDZ was designated, it was very clear that the only way the organisation would be able to succeed in delivering its mandate would be if there was a highly skilled, highly innovative and committed team that would understand, own, and lead the vision into becoming a reality.

Twenty years later, there is no doubt that the commitment, drive and tenacity of each and every employee of the ELIDZ is the reason the organisation stands heads and shoulders above its competitors.

In the early stages, the hard work of the founding management team, led by then CEO Peter Miles, who rallied stakeholders all over the country to believe in and to support the idea of an IDZ being designated on the West Bank of South Africa. When the ELIDZ was designated, this team was at the forefront of engaging surrounding communities and garnering the support of the people of West Bank to believe in and to support what at that point was just a vision. This is the team that laid the foundation of an organisation with a soul, an organisation that is determined to not only change the physical landscape of the West Bank, but to also change lives.

When one looks at the hive of activity in the ELIDZ, it is difficult to believe that the first industrial activity in the area only commenced in 2005/6. In fact, at the time there were doubts whether, the ELIDZ would ever truly come alive. Looking back to that period, the one thing that stands out is the courage and tenacity of Team ELIDZ , led by CEO, Simphiwe Kondlo. It was during this time, that Team ELIDZ developed and marketed the idea of an Automotive Supplier Park for East London and with the support of MBSA and ELIDZ funders DTIC and DEDEAT, this Park has growth three folds since the turning of the sod in 2006.

Team ELIDZ has always been powered by the shared belief that they stood for something much bigger than the organisation or the individuals within it and it is this belief that put them at the forefront of 10-year journey working with government to lobby for a stronger and more distinctive SEZ offering for the South African SEZ programme.

This tenacity has started to yield excellent results not only for the ELIDZ, but the South African SEZ programme as a whole. An important success factor over the years, for Team ELIDZ has been its ability to courageously navigate new and uncharted waters. Today the ELIDZ is the only SEZ in South Africa that has a Science and Technology Park attached to it because it sought possibilities that would foster and yield innovative solutions that would deliver value and impact.

Key to Team ELIDZ's winning formula has been its ability to deliver value even against all odds. Former DTIC Minister, Honourable Rob Davies in 2015 put it best when he said...

"whatever incentive we may provide as government, it is important that this is complemented by a strong management and a strong presentation of a credible quality product. The reputation of the particular IDZ is very important. This is what we are beginning to see at the ELIDZ, their reputation is turning in a very positive direction. As large as the ELIDZ precinct is, it continues to stand on the shoulders of committed individuals who go beyond the call of duty to build the ELIDZ they want to see."

4.1

INTRODUCTION

The success of the Human Capital Management Strategy depends in part on our ability to retain, motivate, develop, and continue to attract employees with the skills and experience to help the ELIDZ master challenges and make the most of opportunities. Investing in our employees remains of paramount importance. ELIDZ employees are therefore viewed as crucial assets in driving the achievement of the company's strategic goals. As such, the ELIDZ continues to implement various measures to ensure the optimisation of such. The ELIDZ issues a quarterly Human Capital Management Report to the Board's Governance Committee, which also serves as the Social, and Ethics and HR Committee. The report, amongst other things reports on the following:

- ***STRATEGIC HRM***
- ***ORGANISATIONAL DESIGN***
- ***WORKFORCE PLANNING***
- ***LEARNING AND DEVELOPMENT***
- ***PERFORMANCE MANAGEMENT***
- ***REWARD AND RECOGNITION***
- ***EMPLOYEE WELLNESS***
- ***EMPLOYEE RELATIONS***

Human Capital Management has positioned itself to work closely with ELIDZ Executives and Business Unit managers in order to develop a Human Capital agenda that closely supports the aims of the ELIDZ. In line with the Human Capital strategic priorities and collaborations, the main objective is to develop a performance culture through remodelling and improved performance management processes. Strong Organisational Development interventions shall be targeted to improve processes to maintain employee satisfaction levels. The Human Capital Management sub-unit is on an ongoing basis meeting with Business Units to provide adequate assistance and support in all Human Capital Management aspects. The delivery of business consulting capability and professional Human Capital services is designed to positively impact business results and to position the ELIDZ as an employer of choice.

The Human Capital Management sub-unit remains committed to being a proactive business partner for the organisation to ensure that its strategic goals are met through the continued delivery of a bouquet of Human Capital Management services and programmes. The sub-unit is positive that the results as at the end of the fourth quarter of the financial year will be maintained and / or improved upon during the 2023/24 financial year.

4.2

HUMAN RESOURCES ***OVERSIGHT STATISTICS***

4.2.1 Personnel cost by programme

EXPENDITURE: Personnel Costs by Programme: 2022 / 23				
Programme/activity/objective	**Total Expenditure for the entity**	**Departmental exp. as a % of total exp.**	**No. of employees**	**Average Personnel cost per employee**
Office of the CEO	13 403 557	17%	8	1 675 445
Corporate Affairs	22 409 615	28%	25	896 385
Finance	12 493 633	16%	15	832 909
Operations	31 078 145	39%	36	863 282
TOTAL	**79 384 950**	**100%**	**84**	**945 059**

4.2.2 Personnel cost by salary band

EXPENDITURE: Personnel Costs By Salary Bands: 2022/23				
Programme/activity/objective	**Personnel Expenditure**	**% of personnel exp. to total personnel cost**	**No. of employees**	**Average Personnel cost per employee**
Top management	3 964 177	5%	1	3 964 177
Senior management	8 851 015	11%	3	2 950 338
Professionally qualified and experienced specialists and mid-management	33 550 398	42%	22	1 525 018
Skilled technical & academically qualified workers, junior management, supervisors, foremen, and superintendents	28 845 591	36%	41	703 551
Semi-skilled and discretionary decision making	2 951 963	4%	9	327 996
Unskilled and defined decision making	1 221 807	2%	8	152 726
TOTAL	**79 384 950**	**100%**	**84**	**945 059**

Notes:
The ELIDZ does not pay a homeowner's allowance
R 26 110.66 in overtime was paid during the Financial Year ended 31 March 2023
Remuneration and Benefits are paid in terms of the prevailing policies.
Number of employees whose salary positions were upgraded due to their posts being upgraded
Seventeen (17) employees salary positions were upgraded due to their posts being upgraded
Employees whose salary level exceeds the grade determined by job evaluation
Three (3) employees salary levels exceeded the grade determined by job evaluation outcomes during the period

4.2.3 Performance rewards

Programme/activity/objective	**Performance rewards**	**Personnel Expenditure**	**% of performance rewards to total personnel cost**
Top management	647 704	3 964 177	16%
Senior management	1 496 543	8 851 015	17%
Professionally qualified and experienced specialists and mid-management	5 316 955	33 550 398	16%
Skilled technical & academically qualified workers, junior management, supervisors, foremen, and superintendents	3 921 403	28 845 591	14%
Semi-skilled and discretionary decision making	339 683	2 951 963	12%
Unskilled and defined decision making	255 657	1 221 807	21%
TOTAL	**11 977 945**	**79 384 950**	**15%**

4.2.4 Training costs

Programme/activity/objective	Personnel Expenditure	Training Expenditure	% of Training Expenditure to total Personnel Expenditure	No. of employees trained	Avg training cost per employee
Top management	3 964 177	15 935	0%	1	15 935
Senior management	8 851 015	50 806	1%	3	16 935
Professionally qualified and experienced specialists and mid-management	33 550 398	553 609	2%	20	27 680
Skilled technical & academically qualified workers, junior management, supervisors, foremen, and superintendents	28 845 591	1 097 103	4%	40	27 428
Semi-skilled and discretionary decision making	2 951 963	580 395	20%	9	64 488
Unskilled and defined decision making	1 221 807	429 945	35%	6	71 658
TOTAL	**79 384 950**	**2 727 794**	**3,44%**	**79**	**224 125**
Internship Programme	-	2 762 765	3,48%	67	41 235
GRAND TOTAL	**79 384 950**	**5 490 559**	**7%**	**146**	**265 360**

4.2.5 Employment and Vacancies

Program / activity / objective	2019 / 2020 No of Employees	2019 / 2020 Approved Posts	2020 / 2021 No. of Employees	2020 / 2021 Approved Posts	2021 / 2022 No. of Employees	2021 / 2022 Approved Posts	2022 / 2023 No. of Employees	2022 / 2023 Approved Posts	2022 / 2023 Vacancies (Budgeted)	% of Vacancies
Office of the CEO	9	10	9	10	9	10	8	9	1	0,99%
Corporate Affairs	25	26	26	26	24	26	25	30	5	4,95%
Finance	15	15	14	15	15	15	15	16	1	0,99%
Operations	37	39	35	39	35	39	36	46	10	9,90%
TOTAL	**86**	**90**	**84**	**90**	**83**	**90**	**84**	**101**	**17**	**16,83%**

Program / activity / objective	2019 / 2020 No of Employees	2019 / 2020 Approved Posts	2020 / 2021 No. of Employees	2020 / 2021 Approved Posts	2021 / 2022 No. of Employees	2021 / 2022 Approved Posts	2022 / 2023 No. of Employees	2022 / 2023 Approved Posts	2022 / 2023 Vacancies (Budgeted)	% of Vacancies
Top management	1	1	1	1	1	1	1	1	0	0,00%
Senior management	3	3	3	3	3	3	3	3	0	0,00%
Professionally qualified and experienced specialists and mid-management	23	24	23	24	23	24	22	24	2	1,98%

Program / activity / objective	2019 / 2020 No of Employees	2019 / 2020 Approved Posts	2020 / 2021 No. of Employees	2020 / 2021 Approved Posts	2021 / 2022 No. of Employees	2021 / 2022 Approved Posts	2022 / 2023 No. of Employees	2022 / 2023 Approved Posts	2022 / 2023 Vacancies (Budgeted)	% of Vacancies
Skilled technical & academically qualified workers, junior management, supervisors, foremen, and superintendents	36	39	34	39	33	39	41	55	14	13,86%
Semi-skilled and discretionary decision making	15	15	13	15	15	15	9	9	0	0,00%
Unskilled and defined decision making	8	8	8	8	8	8	8	9	1	0,99%
TOTAL	**86**	**90**	**82**	**90**	**83**	**90**	**84**	**101**	**17**	**16,83%**

4.2.6 Employment changes

EMPLOYMENT CHANGES: ANNUAL TURNOVER RATES BY SALARY BAND & CRITICAL OCCUPATION FOR THE PERIOD 01 APRIL 2022 TO 31 MARCH 2023				
SALARY BAND	**Employment at beginning of period**	**Appointments**	**Terminations**	**Employment at end of the period**
Top management	1	-	-	1
Senior management	3	-	-	3
Professionally qualified and experienced specialists and mid-management	23	1	2	22
Skilled technical & academically qualified workers, junior management, supervisors, foremen, and superintendents	41	6	6	41
Semi-skilled and discretionary decision making	7	2	-	9
Unskilled and defined decision making	8	2	2	8
TOTAL	**83**	**11**	**10**	**84**

4.2.7 Reasons for staff leaving

EMPLOYMENT CHANGES: REASONS WHY STAFF ARE LEAVING		
REASON	**Number**	**% of total no, of staff leaving**
Death	2	2.38%
Resignation	8	9.52%
Dismissal	-	-
Retirement	-	-
Ill Health	-	-
Expiry of Contract	-	-
Other	-	-
Total number of employees who left as a % of the total employment	**10**	**11.90%**

4.2.8 Labour relations

PRECAUTIONARY SUSPENSIONS:
No employees were placed on precautionary suspension during the period under review.

LABOUR REFERRALS TO THE CCMA DISPUTES:
Two matters were before the CCMA during the period under review. The ELIDZ and the aggrieved employee were able to settle a claim without the need to proceed to arbitration in the one matter. The second matter was withdrawn by the referring parties at Con/Arb stage.

INTERNAL DISCIPLINARY CASES:
Two issues of misconduct were raised. Charges were drafted and approved by the respective Supervisors. Both subordinates tendered in their respective resignations prior to disciplinary proceedings taking place.

STRIKE INDUSTRIAL ACTION:
No industrial strike action took place during the period under review.

4.2.9 Employment equity

EMPLOYMENT EQUITY ANALYSIS (AS AT 31 MARCH 2022)

OCCUPATIONAL BANDS	MALE				Sub Total	FEMALE				Sub Total	Grand Total
	AFRICAN	COLOURED	INDIAN	WHITE		AFRICAN	COLOURED	INDIAN	WHITE		
Top management	1	-	-	-	1	-	-	-	-	-	1
Senior management	2	-	-	-	2	1	-	-	-	1	3
Professionally qualified and experienced specialists and mid-management	7	1	2	3	13	5	1	-	3	9	22
Skilled technical & academically qualified workers, junior management, supervisors, foremen, and superintendents	11	1	-	3	15	23	3	-	-	26	41
Semi-skilled and discretionary decision making	3	-	-	-	3	5	1	-	-	6	9
Unskilled and defined decision making	-	-	-	-	-	8	-	-	-	8	8
Grand total	**24**	**2**	**2**	**6**	**34**	**42**	**5**	**-**	**3**	**50**	**84**

4.2.10 Foreign workers

FOREIGN WORKERS
No foreign workers were appointed during the year under review

PART E:

ANNUAL FINANCIAL **STATEMENTS**

GENERAL **INFORMATION**

Country of incorporation and domicile	Republic of South Africa
Nature of business and principal activities	The development and management of the Special Economic Zone (SEZ) in East London.
Directors	MW Makalima (Chairperson) EV Jooste A Kanana S Kondlo (Ex-officio) N Mnconywa M Mfuleni B Mpondo N C Kongwa
Registered office	Acacia House Palm Square Bonza Bay Road 5201
Business address	Lower Chester Road Sunnyridge East London 5201
Postal address	P.O Box 5458 Greenfields East London 5208
Bankers	Standard Bank of South Africa
Auditors	Auditor-General of South Africa
Secretary	Ms. Jo-Anne Palmer
Preparer	The financial statements were internally compiled under the supervision of. Gift Matengambiri CA (SA) Chief Financial Officer
Specific governing legislation	Public Finance Management Act 1999 (Act 1 of 1999), Special Economic Zone Act 2014 (Act 16 of 2014), Companies Act 71 of 2008

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

Abbreviations used:

DTIC	Department of Trade, Industry and Competition
SEZ	Special Economic Zone Act
GRAP	Generally Recognised Accounting Practice
DEDEAT	Department of Economic Development Enviromental Affairs and Tourism
PFMA	Public Finance Management Act

BOARD OF DIRECTORS' RESPONSIBILITIES **& APPROVAL**

The directors are required by the Public Finance Management Act (Act 1 of 1999), 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 the responsibility of the directors to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements 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 entity 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 deficit 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 entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity 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 deficit.

The directors have reviewed the entity's cash flow forecast for the 12 months to 31 March 2024 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on page 72, which have been prepared on the going concern basis, were approved by the board of members on 31 May 2023 and were signed on its behalf by:

MW Makalima (Chairperson)
Chairperson of the Board of Directors

S Kondlo (Ex-officio)
Chief Executive Officer

BOARD OF DIRECTORS' **REPORT**

The board of directors submit their report for the year ended 31 March 2023.

1. Going concern

The total assets of the entity exceed its total liabilities by R2 639 133 122 (2022: R2 716 605 885).The entity has realised a deficit of R77 472 763 for the current period and is expected to realise profits for the foreseeable future.

The board of directors is satisfied that the entity 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 board of directors have satisfied themselves that the entity is in a good financial position and that it has access to sufficient own generated revenue and grants to meet its foreseeable cash requirements.

The Department of Economic Development, Environmental Affairs and Tourism (DEDEAT) has committed to meet the ELIDZ's operational needs for the next three years to augment own generated revenue. The own generated revenue contribution to the operating budget continues to grow year on year. In addition, ELIDZ continues to engage with Department of Trade, Industry and Competition (DTIC) to secure 100% funding for capital projects that qualify under the Special Economic Zone (SEZ) funding mechanisms. Also at the end of financial year, the company had adequate capital funds in its bank accounts to complete projects that were at different stages of completion.

The Special Economic Zones Act, 2014 (Act 16 of 2014), and the Regulations made in terms thereof, came into operation on 9 February 2016. In terms of the Act and its Regulations, a period of 3 years was provided for the entity to become compliant with the legislation. As a result, a compliance plan was prepared and submitted to DTIC by 8 February 2017 and full compliance was required by 8 February 2019.

In August of 2018 the erstwhile DTIC Minister Dr Rob Davies gazetted draft regulations on the Governance and Composition of the Special Economic Zones (SEZs). The proposed regulations seek to provide for the management and operation of the development zone (IDZ) entity not to be separated; for the existing SEZ operator or entity to hold a licence and permit to function as both the management entity and State-owned operator; or for the separation of the SEZ entity from the operator, where a private company is appointed to either operate the SEZ wholly or in part.

The zone is facing load shedding from stage 5 going upwards. The organisation is not load shed when its level 4 and below. The organisation has responded by forming a forum with the Buffalo City Metropolitan Municipality (BCMM) and the business community. The forum has come up with plans to encourage all the large users of electricity ,of which the ELIDZ is part of, to curtail load on rotation basis based on the blocks that the larger users have been placed in. The plan has made production predictable and enhanced production.

In addition to the above, the organization has prepared an energy master plan which consists of solar energy, wind energy, biogas and the Eskom grid. The organisation is in the process of implementing renewable energy plan that would see the organisation relying less on Eskom grid and improve production in the zone.

2. Subsequent events

No events have come to the attention of the board of directors since the end of the reporting period.

3. Accounting policies

The annual financial statements have been prepared in accordance with the prescribed Standards of GRAP issued by the Accounting Standards Board. Accounting policies are consistent with those adopted in the prior year.

4. Share capital / contributed capital

There were no changes in the authorised or issued share capital of the entity during the year under review.

5. Dividends

No dividends were declared and paid shareholders during the period.

6. Board Of Directors

The directors of the entity during the year and to the date of this report are as follows:

Directors	Nationality	Changes
MW Makalima (Chairperson)	South African	
EV Jooste	South African	
A Kanana	South African	
S Kondlo (Ex-officio)	South African	
N Mnconywa	South African	
M Mfuleni	South African	
B Mpondo	South African	
N C Kongwa	South African	
Cllr. N Kumbaca	South African	Resigned Thursday, 01 December 2022

7. Secretary

The secretary of the entity is Ms. Jo-Anne Palmer.

8. Auditors

Auditor-General of South Africa will continue as the external auditors for the current period.

MW Makalima (Chairperson)
Chairperson of the Board of Directors

S Kondlo (Ex-officio)
Chief Executive Officer

COMPANY SECRETARY'S **CERTIFICATION**

Declaration by the company secretary in respect of Section 88(2)(e) of the Companies Act

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, I certify that the company has lodged with the Commissioner all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

Palmer

Ms. Jo-Anne Palmer
Company Secretary

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

Figures in Rand	Note(s)	2023	2022
Assets			
Current Assets			
Other financial assets	3	1 778 724	-
Current tax receivable	30	251 152	-
Cash and cash equivalents	4	183 215 748	199 041 461
Receivables from exchange transactions	5	102 293 263	88 975 866
VAT receivable	6	1 116 708	3 891 404
Prepayments	7	6 263 268	150 968
		294 918 863	**292 059 699**
Non-Current Assets			
Investment property	8	2 009 551 230	2 123 148 486
Property, plant and equipment	9	500 145 372	509 917 243
Intangible assets	10	4 919 649	6 363 736
Other financial assets	3	823 812	-
		2 515 440 063	**2 639 429 465**
Total Assets		**2 810 358 926**	**2 931 489 164**
Liabilities			
Current Liabilities			
Payables from exchange transactions	11	21 458 461	20 799 991
Payables from non-exchange transactions	12	1 771 856	2 755 922
Unspent conditional grants and receipts	13	132 548 927	178 343 160
Provisions	14	15 446 560	12 984 206
Total Current Liabilities		**171 225 804**	**214 883 279**
Total Liabilities		**171 225 804**	**214 883 279**
Net Assets		**2 639 133 122**	**2 716 605 885**
Share capital	15	1 000	1 000
Accumulated surplus		2 639 132 122	2 716 604 885
Total Net Assets		**2 639 133 122**	**2 716 605 885**

STATEMENT OF **FINANCIAL PERFORMANCE**

Figures in Rand	Note(s)	2023	2022
Revenue			
Revenue from exchange transactions			
Rendering of services	16	158 386 190	131 446 251
Rental of facilities and equipment	17	176 871 592	159 429 557
Sundry income	18	7 323 353	755 036
Interest received	19	3 536 604	2 408 850
Gain on disposal of non-current assets		177 000	-
Total revenue from exchange transactions		**346 294 739**	**294 039 694**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	20	128 796 306	274 824 804
Total revenue		**475 091 045**	**568 864 498**
Expenditure			
Employee related costs	21	(105 085 805)	(95 471 806)
Depreciation and amortisation	22	(26 933 050)	(24 240 395)
Lease rentals on operating lease	23	(686 052)	(585 938)
Finance costs	24	(245 458)	-
Debt impairment and bad debts written off	25	728 855	29 390 860
Fair value adjustments	26	(135 367 755)	(137 309 842)
Loss on non-current assets disposal		(6 862)	(81 829)
General expenses	27	(282 866 776)	(225 685 690)
Total expenditure		**(550 462 903)**	**(453 984 640)**
(Deficit) surplus before taxation		**(75 371 858)**	**114 879 858**
Taxation	30	2 100 905	-
Surplus/(Deficit) for the period		**(77 472 763)**	**114 879 858**

STATEMENT OF CHANGES IN NET ASSETS

Figures in Rand	Share capital/ contributed capital	Accumulated surplus / deficit	Total net assets
Balance at 01 April 2021	**1 000**	**2 601 725 027**	**2 601 726 027**
Changes in net assets			
Surplus for the period	-	114 879 858	114 879 858
Total changes	-	114 879 858	114 879 858
Balance at 01 April 2022	**1 000**	**2 716 604 885**	**2 716 605 885**
Changes in net assets			
Deficit for the period	-	(77 472 763)	(77 472 763)
Total changes	-	(77 472 763)	(77 472 763)
Balance at 31 March 2023	**1 000**	**2 639 132 122**	**2 639 133 122**
Note(s)	15		

CASH FLOW **STATEMENT**

Figures in Rand	Note(s)	2023	2022
Cash flows from operating activities			
Receipts			
Sale of goods and services		330 293 720	302 432 823
Grants		83 002 073	134 411 980
Interest income		3 407 637	1 612 480
		416 703 430	438 457 283
Payments			
Employee costs		(104 077 513)	(96 209 156)
Suppliers		(289 420 628)	(237 277 479)
		-	-
Income tax paid		(2 352 056)	-
		(395 850 197)	(333 486 635)
Net cash flows from operating activities	29	**20 853 233**	**104 970 648**
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(15 897 740)	(17 201 195)
Proceeds from sale of property, plant and equipment	9	173 786	192 349
Construction of investment property	8	(28 127 992)	(261 557 886)
Proceeds from sale of investment property	8	7 347 000	-
Purchase of other intangible assets	10	(174 000)	(1 418 200)
Net cash flows from investing activities		**(36 678 946)**	**(279 984 932)**
Net increase/(decrease) in cash and cash equivalents		**(15 825 713)**	**(175 014 284)**
Cash and cash equivalents at the beginning of the year		199 041 461	374 055 745
Cash and cash equivalents at the end of the year	4	**183 215 748**	**199 041 461**

STATEMENT OF COMPARISON OF BUDGET& ACTUAL AMOUNTS

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Rendering of services	142 082 468	10 970 201	**153 052 669**	158 386 191	**5 333 522**	
Rental of facilities and equipment	154 268 242	4 762 681	**159 030 923**	159 066 876	**35 953**	
Total revenue from exchange transactions	**296 350 710**	**15 732 882**	**312 083 592**	**317 453 067**	**5 369 475**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	95 388 696	-	**95 388 696**	95 388 696	-	
Total revenue	**391 739 406**	**15 732 882**	**407 472 288**	**412 841 763**	**5 369 475**	
Expenditure						
Personnel	(98 258 380)	(4 367 905)	**(102 626 285)**	(105 085 805)	**(2 459 520)**	40
Lease rentals on operating lease	(686 052)	-	**(686 052)**	(686 052)	**-**	40
General Expenses	(278 583 286)	(11 364 977)	**(289 948 263)**	(282 866 776)	**7 081 487**	40
Total expenditure	**(377 527 718)**	**(15 732 882)**	**(393 260 600)**	**(388 638 633)**	**4 621 967**	
Surplus before taxation	**14 211 688**	**-**	**14 211 688**	**24 203 130**	**9 991 442**	
Taxation	-	-	**-**	2 100 905	**2 100 905**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**14 211 688**	**-**	**14 211 688**	**22 102 225**	**7 890 537**	

STATEMENT OF **COMPARISON OF BUDGET & ACTUAL AMOUNTS - [CONTINUED]**

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Reconciliation						
BASIS DIFFERENCE						
Net cash flows from operating activities						
Government grants and subsidies				33 407 610		
Operating lease smoothing - income				17 804 716		
Interest received				3 536 603		
Debt impairment and bad debts written off				728 855		
Depreciation and Amortisation				(26 933 050)		
Other Income				7 323 353		
Finance Costs				(245 458)		
Investing activities						
Gain on disposal of assets				177 000		
Fair value adjustment				(135 367 755)		
Loss on disposal of non current asset				(6 862)		
Actual Amount in the Statement of Financial Performance				**(77 472 763)**		

ACCOUNTING **POLICIES**

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand and are rounded to the nearest Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

1.1 Significant judgments and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts presented in the annual financial statements and related disclosures. Use of available information and the application of judgment is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

Trade receivables and other financial assets

The entity assesses its trade receivables, held to maturity investments and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the provincial entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. The impairment for trade receivables, held to maturity investments and receivables is calculated on an individual basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio.

Impairment testing

The recoverable amounts of cash-generating units ,non cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible and intangible assets.

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable or may have changed from previous estimates. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including entity specific variables together with economic factors such as inflation and interest rates.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 14 - Provisions and Note 1.14 of the accounting policies .

Taxation

Judgment is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The entity recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The entity recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the entity to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the entity to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Useful lives and residual values of property, plant and equipment

Management determines the estimated useful lives and residual values for its depreciable assets. These estimates are based on management's experience, knowledge and current expectations for the use of the depreciable assets. The annual depreciation charge will be adjusted for any changes in these estimates.

Selection of an appropriate reporting framework

The entity has re-assessed the assumptions made in determining the appropriate reporting framework to ensure compliance with Directive 12 issued by the ASB. There has been no change in assumptions previously made and GRAP remains the appropriate financial reporting framework for the entity.

1.2 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs that are directly attributable to the acquisition are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Fair value

Subsequent to initial recognition the entity measures investment property at fair value.

The fair value of investment property reflects market conditions at the reporting date. Management assesses prevailing market conditions at each reporting date. Where the carrying amount of investment properties does not reflect these conditions, and the impact is material, the carrying amount will be adjusted to reflect this fact.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises. There are no property interests held under operating leases which are recognised as investment property.

Investment property is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an investment property is included in net surplus or deficit when the item is derecognised. Any gain or loss arising from the derecognition of an item of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. The entity has established guidelines to determine which components they consider as significant. These guidelines are applied to each item of property plant and equipment recognised by the entity. At each reporting period these guidelines are reviewed to align with information that is available and reliable. Any changes in the guidelines are accounted for as a change in accounting estimate and as such are adjusted for prospectively in the financial statements

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land	Not depreciated	Indefinite
Infrastructure networks and buildings	Straight line	10 to 50 years
Plant and machinery	Straight line	5 to 25 years
Furniture and fixtures	Straight line	20 years
Motor vehicles	Straight line	7 years
Office equipment	Straight line	5 to 15 years
IT equipment	Straight line	3 to 10 years
Laboratory and other property, plant and equipment	Straight line	5 to 10 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 9).

1.4 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset is identifiable if it either:
- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:
- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Trademarks	Straight line	10 years
Computer software	Straight line	3 - 7 years

1.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:
- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:
- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:
- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Other financial assets	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Payables from non exchange transactions	Financial liability measured at amortised cost
Provisions - Retentions	Financial liability measured at amortised cost
Unspent conditional grants and receipts	Financial liability measured at fair value

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:
- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Impairment and uncollectibility of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account.

The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

- The entity derecognises a financial asset only when:
- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
  - derecognises the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

1.6 Prepayments

Prepayments are payments that the entity has made at the reporting date for economic benefits or service potential to be received in future periods. Prepayments are made in accordance with contracts between the entity and third parties.

The entity recognises as an asset the extent to which payments made exceed the value of economic benefits or service potential received.

The entity measures prepayments at the fair value of the consideration paid, to the extent that it exceeds the value of goods or services received.

As the entity receives the related goods or services, it shall reduce the carrying amount of prepayments made by the fair value of those goods or services received. Any related asset or expense will be recognised in accordance with the applicable GRAP standard.

1.7 Tax

Current tax assets and liabilities

The entity is subject to tax in accordance with the applicable laws and regulations. Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

1.8 Value added tax

The entity is subject to value added tax in accordance with the Value added Tax Act, 1991 (Act No. 89 of 1991). Value added tax for current and prior periods is, to the extent that it is due to the Receiver of Revenue, recognised as a liability. If the value added tax is due from the Receiver of Revenue for current and prior periods, that balance is recognised as an asset. The entity levies (claims) output (input) value added tax on goods and services sold (purchased) in accordance with the provisions of the Value Added Tax Act, 1991 (Act No. 89 of 1991)and relevant regulations.

Value added tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the Receiver of Revenue, using the value added tax rates that have been enacted by the end of the reporting period.

1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis. Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.10 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the entity applies the appropriate discount rate to those future cash flows.

Basis for estimates of future cash flows

In measuring value in use the entity:
- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Composition of estimates of future cash flows

Estimates of future cash flows include:
- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:
- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the entity expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Fair value less costs to sell

The best evidence of an asset's fair value less costs to sell is a price in a binding sale agreement in an arm's length transaction, adjusted for incremental costs that would be directly attributable to the disposal of the asset.

Where there is no binding sale agreement but an asset is traded in an active market, fair value less costs to sell is the asset's market price less the costs of disposal.

If no active market exists and there is no binding sale agreement, fair value less costs to sell is based on the best information available to reflect the amount that an entity could obtain, at reporting date, from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

In determining this amount, the entity considers the outcome of recent transactions for similar assets within the same industry.

Costs of disposal, other than those that have been recognised as liabilities, are deducted in determining fair value less costs to sell.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the entity determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the entity use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Reversal of impairment loss

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.11 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.
A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:
- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Judgments made by management in applying the criteria to designate assets as non-cash-generating assets or cash- generating assets, are as follows:
- Whether assets are acquired to earn a commercial return
- Whether assets are acquired to deliver services for which the entity is mandated other than those which generate an economic return.

Designation

At initial recognition, the entity designates an asset as non-cash-generating, or an asset or cash-generating unit as cash- generating. The designation is made on the basis of an entity's objective of using the asset.

The entity designates an asset or a cash-generating unit as cash-generating when:
- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The entity designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash- generating asset or non-cash-generating asset based on whether the entity expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the entity designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

The organisation has designated all Property and Equipment(PPE) as non cash generating units as all of these assets are enabling assets that do not generate cash on their own. The only asset that has been designated as cash generating asset is the metal surface treatment equipment rented out to one the investors in the zone.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Fair value less costs to sell

The best evidence of an asset's fair value less costs to sell is a price in a binding sale agreement in an arm's length transaction, adjusted for incremental costs that would be directly attributable to the disposal of the asset.

Where there is no binding sale agreement but an asset is traded in an active market, fair value less costs to sell is the asset's market price less the costs of disposal.

If no active market exists and there is no binding sale agreement, fair value less costs to sell is based on the best information available to reflect the amount that an entity could obtain, at reporting date, from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

In determining this amount, the entity considers the outcome of recent transactions for similar assets within the same industry. Costs of disposal, other than those that have been recognised as liabilities, are deducted in determining fair value less costs to sell

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.12 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.13 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected bonus payments are recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.14 Provisions and contingencies

A provision is a liability of uncertain timing or amount. Provisions are recognised when:
- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating surplus (deficit).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:
- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

No obligation arises as a consequence of the sale or transfer of an operation until the entity is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 33.

A contingent liability is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgment. Indications that an outflow of resources may be probable are:
- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the entity for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the entity considers that an outflow of economic resources is probable, an entity recognises the obligation at the higher of:
- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.15 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

A commitment is an agreement or a pledge to assume a financial obligation at a future date. The entity has two types of commitments:

- Those for the receipt of goods or services from suppliers and

- Lease commitments to render or receive a service to or from a customer or a supplier.

A commitment arises out of a contractual agreement between the entity and another party which entitles the entity or the third party to enforce the delivery of the agreed upon goods or services at an agreed amount.

Contractual commitments are not recognised but are disclosed in the notes to the financial statements.

The first category of commitments is disclosed in terms of the accounting standards for investment property (GRAP 16) and property, plant and equipment (GRAP 17). GRAP 16 and GRAP 17 require an entity to disclose the amount of contractual commitments for the acquisition of investment property and property, plant and equipment respectively. The entity only discloses capital contractual commitments that is, commitments for the acquisition of non-current assets.

The entity measures and discloses the amount of contractual commitments at the stated contract amounts or rates excluding any applicable value added taxes. The entity enters into contractual agreements where the amount of the obligation will be determined at a future date. The entity measures such contractual commitments using an estimate based on available and reliable information at reporting date. Where there are changes in the estimate determined by management at a future date, the change is accounted for in accordance with GRAP 3 Accounting policies, Accounting estimates and Errors.

The second category of commitments is disclosed in accordance with the accounting standard applicable for lease transactions.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:
- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine,

steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.16 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the entity's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

Revenue arising from principal-agent arrangements

The entity recognises revenue arising from principal-agent arrangements where the entity acts as an agent to the extent that it represents a fee or commission payable as compensation for executing the agreed upon services on behalf of the principal(s).

1.17 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.
Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Grants

Apart from Services in kind, which are not recognised, the entity recognises all grants on receipt to the extent that there are no conditions or stipulations attached to the receipt.

Where there are conditions attached to the receipt of the grant, a liability is recognised upon receipt of the grant, to the extent that conditions have not been met at reporting date.

Grants are measured at the fair value of the consideration (normally cash), received or receivable.

1.18 General expenses

An expense is defined as an outflow of economic resources or service potential during the reporting period that results in a decrease in net assets.

The entity recognises an expense when the related services or goods are received by the entity. The expense recognised is measured at the fair value of the consideration paid or payable.

Expenses incurred during the reporting period are recognised in surplus or deficit.

1.19 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.20 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the entity is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an entity is a principal or an agent requires the entity to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The entity assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Assessing which entity benefits from the transactions with third parties

When the entity in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the entity concludes that it is not the agent, then it is the principal in the transactions.

The entity is an agent when, in relation to transactions with third parties, all three of the following criteria are present:
- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the entity has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The entity applies judgment in determining whether such powers exist and whether they are relevant in assessing whether the entity is an agent.

Recognition

The entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal- agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The entity, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

The entity assesses the materiality of each arrangement in deciding on whether to make the additional disclosures required by GRAP 109. The assessment of materiality is based on the quantitative and qualitative factors as informed by the entity's framework for materiality and significance.

1.21 Change in estimate and errors

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Correction of errors are applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the entity shall restate the opening balances of assets and liabilities and net assets for the earliest period for which retrospective restatement is practicable. Details of the changes in accounting policy are disclosed in the notes to the annual financial statements where applicable.

1.22 Segment information

A segment is an activity of an entity:
- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

1.23 Budget information

Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by the entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives. The approved budget covers the fiscal period from 2022/04/01 to 2023/03/31.

Due to the nature and budgeting requirements of the entity, only the operational budget funded through a grant is made public. To that end, the entity only presents budget information for the statement of financial performance.

The annual financial statements and the budget are not on the same basis of accounting therefore a reconciliation between the statement of financial performance and the budget have been included in the annual financial statements.

Comparative information is not required.

The entity presents a comparison of the budget amounts for which it is held publicly accountable and actual amounts as a separate additional financial statement in accordance with Standards of GRAP. The entity discloses an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts. The entity classifies all variances above 10% of the budgeted amount to be significant and as such the financial statements will include the disclosure for explanations for such variances.'

1.24 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Remuneration of management includes remuneration derived for services provided to the reporting entity in their capacity as members of the management team or employees.

Remuneration of management excludes any consideration provided solely as reimbursement for expenditure incurred by those persons for the benefit of the reporting entity, such as the reimbursement of accommodation costs associated with work-related travel.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.25 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand	2023	2022

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2023 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 25 (as revised): Employee Benefits	01 April 2023	This relates to the presentation and disclosures required for defined benefit plans. Specifically, the offsetting of plan assets and liabilities as well as expenses and expected returns. The entity does not have a defined post-employment benefit plan. Consequently, the changes to the standard are unlikely to result in a change to how the entity prepares its financial statements.
iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2023	This interpretation applies to all post-employment defined benefits and other long-term employee defined benefits. It addresses when refunds or reductions in future contributions should be regarded as available in accordance with the definition of the asset ceiling in paragraph .08 of GRAP 25. And how a minimum funding requirement might affect the availability of reductions in future contributions. The entity does not have a defined post-employment benefit plan consequently the changes to the standard are unlikely to result in a change to how the entity prepares its financial statements.
GRAP 104 (as revised): Financial Instruments	01 April 2025	Impact is currently being assessed
iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	This Interpretation addresses whether past decisions about materiality affect subsequent reporting periods and whether applying alternative accounting treatments based on materiality is a departure from the Standards of GRAP or an error. The interpretation is unlikely to result in a material change to how the entity prepares its financial statements.
GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	This relates to how information is aggregated in the AFS, not obscuring material information with immaterial information or aggregating material items with different natures and functions. It also included systematic order of notes. The changes to the standard are unlikely to result in material changes to how the entity prepares its financial statements.

NOTES TO THE **FINANCIAL STATEMENTS:**

Figures in Rand	2023	2022

3. Other financial assets

At amortised cost		
Other financial assets	2 602 536	-
Non-current assets		
At amortised cost	823 812	-
Current assets		
At amortised cost	1 778 724	-

Financial assets at amortised cost		
Time value of money effect	69 270	-
Current assets	176 188	-
Non Current Asset	**245 458**	**-**

Reconciliation of net carrying amount other financial asset	**2023**
Current other financial asset	1 847 994
Time value for money current	(69 270)
Non current other financial asset	1 000 000
Time value for money non current	(176 188)
	2 602 536

Financial assets at amortised cost

The other financial assets is a debt restructuring done to two tenants that were in financial distress. The debts were restructured and the companies are showing signs of recovery and have started paying its current debt in full plus a portion of the debt. The debt conversion is interest free and is payable over two years. The arrangements were part of the business rescue program done by the company in accordance with its debtors policy.

As of 31 March 2023, other financial assets were measured at an amortised cost of R2 602 536 (2022: RNil)

The ageing of these loans is as follows.

0 to 12 months	1 778 724	-
Over 12 months	823 812	-

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	5 273	4 016
Bank balances	8 302 513	14 196 211
Short-term deposits	174 907 962	184 841 234
	183 215 748	**199 041 461**

Figures in Rand	2023	2022
Cash and cash equivalents held by entity that are ring-fenced for capital projects.	132 548 927	178 343 160

Note 13

Cash and cash equivalents are held at fair value. During the year the short term deposits earned approximately 5,5% in interest.

The total amount of undrawn facilities available for future operating activities	30 000	30 000

5. Receivables from exchange transactions

Trade debtors	43 283 732	48 543 430
Impairment for bad debts	(25 046 831)	(25 775 687)
Operating lease receivables	80 977 498	63 378 135
Sundry receivables	1 017 362	1 479 222
Related party receivables	2 061 502	1 350 766
	102 293 263	**88 975 866**

Non financial assets included in receivables from exchange transactions above are as follows:

Operating lease receivables	80 977 498	63 378 135
Financial asset receivables included in receivables from exchange transactions above	**21 315 765**	**25 597 731**

Trade and other receivables pledged as security

None of the entity's trade and other receivables have been pledged as security or are encumbered in any way.

Credit quality of trade and other receivables

Receivables with a net carrying amount of R4 452 362 (2022: R7 607 207) are fully performing and their terms were renegotiated in the current year.

Trade and other receivables past due but not impaired

As at 31 March 2023, receivables with a net carrying amount of R9 575 486 (2022: R5 717 571) were past due but not impaired.

Trade and other receivables impaired

As at 31 March 2023, trade and other receivables of R28 822 787 (2022: R37 708 475) were impaired and provided for.

The amount of the provision was R25 046 831 as at 31 March 2023 (2022: R25 775 687).

3 to 6 months	11 148 311	13 596 325
Over 6 months	17 674 476	24 112 142

Fair value of trade and other receivables

Trade receivables are subject to a 30-day payment term, The effect of time value money is immaterial. The carrying amount of trade and other receivables approximates their fair value.

Figures in Rand	2023	2022

Reconciliation of provision for impairment of trade and other receivables

Opening balance	(25 775 687)	(56 033 843)
Provision for impairment	728 856	30 258 156
	(25 046 831)	**(25 775 687)**

6. VAT receivable

VAT	1 116 708	3 891 404

The entity is subject to value added tax in accordance with the Value added Tax Act, 1991 (Act No. 89 of 1991). Value added tax for current and prior periods is, to the extent that it is due from the Receiver of Revenue for current and prior periods,recognised as an asset. The entity levies (claims) output (input) value added tax on goods and services sold (purchased) in accordance with the provisions of the Value Added Tax Act, 1991 (Act No. 89 of 1991)and relevant regulations.

Value added tax receivables for the current and prior periods are measured at the amount expected to be recovered from the Receiver of Revenue, using the value added tax rates that have been enacted by the end of the reporting period.

The entity assesses any VAT receivables for impairment in accordance with policies and procedures applicable to receivables from exchange transactions. No impairment loss has been recognised in the current period.

7. Prepayments

Reconciliation of closing balance	2023	2022
Opening balance	150 968	476 384
Expenditure incurred and prepayment released	(150 968)	(476 384)
Prepayment recognised during the year	6 263 268	150 968
	6 263 268	**150 968**

The prepayments relate to annualised Buffalo City Metropolitan Municipality rates and taxes, prepaid insurance and software licence. The terms of each contract require a prepayment of the contract amount or premium . The service to which prepayment relates will be rendered in future periods.

8. Investment property

	2023		2022	
	Cost / Valuation	Carrying value	Cost / Valuation	Carrying value
Investment property	2 009 551 230	2 009 551 230	2 123 148 486	2 123 148 486

Reconciliation of investment property - 2023

	Opening balance	Additions	Fair value adjustments	Disposals	Total
Investment property	2 123 148 486	28 940 499	(135 367 755)	(7 170 000)	2 009 551 230

Figures in Rand	2023	2022

Reconciliation of investment property - 2022

	Opening balance	Additions	Fair value adjustments	Total
Investment property	2 032 489 546	227 968 782	(137 309 842)	2 123 148 486

Pledged as security

No investment property is pledged as security.

Investment property in the process of being constructed or developed

	2023	2022
Cumulative expenditure recognised in the carrying value of investment property.	3 090 607	113 493 020

The entity has disposed investment property land with a book value of R7 170 000 and realised a profit of R177 000.

Proceeds from sale of investment property amounted to R7 347 000 (2022: Rnil).
Construction costs of investment property amounted to R28 127 992 (2022: R261 557 886).

Details of property

A register containing the information required by Regulation 25(c) the companies regulation 2011 is available for inspection at the registered office of the entity.

Details of valuation

Investment properties were valued in the current year. The effective date of these revaluations was 31 March 2023 . These valuations were performed by John Cloete and Gcobani Ntshanga (co-principals of the same company) who are registered with the South African Council for the Property Valuers Profession , Reg. No 5327 and Reg. No 7364 respectively. The valuers have market knowledge and experience in the investment property being valued.

The methods used by the entity to revalue the investment property are;

(a) The income capitalisation method - for income generating properties.

(b) The direct comparable sales method - for all vacant industrial land and agriculturally zoned farms

(c) The cost method - investment property which is under construction

(d) The depreciated replacement cost (DRC) method - investment property requiring refurbishing to generate income (either through sale or rental).

There has been no change to the valuation techniques since the last valuation was performed.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Amounts recognised in deficit (2022: Surplus)

	2023	2022
Rental revenue from Investment property	173 698 870	157 129 721
From Investment property that generated rental revenue		
Direct operating expenses (excluding repairs and maintenance)	(32 258 749)	(25 099 551)
From Investment property that did not generate rental revenue		
Direct operating expenses (excluding repairs and maintenance)	(2 024 261)	(2 100 332)
Repairs and maintenance	(10 010 188)	-
	(12 034 449)	**(2 100 332)**

The repairs and maintenance for investment properties relates to buildings that were damaged by a storm in August 2022. The organisation repaired the buildings and later claimed from insurance.

NOTES TO THE **FINANCIAL STATEMENTS:**

Figures in Rand	2023	2022

9. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation & accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation & accumulated impairment	Carrying value
Land	3 821 361	-	3 821 361	3 821 361	-	3 821 361
Infrastructure including buildings	776 625 117	(327 982 032)	448 643 085	764 939 537	(307 339 774)	457 599 763
Plant and machinery	64 012 533	(25 985 865)	38 026 668	64 012 533	(23 179 122)	40 833 411
Furniture and fixtures	4 739 250	(3 608 689)	1 130 561	4 717 958	(3 517 779)	1 200 179
Motor vehicles	2 954 303	(625 784)	2 328 519	2 110 462	(1 119 546)	990 916
Office equipment	574 280	(425 023)	149 257	574 280	(391 662)	182 618
IT equipment	27 740 706	(22 854 042)	4 886 664	26 597 053	(22 349 557)	4 247 496
Laboratory and other property, plant and equipment	3 679 448	(2 520 191)	1 159 257	3 335 284	(2 293 785)	1 041 499
Total	**884 146 998**	**(384 001 626)**	**500 145 372**	**870 108 468**	**(360 191 225)**	**509 917 243**

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Depreciation	Total
Land	3 821 361	-	-	-	3 821 361
Infrastructure including buildings	457 599 763	11 685 582	-	(20 642 260)	448 643 085
Plant and machinery	40 833 411	-	-	(2 806 743)	38 026 668
Furniture and fixtures	1 200 179	62 920	(4 148)	(128 390)	1 130 561
Motor vehicles	990 916	1 587 890	(75 000)	(175 287)	2 328 519
Office equipment	182 618	-	-	(33 361)	149 257
IT equipment	4 247 496	2 217 186	(101 500)	(1 476 518)	4 886 664
Laboratory and other property, plant and equipment	1 041 499	344 162	-	(226 404)	1 159 257
	509 917 243	**15 897 740**	**(180 648)**	**(25 488 963)**	**500 145 372**

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Depreciation	Total
Land	3 821 361	-	-	-	3 821 361
Infrastructure including buildings	465 353 297	10 720 540	-	(18 474 074)	457 599 763
Plant and machinery	43 821 828	-	-	(2 988 417)	40 833 411
Furniture and fixtures	1 257 433	80 646	(14 393)	(123 507)	1 200 179
Motor vehicles	574 497	748 000	(104 347)	(227 234)	990 916
Office equipment	217 519	-	-	(34 901)	182 618
IT equipment	3 805 397	1 927 211	(148 308)	(1 336 804)	4 247 496
Laboratory and other property, plant and equipment	390 374	808 387	(1 661)	(155 601)	1 041 499
	519 241 706	**14 284 784**	**(268 709)**	**(23 340 538)**	**509 917 243**

NOTES TO THE **FINANCIAL STATEMENTS:** *9. Property, plant and equipment - (continued)*

Figures in Rand	2023	2022

Pledged as security

No items of property plant and equipment were pledged as security at reporting date.

Property, plant and equipment in the process of being constructed or developed

Cumulative expenditure recognised in the carrying value of property, plant and equipment

Infrastructure and buildings	45 862 331	35 621 836

Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected

Actom- Contract Z6/E1/TRF/03/11- Transformers	25 494 175	25 494 175
The Project is linked to the settlement of an investor in Berlin which did not materialise. The transformers are unused and potential investors in the renewable energy sector have indicated their desire to utilise them in their future projects.	-	-
	25 494 175	**25 494 175**

Carrying value of property, plant and equipment where construction or development has been halted either during the current or previous reporting period(s)

Windfarm Turnkey Solution	479 200	479 200
The appointed contractor for this project went into liquidation and was unable to complete the project. The entity has been unable to source another contractor to complete the project. During the financial year ended 31 March 2021, the funding for the project was withdrawn and allocated to other projects. This effectively meant that the funder had cancelled the project. At reporting date, the entity had not secured an investor for the project and the assets have no alternative use. The entity is still in possession of the components manufactured for the project. These were subjected to an impairment test in the prior year.		
	479 200	**479 200**

Management has assessed the recoverable amount of the work in progress. The project cost of R25 041 050 has been impaired in prior years to the recoverable amount of R479 200. There have been no changes to the recoverable amount during the current reporting period.

Reconciliation of Work-in-Progress 2023	Included within Infrastructure	Total
Opening balance	35 621 859	35 621 859
Additions/capital expenditure	11 685 582	11 685 582
Transferred to property plant and equipment	(1 000 000)	(1 000 000)
	46 307 441	**46 307 441**

Reconciliation of Work-in-Progress 2022	Included within Infrastructure	Total
Opening balance	125 741 886	125 741 886
Additions/capital expenditure	9 315 106	9 315 106
Transferred to property plant and equipment	(99 435 133)	(99 435 133)
	35 621 859	**35 621 859**

NOTES TO THE **FINANCIAL STATEMENTS:** *9. Property, plant and equipment - (continued)*

Figures in Rand	2023	2022
Expenditure incurred to repair and maintain property, plant and equipment		
Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Contracted services	(36 124 804)	(30 072 360)

Details of Property, plant and equipment

A register containing the information required by regulation 25(3) of the companies Regulation 2011 is available for inspection at the registered office of the entity.

Impairment considerations

The entity has not recognised an impairment loss for the current period on property plant and equipment.

Disposals of property plant and equipment

The entity disposed off items of property plant and equipment in the current year with a carrying value of R180 648 (2022; R268 709). A loss on disposal of R6 862 (2022; R81 829) was realised.

Proceeds from sale of property plant and equipment amounted to R173 786 (2022: R192 349).
Total purchases of property plant and equipment amounted to R15 897 740 (2022: R17 201 195).

10. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation & accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation & accumulated impairment	Carrying value
Patents, trademarks and other rights	30 000	(23 513)	6 487	30 000	(18 649)	11 351
Computer software, other	15 909 282	(10 996 120)	4 913 162	15 909 282	(9 556 897)	6 352 385
Total	**15 939 282**	**(11 019 633)**	**4 919 649**	**15 939 282**	**(9 575 546)**	**6 363 736**

Reconciliation of intangible assets - 2023

	Opening balance	Amortisation	Total
Patents, trademarks and other rights	11 351	(4 864)	6 487
Computer software	6 352 385	(1 439 223)	4 913 162
	6 363 736	**(1 444 087)**	**4 919 649**

Reconciliation of intangible assets - 2022

	Opening balance	Additions	Amortisation	Total
Patents, trademarks and other rights	16 217	-	(4 864)	11 351
Computer software	5 655 176	1 592 200	(894 991)	6 352 385
	5 671 393	**1 592 200**	**(899 857)**	**6 363 736**

Pledged as security

No intangible assets have been pledged as security at reporting date.

Figures in Rand	2023	2022
Intangible assets in the process of being constructed or developed		
Cumulative expenditure recognised in the carrying value of Intangible assets		
Computer software	3 164 659	6 311 963

Details of intangible assets.

A register containing the information required by regulation 25(3) of the companies Regulation 2011 is available for inspection at the registered office of the entity. None of the above intangible assets were internally generated, encumbered or pledged as a security.

The total purchases of other intangible assets amounted to R174 000 (2022: R1 418 200).

11. Payables from exchange transactions

	2023	2022
Trade payables	6 483 872	6 018 332
Other payables*	3 569 902	3 942 877
Accrued leave pay	4 885 913	5 309 523
Deposits received	6 518 774	5 529 259
	21 458 461	**20 799 991**

*Other payables comprise mainly of trade debtors with credit balances as at reporting date. These have been re classified to payables.

Fair value of Trade and other payables.

The carrying amount of the trade and other payables approximates their fair value in terms of GRAP 104. In line with the PFMA, the entity settles trade payables within 30 days. The time value of money impact on the expected outflows is not material.

12. Payables from non-exchange transactions

	2023	2022
Other payables from non-exchange transactions	1 771 856	2 755 922

The payables arise from agreements entered into between the ELIDZ and other organs of state (the funder). Details of these arrangements are disclosed in note 41 under accounting by principals and agents.

Reconciliation of closing balance

	2023	2022
Opening balance	2 755 922	2 865 836
Transfers received	774 000	1 460 605
Expenditure incurred	(1 918 538)	(1 644 885)
Interest income	160 472	74 366
	1 771 856	**2 755 922**

NOTES TO THE **FINANCIAL STATEMENTS:**

Figures in Rand	2023	2022

13. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Unspent grant DTIC & DEDEAT	132 548 927	178 343 160

Movement during the year		
Balance at the beginning of the year	178 343 160	318 755 984
Grants received	32 173 913	28 552 130
Interest received	11 439 464	10 332 893
Conditions met during the reporting period (recognised in statement of financial performance)	(33 407 610)	(179 297 847)
Funds Surrendered	(56 000 000)	-
	132 548 927	**178 343 160**

See note 20 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

14. Provisions

Reconciliation of provisions - 2023

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Legal proceedings	-	1 319 670	-	-	1 319 670
Retentions	1 005 339	718 571	(1 007 789)	-	716 121
Performance bonus provision	11 978 867	13 410 769	(11 977 944)	(923)	13 410 769
	12 984 206	**15 449 010**	**(12 985 733)**	**(923)**	**15 446 560**

Reconciliation of provisions - 2022

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Retentions	758 797	550 406	(303 864)	-	1 005 339
Performance bonus provision	13 136 950	11 978 867	(11 059 221)	(2 077 729)	11 978 867
	13 895 747	**12 529 273**	**(11 363 085)**	**(2 077 729)**	**12 984 206**

The provision for performance bonus relates to the payment of bonuses to the entity's employees based on the assessment of performance for the financial period ended 31 March 2023. The provision is based on historic data namely, past performance by employees and the outflow is considered to be probable. The settlement of the provision is dependent on key factors such as the performance of employees as well as the timing of the approval of the board directors.

The entity's remuneration policy bases the performance bonus on the organisational, business unit and an individual's performance for the financial year in question. The performance bonus for any individual is capped at a maximum of 25% of total cost to company.

Retentions relate to construction and maintenance projects that were in progress at the end of the reporting period. These retentions are on the professional fees charged by various consultants. The entity will release the retentions upon completion of the specified works for each consultant. The occurrence and timing of the outflows will only be confirmed at a future date, e.g. when the respective projects reach final completion.

Provision legal proceedings: The organisation took one of its creditors to court seeking a refund on payments that it had done in a project that was cancelled when the contractor went into liquidation. The organisation was ruled against and instructed to cover the defendant's legal expenses. The organisation has yet to receive the precise sum that it is obligated to pay

Figures in Rand	2023	2022

15. Share capital

Authorised		
1000 000 Ordinary shares of 0,01 each	10 000	10 000
Reconciliation of number of shares issued:		
Reported as at 31 March 2023	100 000	100 000
Issued		
100 000 Ordinary shares at R0.01 each	1 000	1 000

The issued share capital consists only of ordinary shares. There is no intention on the part of the entity to repay the capital to the shareholders. Ordinary shares issued can only be sold or transferred to an entity that is an organ of the state. The declaration of dividends is considered at annual general meeting of the shareholders. Since incorporation, the company has not declared any dividends.

16. Rendering of services

Electricity Income	131 758 597	107 340 547
Conference hire Income	1 062 202	335 074
Analytic Lab Income	4 781 274	3 600 712
Telephone and Internet services Income	6 286 863	6 270 998
Estate Service Income	5 264 886	4 628 654
Water Income	5 092 253	5 146 388
Sewerage Income	4 140 115	4 123 878
	158 386 190	**131 446 251**

17. Rental of facilities and equipment

Premises		
Premises and Equipment	159 066 876	150 386 711
Rental Smoothing	17 804 716	9 042 846
	176 871 592	**159 429 557**

18. Sundry income

Sundry Income (Insurance payment and other income.)	7 323 353	755 036

Figures in Rand	2023	2022

19. Interest received

Interest revenue		
Bank	3 407 637	1 612 480
Interest charged on trade and other receivables	128 967	796 370
	3 536 604	**2 408 850**

20. Government grants & subsidies

Operating grants		
Government grant DEDEAT	96 574 039	97 545 588
Capital grants		
Government grant DEDEAT	5 372 375	2 871 735
Government grant DTIC	26 849 892	174 407 481
	32 222 267	**177 279 216**
	128 796 306	**274 824 804**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants released	33 407 610	179 297 847
Unconditional grants released	95 388 696	95 526 957
	128 796 306	**274 824 804**

21. Employee related costs

Basic	77 030 162	73 076 293
Bonus	13 409 846	9 901 137
UIF	622 485	636 551
SDL	938 293	867 040
Leave pay provision charge	866 836	519 558
Internships	3 343 567	2 366 430
Other short term costs	210 000	145 000
Defined contribution plans	8 664 616	7 959 797
	105 085 805	**95 471 806**

Figures in Rand	2023	2022

22. Depreciation and amortisation

Property, plant and equipment	25 488 963	23 340 538
Intangible assets	1 444 087	899 857
	26 933 050	**24 240 395**

23. Lease rentals on operating lease

Equipment		
Contractual amounts	686 052	585 938

24. Finance costs

Interest payable on other financial asset	245 458	-

25. Debt impairment and bad debts written off

Contributions to debt impairment provision	(728 855)	(55 785 216)
Bad debts written off	-	26 394 356
	(728 855)	**(29 390 860)**

No bad debts were written off during the reporting period (2022: R26 394 356). The write-offs were in accordance with the entity's debtors policy and other relevant policies and procedures.

26. Fair value adjustments

Investment property (Fair value model)	(135 367 755)	(137 309 842)

The details of the valuation and methods utilised are disclosed in note 8.

Figures in Rand	2023	2022

27. General expenses

Advertising	703 645	688 550
Auditors remuneration	2 051 298	1 811 803
Bank charges	276 606	176 572
Board fees	1 012 754	1 211 776
Cleaning services	1 314 240	822 167
Computer expenses	638 403	388 325
Consulting and professional fees	8 253 512	10 303 439
Consumables (laboratory and conference centre)	4 219 368	3 889 948
Donations	1 127 682	894 302
Electricity	102 789 724	84 736 563
Entertainment	146 160	127 799
IT expenses	1 470 345	1 716 246
Insurance	7 050 513	6 359 530
Internal Audit services	397 531	419 811
Motor vehicle expenses	155 890	138 825
Placement fees	330 927	135 606
Postage and courier	33 271	133 067
Printing and stationery	141 937	255 550
Project expenses contracted services	31 712 042	18 402 848
Promotions	1 609 660	673 854
Rates and taxes	32 258 749	25 099 551
Repairs and maintenance contracted services	46 134 992	30 072 360
SHEQ Expenses	4 291 299	3 571 944
Security costs	12 354 370	12 526 286
Sewerage	3 389 710	2 572 116
Software licences	8 962 131	6 674 312
Staff welfare	272 213	178 717
Subscriptions and membership fees	453 598	340 627
Telephone and fax	1 853 010	1 624 446
Training	2 146 993	1 906 893
Travel and accommodation	560 527	310 025
Water	4 753 676	7 521 832
	282 866 776	**225 685 690**

28. Auditors' remuneration

External audit fees	2 051 298	1 811 803

Figures in Rand	2023	2022

29. Cash generated from operations

(Deficit)/surplus	(77 472 763)	114 879 858
Adjustments for:		
Depreciation and amortisation	26 933 050	24 240 395
Gain on sale of non current asset	(177 000)	-
Loss on sale of non current asset	6 862	81 829
Fair value adjustments	135 367 755	137 309 842
Impairment loss	-	-
Movements in provisions	2 462 354	(911 541)
Movement in tax receivable and payable	(251 152)	-
Changes in working capital:		
Increase in Receivables from exchange transactions	(13 317 397)	(20 326 325)
Increase/(decrease) in Prepayments	(6 112 300)	325 416
Increase in Other financial assets	(2 602 536)	-
Increase/(decrease) in Payables from exchange transactions	19 963	(11 047 159)
Decrease in VAT asset	2 774 696	1 239 464
(Decrease) in Payables from non-exchange transactions	(984 066)	(408 305)
(Decrease) in Unspent conditional grants and receipts	(45 794 233)	(140 412 826)
	20 853 233	**104 970 648**

The net cash flow from operating activities amounted to R20 853 233 (2022: R104 970 648)

30. Taxation

Major components of the tax expense

Current

Deficit before tax	(75 371 858)	114 879 858
Permanent differences	(30 884 527)	(178 403 545)
Temporary differences	145 020 436	82 551 681
Utilised tax assessed loss	(31 124 521)	(19 027 994)
Capital gains	141 600	-
	7 781 130	**-**

Assessed loss

Opening assessed loss	(104 127 650)	(123 155 645)
Assessed loss utilised	31 124 521	19 027 994
	(73 003 129)	**(104 127 651)**

Figures in Rand	2023	2022

Reconciliation of the tax expense

Reconciliation of the income tax expenses

Deferred income taxes are calculated on all temporary differences under the liability method using tax rate of 27%

Applicable tax rate	27	28
Permanent differences		
Expenses not deductible for tax purposes	(35)	24
Grant income not taxable	46	(67)
Temporary differences		
Investment property fair value gain (loss)	(48)	33
Operating lease smoothing	6	(2)
Depreciation and wear and tear adjustments	(9)	5
Provision for doubtful debts	-	(16)
Utilised assessed loss for the year	11	(5)
Taxable income for the year	2	-
	- %	**- %**

A taxation expense of R2 100 905 has been recognised in the current period. The receiver of revenue issued an amendment to the income tax act. The amendment curtails the use of accumulated assessed loss to the higher of R1million and 80% of taxable income. This amendment has resulted in the entity levying the income tax rate on 20% of its taxable income.

In addition, the corporate income tax rate was amended to 27%, a change from the previous rate of 28%.

The estimated tax loss available for set off against future taxable income is R73 003 129 (2022:R104 127 651).

The organisation does not anticipate to realise enough taxable profit to be utilised against assessed loss as the organisation is still making losses and the provincial government covers them through operational grant.

Reconciliation of current tax Receivable

Current tax expense		2 100 905
Provisional tax payment		(2 352 056)
		(251 151)

31. Financial instruments disclosure- restated

Categories of financial instruments

2023

Financial assets

	At fair value	At amortised cost	Total
Other financial assets	-	2 602 536	2 602 536
Trade and other receivables from exchange transactions	-	21 315 765	21 315 765
Cash and cash equivalents	183 215 748	-	183 215 748
	183 215 748	**23 918 301**	**207 134 049**

Figures in Rand	2023	2022

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	16 572 548	16 572 548
Payable from non-exchange transactions	1 771 856	1 771 856
Provisions - Retentions	716 121	716 121
Unspent Conditional Grant	132 548 927	132 548 927
Provision - Legal Proceedings	1 319 670	1 319 670
	152 929 122	**152 929 122**

2022

Financial assets

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	25 597 731	25 597 731
Cash and cash equivalents	199 041 461	-	199 041 461
	199 041 461	**25 597 731**	**224 639 192**

Financial liabilities - restated

	At amortised cost	Total
Trade and other payables from exchange transactions	15 490 468	15 490 468
Payables from non-exchange transactions	2 755 922	2 755 922
Provisions - retentions	1 005 339	1 005 339
Unspent Conditional Grant	178 343 160	178 343 160
	197 594 889	**197 594 889**

Financial instruments in Statement of financial performance

2023

	At fair value	At amortised cost	Total
Interest income (calculated using effective interest method) for financial Instruments at amortised cost	3 407 637	128 967	3 536 604
Debt Impairment and bad debts written off	-	728 855	728 855
	3 407 637	**857 822**	**4 265 459**

2022

	At fair value	At amortised cost	Total
Interest income (calculated using effective interest method) for financial Instruments at amortised cost	1 612 480	796 370	2 408 850
Debt Impairment	-	29 390 860	29 390 860
	1 612 480	**30 187 230**	**31 799 710**

Figures in Rand	2023	2022

32. Commitments

Authorised capital expenditure

Already contracted and budgeted for

• Property, plant and equipment	42 813 605	4 165 128
• Investment property	58 317 405	36 607 507
• Intangible assets	-	105 696
	101 131 010	**40 878 331**

Total capital commitments

Already approved and contracted for	101 131 010	40 878 331

Total commitments

Total commitments

Authorised capital expenditure	101 131 010	40 878 331

The committed expenditure relates to intangible assets, Investment property and Property, plant and equipment contracts that will be finished in the coming years. The commitments will be financed by grants from DTIC, DEDEAT as well as own generated revenues. The commitment amounts are exclusive of VAT.

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	738 442	738 442
- in second to fifth year inclusive	615 369	1 353 811
	1 353 811	**2 092 253**

Operating leases relates to the lease of equipment with a lease term of three years. The entity does not have an option to purchase the leased equipment at the expiry of the lease period. There are no contingent rentals payable on the lease

Operating leases - as lessor (income)

Minimum lease payments due

- within one year	156 153 832	128 116 903
- in second to fifth year inclusive	597 869 505	503 597 529
- later than five years	102 715 420	235 240 765
	856 738 757	**866 955 197**

Figures in Rand	2023	2022

Leasing arrangements

Operating leases relate to the investment property and plant owned by the entity with lease terms of between 1 to 10 years, with an option to extend for a further 10 years in some instances. All operating lease contracts contain market review clauses in the event that the lessee exercises its options to renew. The lessee does not have an option to purchase the property at the expiry of the lease period. The operating leases include an escalation clause.

Rental income earned by the entity from its investment properties and direct operating expenses arising on the investment properties for the year are set out in note 8.

The entity owns a metal surface treatment plant which is leased to a lessee for seven years with an option to extend. The lessee does not have an option to purchase the property at the expiry of the lease period.

Contingent rentals are based on the number of units produced for the plant leased out. However, the lease contains a minimum amount that is charged in the event that the units produced fall below a prescribed level.

33. Contingencies

Contingent Liability

1. The entity is involved in a case involving a former employee who is alleging she was unfairly dismissed. The entity received an unfavourable ruling but is appealing the ruling because the employee has already taken occupation somewhere else. Should the entity be unsuccessful in the review, the employee will need to be re-instated and compensated for lost wages. In the unlikely event that the entity is unsuccessful in its appeal, an amount of R63 231 will be payable to the plaintiff.

34. Related parties

Relationships	
Shareholder with controlling interest	Department of Economic Development Environmental Affairs and Tourism (DEDEAT)
Shareholder with significant influence	Buffalo City Metropolitan Municipality (BCMM)
Other related parties with significant influence	Department of Trade, Industry and Competition (DTIC) as custodian of the SEZ act, an enabling legislation to the ELIDZ and the providers of capital funding through grants which are considered material transactions.
Members of key management	S. Kondlo (CEO) T. Zweni G Matengambiri N Makhoba
Non-executive directors	Prof. M W Makalima A. Kanana B. Mpondo E. V. Jooste N. Mnconywa M. Mfuleni N. C. Kongwa*

*The non- executive directors who represent DEDEAT and the DTIC respectively are not remunerated by the entity. This is in line with the entity's adopted policy on the remuneration of non-executive directors who are also employed by DTIC and DEDEAT. Consequently , the two directors do not appear on the disclosure in note 35.

Figures in Rand	2023	2022
Related party balances		
Buffalo City Metropolitan Municipality		
Payables from exchange transactions	-	66 338
Related party transactions		
Buffalo City Metropolitan Municipality		
Expenditure: Rates and Taxes	32 258 749	25 099 551
Expenditure: Electricity	102 789 724	84 736 563
Expenditure: Water	4 753 676	7 521 832

For director's remuneration refer to note 35.
For grant funding received from DEDEAT refer to note 20.
For grant funding received from DTIC refer to note 20.

The entity transacts with the minority shareholder, BCMM in its capacity as a provider of municipal services to the zone. Apart from the transactions mentioned below, all other transaction(sewerage and refuse) are at arms-length rates applicable to the general public.

Rates - A 26 % rebate is granted by BCMM to the ELIDZ property portfolio.
Water - A 15 % special discount rate was offered on bulk purchases by BCMM.
Electricity - ELIDZ obtain its electricity at Eskom rate plus 2.5% wheeling charge.

35. Directors and Executive managements' remuneration

Executive

2023

	Basic salary	Allowances	Employer contributions	Performance bonus	Total
S Kondlo (Ex officio)	2 475 050	1 298 927	488 279	647 704	4 909 960
T Zweni	2 054 063	1 077 989	417 158	602 765	4 151 975
G Matengambiri	1 728 134	899 829	351 159	421 211	3 400 333
N Makhoba	1 730 155	895 424	349 646	472 565	3 447 790
	7 987 402	**4 172 169**	**1 606 242**	**2 144 245**	**15 910 058**

2022

	Basic salary	Allowances	Employer contributions	Performance bonus	Total
S Kondlo (Ex officio)	2 376 909	1 188 137	448 185	598 766	4 611 997
T Zweni	1 972 614	988 039	381 543	503 383	3 845 579
G Matengambiri	1 531 233	765 412	302 947	415 098	3 014 690
N Makhoba	1 434 512	717 064	286 336	369 494	2 807 406
	7 315 268	**3 658 652**	**1 419 011**	**1 886 741**	**14 279 672**

Figures in Rand	2023	2022

Non-executive

2023

	Directors' fees	Allowances	Total
MW Makalima (Chairperson)	204 418	1 890	206 308
EV Jooste	178 465	1 278	179 743
A Kanana	158 857	1 278	160 135
N Mnconywa	182 385	2 768	185 153
M Mfuleni	84 397	2 555	86 952
B Mpondo	121 340	2 555	123 895
Cllr. N Kumbaca	69 708	860	70 568
	999 570	**13 184**	**1 012 754**

2022

	Directors' fees	Total
MW Makalima (Chairperson)	229 300	229 300
EV Jooste	193 022	193 022
A Kanana	186 924	186 924
N Mnconywa	209 322	209 322
V Momeni (Gqodi)	102 147	102 147
M Mfuleni	154 973	154 973
B Mpondo	136 088	136 088
	1 211 776	**1 211 776**

36. Prior period errors

It was identified that unspent conditional grant was not disclosed on categories of financial instruments as well as liquidity risk. The prior period error was corrected by adjusting prior year disclosure note: categories of financial instruments Financial Liabilities by R178 343 160 note 31,as well as Liquidity Risk disclosure Liabilities by R178 343 160 note 38.

Furthermore, accrued leave pay that is specifically excluded from financial liabilities in terms of GRAP 104 para 2(b) was incorrectly included under financial liabilities (Trade and other payables from exchange transactions) which resulted in an overstatement of financial liabilities (Trade and other payables from exchange transactions) in the prior year by an amount of R5 309 523. To correct this misstatement, the prior year figure for financial liabilities (Trade and other payables from exchange transactions) in the current year was therefore adjusted by this amount resulting in the figure decreasing from R20 799 991 to R15 490 468.

The financial instruments have been prepared in accordance with GRAP on a basis consistent with prior year.

When adjustments were done in the current year annual financial statements , management considered impact on the opening balances of the earliest comparative figures and these were adjusted accordingly.

37. Change in estimate

In the current period management have revised the estimated useful life of motor vehicles from 5 years to 7 years. The effect of this revision has decreased the depreciation charges for the current and future period by R85 450 and R234 598 respectively.

Figures in Rand	2023	2022

38. Risk management

Financial risk management

The Board has overall responsibility for the establishment and oversight of the company risk management framework. The entity's risk management policies are established to identify and analyse the risks faced by the entity, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the entity's activities. The entity, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the entity's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the entity. The entity's Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Liquidity risk- restated

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed grants allocated and own generated revenue. The entity manages liquidity risk by continuously monitoring forecast and actual cash flows. Liquidity risk is the risk that the entity may fail to meet its payment obligations as they fall due, the consequences of which may be the failure to meet the obligations to creditors. The entity identifies this risk through periodic liquidity gap analysis and the maturity profile of the assets and liabilities. Action is taken in advance to close or minimise the gaps

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The entity's exposure to liquidity risk is reduced as it is partly funded by DEDEAT and the DTIC. The annual budgets are approved at the beginning of each fiscal year and funding agreements concluded between the parties. Cash flows are monitored monthly against budgets and adjustments are made where necessary. Risk management assessments are conducted to assist with identifying any possible cash flow, liquidity or other risks. In addition, the entity is exploring opportunities to enhance its own revenue generation capacity to ensure the sustainability of the organisation in case the grant is reduced or cut back. Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

A maturity analysis of ELIDZ's financial instruments as at 31 March 2023 is as follows:

2023 Liquidity gap analysis

	On demand and less than one month	1 to 12 months	More than 12 months	Total
Assets				
Other financial assets	-	1 778 724	823 812	2 602 536
Receivables from exchange transactions	21 315 765	-	-	21 315 765
Cash and cash equivalents	183 215 748	-	-	183 215 748
Subtotal	204 531 513	1 778 724	823 812	207 134 049
Liabilities				
Payables from exchange transactions	(14 939 687)	-	(6 518 774)	(21 458 461)
Payables from non-exchange transactions	(1 771 856)	-	-	(1 771 856)
Provisions - retentions	(716 121)	-	-	(716 121)
Unspent Conditional Grant	-	(132 548 927)	-	(132 548 927)
Provision - Legal Proceedings	-	(1 319 670)	-	(1 319 670)
	187 103 849	**(132 089 873)**	**(5 694 962)**	**49 319 014**

Figures in Rand	2023	2022

2022 Liquidity gap analysis - restated

	On demand and less than one month	1 to 12 months	More than 12 months	Total
Assets				
Receivables from exchange transactions	25 597 731	-	-	25 597 731
Cash and cash equivalents	199 041 461	-	-	199 041 461
Subtotal	224 639 192	-	-	224 639 192
Liabilities				
Payables from exchange transactions	(15 270 732)	-	(5 529 259)	(20 799 991)
Payables from non-exchange transactions	(2 755 922)	-	-	(2 755 922)
Provisions - retentions	(1 005 339)	-	-	(1 005 339)
Unspent Conditional Grant	-	(178 343 160)	-	(178 343 160)
	205 607 199	**(178 343 160)**	**(5 529 259)**	**21 734 780**

Credit risk

Cash and cash equivalents consists mainly of cash deposits and cash equivalents. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, the entity assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board.

There has been no significant change during the year to the company's exposure to credit risk, the approach of measurement or the objectives, policies and processes for managing the risk. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the entity's maximum exposure to credit risk.

Credit risk is the risk that one party to a financial instrument will cause financial loss to the other party by failing to discharge a contract. Credit risk arises from cash equivalents, financial instruments and deposits with banks and financial institutions, as well as credit exposures to members, including outstanding receivables and committed transactions. For banks and financial institutions, only well-established institutions with sound financial positions are used. Credit exposures are closely monitored for indications of impairment.

Trade receivables comprise mainly of amounts owing from tenants and other customer groups. Management evaluated credit risk relating to tenants before they were incorporated into the zone and on an on-going basis throughout the duration of relevant contracts. ELIDZ tenants pay deposits at the beginning of their lease terms. At 31 March 2023 the entity holds deposits from tenants amounting to R6 518 774 (2022: R5 529 259) as security for tenants' lease obligations.

The amounts below are before impairment.

Financial assets exposed to credit risk at year end were as follows:

The entity's exposure to credit risk by class of financial asset is as follows:	2023	2022
Receivables from exchange transactions	46 362 596	51 373 418
Cash and cash equivalent	183 215 748	199 041 461
Other financial asset	2 602 536	-

NOTES TO THE **FINANCIAL STATEMENTS:** *38. Risk Management - (continued)*

Figures in Rand	2023	2022
Analysis by credit quality of financial assets is as follows: Neither past due nor impaired		
Cash and cash equivalents	183 215 748	199 041 461
Trade and Other Receivables	7 964 324	7 947 373
Other Financial Asset	2 602 536	-
	193 782 608	**206 988 834**
Past due and not impaired		
Trade and Other Receivables	9 595 486	5 717 571
Impaired financial assets		
Trade and Other Receivables	28 822 786	37 708 475

The above balance of impaired financial assets is made up of individual debtors that were assessed as impaired at the end of the reporting period. The entity considered the following key factors as indicators of impairment;

- Persistent debtor default with an account that is overdue by over 60 days,
- Known financial difficulties that the debtor faces, and
- Debtors undergoing liquidation

Market risk

Interest rate risk

The entity's interest-bearing assets are included under cash and cash equivalents. As the entity has no significant interest- bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates due to short term nature of interest bearing assets.

Balances with banks, deposits and all call and current accounts attract interest at rates that vary with the South African prime rate. The company's policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on the surplus/deficit.

Interest charged on trade debtors in arrears is linked to the South African prime interest rate.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on financial instruments exposure to interest rates at reporting date.

The sensitivity analysis shows reasonable expected changes in the interest rate, either an increase or decrease in the interest percentage. The equal but opposite percentage adjustment to the interest rate would result in an equal but opposite effect on surplus and therefore has not been separately disclosed below. The disclosure only indicates the effect of the change in interest rate on surplus.

Estimated increase in rates		
Cash and cash equivalents	183 215 748	199 041 461
1% thereof	1 832 157	1 990 415

Figures in Rand	2023	2022

39. Segment information

General information

Identification of segments

The entity is organised and reports to management on the basis of two major functional areas: Operations and institutional support. Each functional area is also sub-divided in to sub-units. The entity has identified three sub-units which generate economic benefits and whose financial information is regularly reviewed by management. These segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performance and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Aggregated segments

Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments were sufficiently similar to warrant aggregation.

Operations (SEZ): Projects and property management and Facilities and Maintenance

The financial information for Information communication and technology (ICT) and Science and technology park (STP) are not aggregated with any other segment.

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	Goods and/or services
Information communication and technology	Supply of telephony and internet services.
Operations (SEZ)	Letting of facilities and supply of municipal type services.
Science and Technology Park	Provision of analytical laboratory testing for water and 3D design service.

Segment surplus or deficit, assets and liabilities

31 March 2023	Information communication and technology	Operations (SEZ)	Science and Technology Park	Total
Revenue				
Revenue from non-exchange transactions	9 233 390	52 364 756	2 963 931	64 562 077
Revenue from exchange transactions	6 286 863	324 285 898	4 781 274	335 354 035
Total segment revenue	**15 520 253**	**376 650 654**	**7 745 205**	**399 916 112**
Expenditure				
Employee related costs	(6 163 546)	(38 772 553)	(7 665 457)	(52 601 556)
General expenses	(36 881 877)	(211 704 994)	(23 619 514)	(272 206 385)
Total segment expenditure	**(43 045 423)**	**(250 477 547)**	**(31 284 971)**	**(324 807 941)**
Total segmental surplus/(deficit)				**75 108 171**

NOTES TO THE **FINANCIAL STATEMENTS:** *39. Segment information - (continued)*

Figures in Rand	2023	2022

Segment surplus or deficit, assets and liabilities (continued)

Reconciliation	
Non-segment revenue from non-exchange transactions	64 234 229
Non-segment revenue from exchange transactions	10 940 704
Non-segment expenses	(225 654 962)
Entity's surplus (deficit) before tax for the period	**(75 371 858)**

31 March 2022	Information communication and technology	Operations (SEZ)	Science and Technology Park	Total
Revenue				
Revenue from non-exchange transactions	10 630 797	49 861 515	6 859 020	67 351 332
Revenue from exchange transactions	6 270 998	271 961 252	3 600 712	281 832 962
Total segment revenue	**16 901 795**	**321 822 767**	**10 459 732**	**349 184 294**
Expenditure				
Employee related costs	(5 761 855)	(17 798 203)	(6 826 401)	(30 386 459)
General expenses	(25 384 064)	(155 826 673)	(9 365 013)	(190 575 750)
Total segment expenditure	**(31 145 919)**	**(173 624 876)**	**(16 191 414)**	**(220 962 209)**
Total segmental surplus/(deficit)				**128 222 085**

Reconciliation	
Non-segment revenue from non-exchange transactions	207 473 472
Non-segment revenue from exchange transactions	12 206 732
Non-segment expenses	(233 022 431)
Entity's surplus (deficit) before tax for the period	**114 879 858**

Measurement of segment surplus or deficit, assets and liabilities

Basis of accounting for transactions between reportable segments

The accounting policies of the segments are the same as those described in the summary of significant accounting policies, except that pension expense for each segment is recognised and measured on the basis of cash payments to the pension plan.

The nature of differences between the measurements of the reportable segments' surplus or deficit and the entity's surplus or deficit.

There are expenses and revenues that are recognised in surplus or deficit which are not allocated to the disclosed segments. These revenues and expenses are disclosed as reconciling items to the surplus or deficit presented in the statement of financial performance.

Assets and liabilities, reconciliation of segment financial information

Financial information about the assets and liabilities recognised, is not reviewed at a segment level by management, but rather at an entity-wide level. Consequently, no disclosure has been included for segment financial information related assets and liabilities.

Information about geographical areas

The entity's operations are in the Buffalo City Metropolitan Municipality.

Figures in Rand	2023	2022

40. Budget variances

Material variances between budget and actual amounts

The favourable variance of 4% on budgeted revenue from rendering services is as a result of new tenants secured in the year under review as well as increase in tariffs charged to tenants.

The favourable variance of 2 % on goods and service is due to rebate of rates and taxes received from Buffalo City Metropolitan Municipality.

41. Accounting by principals and agents

The entity is a party to a principal-agent arrangement(s).

Details of the arrangements are as follows:

The entity is the agent to three principal-agent arrangements:

The entity entered into an arrangement with the Council for Scientific and Industrial Research (CSIR). The arrangement is for the facilitation of a regional innovation platform for the benefit local municipality. The project is still on-going.

The Second agreement relates to a skills development initiative by the Department of Labour. The department appointed the entity to implement the project for the skills training of learners in the mechanical and electrical engineering fields. The entity was identified as a suitable agent due to its proximity to a thriving automotive environment and its renewable energy laboratory. Learners were identified by the department, and they are the intended beneficiaries of the arrangement.

The last agreement was entered into with the Technology and Innovation Agency and DEDEAT. The entity is responsible for facilitating the Eastern Cape Agro-processing Industry Innovation programme, specifically the Technology, Research and Innovation programme (TRIP).

The entity only bears the risk for the funds received from the principals.

There were no changes to the conditions and stipulations of the agreements during the reporting period.

Entity as agent

Resources held on behalf of the principal(s), but recognised in the entity's own financial statements

The remittance of resources during the period are disclosed in note 12.

The remaining resources are to be remitted as and when the entity satisfies the conditions stipulated in the respective agreements. This is expected to be remitted during the following financial year.

The entity currently holds cash resources to the value disclosed in note 12. The risks relating to the management of the cash resources in accordance with the agreements were transferred from the principal to the entity. No other resources were transferred as part of the agreements.

Revenue recognised

R75 000 (2022: R304 119) has been recognised as revenue by the entity as compensation for the transactions carried out on behalf of the principals. The revenue is recognised on the statement of financial performance and further disclosed in part in note 16.

42. BBBEE Performance

During the financial period ended 31 March 2023, the ELIDZ embarked on a process of being measured for compliance with the B-BBEE Codes of Good Practice, Gazette No. 38766. The Audited financial results for the financial year ended 31 March 2022 were utilised in this process.

The applicable scorecard used to determine the ELIDZ compliance with the BBBEE Act, 2003 (Act No. 53 of 2003) as amended is the GENERIC (GEN) scorecard used for entities with a turnover of more than R50 million.

The ELIDZ achieved a B-BBEE Level 3 and submitted the final report and B-BBEE certificate, Form 1 together with the Annual Report to the B-BBEE commission.

Figures in Rand	2023	2022

43. Load shedding Impact

The zone is facing load shedding from stage 5 going upwards. The organisation is not load shed when its level 4 and below. The organisation has responded by forming a forum with the Buffalo City Metropolitan Municipality (BCMM) and the business community. The forum has come up with plans to encourage all the large users of electricity, of which the ELIDZ is part of, to curtail load on rotation basis based on the blocks that the larger users have been placed in. The plan has made production predictable and enhanced production.

In addition to the above, the organization has prepared an energy master plan which consists of solar energy, wind energy, biogas and the Eskom grid. The organisation is in the process of implementing renewable energy plan that would see the organisation relying less on Eskom grid and improve production in the zone.

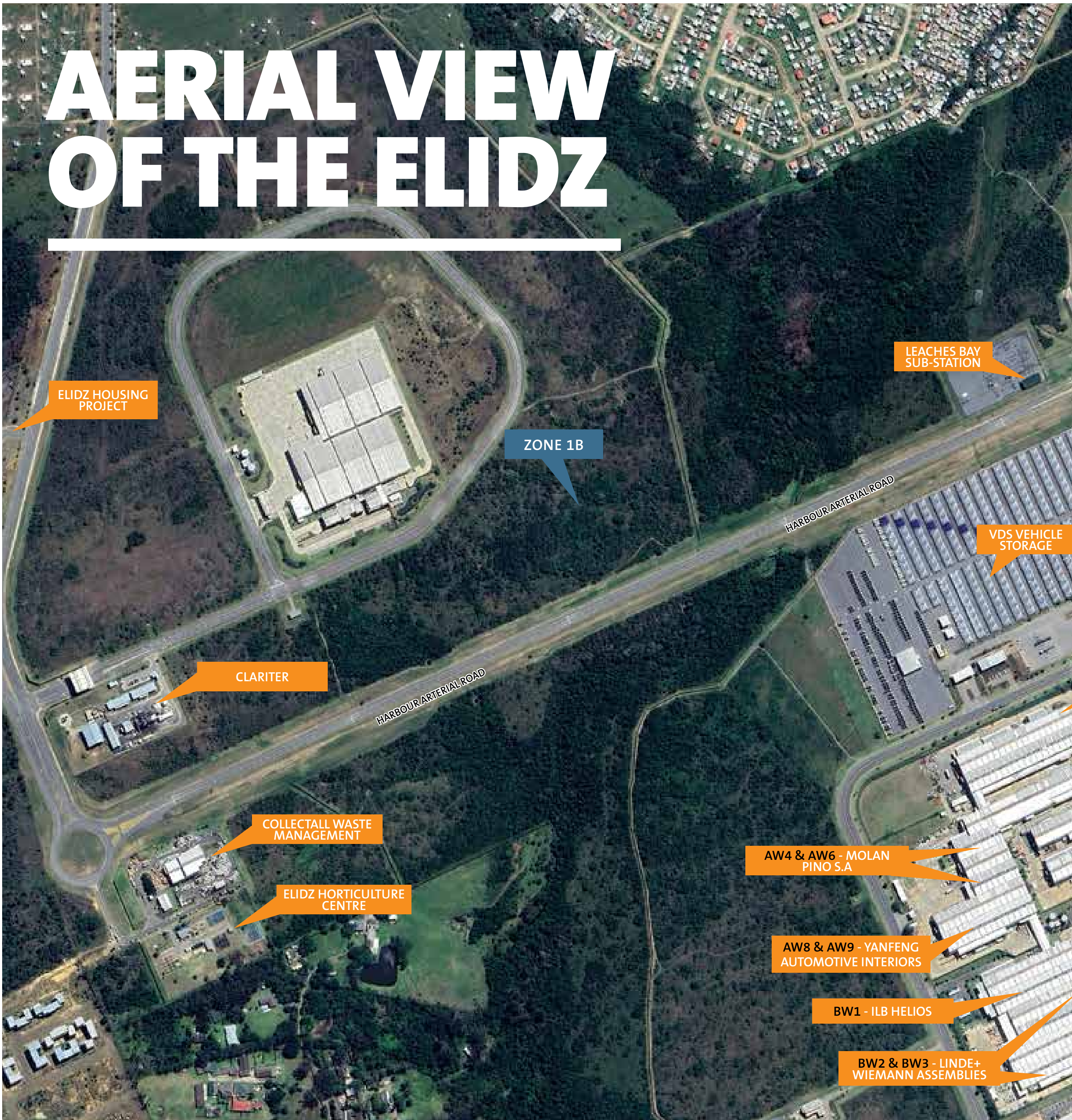
44. Investigations

1. On 18 May 2021, the board of directors became aware of a signed proclamation by the Republic of South Africa's President. The proclamation approved the Special Investigation Unit (SIU) to investigate allegations of corruption and maladministration at the entity. Management and members of staff have cooperated with the investigators in ensuring that information requested is submitted and any enquiries are responded to.

   At reporting date, the investigation was still in progress and draft reports had been issued by the SIU. The management has responded to the findings.

2. On 22 November 2022 audit committee approved a preliminary investigation into misconduct based on the whistle-blower reports. The organisation is still at the preliminary stage of the investigation of a staff member who is alleged to have been involved in a fraudulent activity with a service provider. The impact of the fraudulent activity will be known once investigation is finalised.

AERIAL VIEW OF THE ELIDZ




ZONE 1E
ELIDZ HEAD OFFICE
CHESTER ROAD
ELIDZ STP
ZONE 1C
HARBOUR ARTERIAL ROAD
ELIDZ MAIN GATES & ADMIN BUILDINGS
ELIDZ INVESTMENT CENTRE / TRANSPORTATION BUILDING
BOYSEN
MAINTENANCE STORE
voestalpine
IKHALA ROAD NORTH
FROTEK
MSC STORAGE
IKHALA ROAD EAST
D-FENCE
AUTOMOULD
RG BROSE
IKHALA ROAD NORTH
UMSIMBITHI ROAD
SUNDALE DIARY
MKHOKHOKHO ROAD
AE1 - FELTEX TRIM
IW4 - Dräger
EW1 - TI GROUP
ZONE 1A
AE4 - AURIA FELTEX
AE6 - FELTEX CARAVELLE
FW1 - MBSA
AE6 - FELTEX FEHRER
IKHALA ROAD SOUTH
ELIDZ CONFERENCE CENTRE / CANTEEN
GW1 - VALEO
WHEEL ASSEMBLERS
BE2 - METALSA
BE4 - L+W WHAREHOUSE
GE1 - AURIA
BE5 & BE6 - DSV
IKHALA ROAD SOUTH
CE1 - SEDA CONSTRUCTION INCUBATOR
HE1 - POLYTEC
CE1 - LINDE+WIEMANN MST
HS1 - AIH
HW1 - EBOR
C2 - YANFENG AUTOMOTIVE INTERIORS
KINGFISH ENTERPRISES
ELIDZ SEA WATER PUMPSTATION

INTERNATIONAL FOOTPRINT AND *CUSTOMERS IN THE ZONE*

FELTEX AUTOMOTIVE TRIM

Fehrer AUTOMOTIVE

caravelle AUTOMOTIVE CARPETS

FOXTEC-IKHWEZI

Yanfeng Global Automotive Interiors

AURIA

LINDE+WIEMANN

TI Automotive

POLYTEC

MOLAN

Mercedes-Benz

Valeo

Wheel Assemblers

ZF

voestalpine ONE STEP AHEAD.

IAC International Automotive Components

FELTEX

clariter

msc

COLLECTALL

EBOR AUTOMOTIVE SYSTEMS (PTY) LTD

BOYSEN INNOVATIONEN ABGASTECHNOLOGIE

AUTOMOULD

RG brose

AIH GROUP

Wallenius Wilhelmsen Solutions

MARTINREA

TEM Tooling

KINGFISH ENTERPRISES

Techniplas Making the Connected World

Sundale

DSV

RSC

MILLTRANS

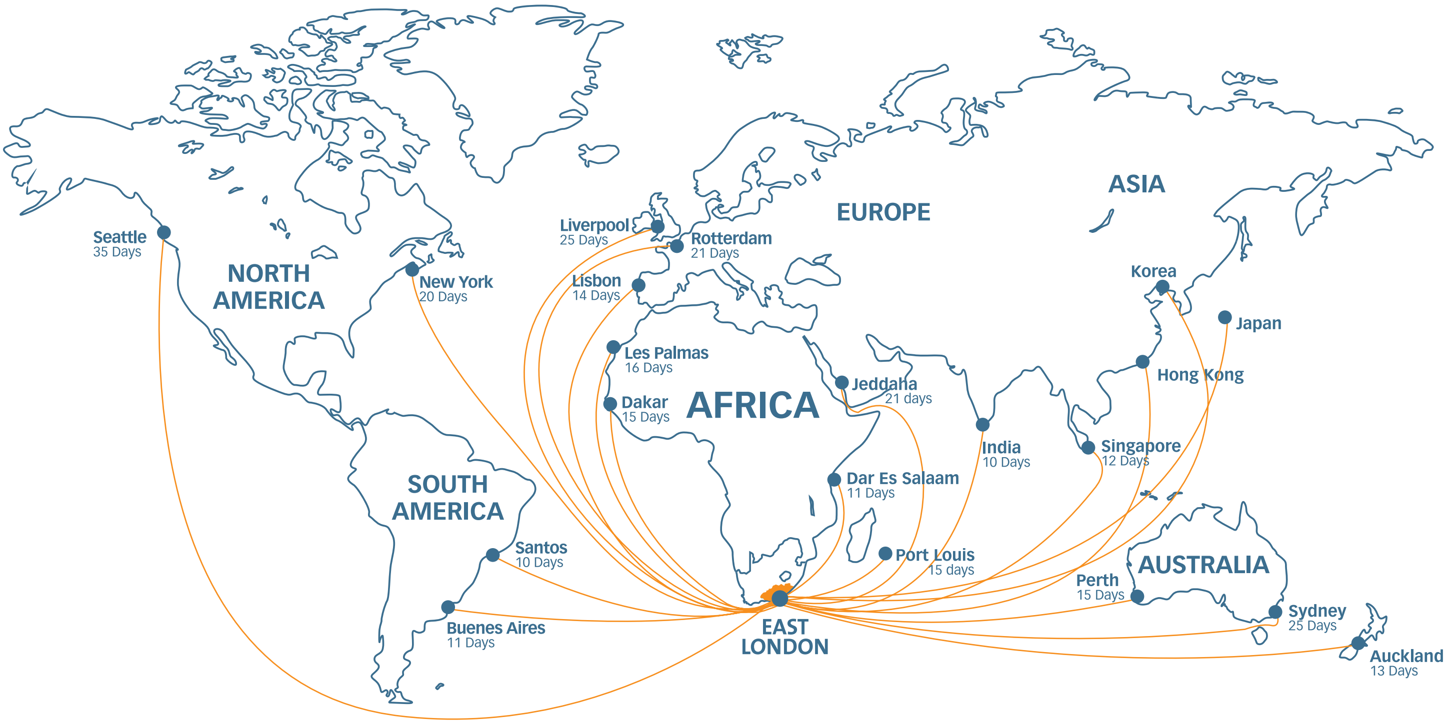
ONELOGIX VDS

BIGFOOT EXPRESS FREIGHT

SERAPHIM

Dräger

ACCESSING **GLOBAL MARKETS**



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