South Africa
KWAZULU-NATAL
Zulu Kingdom. **Exceptional**

RBIDZ
Special Economic Zone

ANNUAL REPORT
2020/2021

GATEWAY TO
WORLD MARKETS

PURPOSE

The company's purpose, summarised, ultimately guides the strategic direction of the Organisation. The purpose of the RBIDZ is to develop a Special Economic Zone, in order to:

- Attract local and foreign investors who will beneficiate South Africa's raw materials,
- Create production capacity,
- Provide services, and
- Create employment and improve the skills base.

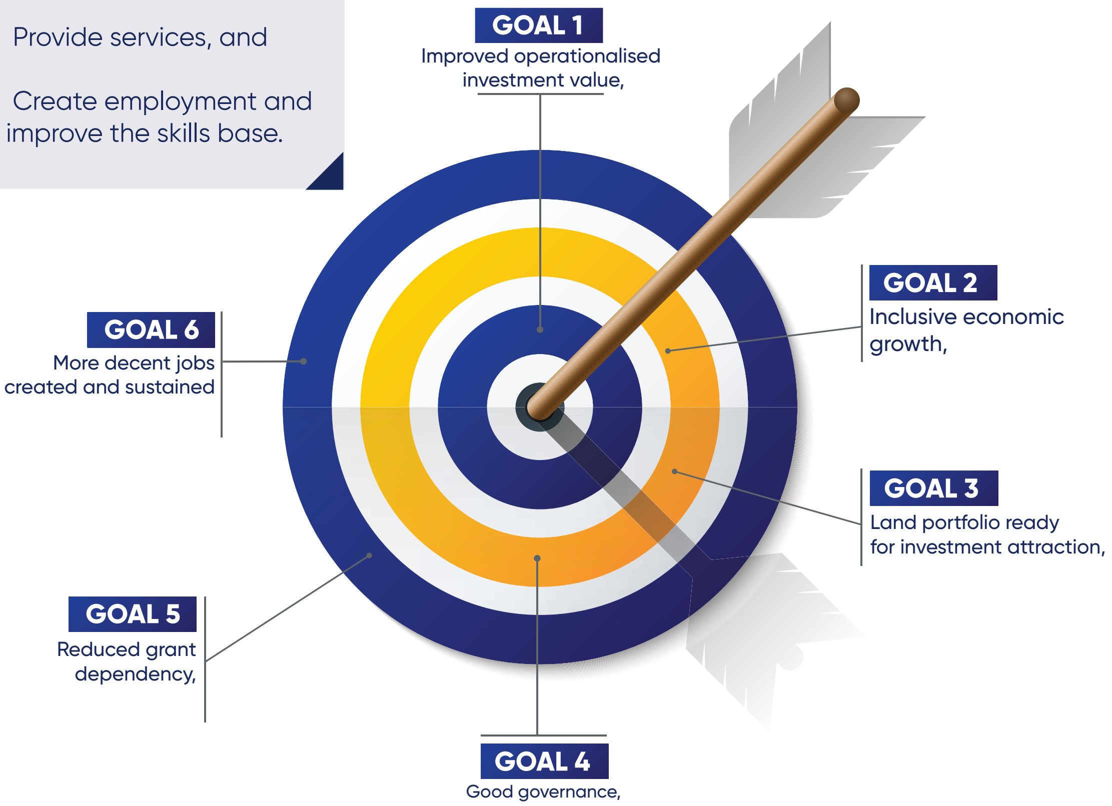
VISION

" To be the preferred Special Economic Zone for quality investments, whilst delivering value to our stakeholders".

MISSION

"We utilise the competitive advantage of the Richards Bay area, to attract sustainable investments that stimulate economic growth, job creation, and beneficiation of resources, and the empowerment of people".

STRATEGIC GOALS



VALUES

RBIDZ's vision is supported by six core values, which underpin the workings of the company (ERISSI):

EXCELLENCE

We shall conduct our business with our stakeholders and investors, with the highest levels of professionalism, competence, and responsibility.

RESPECT

We shall embrace diversity by treating each other with respect, trust and dignity at all times.

INTEGRITY

We shall pursue ethical practices by being open, honest, sincere and consistent in actions and communications.

SUSTAINABILITY

We shall pursue the development of the RBIDZ to meet the present needs, without compromising the ability of future generations to meet their own needs, whilst promoting a culture of health and safety.

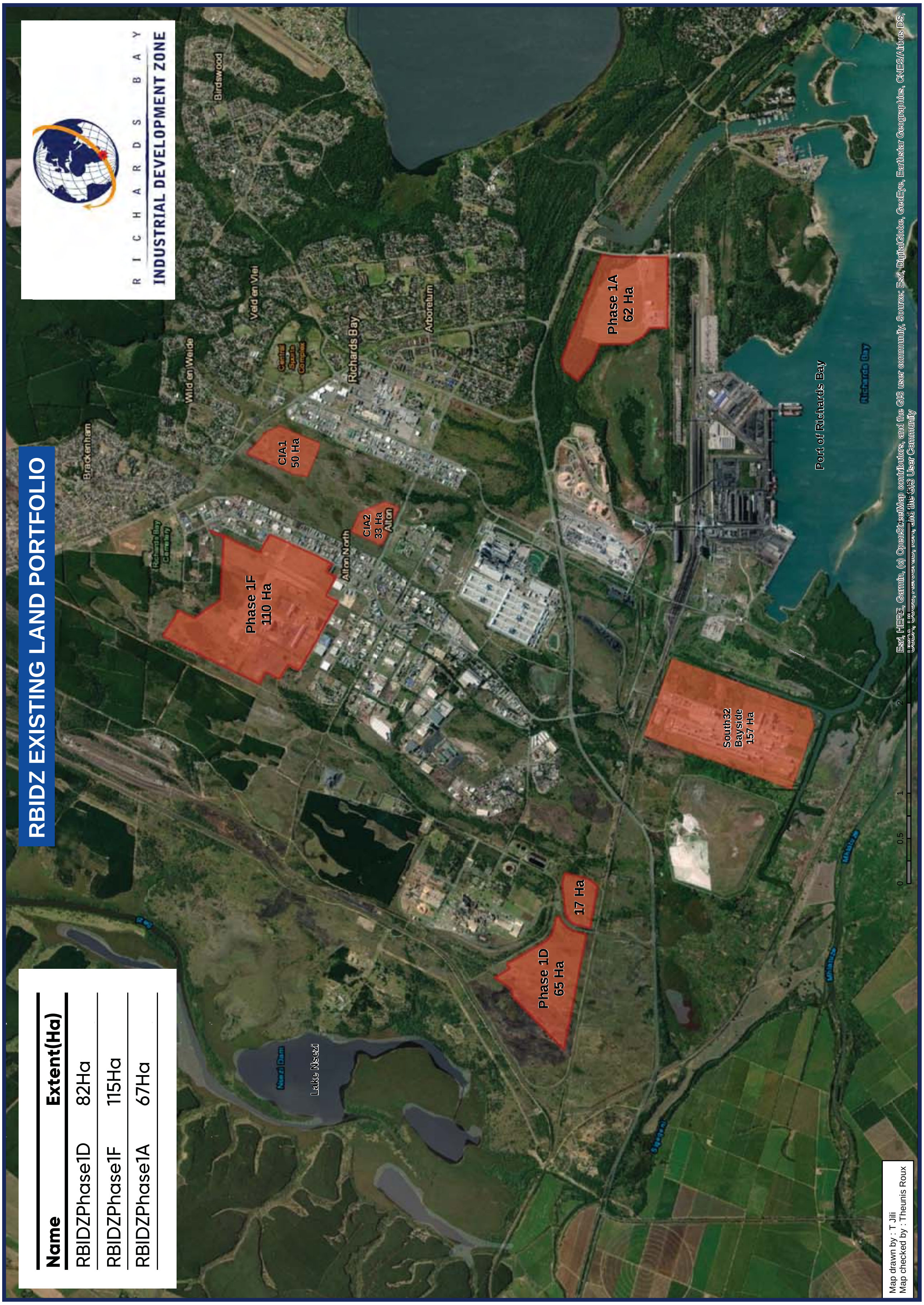
SAFETY

We shall maintain a safe working environment for our employees, contractors, and investors.

INNOVATION

We shall seek creative and novel solutions to ensure continued improvement and address the needs of RBIDZ and stakeholders.

RBIDZ MAPPED PHASES



REGISTERED NAME	Richards Bay Industrial Development Zone Company SOC Ltd
REGISTRATION NUMBER	2002/009856/30
PHYSICAL ADDRESS	4 Harbour Arterial, Richards Bay
POSTAL ADDRESS	Private Bag X 1005, Richards Bay, 3900
TELEPHONE NUMBER/S	+27 35 797 2600
EMAIL ADDRESS	info@rbidz.co.za
WEBSITE ADDRESS	www.rbidz.co.za
EXTERNAL AUDITORS	Auditor-General of South Africa
BANKERS	ABSA Ltd
COMPANY/BOARD SECRETARY	Adv. KN Harvey

TABLE OF CONTENTS

PART A: GENERAL INFORMATION

PART B: PERFORMANCE INFORMATION

PART C: FINANCE

PART D: CORPORATE SERVICES

PART E: CORPORATE GOVERNANCE

PART F: HUMAN RESOURCES MANAGEMENT

PART G: ANNUAL FINANCIAL STATEMENT

PART A

ANNUAL REPORT 2020/2021

GENERAL INFORMATION

FOREWORD BY THE MEC FOR ECONOMIC DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS, KWAZULU-NATAL: MR. RAVI R. PILLAY (MPL)

As I present the Annual Report of the Richards Bay Industrial Development Zone for the 2020/21 financial year, I acknowledge that this year, was a diverse and dynamic year compared to the historical years. Even at this juncture of the global pandemic crisis and sharp economic decline, it is still mostly concerning that the triple scourges of inequality, unemployment and poverty continue to take supremacy. It is for these reasons that, as the Department of Economic Development, Tourism and Environmental Affairs, we take responsibility in quickening the actions aimed at contributing towards the transition of a society characterised by the socio economic challenges , and to ensure that all citizens of South Africa not only appreciate the democratically led government , but experience the vision and objectives of inclusive economic participation and growth encompassed in the Economic Recovery and Employment Creation plans.

In this regard practical actions need to find their way in both the government and private sector programmes, amongst such actions procurement reforms could be used as some of the tools to ensure participation by different business categories.

In fulfilling our vision as the department that encourages innovative and sustainable economy, the focus of the Department of Economic Development, Tourism and Environmental Affairs together with public entities continue to be the driving force in the creation of an enabling business environment for public and private sector-led economic growth and jobs. During the 2020/21 year, the consistent strategic approach focusing on converting signed investments amid the global pandemic, interventions yielded reassuring outcomes for the entity, despite tough global economic contractions.

During the period under review, remarkable progress in delivering on the targeted deliverables was a highlight. Noteworthy improvement, which positions the RBIDZ and the sector on a positive trajectory, was recorded in various pockets of operations. Barring the impact of the novel coronavirus, which compressed the performance towards the end of the financial year, several key milestones were reached in pursuit of the desired impact through the translation of the entity's mandate of enabling socio-economic growth and development.

A highlight for RBIDZ was seeing an investment of R1.1 billion commencing construction on the ground thus strengthening and boosting confidence consequential to the observable activities taking place on site. This infrastructure is moving impactfully towards the operational phase earmarked for 2023. For the reporting year this investment has created one hundred and twenty-eight (128) jobs in its first phase of civil construction roll out and has further employed a total of four (4) sub-contractors who also continue to create jobs in their value chain. The second and third phases being mechanical and electrical works will see more employment and business opportunities being created as a result of their labour intensity nature thus contributing to the reconstruction of the socio-economic development that has been hard stricken by the global pandemic.

Moreover, another investment valued at R4.5 billion has also commenced construction resulting into approximately R6 billion total investments active on the ground.

It is reassuring to further highlight that over R15 billions of investments have also been signed and are at different stages of complying with regulated protocols that will lead to various stages of converting the investment pipeline.

Additional highlight for the RBIDZ was the attainment of the Clean Audit by the entity for the 2019/20 financial year with the Auditor – General's finding being announced in the 2020/21 financial year.

Taking cue from the government's call for mentorship and prioritisation of previously marginalised groups and enforce localisation the RBIDZ in its strategic objectives continued to support SMMEs during the 2020/21 financial year through a variety of key training programmes aimed at developing business acumen as well as enhancing business capabilities for both public and private sector, these include among others inclination with the technological capabilities driven by the fourth industrial revolution as well as presenting businesses on digital platforms for optimisation of business presence to targeted markets and networks.

Furthermore, the RBIDZ spent R 55 993 419,94 in the procurement budget set aside for SMME development. This included various prioritised groups such as Black-owned businesses, Black-Women owned businesses and Black- Youth Owned businesses. This operational compact alone contributed immensely to the increased participation of SMMEs in business and further creation of indirect employment. In prefacing the outline of the key priorities for the entity and government the economic focus is still affirmed at the expansive set of actions that will serve to rebalance economic power in favour of the majority of South Africans.

In conclusion and moving forward it is imperative that our collaborated energies and focus are invested on the key areas that should rebuild a conducive business environment and those are; accelerating the economic recovery plans of the province that will in turn positively contribute towards the socio-economic trajectory facing our people, ensure that there are proper plans in place that will boost the economy of the province whilst creating sustainable job opportunities, driving inclusive economic growth as well as ensuring that the business environment is conducive to attract more investments.

As the KZN provincial government, we recognise the value of the Richards Bay Industrial Development Zone and take responsibility to provide much needed support to the entity and ensure that it delivers to its intended mandate.

Although we celebrate successes, challenges contended with, lessons learned throughout the reporting period, the report will also help shape our future efforts to serve our stakeholders in various categories. This report will further seek to give an overview of how the entity performed during the financial year under review, and also provide an account of how resources that were allocated to the RBIDZ were utilised in fulfilling the statutory functions and obligations.

Furthermore, I would like to acknowledge and thank the RBIDZ Board of Directors and management for their efforts in creating an environment favourable for economic growth and job creation.

Mr. Ravi R. Pillay, MPL

MEC for Economic Development, Tourism and Environmental Affairs, KwaZulu-Natal

Dated: 15th August 2021


PINDOS

BOARD OF DIRECTORS

The Richards Bay Industrial Development Zone (RBIDZ) is led at the top by a Board of eleven (11) seasoned and vibrant directors, who oversee governance and performance of the Organisation.

In the Company operations, there are two (2) Directors who hold Executive Management portfolios, these being the Chief Executive Officer and Chief Financial Officer.

The Executive Management is responsible for the overall running and management of the RBIDZ, in consultation with the RBIDZ Board, including but not limited to, crafting the strategic direction to deliver on the mandate of the Organisation, as derived from the Special Economic Zones Act (No. 16 of 2014).

Mr. Mel C. Clark

Non-Executive Director
Board Chairperson since 18th January 2016

Qualifications

- Pg. Dip. IR; and
- B Social Science

Board Directorships

- Black Balance Project;
- Vuka Planning Africa;
- Black Balance Logistics;
- Black Balance Investments;
- Black Balance Consulting; and
- Imvusa Trading 230.

Dr. Sakhile G. Ngcobo

Non-Executive Director
Audit, Risk & Finance Committee Chairperson

Qualifications

- PhD in Business Management; and
- MA in Agriculture specialising in Rural Resource Development

Board Directorships

- South African Seaways;
- Siyathembana Group;
- African Thunder Platinum; and
- KZN Gaming and Betting Board

Mr. Elphas F. Mbatha

Non-Executive Director
Social and Ethics Committee Chairperson

Qualifications

- MA in Governance and Political Transformation;
- BA; and
- Executive Leadership Municipal Development Programme

Board Directorships

- Esikhawini Traders;
- Cleaning Laboratory;
- Tradebush Investments No 27;
- Business Against Crime Zululand;
- EVI Pig Farms;
- EVI Livestock Farms;
- EVI Poultry Farms;
- Bhambatha Investments;
- Musa Dladla Foundation;
- Rumdu Construction;
- Ubhedu Holdings;
- Kuzakahle Trading; and
- Bitline SA 797

Ms. Mbali T. Ndlovu

Non-Executive Director
Human Resources and Remuneration Committee Chairperson

Qualifications

- LLB;
- Admitted Attorney;
- Admitted Conveyancer; and
- Certificate in Local Government Management

Board Directorships

- The Mvula Trust Board;
- Msinsi Holdings; and
- National Radiation Waste Disposal Institute

Mr. Sanele S. Zondi

Non-Executive Director
Infrastructure and Investment Committee Chairperson

Qualifications

- Honours Degree in Public Administration;
- Post Graduate Diploma in Business Administration;
- B Tech Degree Marketing;
- National Diploma in Marketing; and
- Executive Development Programme

Board Directorships

- Chairperson of the Alumni Association of Cape Peninsula University of Technology;
- Chairperson of the National Board of Convocations and Alumni of South Africa;
- Non- Executive Director KZN Gaming and Betting Board; and
- Member of the Institute of Directors of South Africa

Ms. Susan Mangole

Non-Executive Director

Qualifications

- Post Graduate Diploma in Business Management;
- National Diploma in Office Management;
- Advanced Management Development Programme;
- Programme in Business Management;
- Public Financial Management; and
- Leaders in Development Programme.

Board Directorships

None

Mr. Silas Z. Hlophe

Non-Executive Director

Qualifications

- MBL;
- B Com Honours in Accounting; and
- Diploma in Cost and Management Accounting.

Board Directorships

- Board of Trustees KZN Growth Fund;
- Mhlathuze Water;
- Executive Director of Timely Move Investment (Pty)Ltd; and
- Mayenzeke Investment CC

Ms. Gugu M. Mashiteng

Non-Executive Director

Qualifications

- MBA;
- BCom Accounting;
- Post Graduate Diploma in Management; and
- Municipal Finance Management Programme

Board Directorships

None

Ms. Cynthia P. Vilakazi

Non-Executive Director

Qualifications

- MA in Policy and Development Studies;
- Post graduate Diploma in Marketing Management; and
- BA (Social Work)

Board Directorships

- Chairperson: Kana U Vhulunga Mvelele; and
- South African School of Practical Skills

Mr. Mduduzi G. Mhlongo

Non-Executive Director

Qualifications

- LLB;
- Executive Leadership Municipal Development Programme; and
- Impact and Innovation Leadership Certificate

Board Directorships

None

Mr. Thabane W. Zulu

Executive Director

Qualifications

- MBA;
- B Admin (Hons); and
- B Admin

Board Directorships

None

Ms. Simangele Ngcobo

Executive Director

Qualifications

- BCompt Hons CTA CA; (SA)
- BCompt; and
- National Diploma in Accounting

Board Directorships

None

RICHARDS BAY INDUSTRIAL DEVELOPMENT ZONE: EXECUTIVE MANAGEMENT

Mr. Thabane W. Zulu
Chief Executive Officer

Ms. Simangele Ngcobo
Chief Financial Officer

Mr. Simthembile Mapu
Executive Manager: Business Development and Support

Mr. Zainul Shiekh
Executive Manager: Zone Development and Operations

Ms. Zodwa Zikalala
Acting Chief Operations Officer

Mr. Percy Langa
Acting Executive Manager: Corporate Services

Ms. Simphiwe Mbonambi
Executive Manager: Corporate Services
Resigned: 31 December 2020

Mr. Sambulo Khanyile
Executive Manager: Zone Development and Operations
Appointed: 11 May 2020
Resigned: 10 July 2020

Mr. Kayalethu Ngqaka
Acting Chief Executive Officer
Appointed: 1 November 2019 – 30 June 2020

Mr. Thabane Wiseman Zulu was appointed Chief Executive Officer with effect from 1 July 2020

Mr. Simthembile Mapu was appointed as Executive Manager: Business Development and Support with effect from 1 May 2020

Mr. Sambulo Khanyile was appointed as Executive Manager for Zone Development and Operations with effect from 11 May 2020

Mr. Zainul Shiekh was appointed as Executive Manager: Zone Development and Operations with effect from 1 February 2021

The following acting appointments occurred during the year under review:

Acting Portfolios	Name	Dates
Chief Executive Officer	Mr. Kayalethu Ngqaka	01/04/20 – 30/06/20
	Ms. Simangele Ngcobo	04/11/20-30/04/21
Chief Operations Officer	Ms. Zodwa Zikalala	01/06/20 – 30/11/20 01/04/21 – 31/07/21
	Ms. Choice Sihiya	01/04/20 – 31/05/20
	Ms. Anita Ntombela	03/12/20 – 31/03/21
Chief Financial Officer	Mr. Thokozani Dlamini	04/11/20 – 30/04/21
Executive Manager: Business Development and Support	Ms. Simphiwe Mbonambi	02/03/20 – 30/04/20
Executive Manager: Zone Development and Operations	Mr. Sifiso Thwala	01/03/20 – 10/05/20
	Mr. Simthembile Mapu	11/08/20 – 31/01/21
Executive Manager: Corporate Services	Mr. Percy Langa	04/01/21 – 31/03/21

CHAIRPERSON'S FOREWORD

Mr. Mel Clark

As for most people and businesses in South Africa, the 2020/21 financial year commenced with the Level 5 lockdown, which impacted the Company negatively as, save for minor emergency procurement, procurement of goods and services including the Company's major construction projects, had to be put on hold until the lock-down had eased to the extent that most suppliers were in a position to respond to tenders. This affected the proposed procurement programme and the commencement of construction on the Technical Services Centre for Nyanza Light Metals.

While the Company was not initially deemed an essential service, it was able to continue with its work as all staff quickly transitioned to online platforms and the Company was able to perform its day to day functions on a remote basis. This was enhanced when the Company was declared to be an essential service by the Provincial Government. As a Board we commend Management for the way that staff were able to pivot and to ensure that the Company was able to serve its stakeholders even while working from home and how, within a very short space of time, all staff, including inters, were put in a position whereby they were fully operational from home.

The lockdown had a negative effect of the Company's locators and, with the Consent and support of the Company's sole Shareholder, the Provincial Government of KwaZulu-Natal, it was able to extend some relief to our operational locators by way of a three-month rent holiday. This contributed to maintaining the locators in the Zone to the extent that one of them, SPS, added to its lease area during the financial year. As with many other state-owned entities, and government itself, the Company also had substantial reductions to its budgets in order to help Government fight the Covid-19 pandemic, which affected its liquidity and spending.

The highlights of the year were undoubtedly the commencement of construction of both the Wilmar Processing (Pty) Ltd oilseeds processing plant and the technical services centre for Nyanza Light Metals (Pty) Ltd. The Zone is privileged to have a tenant like Wilmar Processing, which is a subsidiary of Wilmar International, a Fortune Global 500 company listed on the Singapore Stock Exchange. Nyanza too is a vital project which goes to the essence of the SEZ programme as it will beneficiate titanium ore to produce titanium dioxide for both the local and export markets using technology it has developed locally.

I wish to thank both the MEC's who held the position of Shareholder and Executive Authority, of the Company during the year, namely MEC's Nomusa Dube-Ncube and Ravi Pillay for the support they have given to the Company and the Board. I also wish to thank the Board and CEO of Dube Tradeport Corporation, a sister entity of the Company, for their willingness to second their

COO, Mr Kaya Ngqaka to the Company to act as CEO before the new CEO was appointed as well as to MEC Dube-Mncube for her support in this regard, as well as to Mr Ngqaka, for being willing to step into the gap and ably guide the Company during his acting appointment.

I also wish to thank my fellow directors for their contributions, their wise counsel and guidance, their manner of prioritising the interests of the Company, their enthusiasm for the RBIDZ and their commitment to good governance, even we adopted to the novelty of all meetings being virtual. You have greatly assisted in the development of the RBIDZ.

Lastly, I wish to thank the Management and Staff of the RBIDZ. To Thabane and his team, thank you for your efforts, your enthusiasm, your commitment to clean governance, and your efforts, with a relatively small team, to ensure the success of the RBIDZ.

Mr. Mel Clark

Board Chairperson

Date: 31st July 2021

CHIEF EXECUTIVE OFFICER'S OVERVIEW

Mr. Thabane W. Zulu

On behalf of the Richards Bay Industrial Development Zone (RBIDZ), I hereby submit to the KwaZulu-Natal Legislature, through the Executive Authority, the MEC of Economic Development, Tourism, and Environmental Affairs (EDTEA), Mr Ravi Pillay, the annual report, associated with performance information, and the audited financial statements of the public entity for the financial year ending on the 31st of March 2021.

The South African government has entrusted the Richards Bay Industrial Development Zone (RBIDZ) with the responsibility to be the custodian of the company that is identified as a Special Economic Zone that has to contribute towards economic development and be growth engines towards government's strategic objectives of industrialisation, regional development and employment creation. The mandate and deliverables of the RBIDZ are guided and executed in accordance with the mandate of the Manufacturing Development Act (No. 187 of 1993), as well as compliant with the prescripts of the Public Finance Management Act (No. 1 of 1999, as amended). This annual report fairly presents the company's performance as well as the financial management status for the reporting period.

The Performance Report illustrated on this annual report are in accordance with the strategic pre-determined objectives that are contained in the Annual Performance Plan for financial year 2020/21 approved by the Board, and that were tabled in the KZN Legislature by the Member of the Executive Committee (MEC) for Economic Development, Tourism, and Environmental Affairs (EDTEA).

Profiling and Delivery of Key Strategic Business Opportunities

Infrastructure development and job creation

Reflecting to the year under review, the focus is directed on the positive milestones that still pave way towards the translation of the RBIDZ's mandate. Notwithstanding hindrances that posed threats to our achievements, energies were drawn to safeguard that performance presents strides of the RBIDZ.

The RBIDZ is a Special Economic Zone operating fully under the SEZ Act and the promulgation of the regulations. Adding to the performance achievements; the RBIDZ managed to retain the two (2) operational investors in its Phase 1A estate. One of the investors being Sizabantu Piping Systems increased its investment value from R331 million to R352 Million. Moreover, within the same estate a R1.1 billion investment project commenced construction of the edible oils refinery in October 2020 having been derailed by COVID-19 lockdown restrictions for the greater part of the year.

At the Phase 1F estate, Nyanza Light Metals also commenced construction of the first phase of its titanium dioxide pigment manufacturing plant valued at R4.5 billion. These projects combined add the investment value of projects that have commenced construction to approximately R6 billion and promise an array of opportunities both for labour and businesses.

Taking into account the destruction caused by the pandemic, delaying implementation of projects on the ground and witnessing companies closing doors and shedding employment one would definitely conclude that strategic imperative took a complete knock, however RBIDZ was able to create 245 employment opportunities from the investment projects in the middle of the pandemic whilst investors also retained 84 permanent employment respectively.

Progress presented on the ground is testimony that the RBIDZ is well on the way towards changing the socio-economic landscape of the region and the province entirely.

Investment Attraction and Promotion

Evidently, the RBIDZ has aligned itself positively in enhancing the institution's healthy state, by critically maintaining and retaining the investment pipeline in the estate, and boastfully signing R6.7 billion worth of new investments for the year 2020/21 against the target of R600 million. Through these signed investments, the economic landscape of Richards Bay is certain to change drastically and stay afloat in the future.

For the period under review, efforts have been invested to get signed investment projects to commence construction for visible impact on the ground, and it is remarkable to report that the targeted catalytic projects being the R1.1 billion edible oils investment project as well as the titanium dioxide pigment R4.5 billion projects have all commenced construction on two (2) estates of the RBIDZ being Phase 1A and 1F respectively.

Oil and Gas Hub Feasibility Study Progress

The Company, in conjunction with EDTEA, comme-nced on a study to determine the feasibility of Richards Bay as an oil and gas hub. This study takes into account both the possibility of importing Liquefied Natural Gas (LNG) into Richards Bay for use in power plants and in general industry, as well as the feasibility of locating an oil refinery in Richards Bay. This study has shown Richards Bay to be a very suitable port for these activities, with existing electrical and gas infrastructure unparalleled at competing ports. The possibility also exists for integrating Richards Bay with other African countries, by railing LNG into countries such as Botswana and the Democratic Republic of Congo.

The study also seemed prescient in regard to the possible location of an oil refinery in Richards Bay, as a few months after the study commenced, the Minister of Energy announced that government was looking to locate an oil refinery at either Coega or Richards Bay. The Company believes that the RBIDZ has several advantages in this regard, not least the shorter distances to major markets, which would reduce the transport costs to be considered with any fuel produced by the proposed refinery.

SMME Development

The RBIDZ continues to develop SMME's through various training programmes; this initiative is aligned to EDTEA's objective of empowering and capacitating SMME's to participate in wealth generation and expansion of opportunities. In line with the CIDB Emerging Contractor Development Programme, the training focuses on bridging the gaps caused by lack of skills, critically in business venturing. The training programmes offered include, amongst others, project management, financial management, business management, and ICT.

In addition to the Contract Participation Goals (CPG's), it is expected that these emerging contractors will be well-equipped in managing their businesses whenever opportunities present themselves. Contractors that successfully completed the training were recognised by being issued certificates by accredited training providers in line with the Construction Education Training Authority (CETA). There are active and on-going engagements with the Municipalities and local industry management (e.g. the Zululand Chamber of Commerce and Industry) and the SMME fraternity, to raise awareness on procurement processes and protocols.

Internship Programmes, Learnership Programmes and Study Assistance Programme (Bursaries)

The RBIDZ is sensible to challenges facing the youth and as such continues to set aside resources aimed at ensuring that the youth is afforded opportunities to access internship programmes, learnership programmes and study assistance funding to ensure that they are exposed to employment opportunities in the future.

Although the problem of unemployment affects a huge margin in society, the RBIDZ is cognisance of the fact that the young generation has disproportionately borne the brunt of limited employment opportunities owing to lack of experience and disadvantaged backgrounds. It is for these reasons that the programs of 'on the job' experience and study funding is prioritised as part of RBIDZ community development initiatives.

Stakeholder Management and Brand Management

The Unit provides support to the different categories of stakeholders to ensure governance and sustainability as well as strengthened relationships.

Fostering the image and reputation of the company is of key importance, and, as such, initiatives to elevate the stature of the company are managed as an on-going priority. Stakeholder engagements and management is one other strategic priority for the RBIDZ to break barriers deterring grounds for dialogue and shared ideas.

The Unit recognises that adverse stakeholder perceptions could pose as hindrances for the company's growth and acceptance, and as such strategic publicity through positive narrative and publicity is also prioritised. Various publicity, advertising, and media activities have resulted in heightened stakeholder and brand awareness, as confirmed by the independent Brand Visibility and Stakeholder Perception Survey conducted in the year under review to evaluate the stakeholders' perception about the RBIDZ, and also to benchmark the level of brand awareness; the audited findings revealed an improved percentage of 24% for 2020/21 from 45% for baseline of 2017/18 financial year.

Contributions towards societal development and corporate citizenship through Corporate Social Investment Initiatives

Besides encounters of universal progression and financial strength, numerous states still witness increased inequality in topical areas, caused by the societal tensions and enquiries about sustainability, including environmentally sustainable growth. Remaining in touch with the communities is one other feature that is prioritised by the RBIDZ, as it continues to grow in acknowledging the prerequisites of the neighbouring communities.

Substantial causes are not business transactions, but diverse social contributions and community development programmes related to education, agriculture and others that have been identified as crucial to the enhancement of the RBIDZ's reputation as a responsible company through public engagements. The RBIDZ continues to embark in activities to help achieve inclusive excellence, which allows schools, businesses, health facilities, and non- profit organisations to grow and succeed.

The year under review further focused on enhanced education interventions, aimed at supporting disadvantaged schools with extra learning capabilities to improve Grade 12 performance within the King Cetshwayo District Municipality. The RBIDZ provided just over 300 learners with extra learning for various subjects to close the gaps identified through the performance of some of the schools that have been declared dysfunctional based on the poor Matric achievements over the years. The reasoning behind this programme aimed to further contribute towards the educational resources provided by government however the RBIDZ's one focused on diverse methods of learning from renowned educators.

Another highlight is the graduation of three (3) beneficiaries that have been supported through the Study Assistance Programme (bursary) that was introduced in 2017, adopting 7 students under its wing and supporting them through their tertiary studies in various Universities, the remainder of the students are enrolled for their final year of studies in 2021.

Furthermore, during the year under review, the RBIDZ introduced the programme focusing on community agri-businesses that are unable to thrive as a result of limited work resources. The agri-business programme aims to assist the rural communities with the basic working equipment that will enhance their initiatives towards sustainability and ability to optimise their produce for commercialisation.

Company Performance against the Annual Performance Plan (APP)

The company achieved 50% of its APP objectives. In the recent planning cycle, the RBIDZ has ensured that the smartness of targets is prioritised and well-thought out to avoid poor achievement of targets in the future. Also key was the measurement targets that were of strategic importance to the Company, with minimal operational "jargon".

In retrospection, our approach to Supply Chain Management (SCM) is an area of business where we have focused our efforts, in order to boost local economy and local content. Critically, we also put our focus on ensuring compliance with all mandatory regulations, like the PFMA and PPPFA. We are also mindful of the imperative to prepare local businesses to be in a position of readiness, once the investors seek their services, and this is facilitated through on-going mentoring sessions, training, and awareness seminars.

Sustainability of Governance and Ethical Principles

Principles of governance and sustainability conti-nue to be a priority for the Richards Bay IDZ in its dealings with operational matters, compliance with financial management legislation, State Treasury Regulations as well as Public Finance Management Act and guiding policies.

It is pleasing to highlight that the Richards Bay IDZ attained unqualified reports with no findings for the 2019/20 financial year, an achievement that the RBIDZ prides itself with since the achievements confirm sound financial management and good governance that the company continues to abide itself with.

The prestige accomplishment for the RBIDZ came at a time when other companies continue to struggle with issues of governance in their operation and other oversight responsibilities. With wide reports of irregular expenditure incurred throughout the KwaZulu-Natal Province for 2019/20 the attainment of the Clean Audit is one other achievement to be highlighted.

Moreover, the RBIDZ was re-certified with International Standards of Operations - ISO 14001: 15 and ISO 9001: 15 following stringent audit verifications conducted by SABS. The validation further attest that compliance and following all ambits of governance are practiced on all categories of company operations. The ISO certificates are valid for another three (3) years (2021/22 to 2023/24), allowing the company to re-prioritise and implement new processes to enforce the required standards and certification.

RBIDZ's Position

The RBIDZ has repositioned its strategies to fast pace the conversion of the investment projects so as to acknowledge and deliver on the emergence of economic recovery initiatives as well as translate the projects into initiatives that will positively contribute towards social issues facing the province and the country at large.

With the investment projects that have already commenced construction on the ground the future looks promising towards delivering to our commitments made in the previous years.

As the RBIDZ becomes established, additional sector-specific private sector investments are amongst our long-term targeted goals for diverse business opportunities securing future developments. The RBIDZ seeks avenues to optimise economic returns from existing mineral wealth, the deep-water port, marine-oriented industries; and agricultural produce found in the region; this is a quest of establishing connections with industrial hubs and the world.

Appreciation

My admiration and honour is extended to the KZN Provincial Government for presenting enormous backing for the cause of the RBIDZ, and further advance my heartfelt appreciation to the MEC for Economic Development, Tourism and Environmental Affairs, Mr. Ravi Pillay, for the support, leadership, and the confidence in the possibilities of the RBIDZ.

Considerately, I would like to outspread my gratitude to the Minister of the Department of Trade, Industry and Competition, Mr Ebrahim Patel, for the ongoing sustenance and all efforts capitalised towards making the Special Economic Zones Programme an enabler and vehicle aimed at eradicating traces of poverty in the country.

Moreover, the oversight responsibilities played by the Board of Directors who have provided a strident affluence of expertise, strategic direction, and guidance towards the management of the RBIDZ are humbly appreciated and acknowledged as they have driven the performance of the company to where it is presently.

In conclusion, my respect and earnest gratitude goes to the RBIDZ Executive management and all categories of staff, for their commitment and hard work in contributing towards the delivery of the RBIDZ mandate. The outcomes would not have been realised without their hard work and aspirations to translate the mandate of the Special Economic Zone into one that will make history in the lives of the people.

The year under review saw many milestones being reached in various areas of the RBIDZ, in areas such as retaining operational investors and seeing one of them expanding their factory thus increasing the initial investment value to R352 million, creating and retaining 84 permanent jobs amid the economic challenges posed by the global pandemic.

____

Mr. Thabane W. Zulu

Chief Executive Officer

Date: 31st July 2021

Statement of Responsibility and Confirmation of Accuracy for the Annual Report

To the best of our knowledge and belief, we confirm the following:

- All information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements audited by the Auditor-General.
- The Annual Report is complete, accurate, and is free from any omissions.
- The Annual Report has been prepared in accordance with the guidelines on the Annual Report, as issued by the National Treasury.
- The Annual Financial Statements have been prepared in accordance with the standards applicable to the public entity.
- The accounting authority is responsible for establishing and implementing a system of internal control, designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information, and the Annual Financial Statements.
- The external auditors are engaged to express an independent opinion on the Annual Financial Statements.
- In our opinion, the Annual Report fairly reflects the operations, the perfomance information, the humann resources information, and the financial affairs of the public entity for the financial year ended 31st March 2021.

Mr. Thabane W. Zulu

Chief Executive Officer

Dated: 31st July 2021

Mr. Mel Clark

Board Chairperson

Dated: 31st July 2021

Legislative and Other Mandates

Legislative Mandate

The Richards Bay IDZ is a Schedule 3D entity in terms of the PFMA. The IDZ Programme in South Africa was established in terms of a cabinet resolution of September 2002, and was regulated in terms of the Manufacturing Development Act (No. 187 of 1993), and, in particular, the specific Regulations made under that Act and contained in Regulation No: R1224 of 1st December 2002 (Government Gazette No: 21803), which was subsequently amended by Government Notice No R1065 of 27th October 2002 (Government Gazette No. 29320).

The RBIDZ was separately established by Government Notice No. 644 of 26th April 2002 (Government Gazette 23369), and its area was then amended by Government Notice No. 1045 of 4th August 2006 (Government Gazette 29094).

On the 9th February 2016, the Special Economic Zones Act (No. 16 of 2014), replaced the Manufacturing Development Act as the statute which regulates Industrial Development Zones. In terms of the transitional provisions to this Act, all Industrial Development Zones created in terms of the Manufacturing Development Act were deemed to be Special Economic Zones. Industrial Development Zones are one of the categories of Special Economic Zones contemplated in the Special Economic Zones Act.

In terms of the Special Economic Zones Act, the purpose of creating Special Economic Zones, such as the RBIDZ, includes:

- Facilitating the creation of an industrial complex, having strategic national economic advantage for targeted investments and industries in the manufacturing sector and tradable services;
- Developing infrastructure required to support the development of targeted industrial activities;
- Attracting foreign and domestic direct investment;
- Providing the location for the establishment of targeted investments;
- Enabling the beneficiation of mineral and natural resources;
- Taking advantage of existing industrial and technological capacity, promoting integration with local industry and increasing value-added production;
- Promoting regional development;
- Creating decent work and other economic and social benefits in the region in which it is located, including the broadening of economic participation by promoting small-, micro-, and medium – enterprises and co-operatives, and promoting skills and technology transfer; and
- Generating new and innovative economic activities.

The Customs Controlled Area within an SEZ is regulated by the Customs Control Act (No. 21 of 2014). The RBIDZ shall, in conjunction and collaboration with SARS: Customs and Excise Division, be responsible and facilitate compliance by SEZ Enterprises, with all SEZ specific legislation, rules, and regulations regarding movement of goods, persons, and vehicles into and out of the proclaimed areas, as well as with legislation, guidelines, and standards; specifically pertaining to safety, health, and environment.

In short, therefore, the purpose of the RBIDZ is to develop a Special Economic Zone in order to attract local and foreign investors, who will create production capacity to beneficiate South Africa's raw materials prior to export and also to create exportable services, and will thereby create employment and improve the skills base.

It is thus an integral part of government's macro-economic policy to develop South Africa's manufacturing sector, by encouraging investment in the manufacturing industries, centred on beneficiation of the country's natural resources.

Relevant Court Rulings

The key court case dealing with Industrial Development Zones is the decision of the Constitutional Court in Offit Enterprises (Pty) Ltd and Another v Coega Development Corporation (Pty) Ltd and Others (CCT 15/10) [2010] ZACC 20; 2011 (1) SA 293 (CC); 2011 (2) BCLR 189 (CC) (18 November 2010). In this case, the Applicants sought a declaratory order that any expropriation of their applicants' property at the instance of the Coega Industrial Development Zone was neither permissible nor lawful.

In Offit Enterprises (Pty) Ltd and Another v Coega Development Corporation (Pty) Ltd and Others (09/09) [2010] ZASCA 1; 2010 (4) SA 242 (SCA); [2010] 2 All SA 545 (SCA) (15 February 2010), the Supreme Court of Appeal found: "that an expropriation of the appellants' properties for the purposes of their inclusion in the Coega IDZ would serve a public purpose and it can make no difference whether the properties are retained by the national government as the expropriating authority or transferred to Coega Development. In any event such an expropriation would plainly be in the public interest once it is accepted that it furthers the development of the Coega IDZ. That suffices to dispose of the point that an expropriation would not be permissible under s 2 of the Expropriation Act."

The Constitutional Court found "there is no reason that the first respondent should be barred from making an application for the expropriation of the applicants' property in the future if it so requires for the benefit of the development of the Coega IDZ, provided that it does so lawfully".

The above makes it clear that the existence of Industrial Development Zones, such as the RBIDZ, is in the public interest and could justify the use of expropriation, if required.

The case of Land Access Movement of South Africa and Others v Chairperson of the National Council of Provinces and Others (CCT40/15) [2016] ZACC 22; 2016 (5) SA 635 (CC) (28 July 2016) is important to the Company, as it is in the process of acquiring land and there is a risk that the land it acquires may be subject to a future land claim after it is acquired. This case dealt with the Restitution of Land Rights Amendment Act 15 of 2014, which extended the deadline for lodging land claims until 2019. The Court found that the Act was invalid as a result of insufficient public participation. The decision effectively closed the window to file further land claims unless and until a new Act is passed. Any claims subsequent to 1st July 2014 also cannot be processed.

Planned Policy Initiatives

Industrial Policy Action Plan

At the launch of the 8th Iteration of the Industrial Policy Action Plan - **IPAP2016/17-2018/19 (IPAP)** on Monday, 9th May 2016, Minister of Trade, Industry and Competition, stated that there is now an even more pressing need for structural change in the economy, to break out of commodity dependence and move to a more diversified base, in which increasing manufacturing-based value addition, employment creation, and export-intensity come to define South Africa's growth trajectory.

IPAP 2016 envisages nothing less than a massive, concerted, and focused national industrial effort, intimately involving all the key stakeholders and economic partners.

This must be built on four pillars, viz:

- Policy coherence and policy certainty across government;
- A close collaborative effort between government, business, and labour;

- A commitment to ensure that the linkages between the primary and secondary productive sectors of the economy are maximised; and
- A combined and constructive drive to overcome the key constraints to manufacturing-led, value-added growth, and labour-intensive manufacturing.

IPAP 2018/19 – 2020/21: Key Focal Areas

Public procurement – greatly enhanced and enforced compliance, with localisation targets set for government departments and State-Owned Companies.

A strong focus on spill-over and labour-intensive sectors - in particular: agro-processing; the CTLF sector; the component manufacturing and sub-assembly sub-sectors in automotive; rail, light manufacturing and engineering in the metals sector; plastics and associated sub-sectors; electro-technical assembly, sub-assembly and component manufacturing; downstream timber and pulp products, including furniture and boatbuilding.

Carefully targeted Industrial financing and incentives – including: a much stronger export credit and export credit insurance support, in combination with a wide range of sector-specific incentives; and b) energetic implementation of the recently launched Black Industrialists Incentive.

Leveraging the devaluation of the Rand to make South African manufactured products more globally competitive, and create opportunities for the expansion and further development of SA's domestic manufacturing capabilities.

Growing exports: there are four main pillars to the IPAP export strategy

- Building partnerships with global Original Equipment Manufacturers (OEMs), focused on transferring technologies and growing our exports in OEM value chains.
- Partnering with national export champions to catalyse increased national technology absorption for the development of high value exports.
- Strengthening existing Industry Associations and Export Councils, including establishing a dedicated new Export Council for Africa.
- Developing export-orientated production hubs in SEZs and Regional Clusters, and fostering industrial decentralisation.
- and production, higher exports, deepening localisation, and expanding employment.

Gas-based industrialisation: IPAP 2016 introduces a medium-term programme to ensure that gas-based industrialisation increasingly develops into one of the spines of our industrial strategy, leveraging natural gas as both a source of power generation and a driver of industrial diversification.

Minimising red tape: to open up space for much more streamlined and business-friendly governance processes. These efforts will include:

- Managing on-going relations with the inter-Ministerial Committee (IMC) on Investments to tighten up the intra-governmental co-ordination of the South Africa's new One-Stop Investment Centres; and
- A rapidly expanding partnership between the CIPC (Companies and Intellectual Property Commission) and all the major banks to provide official company registration facilities within their branches and online.

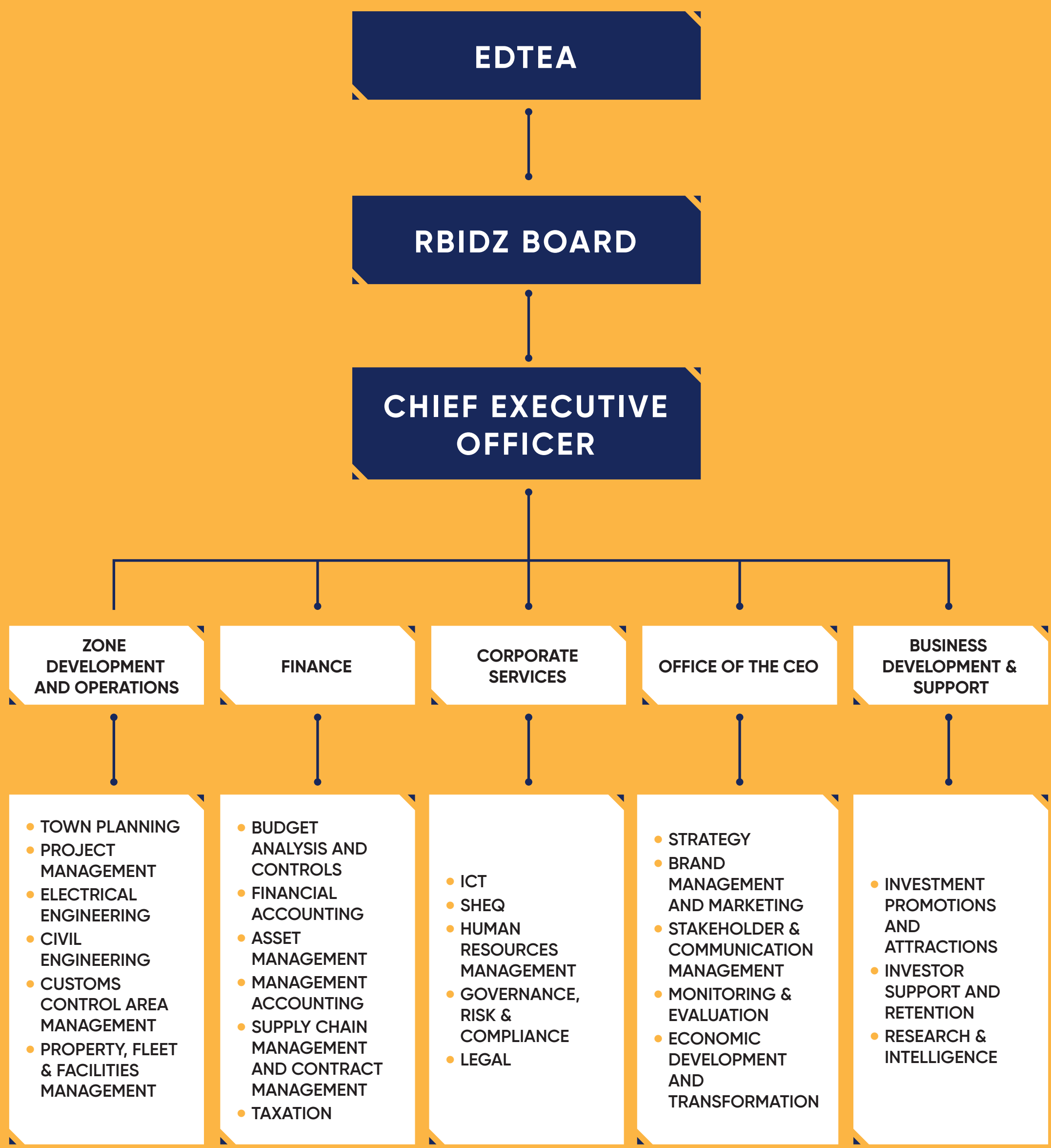
Constitutional Mandate

In the light of its goals of growth, development, and job creation, the IDZ programme relates to the constitutional goal of improving the quality of life of all citizens and freeing the potential of each person; building a united and democratic South Africa that is able to take its rightful place as a sovereign state in the family of nations; and, in creating jobs, enhancing the dignity of all. In order to achieve this, RBIDZ advocates for the employment of a larger percentage of South Africans in each investment project within the Zone. Furthermore, it will maximise downstream opportunities for the benefit of SMME's.

Special Economic Zones directly relate to the functions of industrial promotion, regional planning and development, and urban and rural development, set out in Schedule 4 of the Constitution of the Republic of South Africa, 1996.

Based on the focal points and purpose aimed at driving industrialisation the Richards Bay Industrial Development Zone plays a vital role and business management and functionality of the company should be aligned with the capable workforce and align with the organisational structure. So as to ensure sustainability, **Below is the RBIDZ structure-;**

ORGANIZATIONAL STRUCTURE



PART B

ANNUAL REPORT 2020/2021

PERFORMANCE INFORMATION

Performance Information

Performance Report Against the Annual Performance Plan 2020/21 Financial Year

Paragraph 29.2.1 of Treasury Regulation (TR) issued in terms of PFMA, 1999 states that the public entity in consultation with its executive authority must conclude a Shareholder's compact. Paragraph 29.2.2 of the TR indicates that the Shareholder's compact must document the mandated key performance measures and indicators to be attained by the public entity as agreed between the accounting authority and the executive authority. The RBIDZ concluded the Shareholder's compact with the Department of Economic Development, Tourism and Environmental Affairs for the 2020/21 financial year with the Annual Performance Plan as an addendum indicating performance targets for the year. The table below shows the RBIDZ's actual performance against targets as indicated in the 2020/21 Annual Performance plan.

Office of the CEO

Outcome	Output	Output Indicator	Annual Target for 2020/21 as per the APP	Validated Actual Annual Output	Status / Reasons for variance
Good governance	APP Targets achieved	Percentage of achieved APP targets	85%	50%	Target Not Achieved

Corporate Services

Outcome	Output	Output Indicator	Annual Target for 2020/21 as per the APP	Validated Actual Annual Output	Status / Reasons for variance
More decent jobs created and sustained	Investment Driven Skills Development Plan	Percentage of skills development plan initiatives implemented	100%	100%	Target Achieved
Land portfolio ready for investment attraction	Land fully serviced with ICT infrastructure	Percentage of RBIDZ operational properties fully serviced with ICT infrastructure	100%	100%	Target Achieved

Finance

Outcome	Output	Output Indicators	Annual Target for 2020/21 as per the APP	Validated Actual Annual Output	Status / Reasons for variance
Good governance	Clean audit opinion	Percentage of the audit continual improvement plan	100%	99.925%	Target Not Achieved
Reduced Grant Dependency	Revenue Generation Model	Number of Revenue Generation Models developed	1	0	Traget Not Achieved
Inclusive economic growth	Businesses owned by black-women supported	Number of businesses owned by black-women supported	5	8	Target Exceeded
	Business owned by black-youth supported	Number of business owned by black-youth supported	5	8	Target Exceeded
	Business owned by people with disabilities supported	Number of business owned by people with disabilities supported	3	3	Target Achieved

Business Development and Support

Outcome	Output	Output Indicator	Annual Target for 2020/21 as per the APP	Validated Actual Annual Output	Status / Reasons for variance
Improved operationalized investment value	Value of invest-ment approved by the Board	Rand value of invest-ment approved by the Board	R600 million	R6.7 billion	Target Exceeded
Inclusive Economic Growth	Investments value of Black Industrialist invest-ment approved by the Board	Rand Value of black industrialist investments approved by the Board	R100 million	R686 million	Target Exceeded
		Number of black businesses secured to supply SEZ investors	3	0	Target Not Achieved

Business Development and Support

Outcome	Output	Output Indicator	Annual Target for 2020/21 as per the APP	Validated Actual Annual Output	Status / Reasons for variance
More decent jobs created and sustained	Operational jobs created	Number of operational jobs created	60	0	Target Not Achieved

Zone Development and Operations

Outcome	Input	Input Indicators	Annual Target for 2020/21 as per the APP	Validated Actual Annual Output	Status / Reasons for variance
Land portfo-lio ready for investment attraction	Land parcels secured for development	Hectares of land secured for development	140ha	0	Target Not Achieved
	Fully developed land parcels	Number of new land parcels fully developed	1	0	Target Not Achieved
More decent jobs created and sustained	Construction projects commenced	Number of construc-tion projects commencing	3	3	Target Achieved
	Construction jobs created	Number of construc-tion jobs created	760	245	Target Not Achieved

Highlights Per Programme

Business Development and Support

The purpose of Business Development and Support is to attract sustainable investments for the manufacturing of value-added exports and import substitutes into the Zone, provide after-care and support as well as provide market intelligence information in order to identify investment opportunities whilst creating business linkages for business value chain and employment opportunities.

The Business Development and Support programme expedites three (3) of the Organisation's key strategic goals, namely:

- **Strategic Goal 1:** Improved operationalised investment value;
- **Strategic Goal 2:** Inclusive economic growth; and
- **Strategic Goal 6:** More decent jobs created and sustained

The objectives of this programme are facilitated through implementing strategies and measures aimed at attracting direct investments for the production of export and import substitutes into the Zone. This Programme is the temperament of the Company, in driving promotion and attraction of significant investments that will translate the company's mandate towards boosting the economy, job creation, skills development and transfer as well as enhance productive capacity.

Building the supportable environment for investments, and establishing locations for investment, is one key factor that enhances the value proposition. The financial year 2020/2021 proved to be the year that was destructed by the global pandemic however the commitment and determination from the Business and Development team ensured that operational investors remain afloat and are attained and afforded business support during the hardships consequential to the pandemic. As a result, an investment worth of R352 million was retained and also saving employment of the workers.

Moreover, 3 new investments were signed with a total value of R6.7 billion. To date the RBIDZ has a total of signed investments valued in excess of R15 billion representing different sectors of the economy.

The investors signed up in the financial period under review, is indicative that the RBIDZ has all the prerequisites sought by the investors to support their manufacturing and transportation of commodities.

It is worth also highlighting that in driving inclusive economic growth corresponding with the transformation agenda as well as facilitation of participation of the marginalised groups into the mainstream of the economy, the Board approved Black Industrialists investments to the value of R318 million against the set target of R100 million. The achievement presents a remarkable target achieved.

Investment Projects under construction

In fast tracking endeavours to operationalise investments, the RBIDZ is pleased to announce that two (2) of the catalytic investment projects worth over R6 billion commenced construction in the two (2) estates of the RBIDZ against the target of R600 million for the reporting year. The comprehensive developments on the ground have strengthened confidence of stakeholders and investors as these investments are well on their way towards operationalising the investments once construction is complete in a couple of years. This progress came during a very difficult time when the COVID- 19 restrictions have destructed various operations and activities that could have been far ahead by the end of the financial year.

Investments Prioritisation

To effectively deliver on the RBIDZ's Investment Promotions and Attraction strategy and targets, given the challenging global investment climate, a new investment promotion approach was adopted during the reporting financial year. Optimal alignment between cross cutting teams, consolidation of processes, and effective response to customer needs were at the centre of the investment promotion and attraction strategy.

Moreover, the Investment Promotion and Attraction strategy has been focused on streamlining the project list to prioritise those projects that have potential of being converted and operationalise with speed and yield practical results. The emphasis is on those projects that do not have a long-term turnaround, to ensure that delivery time is reduced, with allowances made for projects that have funding as well as those that have to go through the EIA (Environmental Impact Assessment) process or undertake feasibility studies.

Domestic and International Marketing Activities

These activities include trade and fact-finding missions where targeted visits to investors and by investors are facilitated to heighten the promotion and attraction of investors in the different sectors of the economy, however due to the global pandemic that restricted travel and physical engagements these activities were minimised resulting in limited missions being undertaken. Amid the restrictions there were alternative platforms that were created to action activities although they were only limited to virtual engagements.

During this period engulfed by the pandemic, it has been noted that there has also been a shift of focus in certain sectors resulting in other sectors taking second-ary stage compared to a period prior to the global pandemic. This shift of focus is something that the RBIDZ has taken note of and worked hard to re align with the new norm and demands in the market that will ensure that the RBIDZ also plays in a viable space that is certain to attract investors to minimise redundancy. The proactiveness of the RBIDZ is evidenced by the dynamism of the signed investments and this is proof that the RBIDZ has given itself time to do the market intelligence as well as research the market needs.

The RBIDZ Value Proposition

The RBIDZ seeks to attract investors, which have a strategy to locate in our estates. We also seek to lure the investor based on the incentives offered by national government and the services available at the RBIDZ.

Regional sectors of focus ensure that whatever we do, all our efforts and activities are aimed at marketing the RBIDZ Value Proposition and the expansion of our market in the key priority investment sectors currently pursued by the RBIDZ, being the following -:

- Metals Beneficiation
- Agro-processing
- ICT
- Energy
- Marine Industry Development

Investment Attraction Outlook

The past year has been focused on converting the investment pipeline and fast-tracking compliance protocols that were hindering commencement of construction for the key investment projects; and those strategies yielded positive results as they saw construc-tion commencing for the two (2) catalytic investment projects worth over R6 billion combined and have a potential of creating two- thousand (2000) construction jobs during the different construction phases as well as over seven hundred (700) permanent jobs combined once they are operational.

The year ahead will continue to forge forward in converting what is on the pipeline whilst also facilitating the attraction of new investments.

The RBIDZ is well posed to attract more investments supported by various factors such as the close proximity to the deep-water port, multi- access to road and rail infrastructure connecting to major routes within South Africa and Africa as a whole, wealth of mineral resources and supporting industries, serviced and secured industrial estate, strong support from government and key stakeholders as well as the One Stop Shop that affords investors with ease of doing business with RBIDZ.

Zone Development and Operations

Zone Development and Operations largely supports the following strategic goals:

- **Strategic Goal 3:** Land portfolio ready for investment attraction; and
- **Strategic Goal 6:** More decent jobs created and sustained

The purpose of the programme is supported by the 50- year Master- Plan which prompts the acquisition of land for development into a world-class industrial estate, through integrated planning, design, service and management process for the attraction and location of investors. The process involves land identification and engagement with land owners for the purposes of purchasing such land where upon agreement processes of development are implemented such as; layout planning and infrastructure design, obtaining development and design approvals, infrastructure implementation, and the operation and maintenance of infrastructure systems.

The programme further ensures that within the owned and operational estates the RBIDZ operates within the regulations in terms of the Customs and Excise Act in its Customs Control Areas, with a fully-integrated security management system as an agent on behalf of the South African Revenue Service.

A major setback in translating the objectives of the 50-year Master Plan facing the RBIDZ in acquiring land for development is shortage of land due to environmental issues which are a major factor in the area as well as other regulatory approvals that delay processes to conclude acquisitions and infrastructure implementation. Regulatory approvals that have to be obtained include Environmental Approvals in terms of the National Environmental Management Act; Water Use Licences in terms of the National Water Act; Planning Approval in terms of the Kwazulu-Natal Planning and Development Act and the Spatial Planning and Land Use Management Act; and Engineering Design Approvals from the Local Authority. The long lead times associated with all these regulatory approvals do unfortunately extend the timeframes of developing the industrial estate.

Nevertheless, the RBIDZ is working tirelessly to close the agreements with various land owners for identified land to ensure that the targeted number of acquired land is met and developed in line with activities of industrialisation.

Phase 1A- 62 ha Estate

Various infrastructure activities are in progress in Phase 1A, these include activities by operational investors that have expanded their operations since their time of locating in the estate. Moreover, the edible (Palm) Oil facility with an investment valued of R1.1billion by Wilmar commenced construction in October 2020 and is well under way with progress on the ground amid lockdown destructions that delayed construction, however the Civil engineering phases of the project have been completed and the investor is about to engage in the mechanical stage which is a second phase of the project.

Whilst the investment projects are developing in the estate, the RBIDZ is also ensuring that the infrastructure is well capacitated to meet the demands of the investors such as electricity supply and other essentials. In so doing it is constructing a 40 MVA Substation in Phase 1A.

In the year under review CVG Pink Africa JV was appointed as the contractor to design and construct the new substation. This follows various engagements and approval of the electricity application for a new 132kV supply by the City of Umhlathuze, however various environmental and funding protocols will have to be finalized before construction commences once concept designs are completed and paved the direction for the substation's exact power lines routing location.

Davidson Farm West - 142 ha

The land is located in Nseleni, UMfolozi and has been identified as part of the RBIDZ land portfolio expansion which is earmarked for a variety of agricultural activities such as the fresh produce hub and de-husking facility for macadamia. In the process of conducting its due diligence and strengthening its intent with the land the RBIDZ has engaged with the KwaZulu-Natal Department of Agriculture and Rural Development, which is responsible for agri-hubs in the Province to inspect the farm where upon the Department recommended that the farm constitute one of the four agri-hubs in the Province earmarked for fresh produce.

The purchase of Davidsons's Farm has been conditionally approved by the Shareholder in terms of section 54(2) of the Public Finance Management Act, subject to approval of transactions by the Provincial Treasury.

Administration

The administration programme of the RBIDZ primarily provides strategic support to the company, and maintains good corporate governance systems that guide the implementation of organisational strategy in line with mission espoused in this plan. Administration is made up of the following sub-programmes: Office of the CEO (Strategy, Monitoring, and Evaluation), Finance & and Corporate Services.

The programme supports five of the strategic goals viz:

- **Strategic Goal 2:** Inclusive economic growth;
- **Strategic Goal 3:** Land portfolio ready for investment attraction;
- **Strategic Goal 4:** Good governance;
- **Strategic Goal 5:** Reduced grant dependency; and
- **Strategic Goal 6:** More decent jobs created and sustained.

Office of the CEO

The primary objective of the sub-programme is to enforce corporate governance systems, and ensure the full implementation of organisational strategy, in line with the overall strategic goals of governance and legislative compliance. The Programme acts as a synergy between management and the Board, as well as all internal and external stakeholders serving as the overall guardian of the brand.

The RBIDZ takes full cognisance of the significance of the role of stakeholders categorically, and holds, in high regard, the stakeholders' relationship as an integral element of strategy implementation supporting long-term sustainability objectives of the Company. The RBIDZ considers and addresses the interests of stakeholders, with the knowledge that stakeholders' perceptions and influences affect the Company's reputation, and have a consequential impact of affecting the existence and performance of the company.

The following stakeholder groups are amongst others that have been highlighted as critical, guided by the Stakeholder Matrix that the RBIDZ keeps track of:

Stakeholder Engagements and Management

Stakeholder Group	Major Objectives of the Stakeholder Group	Relevance to RBIDZ in Terms of Strategy and Operations
KZN Department of Economic Development, Tourism and Environmental Affairs	• Investment Promotions and Marketing with the aim of industrialisation, job creation and skills development; and • Provincial Economic Development Policies and Strategies.	• Obligation in terms of the 5-year Strategic Plan and Annual Performance Plan; • Obligations in terms of the Shareholder's Compact; • Achievement of KPIs, as per the Shareholder's Compact; and • Operating on a financially – sustainable basis, and impact on society.
Department of Trade, Industry and Competition (the DTIC)	• SEZ Policy and Incentives; and • Funding for Capital Projects.	• Obligation in terms of the 5-year Strategic Plan and Annual Performance Plan; and • Investment promotion programme focusing on exports of goods and services from the IDZ.
Department of International Relations and Cooperation (DIRCO)	• Facilitate SA's relations with foreign countries; • Advance and promote international relations; and • Formalise partnerships and collaborations for trade purposes.	• Promotion and attraction of foreign direct investments; and • Enhancement of trade missions.
Embassies	• Country relationship management and management of disputes among the sending and receiving state and to report the home state; • Collect information and necessary data to report the sending state; and • Policy-making.	• Facilitation of foreign direct investments; • Share advantages of represented country with host country; and • Facilitate memorandum of understanding between represented countries and host countries.

Department of Minerals and Energy	• Identification of Richards Bay as a potential site for Oil refinery; • Procurement process regarding call for interested parties and the bidding processes; and • Energy regulations alignment and approvals.	• Compliance to Energy regulations. • Compliance to Environmental regulations.
KZN Legislature	• Tabulation of Business Performance.	• Compliance with PFMA legislative regulations.
Office of the Premier	• International relations interaction and protocol guidance.	• Management of international interaction; • International protocol management; • Proper information sharing and co-ordination; and • International involvement and engagement guidelines.
KZN Provincial Treasury	• Funding allocation for the IDZ / SEZ programme; and • Ensure compliance with Finance Regulatory Acts and Policies.	• Obligation in terms of the Funding Agreement; and • Obligation in terms of the 5-year Strategic Plan and Annual Performance Plan.
Department of Environmental Affairs	• Policy issues regarding environmental management and legislative changes; and • Environmental Impact Approvals and other licence approvals.	• Sustainability of IDZ programme, which is in full compliance with applicable environmental regulations.
Department of Water Affairs	• Water resource management, wetland management, and comments during Environmental Impact Assessments.	• Water Use Licence applications, and approvals for development undertaken by the RBIDZ.
Department of Land Affairs	• Regulate land-related legislation; • Owns pockets of land; and • Intervene during land disputes.	• Approval of land use; • Provide licences for land use; • Purchase of land; and • Intervene on land claims raised against the RBIDZ by alleged private land-owners.

Department of Co-operative Governance and Traditional Affairs (COGTA)	• Regulate municipalities; • Regulate levies related to land; and • Provide services to land users and tenants.	• Issuance of permits and licences.
Department of Forestry and Fisheries	• Forestry and fisheries resource management, protection of endangered forest and fishery species, and comments during EIA processes.	• Critical in the sustainable development of RBIDZ, and protection of endangered species.
Department of Agriculture	• Agro-processing initiatives alignment.	• Agro-processing being RBIDZ'S key sector; and • Location of Agro-park in the Zone.
Department of Labour	• Construction works and safety inspections, and compliance audits.	• Annual audits to strengthen RBIDZ's compliance to the applicable labour requirements.
Public Entities	• Access to land and energy for the expansion of the RBIDZ footprint.	• Provision of basic services, such as energy and water, for the investors/ locators.
Trade and Investment KwaZulu-Natal (TIKZN)	• Collaboration on Investment Promotions and marketing of the IDZ internationally; and • Alignment with the overall KZN Investment strategic approach.	• Sector-specific programmes, which are aimed at attracting and channelling investments to Richards Bay.
Higher Education Institutions	• Utilisation of techno-park innovation hubs by institutions.	• Memorandum of Understanding regarding future partnerships; and • Curriculum alignment to scarce skills.
Department of Education	• Management of skills development; and • Development of skills alignment deliverables.	• Compliance with skills development strategic goals.
Other state agencies, such as the CSIR and the Agricultural Development Agency	• Partnership in developing bankable feasibility for targeted sectors, and promotion of research and development.	• RBIDZ engages research institutions to tap into cutting-edge research in different sectors.

Regulators, such as SARS	• Customs Controlled Area (CCA) requirements; • Guidance and setting minimum regulatory requirements for the operation of RBIDZ; and • Ensuring fair competition in the market, through the Competition Commission.	• Compliance with the requirements of Customs Controlled Areas, to ensure compliance with the set parameters.
Home Affairs	• Work Permits approval for foreign investors.	• Compliance with Department of Labour regulations.
Communities and Private Land Owners	• Land acquisition; • Community development; • Social Investment; and • Employment Opportunities.	• RBIDZ participates in various community development projects, including skills development, job creation, and SMME development; • RBIDZ continues to engage various landowners for more suitable land to be prioritised for industrialisation; • 50-year Master Plan; and • Investment attraction programme.
KZN Growth Coalition	• Co-operation in the economic development of the region and the province; and • Balanced representation from local businesses.	• Regional structures driving economic development initiatives to create jobs.
Unions	• Ensuring transparent and fair labour practices, and a sustainable Organisation.	• Collective agreements; and • Internal communication programme, succession planning, wellness programmes, transformation forum, and fair labour practices.
Employees	• Ensuring fair labour practices and a sustainable company.	• Internal communication programme, succession planning, wellness programmes, transformation forum, and fair labour practices.
Investors	• Investments and job creation; • Industrialisation and sectoral development; • New product development and markets; and • Increase liquidity.	• 50-year Master Plan; and • Investment attraction programme.

Zululand Chamber of Commerce and Industry, and other Chambers	• Industry economic development.	• Investment alignment and industry benchmarking.
Local Businesses and Industries	• Economic landscape sustainability.	• Prospective off-takers of production; and • Stimulation of economy and reputation of the region.
SMME's and Local Enterprise and Suppliers	• Inclusive economic growth and development.	• Participation in economic growth, and creation of a wider scope of employment opportunities.
Media	• News, advertisements, and branding and sustainability of RBIDZ.	• Public Relations, Stakeholder Engagements, and Reputation Management; • Brand enhancement; and • Effective communication strategy.
Municipalities	• Access to land • Infrastructure development plans approval • Supply of electricity and water. • Integrated Development plans	• Provision/sale of land • Approval of infrastructure development • Supply of electricity and water. • Integrated Development plans
Transnet	• Service the Investors in terms of shipping and Cargo handling. • Offer port facility for export and import of production. • Commercial Licences for Investors	• Port Terminal • Transportation of production
Traditional Leaders	• Owners of pockets of land. • Responsible for communities residing within their jurisdiction. • Land Claims	• Provision/sale of land

Corporate Social Investment: Company Advancement Towards Community Development

The RBIDZ is committed to improving the lives of communities in the areas in which they operate. The CSI programme is guided by the Policy and Strategy that is sustainable needs- driven. The initiatives directed towards contributing to community development focus primarily on education and skills development.

Touching ground and caring for society is one of the important responsibilities that the Richards Bay Industrial Development Zone regards as value-added, in contributing towards socio-economic development.

The RBIDZ resolutely believes that a healthy society is a positive influencer to the prosperity of any company; hence, it can never undermine the necessity and impact of reaching out to the communities through various initiatives that aim to better and uplift their lives.

The upliftment of the communities within the jurisdiction of the RBIDZ is geared towards sustainable investments that will ensure that the company is surrounded by the healthy work force, that will thrive and identify opportunities derived from the investors set to locate manufacturing factories in the area.

The future and growth of the RBIDZ will be meaningless if it neglects its own communities; it is by this notion that, as a company, we will continue to identify ways to be impactful, contribute towards changing lives, and make a difference to the lives of the communities.

Advancing Interventions in Education and Skills Development

The Company's outlook for its success is linked to a healthy, skilled, and safe society; hence, it is the pivotal intent to invest in opportunities that will strengthen the development of the people.

Skills development is a national priority in South Africa and a critical factor to the future success of the country. Meeting South Africa's skills needs requires input from numerous public and government institutions, as well as private organisations. If we talk about skills development, we talk about changing lives, empowering capabilities, and enhancing the potential of employability, and alignment of the skills to the economic demands. South Africa is a diverse country, and its economy is divided into various sectors that drive the workforce.

In view of this, the RBIDZ has pledged to play a meaningful and pro-active role towards bridging this gap, preparing the youth for the workplace through a variety of learning and skills development opportunities. **Listed below are some of the initiatives that were undertaken in the reporting year:**

Study Assistance Programme for Tertiary Students and Schools Support Initiatives in Maths, Physical Science and other core subjects.

The stature that has been taken by the RBIDZ knocks in as a key mechanism for redressing imbalances in the fields that are regarded as scarce in the market. It is a direct response by the RBIDZ to the market demands and government's calls for reform in these "scarce skills" disciplines. The liberation of youth through focus on the study areas of Science, Technology, and Maths is a drive to build diverse marketable talent that will enhance competitive opportunities created by the fast-changing era.

The RBIDZ believes that the investment in the education of a child, critically those coming from disadvantaged backgrounds, is a lifetime investment to the country and the immeasurable opportunity to untangle the chains of poverty. It is indisputable that education is the greatest equaliser of circumstances and that students should use education to become globally competitive.

The youth of today are at the forefront of the struggle for economic emancipation, and the opportunity afforded to the youth should allow them to spread their wings to reach heights, for the betterment of the nation.

The investment embedded for the youth is by no means regarded as a financial one, however, it is ammunition in the fight for economic liberation.

Priority is given to students focusing on the scarce skills career paths, thus affording bursaries, and also providing the most-needed interventions on Maths and Physical Science as well as other subjects.

In the two (2) RBIDZ flagships focusing on education and skills development, five (5) qualifying selected students from the Matric Class of 2017 were re-awarded full bursaries in 2020 to progress to their 3rd year of University studies, resulting in three (3) completing their studies in Applied Geology, Built Environment in Geomatics and Accounting by the end of 2020 academic year.

Key Achievements From the Schools Supported Through the RBIDZ Schools Support Initiative

Photos: Learners under the Ubunyolinco Developers tuition programme during extra classes

The RBIDZ embarked on a programme supporting matriculants with extra learning tutorials within the King Cetshwayo District. The programme aimed to assist learners mostly in non-performing schools and those that had been declared dysfunctional if one compares their academic results with the previous years.

Over 300 learners in 7 schools under the King Cetshwayo District were enrolled in the RBIDZ Student Support Initiative. In view of this, the RBIDZ pledged to play a meaningful and pro-active role in assisting to bridge this gap, preparing the youth for the workplace through a variety of learning and skills development opportunities.

Most of the schools were from Mbongolwane Circuit, under uMlalazi Circuit Management Cluster in Eshowe. All the schools that were enrolled in the programme presented dire challenges with capacity as well as achieving satisfactory year end results. The programme was designed to offer programmed tutorials on weekends and during school holidays; and the year end results for the Matric Class of 2020 yielded pleasing results with all the schools improving their pass rates dramatically.

The below synopsis presents the achievements from the different schools that were enrolled in the programme that focused on all subjects offered by each school.

Schools	% 2015	% 2016	% 2017	% 2018	% 2019	% 2020	Remarks
Mthonga	12.50	00.00			40.0	100	Excellent Achievement compared to 2019.
Nokhalela	21.74	27.87	45.83	30.8	66.7	95.2	Excellent Achievement compared to 2019.
Magemfane	08.00	11.11	17.02	17.6	88.0	91.7	Excellent Achievement compared to 2019.
Bhamu	50.00	76.92	80.00	58.3	100	87.5	Declined performance compared to 2019 but still within good performance benchmark.
Uyaya	33.33	73.33	46.66	100.0	62.5	86.4	Excellent Achievement compared to 2019.
Nqumizwe	41.54	37.84	60.86	62.0	77.1	71.1	Declined performance compared to 2019 but still within good performance benchmark
Mafunda	50.48	37.87	57.14	45.5	59.3	36.7	Declined performance compared to 2019 and way below the benchmark.
Batshazwayo	13.04	10.00	50.00	N/A	N/A	N/A	School did not offer matric in 2018 – 2020
AVERAGE PASS % – CIRCUIT	34.7	39.2	51.07	52.3	70.5	81.2	

Synopsis of the Matric year end results attained by the schools supported through RBIDZ Schools Support Initiative

Key Codes

Green	Good performance (for academic years supported by the RBIDZ)
Amber	Schools not offering matric as they are under the process of redress.
Red	Under performance

Back to School Programme

The Richards Bay Industrial Development Zone acknowledges that education and emotional stability goes together and none can be ignored; the prioritised RBIDZ Back to School Programme that gives back school essentials to the disadvantaged communities attest to this.

Beneficiaries from the programme were underprivileged schools presenting dire need for assistance.

Photo: Learners receiving uniform and stationery from the RBIDZ Back to School programme

Driving Sustainable Agricultural Projects for Rural Development

Photo: Rural Cooperatives supported by the RBIDZ through Agri-business Initiative

Agriculture in the country has a pivotal role to play in building sustainable economy whilst in the process reducing food insecurities, reducing inequalities by increasing household income and employment opportunities. It is in this reasoning that the RBIDZ took a strategic approach of working closely with the communities in developing various agricultural projects aimed at contributing towards the reconstruction of the economy as well as enforcing the sense of nurturing natural resources within communities.

To address the key issues highlighted above the RBIDZ identified six (6) rural Agri-business projects with an aim of assisting them to develop their agricultural initiatives for the purposes of optimizing opportunities for commercialisation linkages and creation of employment opportunities within the communities.

To date the six (6) supported agribusiness projects have been provided with various equipment such as tractors, trailers and water providing sources such as boreholes and irrigation systems to ensure that they are able to advance their projects and grow in the space of agriculture given the fact that they had indicated the challenges they are facing in optimising their vision of producing optimally due lack of resources.

All six (6) cooperatives utilise community members to advance their projects and are also using the land owned by the communities for their projects. Some of the agri-businesses have improved to an extent that they are now supplying local supermarkets, feeding schools and selling to communities whilst also navigating platforms to commercialise and grow their small agribusinesses and supply at a bigger scale. Moreover, through the support afforded by the RBIDZ these agribusinesses have created job opportunities for the local communities whilst also developing skills and cultivating the mentality of self-sufficiency.

PART C

ANNUAL REPORT
2020 / 2021

FINANCE

Finance

This sub-programme establishes and maintains appropriate financial and supply chain management systems and procedures, ensuring compliance to applicable legislation, guidelines, and reporting dates. It also thrives to manage the financial resources of the company efficiently, effectively, and economically.

The year under review saw the RBIDZ attaining an unqualified audit that attests to good governance and sound financial management in line with the PFMA guidelines.

Small – Medium and Micro-Enterprise (SMME) Development

Photo: *RBIDZ investor presenting economic and employment opportunities to be brought by the investment at the UMfolozi SMME Engagement Seminar*

The ongoing developments from the National Treasury and KZN provincial government in public sector procurement, continue to exert a compelling case to effect alignment of Supply Chain Management to ensure that government's imperatives stimulate an inclusive and transformational economy. This should be reflected in the manner in which preferential procurement is implemented in the supply chain activities in the Organisation.

"Whilst we know that at the most basic level, entrepreneurship is the process of idealising, designing, launching, and administering a new business; however, a cornerstone is in the mind-set accompanied by a way of thinking and acting that shall lead to greater heights".

Government continues to prioritise entrepreneurship and the advancement of Small-, Medium-, and Micro-Sized Enterprises (SMME's) as the substance to achieving inclusive economic growth, transformation, and socio-economic development. With the assistance of other KZN provincial government departments and institutions, the DTIC has also taken the lead in implementing SMME-related policies, to ensure that adequate financial and non-financial assistance is provided to the sector, for its long-term prosperity and that of the country as a whole.

Small businesses have a major role to play in the South African economy in terms of doubling employment creation, income generation, and output growth. They are often the vehicle by which the people with the lowest income gain access to economic opportunities, and thereby redress economic defies. It is in this context that the RBIDZ has developed a strategic plan to support sustainable enterprise and supplier development within King Cetshwayo District and beyond, through an integrated system of business support facilities linking potential investment projects.

To this consequence, the RBIDZ prioritises supplier and enterprise development, by engaging emerging businesses as well as opening vast opportunities for local Small-, Medium-, and Micro-Sized Enterprises. In the quest to align with the RBIDZ mandate which also prioritises transformation, participation and inclusivity of the small players into the mainstream economy the company continues to ensure that the RBIDZ investors engage with the people on the ground particularly SMMEs to ensure that they are kept abreast of the upcoming value chain opportunities from investments that will be locating in the RBIDZ.

CPG and Involvement of Targeted Enterprises

Substantial opportunities in the form of CPGs commitments come out of major infrastructure projects. During the reporting period, there were no new projects that were implemented, however, on the existing major Electrical Infrastructure Maintenance contract; an impact was made in the form of skills transfer through sub-contracting prioritising Black Owned Businesses (BOB), Black Youth Owned (BYO) and Black Women Owned (BWO). The two enterprises that are participating in these Electrical Infrastructure maintenance are; Vicolegacy Business Enterprises and eWaya Technical Systems.

The table below focuses on procurement spend with regards to supplier and enterprise development initiatives for targeted groups (Black women-owned, Black youth-owned, and CPG's involvement):

The Total Cumulative Spend is Inclusive of CPG Work Value.

Targeted Groups	Totals	% of Total
BLACK OWNED	R44 424 640,77	79,3%
BLACK WOMEN OWNED	R 16 190 977,14	28,9%
BLACK YOUTH OWNED	R 7 940 932,97	14,2%
PEOPLE WITH DISSABILITIES	R 91 673,30	0,2%
LOCAL COMPANIES	R 20 750 720,25	37,1%
LEVEL 1-4	R 52 077 749,96	93,0%
BEE Non-Compliant Companies	R 1 192 845,64	2,1%
C S D REGISTERED	R 55 920 595,45	99,9%
Total Expenditure	**R 55 993 419,94**	

Enterprise Supplier Development (ESD) Initiatives Undertaken

Photo: SMME's during RBIDZ mentorship programme

The RBIDZ continues to implement an Integrated SMME Development & Support Initiatives. The challenges facing SMMEs are multi-dimensional. It will only take a holistic approach with a number of key instruments being implemented to make a meaningful impact on SMMEs. An integrated approach that is cognisant of the fact that a single measure or instrument to confront the challenges faced by SMME will only make a limited effort in countering the huddles and constraints faced by SMMEs.

Both the supply side and demand side factors need to be considered and the relevant, well informed measures and responses need to be implemented effectively to make SMMEs better off and to be included and to remain in the mainstream economic activities.

During the year under review, a number of SMMEs were directly affected by the COVID-19 outbreak. Several restrictions had to be imposed by government in order to curb excessive spread of the virus and some of the restrictions called for interim business closures which saw the economy taking strain gradually. Many emerging and sustained businesses were financially fragile and had to permanently closed due to inadequate resources and means to keep their operations afloat.

Businesses have increasingly become reliant on technology to expedite information distribution, and maintain continuity. To assist SMMEs meet with the demands and ensure survival during the unfavourable period, the RBIDZ afforded SMME's with an online training platform.

This was driven by the fact that SMME's seemed to be struggling to access important information timeously, and with the fast pace the business environment has adopted, it is vital for SMME's to be able to access information on their own, through different online platforms. The RBIDZ project for SMME's Online Training Platform provided much tools as the appointed training provider had to perform assessment on SMME's infrastructure and Capacity e.g. Tools, Network Hosting Speed and Server Capacity, and further to that recommend the tools to be utilised in order to optimise efficiency.

The following are the developments, trainings and mentorship programmes undertaken during the year under review by the RBIDZ:

Website Design, Development, Hosting and Support for Local SMMEs

The RBIDZ assisted ten (10) SMME's by introducing a Website Design, Development, Hosting and Support Programme whereby the appointed technician initiated the process with identifying the best possible architecture and technology platform for the SMME websites, implement the required functionality, and host the website and provide post implementation support. The appointed technician was also responsible with content writing and editing working closely with the benefitting SMMEs and other key relevant parties.

It was understood that, living in the digital world, a website is crucial for any business. These SMMME's may have been losing out on opportunities to advance get business because they had no online presence. The created websites will be imperative in accomplishing many different marketing strategies to assist in their business growth.

Financial Management and Statutory Compliance support

The RBIDZ implemented a Financial Management and Statutory Compliance support initiative aimed at providing twenty – five (25) SMMEs with professional services they need to address finance house keeping issues, tax and other statutory compliances enforced by designated state institutions amongst others being; SARS, CIPC, CIDB, and DOL. Non-adherence and lack of proper financial management has actually become a major threat to the survival of a business enterprise hence securing support in various forms is diminished.

Development of Business Plans for SMME's

The RBIDZ identified that SMME's challenges stem within internal business environment and external factors. SMMEs who find themselves facing one or more challenges tend to find it difficult to grow their business and eventually succumb to mounting problems. The current business environment that has seen the wide outbreak of the novel coronavirus has been the chances of survival for many SMMEs even under an enormous credible threat. Unless there are equally matching interventions or programs to support small enterprise, sustainability in business remain under constant threats.

Previous Gap Assessment carried out by RBIDZ indicated that about 85% of SMMEs did not have neither a business plan nor a marketing plan. A number of factors for not having these vital plans for a business can be attributed from lack of skills to self-develop the plans, lack of funds to acquire services of professional consultants, lack of vivid vision from the SMME especially on targeted market and customer base. The RBIDZ has then facilitated to provide business Plans to ten (10) SMME's and Marketing Plans to (12) SMMEs

Marketing plans by virtue, are important because they assist in driving sales for businesses. A number of factors for not having these vital plans for a business can be attributed from lack of skills to self-develop the plans, lack of funds to acquire services of professional consultants, lack of vivid vision from the SMME especially on targeted market and customer base.

Development of Quality Management manuals

The RBIDZ provided training for the development of Quality Management manuals and support to ten 10 SMME's. The objectives of the Programme were to review current QMS if any, against the minimal standards required in specific environment, identify the QMS gaps faced by a contractor against required in terms of the best practices and standards and regulations and to provide guidance on the contractor in implementing the provisions of the latest Construction Regulations.

Mentorship and Coaching Programme for SMME's

The RBIDZ initiated a Mentorship and Coaching Programme for SMME's which entailed the assistance of SMME's through mentorship and coaching to develop into a stage whereby they are able to demonstrate a sense of being self-sustainable and being part of the mainstream in the conduct of business. **These programs have been executed through various training programs such as the ones listed below:**

Health and Safety Training

The adherence to Occupational Health & Safety in the workplace has become increasingly important due to the outspread of COVID-19. Therefore, different protocols and training must be put into place in order to ensure compliance with legislation and protocols around safety during COVID-19.

The RBIDZ implemented a training and support programme to fourteen (14) SMME's, focusing on Health and Safety which covered the following elements;

- OHS Act and Regulations – Background and introduction
- Culture Change – Steps in cultural observations and building COVID-19 Culture leaders.
- Legal liability – Construction Regulations, General Administrative Regulations and General Safety Regulations
- COIDA Regulations
- COVID-19 – Integrating the HBA Regulations into COVID-19 Risk Assessment
- Safety File Training – Sections content and maintenance.

Supporting Enterprises that are owned by People with Disabilities

For the year under review, the RBIDZ has intensified and directed its plans towards the inclusion of people living with disabilities in order to bridge the identified gap by providing relevant enablers and initiatives for SMME's within this classification.

Following the gap assessment completion targeting enterprises that are owned by people with disabilities, the RBIDZ capacity building and support initiatives geared towards making an impact in this category of enterprises. Entities that were part of capacity building initiatives and support; Inqomli Construction and Projects, Nhlalazintintinya Trading, Inkalankala Trading, DC Construction and Industrial Services and Inguqunguqu Womens Cooperative.

PART D

ANNUAL REPORT 2020/2021

CORPORATE SERVICES

Corporate Services

Introduction

The wealth of a company is solidified by attracting talent that possess diverse acumen with a will to contribute strategically to the intent of the company, such pool should also be determined to execute their expertise for the growth of the company. The anticipated outcomes are then driven through functional human resource planning and aligned strategies that also focus on enhancing the organisational culture as well as skills development and re skilling.

Corporate Services declares that the RBIDZ operates responsibly and commits to long-term sustainability, through implementation of international best practices with regards to Quality Management, health and safety, environmental management as well as improved ICT infrastructure. Its other role is to ensure that the RBIDZ contractors, investors, and stakeholders uphold to environmental standards, health and safety regulations as well as global best practices.

Other key deliverables include:

- Provision and management of human capital and related corporate matters;
- Human Resource Development and Retention;
- Provision and maintenance of integrated ICT systems; and
- Ensuring good governance and legislative compliance.

Employee Training and Development

The Company endeavours to offer opportunities and establish a culture of fairness, high performance, transparency and recognition for performance. We are committed to maintain a supportive management culture, and to encourage open communication in all our operations. We are enforcing initiatives aimed at positioning ourselves as the employer of choice, and these initiatives, amongst others, include: employee wellness programme, provision of bursaries aimed at advancing employees' capabilities, training and development prospects. The RBIDZ also puts emphasis on organisational culture, that will enhance the working environment, leading to employees living the company values and being brand ambassadors.

The sustained long-term success of the organisation is evidenced by the strategic alignment and investment in the development of the employees' skills. The desired outcome and added- value is supported by effective HR planning and workforce planning.

Significantly, the organisational performance achievements are as a result of continuous staff skills development and career development, and these will ensure that employees perform to the optimal in the competitive world. The organisation encourages and acknowledges the skills development in their employees, and commends the progress achieved by majority of its employees.

Prioritisation of RBIDZ Internship Programme

Electrical Engineering Intern

Management Accounting Intern

Planning Intern

Financial Accounting Intern

The RBIDZ avails opportunities to aspiring graduates, with an aim to contribute towards skills and youth development, availing work experiential learning opportunities through a structured 2-year internship programme. The programme is intending to address the challenge of unemployment and create sustainable opportunities for learning in varied operational areas available at the Richards Bay Industrial Development Zone, including; Business Development and Support, IT, Administration, Zone Development and Support, Marketing and Communications, Finance, and SHEQ.

The programme has been a great tool to bridge the gap between lack of skills and unemployment as a result of lack of practical field experience. The programme presents the interns to much greater opportunities including educational training and workplace readiness and experience which harnesses them to be competitive in professional world.


DRAGON SKY

PART E

ANNUAL REPORT
2020 / 2021

CORPORATE GOVERNANCE

Corporate Governance

Introduction

The RBIDZ is a Company (SOC) and a provincial government business entity, and is therefore governed by both the PFMA and The Companies Act. In addition to this, the RBIDZ has established a solid corporate governance framework through a Shareholder's Compact / Funding Agreement with the Executive Authority, a Board Charter, and Charters for each Board Committee. The charters all take into account the guidance of the King IV Reports on Corporate Governance, published by the Institute of Directors. Management's Executive Committee is also governed by a Charter. The reporting protocols are well-structured throughout the Organisation.

Executive Authority

The entity reports against the set targets in the Annual Performance Plan on a quarterly basis to EDTEA. Written reports are submitted 15 days after the end of the quarter, after which a meeting to discuss the reports is organised by EDTEA. During the financial year under review, all 4 reports were submitted timeously to EDTEA, and the CEO attended all meetings to discuss progress against set targets.

The Accounting Authority / Board

The Board has an independent role with accountability to the Shareholders and the Company, and is responsible as the primary oversight body of the Company. The Board appreciates that strategy, risk, performance, and sustainability are inseparable; and gives effect to this by contributing to and approving the strategy, and satisfying itself that the strategy and business plans do not give rise to risks that have not been thoroughly assessed by management, identifying key performance and risk areas, ensuring that the strategy will result in sustainable outcomes.

The Role of the Board

The Board members have the specific responsibilities set out in the PFMA, the Companies Act, and the King IV Reports on Corporate Governance, including the duty of utmost care to ensure reasonable protection of the assets and records of the Company; to act with fidelity, honesty, integrity, and in the best interests of the Company, in managing the financial affairs of the Company; to disclose to the Executive Authority responsible for the Company or the Provincial Legislature on request all material facts, including those reasonably discoverable, which in any way may influence the decisions or actions of the executive authority or legislature; to act as the focal point for, and custodian of, corporate governance by managing its relationship with management, the shareholders, and other stakeholders of the Company along sound corporate governance principles; to ensure that the Company is, and is seen to be, a responsible corporate citizen, by having regard to not only the financial aspects of the business of the Company, but also the impact that business operations have on the environment and the society within which it operates; to be responsible for the governance of risk; to be responsible for information technology (IT) governance; to ensure that the Company complies with applicable laws and considers adherence to non-binding rules and standards; to ensure the integrity of the Company's Annual report; and to appoint and evaluate the performance of the Chief Executive Officer.

The Board acts collectively and does not assume the operational functions of Management, which remain the responsibility of the executive directors, officers, and other members of senior management.

Board Charter

The Board has adopted a Board Charter setting out its roles and responsibilities. The Charter was reviewed during the year under review.

Composition of the Board

Name	Designation	Area of Expertise	Other Committees (e.g. Audit committee)	No. of Board Meetings attended (Days)
Mr. MC Clark	Chairperson Non-Executive Director	Management, public sector, and governance	CEO Selection Committee	17
Mr. SZ Hlophe	Non-Executive Director	Management, accounting, and finance	Member of Infrastructure & Investment Committee; and Audit, Risk & Finance Committee	12
Ms. S Mangole	Non-Executive Director	Management, trade and industry		12
Ms. MM Mashiteng	Non-Executive Director	Management, accounting, and finance	Member of Audit, Risk & Finance Committee; and Social & Ethics Committee	12
Mr. EF Mbatha	Non-Executive Director	Management, and local government	Chairperson of Social & Ethics Committee; and member of HR and Remuneration Committee	17
Councillor MG Mhlongo	Non-Executive Director	Management, and local government	Member of Infrastructure & Investment Committee	8
Ms. MTB Ndlovu	Non-Executive Director	Management, law, and local government	Chairperson of the HR and Remuneration Committee	14
Dr. SG Ngcobo	Non-Executive Director	Management, and economics	Chairperson of Audit, Risk & Finance Committee	12
Ms. CP Vilakazi	Non-Executive Director	Management, and economic development	Member of the Social & Ethics Committee	15
Mr. SS Zondi	Non-Executive Director	Management, and marketing	Chairperson of Infrastructure & Investment Committee	13
Mr. TW Zulu	CEO/Executive Director	Management, Energy		4
Ms. S Ngcobo	CFO / Executive Director	Finance, and management		6

All non-executive Directors other than Ms Mangole were appointed on the 28/11/2017 (Messrs' Clark, Ndlovu, and Mbatha, who were originally appointed on the 18/01/2012) Ms. Mangole was appointed on the 01/12/2018. The terms of all directors end at the 2019/20 AGM.
Of the Executive Directors, Ms S Ngcobo was appointed on the 05/11/2018 and Mr TW Zulu was appointed on the 01/07/2020. ***Qualifications and other Board directorships refer to page 12 - 16.***

Board Standing Committees

BoD	Committee Meetings							
	Audit, Risk and Finance		Social and Ethics		Infrastructure and investment		HR and Remuneration	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr. MC Clark								
Mr. SZ Hlophe	5	5			5	5		
Ms. S Mangole								
Ms. MM Mashiteng	5	5	4	2				
Mr. EF Mbatha			4	4[A]			6	6
Councillor MG Mhlongo					5	2		
Ms. MTB Ndlovu							6	5[A]
Dr. SG Ngcobo	5	5[A]						
Ms. CP Vilakazi			4	4			6	6
Mr. S Zondi					5	5[A]		

A. Committee Chairperson

Board Ad-hoc Committees

BoD	Committee Meetings					
	Recruitment: CEO		Recruitment: Executive Manager: Zone Development		Recruitment: COO	
	Held	Attended	Held	Attended	Held	Attended
Mr. MC Clark	3	3				
Mr. SZ Hlophe						
Ms. S Mangole						
Ms. MM Mashiteng						
Mr. EF Mbatha	3	3	3	3	1	1
Councillor MG Mhlongo						
Ms. MTB Ndlovu	3	3	3	3	1	1
Dr. SG Ngcobo	3	3				
Ms. CP Vilakazi			3	3	1	0
Mr. S Zondi	3	3			1	1

Remuneration of Board Members

The remuneration of directors is determined by the shareholders. The Company reimburses / does travel bookings for directors, other than those in the employ of government departments. During the course of the year, the method of remuneration for Board meetings was amended to include a retainer, who is only paid if the scheduled meeting is attended.

Executive and Non Executive Directors of RBIDZ	Fees for services as Directors	Managerial Services		2021	2020
		Salary (R)	Retirement Fund & Medical aid contributions	Total (R)	Total (R)
K Ngqaka[A] Acting Chief Executive Officer			-	575 259	889 816
S Ngcobo[B] Acting Chief Executive Officer		506 661	-	506 661	763 043
TW Zulu[C] Chief Executive Officer		1 933 876	-	1 933 876	

Executive and Non Executive Directors of RBIDZ	Fees for services as Directors	Managerial Services		2021	2020
		Salary (R)	Retirement Fund & Medical aid contributions	Total (R)	Total (R)
S Ngcobo[D] Chief Financial Officer		1 362 515	–	1 362 515	1 241 434
M Clark Chairperson of the Board	504 370		–	504 370	673 652
S Hlophe Non-Executive Director	242 327		–	242 327	209 584
MM Mashiteng[E] Non-Executive Director	–		–	–	–
S Mangole[E] Non-Executive Director	–	–	–	–	–
P Mbanjwa[F] Non-Executive Director			–		151 155
E Mbatha Non-Executive Director	314 367		–	314 367	327 700
M Mhlongo[E] Non-Executive Director	–	–	–	–	–
MTB Ndlovu[E] Non-Executive Director	–	–	–	–	–
S Ngcobo Non-Executive Director	278 205			278 205	189 597
C Vilakazi Non-Executive Director	242 611			242 611	218 234
S Zondi Non-Executive Director	241 904			241 904	191 164

Notes:

A: Acted as CEO November 2019- June 2020

B: Acted as CEO December 2018- October 2019 and November 2020- May 2021

C: Appointed as CEO from July 2020

D: Appointed as CFO from November 2018

E: Unpaid for all/part of the year while employed by an organ of State

F: Resigned 08 February 2020

Risk Management

In accordance with the PFMA and King IV, the Company is keenly aware of the need to manage its risks effectively. To this end, the Company conducts an annual risk assessment as part of the strategic planning process, where both high-level strategic risks and operational risks affecting the different business units are identified. These are then included in the Company's Strategic Plan and Annual Performance Plan. The risks identified are included in the monthly dashboard reports, where the different business units report to Executive Management on the steps taken to address the identified risks. Emerging risks are also identified and reported on at monthly Executive Committee meetings, as the Executive Committee serves as the internal risk committee of management, thus ensuring buy-in at an executive level. While the Legal Manager / Company Secretary is the Chief Risk Officer of the Company, all Executive Managers are risk champions for the operational risks emanating from their business units.

Management reports to the Audit, Risk and Finance Committee four times per year, on both the steps being taken to address identified risks, as well as on any emerging risks which have been identified.

Internal Audit and Audit Committees

The Company has adopted both an Internal Audit Charter and an Audit, Risk and Finance Committee Charter, to ensure that the internal audit function is able to operate as an independent appraisal function, to examine and evaluate the company's processes in the effective discharge of its responsibilities. Its objectives include promoting effective risk management and operational efficiency at reasonable cost, in accordance with the standards for the Professional Practice of Internal Audit established by the Institute of Internal Auditors (IIA).

The internal audit function evaluates governance processes; assesses the effectiveness of risk management; analyses and evaluates business processes; and controls and provides information on fraud, corruption, unethical behaviour, and irregularities; and performs other related activities. The function, which is outsourced to the KwaZulu-Natal Treasury's Internal Audit Unit, reports to the Audit, Risk and Finance Committee.

During the yearly audits and / or follow-up audits were conducted on review of the annual financial statements; performance information; head count; human resource management; Zone Development and Operations; asset management; and IT inventory, all of which were completed, as well as supply chain management and subsistence and travel expenditure, which had commenced, but had not been completed by the end of the financial year.

The functions of the Audit, Risk and Finance Committee are set out in a Committee's Charter, which is based on the recommendations of the King VI Report on Corporate Governance issued by the Institute of Directors, and which was reviewed and updated during the year. The key functions of the Committee are to assist the Board in fulfilling its oversight functions in terms of the PFMA, including to assist the Chief Executive and Executive Management in carrying out their functions as prescribed in sections 38(1), 76(4)(d), and 77 of the PFMA; Regulation 3.1.8 of the Treasury Regulations, the Companies Act, and principles of sound corporate governance; to evaluate the adequacy and efficiency of the internal control systems, accounting practices, information systems and auditing processes; to give an opinion and introduce measures that may serve to enhance the credibility and objectivity of financial statements and reports prepared with reference to the affairs of the Company; to facilitate, promote, and maintain effective communication and work relations with the Board of directors, Management, and the internal and external auditors; to monitor compliance with laws, code of business conduct, and regulations; to publicly issue a statement to the shareholders confirming the effectiveness of the internal financial controls and provide a written assessment of Company's system of internal control; to review an integrated annual report with special emphasis on the impact of the Company in the economic, environmental, and social spheres; to ensure that the Company has implemented an effective policy and plan for risk management that will enhance the Company's ability to achieve its strategic objectives; and to ensure that the disclosure regarding risk is comprehensive, timely, and relevant.

The tables below disclose relevant information on the members of the Audit, Risk and Finance Committee

Name	Qualifications	Internal or external	If internal, position in the public entity	Date first appointed	End of Appointment
Dr. SG Ngcobo	• MA in Agriculture specialising in Rural Resource Development; and • PhD in Business Management	External	Non-executive director	28/11/2017	2019/20 AGM
Mr. SZ Hlophe	• MBL; • BCom Honours in Accounting; and • Diploma in Cost and Management Accounting	External	Non-executive director	28/11/2017	2019/20 AGM
Ms. MM Mashiteng	• MBA • BCom Accounting; • Post Graduate Diploma in Management; and • Municipal Finance Management Programme	External	Non-executive director	28/11/2017	2019/20 AGM

The members of the Committee are appointed / re-appointed at the Annual General Meeting, as contemplated in the Companies Act, 2008.

Compliance With Laws and Regulations

The Legal Manager / Company Secretary is responsible for the Compliance Function. The Company has adopted a comprehensive Compliance Policy. Research is conducted on applicable laws and various open source databases are used to determine upcoming legislation, as well as relevant judgments.

Checklists are compiled on key legislation, which is prioritised based on a risk-based approach.

Compliance issues are reported to the Board through the Audit and Risk Committee on a quarterly basis.

Fraud and Corruption

The Company has adopted a comprehensive Fraud Prevention Policy, and compiles a Fraud Prevention Plan on an annual basis. This includes a response plan to allegations of fraud and corruption; probity investigations of prospective staff and even suppliers, thereby creating an open and transparent culture; protection of whistle-blowers; annual declarations of financial interests, as well as declarations at certain meetings; mandatory reporting of gifts and gratuities received by staff, and encouragement of staff to report suspected fraud and corruption. The Company has a whistleblowing hotline, and the Fraud Prevention Policy provides for the persons to whom fraud is to be reported.

The Company is particularly proud of the conflict of interest review, where the Company was the first to request such a review where various databases are interrogated, to ensure that directors and employees of the Company do not have any undisclosed conflicts of interest. It is understood that this is being rolled out to other public entities in KwaZulu-Natal.

Another innovative way that the Company addresses the risk of fraud and corruption is in the field of procurement. The Company has adopted a transparent process, where all losing tenderers for public tenders are invited to a debriefing session, where the reasons for awarding the tender and reasons each tenderer was disqualified or scored low are given. This reduces the possibility of tender awards being manipulated by corrupt persons.

Where fraud is reported, the policy provides for the investigation of the matter by a person independent of the division in which the fraud is suspected.

Minimising Conflict of Interest

In addition to the aforementioned Fraud Prevention Policy, the Company has an adopted a Code of Conduct, which also addresses the issue of conflicts of interest. These are further supported by a Supply Chain Management Policy, which also seeks to avoid undisclosed conflicts of interest, and persons being in a position to make decisions where they have a conflict of interest. While the Fraud Prevention Policy relies on gifts and conflicts of interest being declared, conflict of interest reviews is also conducted to ensure that all conflicts of interest are disclosed.

With regard to external parties, the Company's procurement processes require that potential service providers complete and sign a form indicating any conflicts of interest in the processes or any linkages they may have with directors or staff members of the Company.

Code of Conduct

The Company has adopted a Code of Conduct which is applicable to all directors and staff and is intended to guide the behaviour that the Company expects in its interaction with all internal and external stakeholders, with special emphasis on the interactions of internal stakeholders with each other, and with the communities within which the Company operates. The Code of Conduct seeks to ensure that behaviour is guided by socially established principles of honesty, fairness, accountability, non-discrimination, and respect for human dignity.

The Policy requires staff members to report dishonest activities and provides for the investigation of all infringements of the Code, followed by the taking of appropriate remedial action, which may include disciplinary action, termination of relationships with a supplier, or taking steps to prevent a re-occurrence.

Health, Safety and Environmental (SHE) Matters

A key driver in ensuring a high level of safety, health, and environmental compliance is the application of the company's Incident Management System. During the reporting period, the majority of all minor SHEQ-related non-conformances were recorded, investigated, and closed out within 30 days. Lessons learnt were shared with service providers, in order to improve on performance and compliance. Apart from one minor incidents resulting from a snake bite on site, heat exhaustion related ailment of one of the labourers on site, there were no major incidents reported.

Safety, Health and Environmental and Quality (SHEQ) Matters

The Company has a board-approved SHEQ Policy in place that ensures that the organisation strives to:

- Comply with applicable SHEQ legislation and regulations as well as internal requirements (policies, procedures, manuals, charters and specifications)
- Safeguard the environment including the prevention of pollution, climate change mitigation and adaption, and the protection of ecological systems
- Remove occupational hazards and minimise risks occupational risks in the workplace through consultation and participation with employees
- Identify and understand our customer's expectations, measure customer perceptions, and implement improvements to increase customer satisfaction
- Engage with, and support, employees, tenants, contractors and suppliers in sharing the responsibility to meet the Company's SHEQ objectives

During the year under review, the following achievements were accomplished:

- Supporting employees during the COVID-19 pandemic through Virtual Employee Wellness Programmes
- Zero employee loss time injury
- Zero contractor loss time injury
- Zero reportable Health, Safety and environmental incidents
- Implemented Year-4 Initiatives of the 5-year SHEQ Strategy
- Implemented Year-1 Initiatives of the 2-Year ISO Benchmarking Improvement Plan
- Zero audit findings on the annual surveillance audit on ISO 9001 by the South African Bureau of Standards (SABS)
- 81,42% customer satisfaction survey score (against an annual target of 60%; whereas in 2019/20 69,4 % was achieved.)

Response to the COVID-19 in the workplace:

Since the beginning of the COVID-19 pandemic in March 2020, the Company has responded positively and proactively to manage risks associated with the pandemic.

The health and safety of employees, customers and service providers was prioritised and a precautionary stance was adopted through a COVID-19 response plan.

The Company operated remotely and only essential staff and services were permitted to the working sites, taking into account risk factors such as comorbidities and age. The response to COVID-19 was driven by an established internal COVID-19 Response Team.

Successful International Organisation for Standardization (ISO) re-certification:

Following an external audit by the SABS during the year under review, the Company was re-certified against the ISO 9001: 2015 Quality Management and ISO 14001: 2015 Environmental Management Standards. The new certificates are valid for a period of three years (2021 – 2024). Re-certification confirms the effectiveness of both management systems and the commitment by senior management, employees and the RBIDZ customers.

The Company remains committed to upholding safe working environment and the application of SHE legislation and quality standards, while striving for a prompt turnaround time on environmental approvals.

Company Secretary

The Company's Legal Manager functions as its Company Secretary, with functions including: being the central source of guidance and advice to Board and within Company on matters of good governance and changes in legislation; responsibility for Board and Committee Charters; preparation of the annual work plan and meeting schedule; circulation of Board and Committee papers; induction, orientation, and on-going training of directors; ensuring returns are provided to the Companies and Intellectual Property Commission; and assisting with Board evaluations.

The Board has also appointed a Board secretariat. This function has been outsourced to a service provider who is responsible for the recording, approval, and circulation of minutes. By outsourcing the function, the situation is avoided where the Board Secretary has to report on an equal basis to both Management and the Board or is, as a member of Management, in a conflict situation where issues concerning Management are considered by the Board.

Certification By Company Secretary

I, the undersigned, KN Harvey, in my capacity as Company Secretary, certify that the Company has lodged with the Companies and Intellectual Property Commission all such returns as are required of a State-owned company in terms of the Companies Act, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

Adv. KN Harvey

Company Secretary

Date: 31st July 2021

Audit, Risk and Finance Committee Report

We are pleased to present our report for the financial year ended 31st March 2021.

Audit, Risk and Finance Committee Responsibility

The Audit, Risk and Finance Committee reports that it has complied with its responsibilities arising from Section 51(1)(a)(ii) of the Public Finance Management Act, and Treasury Regulation 3.1.13. The Committee has adopted appropriate formal terms of reference contained in its Audit, Risk and Finance Committee Charter, which was reviewed during the reporting period. The Committee has regulated its affairs in compliance with this charter, and has discharged all its responsibilities as contained therein.

Work Perfomed by Internal Auditors

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the public entity, revealed certain weaknesses, which were then raised with the public entity.

The following internal audit wass completed during the year under review:

- Review of 2019/20 Annual Financial Statements - This took place in the present financial year as a result of delays occasioned by the lock-down.
- Review of the 2020/21 Interim Financial Statements for the period ended 31 December 2020;
- Review of Annual Perfomance Report 2020/21;
- Review of the 2020/21 Annual Financial Statements;
- Audits of Perfomance Information for each of the 4 quarters of the financial year;
- Audit of Human Resources Management;
- Audit of IT Security; Part 1;
- Audit of Supply Chain Management: Part 1;
- Audit of Asset Management; (i.e. limited review conducted as part of the AFS Review for 2020/21;)
- Audit on Property Development within the Development Zone;
- Audit of Bulk Engineering Services;
- Review of 2019/20 perfomance bonuses; and
- High-level review of 2021/22 Annual Perfomance Plan

Due to a re-prioritisation of the Internal Audit Plan, the following audits as per the approved plan were not perfomed:

- IT Security Part 2; and
- Supply Chain Management Part 2.

The Auditor-General follow-up audit commenced during the relevant financial year but was not completed by year end.

The Effectiveness of Internal Control

In the light of the above the Committee is satisfied with the effectiveness of the internal audit function, which is outsourced to Bonakude Consulting, as well as the Company's internal controls.

In-Year Management and Monthly/Quarterly Report

The Company has reported monthly and quarterly to the Treasury, as required by the PFMA. Taking into account the reports of both the internal auditors and the external auditors, the Committee is generally satisfied the adequacy, reliability and accuracy of the financial information provided by Management.

Compliance with legal and regulatory provisions

The Company receives quarterly compliance reports prepared by Management and, taking into account both these reports and the reports of the internal and external auditors, is generally satisfied with the company's compliance with relevant legal and regulatory provisions.

Evaluation of Financial Statements

We have reviewed the annual financial statements prepared by the Company.

Auditor's Report

We are satisfied that any issues of concern raised by the Internal or External Auditors are being addressed.

We have reviewed the Company's implementation plan for audit issues raised in the prior year, and we are satisfied that the matters have been adequately resolved.

In as far as the Auditor-General is the external auditor of the Company, the Committee is satisfied with the independence of the External Auditor and accepts the conclusions of the Auditor-General on the annual financial statements in its capacity as the External Auditor of the Company, and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.

Dr. SG Ngcobo

Chairperson of the Audit, Risk and Finance Committee

31st July 2021


Lovemore Bros
Machine Moving & Rigging
B36
Lovemore Bros
MACHINE MOVERS & RIGGERS
TEL. 031-7051404
MAN
MACHINES

PART F

ANNUAL REPORT
2020 / 2021

HUMAN RESOURCES MANAGEMENT

Human Resource Management

Introduction

The organisation has set a breakthrough in its efforts of attracting and recruiting a skilled capable workforce to drive the business mandate, by increasing its staff complement from forty-seven (47) to fifty-seven (57) during the year under review reducing the vacancy rate from 25% to 10%.

In the efforts for contributing to youth development initiatives, the RBIDZ has prioritised its function of linking unemployed graduates with the investors through the required skills. A significant milestone was the absorption of six (6) graduates by Wilmar Processing SA, a company set to establish an oil refinery plant within the RBIDZ Phase 1A industrial estate. These graduates underwent Wilmar's skills base programme for 18 months within the field of chemical engineering.

Through HR plans, the skills development initiatives are regarded as key priority in addressing reducing the that ongoing engagements with institutions of higher learning will be crucial going forward in order to encourage the skills that are in demand to increase opportunities for the youth.

Human Resource Oversight Statistics

Interns are excluded on the following tables as their positions are not on an approved structure, even though they were compensated with salaries and wages. The reason for the exclusion of interns is to portray the actual vacancy rate.

Personnel Cost for Business Units

Business Units	Total Budget for the year R'000	Total Personnel Budget for the year R'000	Personnel Budget as a % of Total Opex Budget	No. of permanent employees
OCEO	27 154	10 335	38%	10
ZDO	58 307	11 246	19%	12
BDS	9 917	7 704	78%	9
Finance	52 106	9 968	19%	15
Corporate Services	29 858	11 233	42%	11
Total	**177 342**	**50 486**	**28%**	**57**

Training Costs

Business Unit	Total Personnel Budget for the year R'000	Training Expenditure R'000	Training Expenditure as a % of Personnel Cost	No. of employees trained	Avg training cost per employee R'000
OCEO	10 335	100	1%	5	20
ZDO	11 245	1	0%	1	1
BDS	7 704	156	2%	7	22
Finance	9 967	40	0%	4	10
Corporate Services	11 232	56	0%	7	8
Total	**50 486**	**353**	**1%**	**24**	**15**

Employment and Vacancies

Vacancies by Business Units	2019/20 No. of employees by 31/03/2020	2019/20 Board Approved posts	2020/21 No. of employees by 31/03/2021	2020/21 Vacancies	% of vacancies
OCEO	7	11	10	1	9%
ZDO	12	14	12	2	14%
BDS	7	10	9	1	10%
Finance	10	15	15	0	0%
Corporate Services	11	13	11	2	15%
Total	**47**	**63**	**57**	**6**	**10%**

Employment and Vacancies by Salary Bands

Salary bands/Level	2019/20 No. of Employees	2020/21 Board Approved posts	2020/21 No. of Employees by 31/03/2021	2020/21 Vacancies	% of vacancies
Senior Management [E1-E3]	0	2	1	1	50%
Professionally qualified and experienced specialists and middle management [D1 – D5]	19	24	22	2	8%

Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents [C1-C5]	21	30	27	3	10%
Semi-skilled and discretionary [B1-B5]	7	7	7	0	0%
Unskilled and defined decision making [A1-A3]	0	0	0	0	0%
Total	**47**	**63**	**57**	**6**	**10%**

Employment Changes

Occupational Level	Employment as at 31 March 2020	Appointments	Job title conversion	Departures	31-Mar-21
Senior Management [E1-E3]	0	1	0	0	1
Professionally qualified and experienced specialists and middle management [D1 – D5]	19	5	0	2	22
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents [C1-C5]	21	4	0	2	23
Semi-skilled and discretionary [B1-B5]	7	3	1	0	11
Unskilled and defined decision making [A1-A3]	0	0		0	0
Total	**47**	**13**	**1**	**4**	**57**

Reasons for Leaving

Reason	Number	% of total no. of staff leaving
Death	0	0%
Resignation	4	9%
Dismissal	0	0%
Retirement	0	0%

Ill health	0	0%
Expiry of contract	0	0%
Other	0	0%
Total	**4**	**9%**

Labour Relations: Misconduct and Disciplinary Action

An employee was issued a serious written warning for violating COVID-19 preventative measures.

Nature of disciplinary Action	Number
Verbal Warning	0
Written Warning	0
Serious written warning	1
Final Written warning	0
Dismissal	0
Total	**1**

Equity Target, Goals and Employment Equity Status 2020/21

Below is the breakdown of employment equity targets, based solely on the provincial demographics, for the 5-year period ending in 2022.

Racial Equity

	2017/18	2018/19	2019/20	2020/21	2021/22
Racial Equity (HDI) – Target	88%	90%	92%	94%	96%
Racial Equity (HDI) – Actual	85.7%	90.7%	89.4%	91%	-
Gender Equity – Target (females in management)	37%	39%	41%	43%	45%
Gender Equity – Actual (females in management)	41%	50%	50%	41%	

PART G

ANNUAL REPORT 2020/2021

ANNUAL FINANCIAL STATEMENTS

Annual Financial Statements

Annual Financial Statements

Country of incorporation and domicile	South Africa
Controlling Entity	Provincial Government of KZN through the Department of Economic Development, Tourism and Environmental Affairs (EDTEA).
Nature of Business and principal activities	RIchards Bay Industrial Development Zone Company SOC Limited was formed to undertake the development of industrial land in the region.
Bankers	ABSA Ltd
Auditors	Auditor-General of South Africa
Secretary	Adv. Keith Harvey
Company Registration Number	2002/009856/30

NOTICE

The Annual Financial Statements were approved and prepared on 31st July 2021, and have been independently audited by the Auditor-General in accordance with the provisions of the Public Audit Act 2006, as well as any applicable provisions of the Companies Act No. 71 of 2008.

The Statements were prepared by Ms. Simangele Ngcobo, the Chief Financial Officer of the Company.

CONTENTS

The reports and statements set out below comprise the Annual Financial Statements presented to the Provincial Legislature:

Supplementary Schedule

Detailed Statements of Comprehensive Income

The Annual Financial Statements, set out on pages **97 to 151**, and the Statement of Responsibility by the Directors, on page 75, were approved by the Board of Directors and signed on its behalf by:

Mr. Mel Clark	**Mr. Thabane W. Zulu**
Board Chairperson	Chief Executive Officer
Dated: 31st July 2021	Dated: 31st July 2021

Statement of Responsibility Page by Directors as at March 2021

Financial Statements

The Annual Financial Statements have been prepared by management in accordance with International Financial Reporting Standards, and in the manner required by the South African Companies Act. They are based on appropriate accounting policies, which have been consistently applied, and which are supported by reasonable and prudent judgements and estimates.

The directors are responsible for the preparation of Annual Financial Statements that fairly present the state of affairs and the results of the Company. The external auditors are responsible for independently auditing and reporting on these Annual Financial Statements, in conformity with International Audit Standards.

Internal Control

The Board of Directors is responsible for the Company's systems of internal control. These systems are designed to provide reasonable, but not absolute, assurance as to the integrity and reliability of the financial statements and to safeguard and maintain accountability of its assets, and to detect and minimise significant fraud, potential liability, loss and material misstatement; while complying with applicable laws and regulations.

The controls concentrate on critical risk areas. These areas are identified by operational management, and are monitored by the directors. All controls relating to the critical risk areas are closely monitored and subject to internal audit. Nothing has come to the attention of the directors to indicate that a material breakdown in the controls within the company has occurred during the year.

Performance Management

The Company reports on its own performance against pre-determined objectives, as contained in the Annual Performance Plan for the 2020/21 financial year and in accordance with the Public Finance Management Act No. 1 of 1999, as amended. The performance report is tabled on a quarterly basis to the following structures: Audit, Risk & Finance Committee, the Accounting Authority (RBIDZ Board), and the Executive Authority (Department of Economic Development, Tourism, and Environmental Affairs).

Board Remuneration

The remuneration of directors are set out in **Note 31** to the Annual Financial Statements. The financial statements set out on pages **97** to **151**, which have been prepared on the going concern basis, were approved by the Board of Directors and signed on its behalf by:

Mr Mel Clark

Board Chairperson

Dated: 31st July 2021

Directors' Responsibilities and 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 year 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 board of directors acknowledge that it is 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 board of directors to meet these responsibilities, the executive management 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 board of directors is 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 board of directors reviewed the entity's cash flow forecast for the 12 months to 31 March 2022 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.

Although the board of directors are primarily responsible for the financial affairs of the entity, they are supported by the entity's external auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page 6.

The annual financial statements set out on **Pages 97 to 151**, which have been prepared on the going concern basis were reviewed by the audit and risk committee and approved by the board of directors on 30 July 2021 and were signed on its behalf by:

Mr M Clark

Board Chairperson

Dated: 31st July 2021

The Audit Committee Report

The Audit Committee Chairperson, acting on behalf of the committee, is pleased to present the committee's report on the annual financial statements for the financial year ended 31 March 2021 as per Companies Act sec 94 and King IV Paragraph 5.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and the chairperson of the committee is not the chairperson of the board. The chairperson of the committee periodically meets separately with the external auditor and the internal audit staff without members of executive management being present.

The Chief Executive Officer, Chief Financial Officer, Company Secretary and external auditor also attend meetings of the committee as invitees.

The following Audit Committee members served on the committee during the reporting period and met 5 times during the year.

Name of member	Meetings attended
Dr S Ngcobo (Chairperson)	5
Mr S Hlophe (Non-executive director)	5
Ms M Mashiteng (Non-executive director)	5

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 38(10)(1) of the PFMA and Treasury Regulation 3.1.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The objectives and functions of the committee are set out in its charter. In summary, the committee:

- Aims to ensure the maintenance of adequate accounting records and effective internal control systems
- Aims to ensure compliance of published financial reports with relevant legislation, reporting standards and good governance.
- Aims to ensure RBIDZ's assets are safeguarded;
- Has oversight of fraud and information technology risks in so far as these impact on the financial reporting process;
- Confirms the nomination and appointment of the external auditor;
- Ensuring such appointment is legislatively compliant;
- Approves the terms of engagement and fees of the external auditor as recommended by management;
- Defines and considers the non-audit services that may be rendered by the external auditor;
- Considers the external auditor's findings arising from the annual financial statement audit;
- Monitors the functioning and approves the coverage plan of the internal audit department;
- Reviews risk management and tax compliance programmes and initiatives;
- Reviews the expertise, resources and experience of RBIDZ's finance function and the CFO; and
- Reviews and recommends to the board the approval of the RBIDZ's integrated report.

The effectiveness of internal control

The system of internal controls applied by the entity over financial and risk management is effective, efficient and transparent. In line with the PFMA and the King IV Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations there from. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

The audit committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the executive management of the entity during the year under review.

Evaluation of Annual Financial Statements

The Audit Committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor- General and the executive management;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed the entities compliance with legal and regulatory provisions; and
- reviewed significant adjustments resulting from the audit.

The audit committee concur with and accept the Auditor-General of South Africa's report to the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

Internal Audit

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the entity and its audits.

Auditor-General of South Africa

The audit committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

Dr S. Ngcobo

Chairperson of the Audit, Risk and Finance Committee

Date: 31st July 2021

REPORT OF THE AUDITOR-GENERAL

Report of the Auditor-General to KwaZulu Natal Provincial Legislature on Richards Bay Industrial Development Zone Company SOC Limited.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the Richards Bay Industrial Development Zone. Company SOC Limited set out on pages **97 to 151**, which comprise the statement of financial position as at 31 March 2021, 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 Richards Bay Industrial Development Zone Company SOC Limited as at 31 March 2021,and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Companies Act of South Africa, 2008 (Act No. 71 of 2008) (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 auditor-genera'ls responsibilities for the audit of the financial statements section of my report.

4. I am independent of the 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.

Responsibilities of the Accounting Authority for the Financial Statements

6. The board of directors, which constitutes the accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Generally Recognised Accounting Practice (GRAP) and the requirements of the PFMA and Companies Act determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

7. In preparing the financial statements, the accounting authority is responsible for assessing the 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 entity or to cease operations, or has no realistic alternative but to do so.

Auditor-General's responsibilities for the audit of the Financial Statements

8. 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.

9. 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

Introduction and Scope

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programme presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

11. My procedures address the usefulness and reliability of the reported performance information, which must be based on the entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for Programme 2 - Zone Development and Operations on **page 35** presented in the entity's annual performance report for the year ended 31 March 2021.

13. I performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

14. I did not identify any material findings on the usefulness and reliability of the reported performance information for the Zone Development and Operations programme.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

Introduction and Scope

15. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

16. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other Information

17. The accounting authority is responsible for the other information. The other information comprises the 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 The other information 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 in this auditor's report

18. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

19. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information 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.

20. 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

21. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal controls.

Auditor General

Pietermaritzburg
31 July 2021

AUDITOR-GENERAL
SOUTH AFRICA

ANNEXURE - AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

1. 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 selected programme and on the entity's compliance with respect to the selected subject matters.

Financial Statements

2. 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 entity's internal control

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors, which constitutes the accounting authority.

- conclude on the appropriateness of the accounting authority's 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 Richards Bay Industrial Development Zone Company SOC Limited 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 an 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

3. 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.

4. I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence, and to 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.

The Director's Report

The directors have pleasure in presenting their report on the activities of the entity for the year ended 31 March 2021.

1. Incorporation

The entity was incorporated on 29 April 2002 and obtained its certificate to commence business on the same day.

2. Review of Activities

Main business and operations

Richards Bay Industrial Development Zone Company SOC Ltd was formed to undertake the development of industrial land in the Richards Bay area.

The operating results and state of affairs of the entity are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

3. Going Concern

We draw attention to the fact that at 31 March 2021, the entity had an accumulated surplus of ZAR 1 070 420 251 and that the entity's total assets exceed its liabilities by ZAR 1 221 621 251.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The entity is solvent and liquid with sufficient reserves which makes the going concern assumption justifiable.

On the basis of the annual financial statements for the 2020/21 financial year and information regarding the forthcoming financial year, the directors have every reason to believe that the entity will remain a going concern.

4. Subsequent Events

There were no material subsequent events that occurred between the end of the reporting period and the date these financial statements were presented to the Board.

5. Accounting Policies

The annual financial statements were prepared in accordance with the Generally Recognised Accounting Practice (GRAP), including any interpretations of such Statements issued by the Accounting Standards Board as the prescribed framework by National Treasury.

The accounting policies are consistent with those used in the prior year.

6. Share Capital and Premium

Richards Bay Industrial Development Zone Company SOC Limited has 1000 authorised no par value shares and issued share capital. The share capital is as follows: 1000 shares held by Province of KwaZulu Natal represented by the Department of Economic Development, Tourism and Environmental Affairs.

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

7. Board of Directors

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

Directorate	Nationality	Changes
Non-executive directors		
Mr M Clark	South African	
Mr S Hlophe	South African	
Ms S Mangole	South African	
Ms M Mashiteng	South African	
Mr E Mbatha	South African	
Cllr M Mhlongo	South African	
Ms M Ndlovu	South African	
Dr S Ngcobo	South African	
Ms C Vilakazi	South African	
Mr S Zondi	South African	
Executive Directors		
Mr T Zulu (CEO)	South African	Appointed Wednesday, 01 July 2020
Ms S Ngcobo (CFO)	South African	

8. Company Secretary

The secretary of the entity is Adv. K.N. Harvey of:

Business address	4 Harbour Arterial Alton, Alton, Richards Bay, 3900
Postal address	Private Bag X1005, Richards Bay, 3900

9. Corporate Governance

General

The board of directors is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the board of directors supports the highest standards of corporate governance and the ongoing development of best practice.

The entity confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King IV Report on Corporate Governance for South Africa. The board of directors discuss the responsibilities of management in this respect, at Board meetings and monitor the entity's compliance with the code on a quarterly basis.

The salient features of the entity's adoption of the Code is outlined below:

Board of Directors

The Board:

- retains full control over the entity, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the entity;
- is of a unitary structure comprising:
- non-executive directors, all of whom are independent directors as defined in the Code; and
- executive directors; and
- has established a Board directorship continuity programme.

Chairperson and Chief Executive

The Chairperson is a non-executive and independent director (as defined by the Code).

The roles of Chairperson and Chief Executive are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion.

Remuneration

The upper limits of the remuneration of the Chief Executive Officer, the Chief Financial Officer as well as the executive managers, are determined by the controlling entity, and the board of directors will determine the remuneration within the above-mentioned limits.

Internal Audit

Bonakude Consulting (Pty) Ltd

10. Controlling entity

The entity's controlling entity is the Provincial Government of KZN through the Department of Economic Development, Tourism and Environmental Affairs incorporated in South Africa.

11. Bankers

ABSA

12. Auditors

Auditor-General of South Africa will continue in office for the next financial year.

The annual financial statements which have been prepared on the going concern basis, were approved by the board of directors on 30 July 2021 and were signed on its behalf by:

Mr M Clark

Board Chairperson

Dated: 31st July 2021

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 taking into account the relief for State-owned Companies using GRAP.

In my opinion as Company Secretary, I hereby confirm, in terms of the Companies Act 71 of 2008, for the year ended 31 March 2021, that the company has lodged with the Commissioner of Companies all such returns as are required of a public company in terms of this Act and that all such returns are true, correct and up to date.

Adv. K.N. Harvey
Company Secretary
31st July 2021

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

Figures in Rand	Note(s)	2021	2020 Restated*
Assets			
Non-Current Assets			
Investment property	3	708 605 844	713 800 051
Property, plant and equipment	4	38 594 429	39 366 327
Intangible assets	5	400 560	531 237
Deposits	6	1 354 113	1 354 113
		748 954 946	**755 051 728**
Current Assets			
Prepayments	7	76 058 462	72 813 024
Receivables from exchange transactions	8	8 020 308	3 655 533
Receivables from non-exchange transactions	9	4 296 918	-
VAT receivable	10	16 182 134	18 496 391
Cash and cash equivalents	11	621 329 065	657 008 009
		725 886 887	**751 972 957**
Total Assets		**1 474 841 833**	**1 507 024 685**
Liabilities			
Current Liabilities			
Unspent conditional grants	13	222 476 211	233 504 644
Provisions	14	14 826 687	14 892 386
Deposits	15	85 003	-
Payables from exchange transactions	16	15 759 470	38 964 399
		253 147 371	**287 361 429**
Non-Current Liabilities			
Deposits	15	73 210	90 003
Total Liabilities		**253 220 581**	**287 451 432**
Net Assets		**1 221 621 252**	**1 219 573 253**
Share capital and premium	12	151 201 000	151 201 000
Accumulated surplus		1 070 420 251	1 068 372 252
Total Net Assets		**1 221 621 251**	**1 219 573 252**

*See note 38

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2021

Figures in Rand	Note(s)	2021	2020 Restated*
Revenue			
Revenue from exchange transactions			
Management Fee Income	17	2 077 263	771 859
Rental of facilities and equipment	18	7 331 263	5 451 567
Bursary Recovery	17	62 500	24 500
Sundry income	17	132 684	593 523
Tender Fee Income	17	155 391	31 474
Finance Income	19	18 944 849	34 725 349
Gain on disposal of assets and liabilities	4	10 850	-
Total revenue from exchange transactions	**17**	**28 714 800**	**41 598 272**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	20	100 060 238	155 472 930
Total revenue	**17**	**128 775 038**	**197 071 202**
Expenditure			
Employee related costs	21	(42 917 600)	(37 422 955)
Depreciation and amortisation	22	(29 662 476)	(32 481 864)
Impairments of assets	23	(276 403)	(87 799)
Finance costs	24	(6 629)	(221 404)
Lease rentals on operating lease	25	(4 053 678)	(4 187 985)
Reversal of debt impairment/(Debt Impairment)	26	862 560	(1 583 042)
General Expenses	27	(50 672 815)	(94 577 267)
Total expenditure		**(126 727 041)**	**(170 562 316)**
Surplus for the year		**2 047 997**	**26 508 886**

*See note 38

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2021

Figures in Rand	Share capital	Share premium	Total share capital	Accumulated surplus	Total net assets
Opening balance as previously reported	1 000	151 200 000	151 201 000	1 047 177 266	1 198 378 266
Adjustments					
Correction of errors	-	-	-	(4 789 865)	(4 789 865)
Prior year adjustments	-	-	-	(524 035)	(524 035)
Balance at 01 April 2019 as restated*	**1 000**	**151 200 000**	**151 201 000**	**1 041 863 366**	**1 193 064 366**
Changes in net assets					
Surplus for the year	-	-	-	26 508 886	26 508 886
Total changes	**-**	**-**	**-**	**26 508 886**	**26 508 886**
Restated* Balance at 01 April 2020	**1 000**	**151 200 000**	**151 201 000**	**1 068 372 254**	**1 219 573 254**
Changes in net assets					
Surplus for the year	-	-	-	2 047 997	2 047 997
Total changes	-	-	-	2 047 997	2 047 997
Balance at 31 March 2021	**1 000**	**151 200 000**	**151 201 000**	**1 070 420 251**	**1 221 621 251**
Note(s)	12	12	12		

*See Note 38

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2021

Figures in Rand	Note(s)	2021	2020 Restated*
Cash flows from operating activities			
Receipts			
Cash receipts from customers		92 956 387	278 949 093
Interest income		18 944 849	34 725 349
		111 901 236	**313 674 442**
Payments			
Cash payments to suppliers and employees		(123 742 304)	(121 700 647)
Finance costs		(6 629)	(221 404)
		(123 748 933)	**(121 922 051)**
Net cash flows from operating activities	**33**	**(11 847 697)**	**191 752 391**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(1 741 618)	(3 963 666)
Proceeds from sale of property, plant and equipment	4	43 009	-
Purchase of investment property	3	(22 070 466)	(15 859 837)
Purchase of intangible assets	5	(62 172)	-
Net cash flows from investing activities		**(23 831 247)**	**(19 823 503)**
Net (decrease)/ increase in cash and cash equivalents		**(35 678 944)**	**171 928 888**
Cash and cash equivalents at the beginning of the year		657 008 009	485 079 121
Cash and cash equivalents at the end of the year	**11**	**621 329 065**	**657 008 009**

*See note 38

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 31 MARCH 2021

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						
Rental of facilities and equipment and Management Fee	9 353 228	-	9 353 228	9 408 526	55 298	
Bursary Recovery	-	-	-	62 500	62 500	
Sundry income	20 321	-	20 321	132 684	112 363	
Tender Fee income	165 565	-	165 565	155 391	(10 174)	
Finance Income	16 529 809	-	16 529 809	18 944 849	2 415 040	A
Total revenue from exchange transactions	**26 068 923**	**-**	**26 068 923**	**28 703 950**	**2 635 027**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	75 717 043	-	75 717 043	100 060 238	24 343 195	B
Total revenue	**101 785 966**	**-**	**101 785 966**	**128 764 188**	**26 978 222**	
Expenditure						
Employee related costs	(50 486 093)	-	(50 486 093)	(42 917 600)	7 568 493	C
Depreciation and amortisation	(28 437 148)	(1 255 150)	(29 692 298)	(29 662 476)	29 822	
Impairment loss/ Reversal of impairments	-	(276 403)	(276 403)	(276 403)	-	
Finance costs	-	-	-	(6 629)	(6 629)	
Lease rentals on operating lease	(4 599 353)	(40 905)	(4 640 258)	(4 053 678)	586 580	D
Debt Impairment	-	-	-	862 560	862 560	E
General Expenses	(89 626 910)	1 572 458	(88 054 452)	(50 672 815)	37 381 637	F
Total expenditure	**(173 149 504)**	**-**	**(173 149 504)**	**(126 727 041)**	**46 422 463**	
Operating surplus	(71363 538)	-	(71 363 538)	2 037 147	73 400 685	
Gain on disposal of assets and liabilities	-	-	-	10 850	10 850	
Surplus before taxation	**(71 363 538)**	**-**	**(71 363 538)**	**2 047 997**	**73 411 535**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**(71 363 538)**	**-**	**(71 363 538)**	**2 047 997**	**73 411 535**	

A. Finance income

Due to delays in the procurement of Phase 1D being experienced, as well as overall low spending levels, funds are being held longer than expected. This led to the over-collection of interest during the period.

B. Grant income

The actual amount exceeds budget due to applied conditional capital grant from the dtic. The grant met the requirements and was recognised as revenue as per GRAP requirements. The budget only included operational grant from EDTEA.

C. Employee related costs

The under-spending is due to delays in the filling of critical positions such as the EM: ZDO and COO. The EM:CS position is also vacant since January 2021. Lastly, the budget accommodates the annual cost of living adjustment and a provision for performance bonuses, which has not been implemented for the 2020/21 financial year.

D. Lease rentals on operating lease

The variance from budget is due mainly to straight lining adjustment from our operating lease which is not taken into account in the budget. This contributed to an increase of R512 318.91 to the actual amount.

E. Debt impairment

This line item is not budgeted for. The reversal of the debt impairment was due to one major customer paying their debt in December thereby reducing the amount provided for in the prior year.

F. General expenses

The overall spending is low compared to the budget, with the major contributor being the impact of Covid 19. The country was on hard lockdown at the beginning of the financial year with limited economic activities for almost five months. Major economic activities only started towards the end of second quarter of the year with many projects only entering the SCM process at the time. The significantly impacted budget lines includes, but not limited to, Professional fees, CSI Expense, Advertising and Promotions, Venue hire and Exhibitions, Training and Development and Travel and Accommodation. As a result, projects had to be reprioritised and some projects deferred to 2021/22.

The accounting policies on pages **103 to 122** and the notes on pages **123 to 151** form an integral part of the annual financial statements.

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.

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

These accounting policies are consistent with the previous period.

1.1. Presentation Currency

These annual financial statements are presented in South African Rand (ZAR), which is the functional currency of the entity.

1.2. Going Concern Assumption

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.3. Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.4. Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement 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. Significant judgements include:

Provisions

Provisions are inherently based on assumptions and estimates using the best information available. Additional disclosure of these estimates of provisions are included in note 14 - Provisions.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the recoverable amount.

Useful lives of assets

Management assesses the appropriateness of the useful lives of property, plant and equipment, intangible assets and investment property at the end of each reporting period.

When the estimated useful life of an asset differs from the previous estimates, the change is applied prospectively in the determination of the depreciation charge.

1.5. 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, or
- sale in the ordinary course of operations.

Owner-occupied property is property held 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 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.

Where the entity can demonstrate that it has control over the land, the land is recognised in the accounting records as per the requirements of IGRAP18.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

Item	Useful life
Property - land	indefinite
Property - buildings	5 to 40 years

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

The entity separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note 29).

The entity discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements (see note 3).

1.6. Property, plant and equipment and investment property

Property, plant and equipment and investment property 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 and investment property 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 and investment property is initially measured at cost.

The cost of an item of property, plant and equipment and investment property 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 and investment property 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 and investment property have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment and investment property.

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

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment and investment property, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

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

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment and investment property.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and investment property and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment and investment property. Any remaining inspection costs from the previous inspection are derecognised.

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

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

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

Item	Depreciation method	Average useful life
Buildings	Straight line	25 years
Machines	Straight line	5 years
Furniture and fixtures	Straight line	10 to 20 years
Motor vehicles	Straight line	5 to 10 years
Office equipment	Straight line	5 to 10 years
IT equipment	Straight line	3 to 15 years
Billboards	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 and investment property 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 and investment property 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 and investment property 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 and investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The entity separately discloses expenditure to repair and maintain property, plant and equipment and investment property in the notes to the financial statements (see note 29).

1.7. Intangible assets

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
Computer software	Straight line	3 to 12 years

1.8. Financial Instrument

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.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

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

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

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 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.

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.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions. Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

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

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

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;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- 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 cost
Prepayments	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
Unspent grants	Financial liability measured at fair value

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

Class	Category
Share capital and share premium	Measured at cost

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.

Financial instruments (continued)

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.

The entity measures a financial asset and financial liability initially at its fair value.

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

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.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

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.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

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:
  - derecognise 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.

Financial liabilities

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).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Distributions to holders of residual interests are recognised by the entity directly in net assets. Transaction costs incurred on residual interests are accounted for as a deduction from net assets. Income tax [where applicable] relating to distributions to holders of residual interests and to transaction costs incurred on residual interests are accounted for in accordance with the International Accounting Standard on Income Taxes.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.9. Tax

Current tax assets and liabilities

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.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable surplus will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused Standard Tax on Companies (STC) credits to the extent that it is probable that future taxable surplus will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in surplus or deficit for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to net assets; or
- a business combination.

Current tax and deferred taxes are charged or credited to net assets if the tax relates to items that are credited or charged, in the same or a different period, to net assets.

1.10. 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.

The aggregate benefit of incentives is recognised as a reduction of rental expense 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.

1.11. 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.

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 amount of an asset or a cash-generating unit is the higher its 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.

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.

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 commercial return, the entity designates the asset as a non-cash-generating asset and applies the accounting policy on Impairment of Non-cash- generating assets, rather than this accounting policy.

Identification

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

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

Irrespective of whether there is any indication of impairment, the entity also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable 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 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.

1.12. 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.

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.

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.

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.

1.13. Share capital and premium

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

1.14. 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 cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.15. Provisions and contingencies

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.

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.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity

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.

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.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. 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.

1.16. Commitments

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

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.

1.17. 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 municipality 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.

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.

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.

1.18. Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

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.

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.

Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The entity assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, which-ever is earlier.

When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

1.19. Investment Income

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

1.20. Borrowing Costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds. Borrowing costs are recognised as an expense in the period in which they are incurred.

1.21. Comparative Figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.22. Unauthorised Expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.23. Fruitless and Wasteful Expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.24. Irregular Expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

E. this Act; or

F. the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or

G. Irregular expenditure (continued)

any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.25. Budget Information

The Entity is 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 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 2020/04/01 to 2021/03/31.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.26. 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.

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.

1.27. 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 ANNUAL FINANCIAL STATEMENTS

2. New standards and interpretations

2.1. Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
IGRAP 20: Accounting for Adjustments to Revenue	01 April 2020	The impact of the interpretation is not material.
GRAP 1 (amended): Presentation of Financial Statements	01 April 2020	The impact of this standard is not material.
GRAP 34: Separate Financial Statements	01 April 2020	The impact of this standard is not material.
GRAP 35: Consolidated Financial Statements	01 April 2020	This standard is not applicable for RBIDZ
GRAP 36: Investments in Associates and Joint Ventures	01 April 2020	This standard is not applicable for RBIDZ
GRAP 37: Joint Arrangements	01 April 2020	This standard is not applicable for RBIDZ
GRAP 38: Disclosure of Interests in Other Entities	01 April 2020	This standard is not applicable for RBIDZ
GRAP 110 (as amended 2016): Living and Non-living Resources	01 April 2020	This standard is not applicable for RBIDZ
IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue	01 April 2020	The impact of this interpretation is not material

2.2. 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 2021 or later periods:

GRAP 104 (amended): Financial Instruments

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board® amended its existing Standards to deal with these issues. The IASB issued IFRS® Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS® on Financial Instruments: Presentation and the IFRS Standard® on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the Standard affect:

- Financial guarantee contracts issued
- Loan commitments issued
- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

The effective date of the amendment is not yet set by the Minister of Finance.

The entity expects to adopt the amendment for the first time when the Minister sets the effective date for the amendment. The impact of the standard is not material.

3. Investment property

	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
	R	R	R	R	R	R
Investment property	807 643 314	(99 037 470)	708 605 844	785 572 848	(71 772 797)	713 800 051

Reconciliation of investment property - 2021

	Opening balance	Additions	Impairments	Depreciation	Total
	R	R	R	R	R
Investment property	713 800 051	22 070 466	(170 414)	(27 094 259)	708 605 844

Reconciliation of investment property - 2020

	Opening balance	Additions	Depreciation	Total
	R	R	R	R
Investment property	637 494 497	105 729 762	(29 424 208)	713 800 051

Detailed investment property reconciliation - 2021

	Opening balance	Additions	Depreciation	Impairment	Total
	R	R	R	R	R
Land	157 470 126	534 266	-	-	158 004 392
Buildings - completed	556 329 925	-	(27 094 259)	(170 414)	529 065 252
Buildings - WIP	-	21 536 200	-	-	21 536 200
	713 800 051	**22 070 466**	**(27 094 259)**	**(170 414)**	**708 605 844**

Detailed investment property reconciliation - 2020

	Opening balance	Additions	Depreciation	Transfers	Total
	R	R	R	R	R
Land - owned	67 470 126	-	-	-	67 470 126
Land - right of use	-	90 000 000	-	-	90 000 000
Buildings - completed	420 750 823	-	(29 424 208)	165 003 310	556 329 925
Buildings - WIP	149 143 473	15 859 837	-	(165 003 310)	-
	637 364 422	**105 859 837**	**(29 424 208)**	**-**	**713 800 051**

Investment property in the process of being constructed or developed
Cumulative expenditure recognised in the carrying value of Investment property

Buildings	21 536 200	-

The prior year amounts have been restated, refer to note 38 for disclosure of the prior year error adjustment.

Amounts recognised in surplus or deficit

Refer to rental received breakdown provided in Note 18.

Refer to breakdown of repairs and maintenance incurred during the year in note 29.

4. Property, plant and equipment

	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
	R	R	R	R	R	R
Land and Buildings	34 051 066	(3 922 774)	30 128 292	34 051 066	(2 563 271)	31 487 795
Furniture and fixtures	5 142 955	(2 242 834)	2 900 121	4 901 430	(1 660 001)	3 241 429
Motor vehicles	971 563	(611 396)	360 167	971 563	(514 239)	457 324
Office equipment	3 387 060	(2 295 977)	1 091 083	3 387 060	(1 881 935)	1 505 125
IT equipment	8 044 468	(4 406 618)	3 637 850	6 835 244	(4 437 776)	2 397 468
Machines	151 713	(147 797)	3 916	151 713	(111 027)	40 686
Billboards - Work in progress	473 000	-	473 000	236 500	-	236 500
Total	**52 221 825**	**(13 627 396)**	**38 594 429**	**50 534 576**	**(11 168 249)**	**39 366 327**

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
	R	R	R	R	R	R
Land and Buildings	31 487 795	-	-	(1 359 503)	-	30 128 292
Furniture and fixtures	3 241 429	241 525	-	(502 471)	(80 362)	2 900 121
Motor vehicles	457 324	-	-	(97 157)	-	360 167
Office equipment	1 505 125	-	-	(409 290)	(4 752)	1 091 083
IT equipment	2 397 468	1 263 593	(32 159)	29 823	(20 875)	3 637 850
Machines	40 686	-	-	(36 770)	-	3 916
Billboards	236 500	236 500	-	-	-	473 000
	39 366 327	**1 741 618**	**(32 159)**	**(2 375 368)**	**(105 989)**	**38 594 429**

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Take on assets	Depreciation	Impairment loss	Total
	R	R	R	R	R	R
Land and Buildings	31 722 981	1 063 708	-	(1 298 894)	-	31 487 795
Furniture and fixtures	1 848 659	1 486 045	45 039	(88 577)	(49 737)	3 241 429
Motor vehicles	554 480	-	-	(97 156)	-	457 324
Office equipment	1 686 449	236 478	16 985	(412 174)	(22 613)	1 505 125
IT equipment	2 475 122	940 935	23 085	(1 026 225)	(15 449)	2 397 468
Machines	18 429	-	-	22 257	-	40 686
Billboards	-	236 500	-	-	-	236 500
	38 306 120	**3 963 666**	**85 109**	**(2 900 769)**	**(87 799)**	**39 366 327**

Compensation received for losses on property, plant and equipment – included in operating profit.

IT equipment	43 009	-

The prior year amounts have been restated, refer to note 38 for disclosure of the prior year error adjustment.

Reconciliation of Work-in-Progress March 2021

	Billboards	Buildings	Total
	R	R	R
Opening balance	236 500	-	236 500
Additions/capital expenditure	236 500	-	236 500
Transferred to completed items	(473 000)	-	(473 000)
	-	-	-

Reconciliation of Work-in-Progress March 2020

	Billboards	Buildings	Total
	R	R	R
Opening balance	-	17 119 178	17 119 178
Additions/capital expenditure	236 500	1 063 708	1 300 208
Transferred to completed items	-	(18 182 886)	(18 182 886)
	236 500	**-**	**236 500**

Expenditure incurred to repair and maintain property, plant and equipment

Refer to breakdown of repairs and maintenance incurred during the year in note 29.

Property, plant and equipment with a net book value of R32 159 was disposed off for a total consideration amounting to R43 009 in the current financial year resulting in a gain on disposal of R10 850.

Reassessment of useful lives

The estimated useful lives were reviewed during the year, taking into account changes in circumstances. The effect of the change was recognised in the current year so that in subsequent years depreciation cost is consistent with the revised remaining useful life of the asset. To ensure compliance with GRAP requirements, assets that required revision of useful lives were assessed on the basis of condition. The noticeable impact of the reassessment was noted with IT equipment and machines where the majority of assets were reassessed and the adjustment processed in the current year.

5. Intangible assets

	2021			2020		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
	R	R	R	R	R	R
Computer software, other	1 278 879	(878 319)	400 560	1 216 708	(685 471)	531 237

Reconciliation of intangible assets - 2021

	Opening balance	Additions	Amortisation	Total
	R	R	R	R
Computer software, other	531 237	62 172	(192 849)	400 560

Reconciliation of intangible assets - 2020

	Opening balance	Amortisation	Total
	R	R	R
Computer software, other	688 124	(156 887)	531 237

6. Deposits

	2021 R	2020 R
The balance relates to rental and electricity deposits paid.		
Opening balance	1 354 113	964 440
Deposits paid during the year	–	389 673
	1 354 113	**1 354 113**

7. Prepayments

Included in prepayments is a cash balance of R76.06 million (2020: R148.8 million) which is the balance of funds transferred to Shepstone and Wylie for capital contributions (Allumina alley, Phase 1F industrial substation, Medway road), purchase price of phase 1F Land and full service cost for phase 1F. In the prior year, prepayments were reduced with a balance of R76 015 200 being the portion that relates to Phase 1F land after the recognition of Land as per IGRAP 18 requirements.

Prepayments		
Cash balance with Shepstone and Wylie	76 058 462	148 823 378
Less: IGRAP18 application	–	(76 015 200)
Other prepayments	–	4 846
	76 058 462	**72 813 024**

8. Receivables from exchange transactions

Trade debtors	7 811 313	4 190 291
Sundry debtors	1 431 979	1 132 921
Creditors with debit balances	10 042	427 907
Provision for doubtful debts	(1 233 026)	(2 095 586)
	8 020 308	**3 655 533**

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2021, ZAR 4 643 989 (2020: ZAR 1 184 461) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:		
1 month past due	2 866 519	1 179 215
2 months past due	1 777 470	5 246

Trade and other receivables impaired

As of 31 March 2021, receivables from exchange transactions of ZAR 1 233 026 (2020: ZAR 2 095 586) were impaired and provided for.

	2021 R	2020 R
The ageing of these receivables is as follows:		
3 to 6 months	25 807	1 430 111
Over 6 months	1 207 219	665 475

	2021 R	2020 R
Reconciliation of provision for impairment of trade and other receivables		
Opening balance	2 095 586	512 544
(Reversal of impairment)/Provision for impairment	(862 560)	1 583 042
	1 233 026	**2 095 586**

9. Receivables from non-exchange transactions

	2021 R	2020 R
Government grants and subsidies	4 296 918	-

The balance relates to grant receivable from dtic for the construction of Nyanza Light Metals Top Structure. The balance arose from the accrual of invoice at year end from a supplier over and above the current disbursement from dtic. All other grants are disclosed under unspent conditional grants in note 13.

10. VAT receivable

	2021 R	2020 R
VAT	16 182 134	18 496 391

A significant portion of this balance emanates from the acquisition of Phase 1F land from the City of Umhlathuze. The land was transferred to RBIDZ at the end of January 2021 and an input VAT of R13 500 000 is payable to RBIDZ.

The prior year amounts have been restated, refer to note 38 for disclosure of the prior year error adjustment.

11. Cash and cash equivalents

	2021 R	2020 R
Cash and cash equivalents consist of:		
Cash on hand	169	169
Bank balances	11 195 820	22 036 353
Short-term deposits	610 133 076	634 971 487
	621 329 065	**657 008 009**

The entity had the following bank accounts

	Bank statement balances			Cash book balances		
Account number/ Description	**31 March 2021**	**31 March 2020**	**31 March 2019**	**31 March 2021**	**31 March 2020**	**31 March 2019**
	R	R	R	R	R	R
ABSA - current account 4072219190	11 195 820	22 036 353	50 825 905	11 195 820	22 036 353	50 825 905
ABSA - call account 9223273582	380 658	367 999	347 777	380 658	367 999	347 777
ABSA - call account 9305663726	3 330 790	7 367 474	10 424 742	3 330 790	7 367 474	10 424 742
ABSA - call account 9330654257	44 710 752	43 297 494	64 557	44 710 752	43 297 494	64 557
ABSA - Dti grant account 9241181797	28 523 096	155 415 473	10 839 853	28 523 096	155 415 473	10 839 853
ABSA - Invest Tracker	116 653 440	-	-	116 653 440	-	-
ABSA - call account 9258960039	2 830 287	47 418	44 694	2 830 287	47 418	44 694
ABSA - call account 9310493415	76 144 325	73 399 859	46 651 773	76 144 325	73 399 859	46 651 773
FNB - call account 62407957755	26 971 815	26 036 046	24 436 355	26 971 815	26 036 046	24 436 355
FNB - call account 62407956848	9 279 615	8 958 126	8 408 154	9 279 615	8 958 126	8 408 154
FNB - call account 62689927419	52 769 505	50 938 702	28 711 923	52 769 505	50 938 702	28 711 923
Investec - call account 50007013249	79 259 065	106 014 968	99 332 505	79 259 065	106 014 968	99 332 505
Investec - call account 50011909214	24 688 302	23 831 758	41 487 741	24 688 302	23 831 758	41 487 741
Investec - call account 50013749728	-	-	32 857 171	-	-	32 857 171
Nedbank 03/7881104074/00002	97 247 981	93 686 546	87 864 437	97 247 981	93 686 546	87 864 437
Nedbank 03/7881104074/00003	47 343 445	45 609 624	42 775 235	47 343 445	45 609 624	42 775 235
Cash on hand	169	169	6 299	169	169	6 299
	621 329 065	**657 008 009**	**485 079 121**	**621 329 065**	**657 008 009**	**485 079 121**

12. Share capital and premium

	2021	2020
	R	R
Issued		
Ordinary	1 000	1 000
Share premium	151 200 000	151 200 000
	151 201 000	**151 201 000**

13. Unspent conditional grants

The entity receives two types of grants from dtic (earmarked for capital projects and are conditional) and EDTEA (mainly for operational costs and minor projects and are unconditional), the other distinction between the two is that interest earned on EDTEA grant can be used for operational purposes without any approval from them whereas the interest earned from dtic grants cannot be used without the necessary approval from them.

An approval was received in the prior year from dtic to use the cumulative interest to the value of R736 000 for Bright Ideas for a feasibility study. During the current financial year, the entity further applied to dtic to use the cumulative interest to supplement the shortfall of the Nyanza Light Metals Top structure funding during the year and this was approved. No further applications have been made to use any of the remaining interest as at the end of this reporting period and therefore the condition has not been met.

Refer to Note 9 for the disclosure of grant receivable for the Nyanza Light Metals Top Structure.

	2021 R	2020 R
Unspent conditional grants breakdown		
dtic Interest	59 103 893	56 765 033
Nyanza Light Metals	734 770	7 457 235
Elegant Afro-Line Chemicals	1 523 470	69 433
EMV	3 521	3 521
Nyanza Light Metals Top Structure	-	12 706 188
Elegant Afro-Line Chemicals Top Structure	43 305 000	43 305 000
Phase 1A Electrical upgrade	117 069 557	112 462 234
Bright Ideas	736 000	736 000
	222 476 211	**233 504 644**
Reconciliation of dtic unspent conditional grants		
Balance at the beginning of the year	233 504 644	98 848 974
Reclassification to receivables	4 296 918	-
Additions during the year	-	164 423 455
Grant applied during the year	(24 465 030)	(33 486 844)
Interest accrued	9 139 679	3 719 059
	222 476 211	**233 504 644**

14. Provisions

Reconciliation of provisions - 2021

	Opening Balance R	Additions R	Utilised during the year R	Total R
Provision for leave pay	1 831 391	2 004 929	(671 593)	3 164 727
Performance bonus	2 997 315	-	-	2 997 315
Other provisions	10 063 680	2 235 391	(3 634 426)	8 664 645
	14 892 386	**4 240 320**	**(4 306 019)**	**14 826 687**

Reconciliation of provisions - 2020	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
	R	R	R	R	R
Provision for leave pay	1 531 577	748 526	(448 712)	-	1 831 391
Performance bonus	3 499 925	2 997 315	(1 838 130)	(1 661 795)	2 997 315
Other provisions	11 277 764	2 527 600	(3 480 730)	(260 954)	10 063 680
	16 309 266	**6 273 441**	**(5 767 572)**	**(1 922 749)**	**14 892 386**

Other provisions

	2021	2020
	R	R
Litigation claims	5 486 757	5 486 757
Accounting fees	-	46 940
COIDA	1 158 581	795 864
Retentions	2 019 307	3 734 119
	8 664 645	**10 063 680**

15. Deposits

This balance represents rental and utility deposits paid by our investors as per the lease agreement.

Rental and utility deposits		
Deposits - non-current	73 210	90 003
Deposits - current	85 003	-
	158 213	**90 003**

16. Payables from exchange transactions

Trade payables	15 156 964	8 378 749
Other payables	69 809	72 247
Accrued expenses	179 498	2 163 096
Accrual for Land Acquisition	-	27 484 800
Operating lease payables	351 460	863 779
Debtors with credit balances	1 739	1 728
	15 759 470	**38 964 399**

The prior year amounts have been restated, refer to note 38 for disclosure of the prior year error adjustment.

17. Revenue

	2021 R	2020 R
Rental of facilities and equipment	7 331 263	5 451 567
Management fee income	2 077 263	771 859
Bursary Recovery	62 500	24 500
Sundry income	132 684	593 523
Tender Fee income	155 391	31 474
Gain or loss on disposal of assets and liabilities	10 850	-
Finance Income	18 944 849	34 725 349
Government grants & subsidies	100 060 238	155 472 930
	128 775 038	**197 071 202**

The amount included in revenue arising from exchanges of goods or services are as follows:

	2021 R	2020 R
Rental of facilities and equipment	7 331 263	5 451 567
Management fee income	2 077 263	771 859
Bursary Recovery	62 500	24 500
Sundry income	132 684	593 523
Tender Fee income	155 391	31 474
Gain or loss on disposal of assets and liabilities	10 850	-
Finance income	18 944 849	34 725 349
	28 714 800	**41 598 272**

The amount included in revenue arising from non-exchange transactions is as follows:

	2021 R	2020 R
Transfer revenue		
Government grants & subsidies	**100 060 238**	**155 472 930**

18. Rental of facilities and equipment

	2021 R	2020 R
Premises		
Rental of facilities and equipment	**7 331 263**	**5 451 567**

Certain of the entity's investment property is held to generate rental income. Rental of investment property is expected to generate income on an ongoing basis. There are no contingent rents receivable.

	2021 R	2020 R

19. Finance income

Interest revenue		
Interest charged on trade debtors	360 486	70 965
Bank	18 584 363	34 654 384
	18 944 849	**34 725 349**

20. Government grants and subsidies

Operating grants		
EDTEA	**75 717 391**	**121 986 086**

Capital grants		
dtic (Grant applied)	24 342 847	33 486 844
	100 060 238	**155 472 930**

The difference between the grant applied on the capital grant and the amount as per note 13 is due to VAT on the Nyanza feasibility grant.

21. Employee related costs

Basic	40 864 987	34 940 164
Bonus	-	1 410 700
UIF	107 902	91 792
SDL	253 072	336 450
Leave pay provision charge	1 409 949	336 046
Overtime payments	9 340	104 053
Cellphone Allowance	272 350	203 750
	42 917 600	**37 422 955**

Acting Chief Executive Officer - End of secondment (30/06/2020)		
Acting allowance	**575 295**	**889 816**

Remuneration of chief executive officer - (Appointed 01/07/2020)		
Annual Remuneration	1 933 876	-
Contributions to UIF and SDL	15 432	-
Other allowances	12 000	-
	1 961 308	**-**

	2021 R	2020 R
Remuneration of Chief Financial Officer - (Appointed 05/11/2018)		
Annual Remuneration	1 362 515	1 241 434
13th cheque	75 695	75 180
Contributions to UIF and SDL	15 768	21 186
Other allowances	17 200	70 005
Acting allowance (CEO)	506 661	763 043
	1 977 839	**2 170 848**
Executive manager - Corporate Services (Resigned 31/12/2020)		
Annual Remuneration	1 216 180	1 519 309
Acting allowance (EM: BDS)	13 513	13 513
Contributions to UIF and SDL	7 627	15 519
Other allowances	12 700	23 607
	1 250 020	**1 571 948**
Executive Manager - Business Development and Support (Appointed 01/05/2020)		
Annual Remuneration	1 248 972	-
Acting allowance (EM: ZDO)	79 480	-
Contributions to UIF and SDL	9 700	-
Other allowances	15 900	-
	1 354 052	**-**
Remuneration of Executive Manager - Zone Development and Operations - (Appointed 01/05/2020, Resigned 10/07/2020)		
Annual Remuneration	234 054	-
Contributions to UIF and SDL	446	-
Other allowances	2 600	-
Termination leave	10 155	-
	247 255	**-**
Remuneration of Executive Manager - Zone Development and Operations - (Appointed 01/02/2021)		
Annual Remuneration	220 901	-
Contributions to UIF and SDL	2 382	-
Other allowances	3 000	-
	226 283	**-**

	2021 R	2020 R
Acting Executive Manager - OCEO (up to November 2020)		
Annual Remuneration	463 731	931 367
Acting allowance	289 228	428 239
Performance Bonuses	-	119 557
Contributions to UIF and SDL	4 782	15 855
Other allowance	8 600	14 850
	766 341	**1 509 868**

	2021 R	2020 R
Acting Executive Manager - OCEO (December 2020 to March 2021)		
Annual Remuneration	243 328	-
Acting Allowance	282 546	-
Contributions to UIF and SDL	5 670	-
Other allowances	6 000	-
	537 544	**-**

	2021 R	2020 R
Acting Chief Financial Officer (November 2020 to March 2021)		
Annual Remuneration	375 000	-
Acting allowance	192 715	-
Contributions to UIF and SDL	6 121	-
Other allowances	7 500	-
	581 336	**-**

	2021 R	2020 R
Acting Executive Manager - CS (From January 2021)		
Annual Remuneration	272 750	-
Acting allowance	24 942	-
Contributions to UIF and SDL	3 255	-
Other allowance	3 750	-
	304 697	**-**

	2021 R	2020 R
Acting Executive Manager - BDS (September 2019 to February 2020)		
Annual Remuneration	-	325 452
Acting allowance	-	226 799
Contributions to UIF and SDL	-	5 680
Other allowances	-	6 500
	-	**564 431**

	2021 R	2020 R
Acting executive manager - ZDO		
Annual Remuneration	-	1 016 259
Acting allowance	-	225 795
Performance Bonuses	-	146 403
Contributions to UIF and SDL	-	15 394
Other allowances	-	45 900
	-	**1 449 751**

22. Depreciation and Amortisation

Depreciation and amortisation is provided below per each category of asset:

The prior year amounts have been restated, refer to note 38 for disclosure of the prior year adjustments.

	2021 R	2020 R
Depreciation and Amortisation		
Depreciation on PPE	2 375 368	2 900 769
Depreciation on investment property	27 094 259	29 424 208
Amortisation of intangible assets	192 849	156 887
	29 662 476	**32 481 864**

23. Impairment of Assets

	2021 R	2020 R
Impairments		
Property, plant and equipment and investment property During physical verification of non-current assets, certain assets were identified to have deteriorated and their recoverable amount were estimated to be less than their carrying amount. This resulted in an impairment loss being recognised.	**276 403**	**87 799**

24. Finance Costs

	2021 R	2020 R
Interest and penalties charged by SARS	**6 629**	**221 404**

25. Lease rentals on operating lease

	2021 R	2020 R
Premises		
Contractual amounts	**4 053 678**	**4 187 985**

26. Debt impairment

	2021 R	2020 R
(Reversal of debt impairment)/Debt impairment	**(862 560)**	**1 583 042**

27. General expenses

	2021 R	2020 R
Advertising	871 083	4 512 245
Assessment rates and municipal charges	4 041 074	5 147 116
Auditors remuneration	1 063 739	1 784 456
Bank charges	37 611	51 284
Bursaries	8 685	190 173
COID	1 158 581	534 910
Cleaning	747 559	651 955
Commission paid	183 776	435 820
Community development and training	3 519 928	2 523 227
Consulting and professional fees	5 990 450	10 667 705
Contributions to Fedility Fund	181 980	213 629
Directors' fees	1 823 784	1 961 086
Electricity	7 711 231	7 518 915
Employee wellness	36 384	37 463
Entertainment	249 535	886 397
Foreign exchange gains and losses	27 073	(72)
IT expenses	21 728	47 425
Insurance	1 186 719	1 039 239
Marketing	199 902	728 699
Motor vehicle expenses	24 671	90 370
Office accessories	12 458	121 754
Printing and stationery	146 523	422 226
Project expenses	2 737 502	33 486 845
Recruitment Fees	553 975	412 188
Repairs and maintenance	6 766 678	8 954 435
SMME Development	3 111 237	1 845 668
Security	2 740 708	2 605 607
Staff welfare	63 005	53 068
Subscriptions and membership fees	3 766 299	2 921 588
Telephone and fax	873 299	383 951
Training	354 371	859 439
Travel - international	-	533 604
Travel - local	305 107	2 447 573
Venue expenses	104 238	480 266
Water	51 922	27 013
	50 672 815	**94 577 267**

The prior year amounts have been restated, refer to note 38 for disclosure of the prior year error adjustment.

	2021	2020
	R	R

28. Auditors' remuneration

Fees	**1 063 739**	**1 784 456**

29. Repairs and maintenance

Repairs and maintenance breakdown per each category is as follows:

Repairs and maintenance		
Buildings	228 179	-
Furniture and fixtures	3 000	21 002
Infrastructure	6 135 187	8 631 067
IT Equipment	68 636	156 926
Office Equipment	331 676	75 865
Machines	-	69 575
	6 766 678	**8 954 435**

30. Taxation

Major components of the tax expense Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

Applicable tax rate	**28,00 %**	**28,00 %**

Grant income and finance income are exempt income for income tax purposes. All expenses that are funded by exempt income are also not deductible. The entity has therefore claimed deductions to the extent that it is linked to a taxable income. No provision has been made for 2021 tax as the entity has an assessed tax loss.

The probability of entity realising the deferred tax benefit is remote, deferred tax asset has therefore not been recognised in the current and prior years. Management will assess if there is a change in the income structure which may result in taxable income on a regular basis.]

31. Directors' emoluments

	2021 R	2020 R
Directors fees		
Mr M Clark (Chairperson)	504 370	673 652
Mr S Hlophe	242 327	209 584
Ms S Mangole	–	–
Ms M Mashiteng	–	–
Ms P Mbanjwa (Resigned 08.02.2020)	–	151 155
Mr E Mbatha	314 367	327 700
Cllr M Mhlongo	–	–
Ms M Ndlovu	–	–
Dr S Ngcobo	278 205	189 597
Ms C Vilakazi	242 611	218 234
Mr S Zondi	241 904	191 164
	1 823 784	**1 961 086**

Included in the directors' fees above is fees for sub committes and these are as follows:

	2021 R	2020 R
Audit and Risk Committee		
Dr S. Ngcobo - Chairperson	113 712	47 108
Mr S. Hlophe	63 317	39 614
Ms M. Mashiteng	–	–
	177 029	**86 722**

	2021 R	2020 R
HR and Remuneration Committee		
Ms M. Ndlovu - Chairperson	–	–
Ms P. Mbanjwa	–	54 240
Mr E. Mbatha	81 809	115 787
Ms C. Vilakazi	59 542	17 813
Mr S. Zondi (Selection Committee)	6 180	–
	147 531	**187 840**

Included in the above are fees for the meetings of the Selection and Recruitment Committee.

	2021 R	2020 R
Social and Ethics Committee		
Mr E. Mbatha - Chairperson	62 025	78 355
Ms M. Mashiteng	-	-
Ms C. Vilakazi	35 627	45 358
	97 652	**123 713**
Infrastructure and Investment Committee		
Mr S. Zondi - Chairperson	77 531	73 074
Mr S Hlophe	40 080	40 080
Cllr M Mhlongo	-	-
	117 611	**113 154**

32. Operating surplus

Operating surplus for the year is stated after accounting for the following:

Operating lease charges	2021 R	2020 R
Premises		
Contractual amounts	4 053 678	4 187 985
Gain on sale of property, plant and equipment and investment property	10 850	-
Impairment on property, plant and equipment and investment property	276 403	87 799
Amortisation on intangible assets	192 848	156 887
Depreciation on property, plant and equipment	2 375 370	2 900 769
Depreciation on investment property	27 094 258	29 424 208
Employee related costs	42 917 600	37 422 955

33. Cash (used in) / generated from operations

	2021 R	2020 R
Surplus	**2 047 997**	**26 508 886**
Adjustments for:		
Depreciation and amortisation	29 662 476	32 481 864
Gain on sale of assets	(10 850)	-
Sundry income	-	(85 109)
Impairment loss	276 403	87 799
(Reversal of debt impairment)/Debt impairment	(862 560)	1 583 042
Movements in provisions	(65 699)	(1 416 880)
Changes in working capital:		
Receivables from exchange transactions	(3 920 069)	(3 415 209)
Other receivables from non-exchange transactions	(4 296 918)	-
Prepayments	(3 245 438)	5 921 058
Payables from exchange transactions	(22 787 073)	10 437 342
VAT	2 314 257	(15 006 072)
Unspent conditional grants	(11 028 433)	134 655 670
Deposits payable	68 210	-
	(11 847 697)	**191 752 391**

34. Financial instruments disclosure

Categories of financial instruments

March 2021

Financial assets

	At amortised cost	At cost	Total
Receivables from exchange transactions	8 020 308	-	8 020 308
Receivables from non-exchange transactions	4 296 918	-	4 296 918
Cash and cash equivalents	-	621 329 065	621 329 065
Prepayments	76 058 462	-	76 058 462
	88 375 688	**621 329 065**	**709 704 753**

	2021	2020
	R	R

Financial liabilities

	At fair value	Total
Payables from exchange transactions	15 759 470	15 759 470
Unspent conditional grants	222 476 211	222 476 211
	238 235 681	**238 235 681**

Residual interest

	At cost	Total
Share capital	1 000	1 000
Share premium	151 200 000	151 200 000
	151 201 000	**151 201 000**

March 2020

Financial assets

	At amortised cost	At cost	Total
Receivables from exchange transactions	3 655 533	-	3 655 533
Cash and cash equivalents	-	657 008 009	657 008 009
Prepayments	72 813 024	-	72 813 024
	76 468 557	**657 008 009**	**733 476 566**

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	38 964 399	38 964 399
Unspent conditional grants	233 504 644	233 504 644
	272 469 043	**272 469 043**

Residual interest

	At fair value	Total
Share capital	1 000	1 000
Share premium	151 200 000	151 200 000
	151 201 000	**151 201 000**

The prior year amounts have been restated, refer to note 38 for disclosure of the prior year error adjustment.

35. Commitments

Authorised capital expenditure

	2021 R	2020 R
Already contracted for but not provided for		
▫ Property, plant and equipment	-	3 406 028
▫ Investment property	49 869 516	-
	49 869 516	**3 406 028**
Total capital commitments		
Already contracted for but not provided for	49 869 516	3 406 028
Authorised operational expenditure		
Already contracted for but not provided for		
SMME commitment	14 053 663	1 680 559
Total operational commitments		
Already contracted for but not provided for	14 053 663	1 680 559
Total commitments		
Authorised capital expenditure	49 869 516	3 406 028
Authorised operational expenditure	14 053 663	1 680 559
	63 923 179	**5 086 587**

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, existing cash resources or grants received.

	2021 R	2020 R
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	2 366 559	4 542 706
- in second to fifth year inclusive	-	2 366 559
	2 366 559	**6 909 265**

Operating lease payments represent rentals payable by the entity for its administrative building. Leases are negotiated for an average term of five years and rentals are variable with a fixed annual escalation. No contingent rent is payable.

	2021	2020
	R	R

36. Contingencies

Disclosed as contingency in the prior year annual financial statements was a dispute with a contractor for the construction of Allumina Alley road where an additional amount of R2 million was being claimed by the contractor. The matter was settled in court during the current financial year.

No other contingent liabilities exist at the end of the current financial year.

37. Related parties

Relationships

Directors	Refer to directors' emoluments in note 31
Controlling entity	Provincial Government of KZN through the Department of Economic Development, Tourism and Environmental Affairs
Members of key management	Refer to disclosure in note 21

Related party balances

Grants receivable

	2021 R	2020 R
dtic	4 296 918	-

Unspent conditional grants

	2021 R	2020 R
dtic	222 476 211	233 504 644

Related party transactions

Administration fees paid to (received from) related parties

	2021 R	2020 R
Directors fees	1 823 784	1 961 086
Travel and accommodation (DIRCO)	-	309 035

Grants received

	2021 R	2020 R
Transfers (KZN Department of Economic Development, Tourism and Environmental Affairs)	(75 717 391)	(121 986 086)

38. Prior-year adjustments

Presented below are those items contained in the statement of financial position and statement of financial performance that have been affected by prior-year adjustments:

Statement of financial position

March 2020

	As previously reported	Correction of error	Prior year adjustment	Restated
	R	R	R	R
VAT Receivable	19 397 234	(1 043 733)	142 890	18 496 391
Investment Property	722 521 165	(8 721 114)	-	713 800 051
Property, plant and equipment	39 248 176	118 151	-	39 366 327
Payables from exchange transactions	(37 678 722)	(190 184)	(1 095 493)	(38 964 399)
Accumulated surplus (opening balance)	(1 047 177 266)	4 789 865	524 035	(1 041 863 366)
	(303 689 413)	**(5 047 015)**	**(428 568)**	**(309 164 996)**

Statement of financial performance

March 2020

	As previously reported	Correction of error	Prior year adjustment	Restated
	R	R	R	R
Depreciation	(27 625 033)	(4 856 831)	-	(32 481 864)
Finance costs	(31 220)	(190 184)	-	(221 404)
General expenditure	(94 148 700)	-	(428 567)	(94 577 267)
	(121 804 953)	**(5 047 015)**	**(428 567)**	**(127 280 535)**

Errors

The following prior period errors and adjustments occurred:

Statement of financial position

VAT Receivable

During the review of the VAT account, penalties and interest levied in the 2018 financial year were identified and payment of which was processed through offsetting with VAT refundable by SARS. The balance of this refundable still reflected in the VAT receivable as amount still due from SARS. An adjustment was processed to correct this in the current year and this resulted in a decrease in VAT receivable as well as a reduction in accumulated surplus with an amount of R1 043 733.

We further received back charges for utilities from our landlord on the lease of the Bayside office building for the period from the inception of the lease to the current year. These are included in the lease agreement and had not been billed as yet. This has resulted in additional VAT input of R142 890,38.

Investment Property

During the current year, the investment property was unbundled to ensure that each component is depreciated over its specific useful life. During the unbundling exercise, it was identified that items of furniture and fixtures with a cost of R130 075 were incorrectly classified under investment property. These have been reclassified to property, plant and equipment together with the depreciation impact.

The impact of the unbundling resulted in additional depreciation of R8 591 039 up to 31 March 2020.

Property, plant and equipment

During the unbundling of investment property, it was identified that items of Furniture and fittings were included in the investment property line. These items of furniture and fixtures have been reclassified from investment property to property, plant and equipment. The cost impact is R130 075 and accumulated depreciation is R11 923 in the prior year.

Payables from exchange transactions

During the current year, we received utilities' back charges from our landlord for the Bayside office building for the period from the inception of the lease to the current year. These are included in the lease agreement and had not been billed as yet. This has resulted in increase in payables from exchange of R1 095 492,88.

During the reconciliation of the PAYE statement against the ledger, we identified penalties and interest levied by SARS during the 2020 financial year. These should have been adjusted for in the prior year. An adjustment was processed to correct the amount payable to SARS as well as the finance costs in the statement of financial performance of R190 184,20.

Accumulated surplus

The opening balance of accumulated surplus has been updated with the impact of interest and penalties levied by SARS on VAT submission, the utilities back charges from the landlord as well as the adjustment to accumulated depreciation. This resulted in a decrease in the opening balance of accumulated surplus to the value of R5 313 900.

Statement of financial performance

Depreciation

The unbundling of investment property resulted in additional depreciation of R4 856 831 for the 2020 financial year.

Finance costs

During the reconciliation of the PAYE statement against the ledger, we identied penalties and interest levied by SARS during the 2020 financial year. These should have been adjusted for in the prior year. An adjustment was processed to correct the finance costs in the statement of financial performance of R190 184,20.

	2021	2020
	R	R

General expenses

During the current year, we received utilities' back charges from our landlord for the Bayside office building for the period from the inception of the lease to the current year. These are included in the lease agreement and had not been billed as yet. Management couldn't estimate these due to unavailability of meter readings from the landlord. This has resulted in an increase in general expenses of R428 567,02.

Fruitless and wasteful expenditure

Opening balance	-	95 173
Adjustments made	-	1 233 917
Restated opening balance	**-**	**1 329 090**

Adjustment made to opening balance of fruitless and wasteful expenditure is disclosed in note 42.

39. Going concern

We draw attention to the fact that at 31 March 2021, the entity had an accumulated surplus of ZAR 1 070 420 251 and that the entity's total assets exceed its liabilities by ZAR 1 221 621 251.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the entity and the fact that the entity is solvent and liquid with sufficient reserves which makes the going concern assumption justifiable.

40. Events after the reporting date

No significant event(s) occurred between the reporting date and the date these financial statements were presented to the Board.

41. Unauthorised expenditure

No unauthorised expenditure was incurred during the current or prior years.

42. Fruitless and wasteful expenditure

Opening balance as previously reported	1 329 090	-
Correction of prior period error	-	1 043 733
Opening balance as restated	**1 329 090**	**1 043 733**
Add: Expenditure incurred during the year	6 629	285 357
Less: Amount written off - current	(221 404)	-
Closing balance	**1 114 315**	**1 329 090**

	2021	2020
	R	R

During the reporting period management identified penalties and interests levied by SARS in the prior years as a result of late submission of VAT201 and EMP201s. These were not recognised in the financial statements and an error correction adjustment has been processed during the current reporting period as disclosed. This resulted in an additional amount of R1 233 917 being added to fruitless and wasteful expenditure register.

During the reporting period, penalties and interest were incurred to the value of R6 629 as a result of the EMP501 reconciliation differences for the 2020 assessment period. Reconciliation of the 2020 monthly submission is underway and the EMP501 will be corrected accordingly and the penalties and interest claimed back from SARS.

The accounting officer approved the write off of fruitless and wasteful expenditure to the value of R221 404 that was deemed not recoverable.

43. Irregular expenditure

Opening balance as previously reported	**-**	**-**
Opening balance as restated	-	-
Add: Irregular Expenditure incurred during the year	2 250 020	-
Closing balance	**2 250 020**	**-**

During the current year the entity incurred irregualr expenditure to the value of R2 250 020 (incl VAT) as a result of expenditure incurred exceeding the approved contract amounts. As at 31 March 2021, internal investigations were conducted and finalised. Currently preparing condonation requests for Treasury's approval.

Performance Score Card

SCHEDULE FORMS OF REGULATION

BROAD-BASED BLACK ECONOMIC EMPOWERMENT COMMISION FORM: B-BBEE 1

LEVEL: 6

COMPLIANCE REPORT BY SPHERE OF GOVERNMENT, PUBLIC ENTITIES, ORGANS OF STATE OR COMPANY LISTED ON THE JOHANNESBURG STOCK EXCHANGE (in terms of section 13G (2) of the Act).

SECTION A: DETAILS OF ENTITY

Name of Entity / Organisation: Richards Bay Industrial Development Zone SOC Ltd

Registration Number: 2002/009856/30

Physical Address: RBIDZ Office Complex, Harbour Arterial, Richards Bay

Telephone number: 035 797 2600

Email Address: info@rbidz.co.za

Indicate Type of Entity or Organisation: Operator of Special Economic Zone

Industry/ Sector: Manufacturing Sector

Relevant Code of Good Practice: B-BBEE Codes of Good Practice (Gazette Number 38076) of 10 October 2014

Name of Verification Agency: 1st Verification Networx

Name of Technical Signatory: Dorothy Ottanelli

SECTION B: INFORMATION AS VERIFIED BY THE BROAD- BASED BLACK ECONOMIC EMPOWERMENT VERIFICATION PROFESSIONALS AS PER THE SCORECARDS

B-BBEE Elements	Target Score Including	Bonus Points	Actual Score Achieved
Ownership	n/a	n/a	n/a
Management Control	20	0	11,94
Skills Development	25	0	7,51
Enterprise and Supplier Development	50	3	52,86
Socio Economic Development	5	0	5
Total Score	100		77,31
Priority Elements Achieved			Yes
Empowering Supplier Status	YES/ NO and Specify them		Yes
Final B-BBEE Status Level	YES/ NO and Specify them		6

SECTION C: FINANCIAL REPORT

1. **BASIC ACCOUNTING DETAILS:**

- **Name of Entity/ Company:** Richards Bay Industrial Development Zone SOC Ltd
- **Accounting Officer's name:** Thabane Wiseman Zulu
- **Address:** RBIDZ Office Complex, 4 Harbour Arterial, Richards Bay
- **Accounting Policy:** Monthly/ Quarterly, Annually
- The Annual Financial Statements and Annual Report were approved by the entity at the Board meeting on 31st July 2021

List of Abbreviations/Acronyms

AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
B-BBEE	Broad-Based Black Economic Empowerment
BDS	Business Development and Support
BWO	Black Women-Owned
BYO	Black Youth-Owned
CCA	Customs Control Area
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COVID-19	Coronavirus of 2019
CSI	Corporate Social Investment
CR	Corporate Services
Dtic	Department of Trade, Industry and Competition
EDTEA	Economic Development, Tourism and Environmental Affairs
EIA	Environmental Impact Assessment
EM	Executive Manager
EKZNW	Ezemvelo KZN Wildlife
ESID	Economic Sectors and Infrastructure Development Cluster
IDZ	Industrial Development Zone
ISO	International Standard of Operation
IT	Information Technology
ICT	Information, Communication, and Technology
KPI	Key Performance Indicators
LNG	Liquefied Natural Gas
MEC	Member of the Executive Council
MTEF	Medium-Term Expenditure Framework
NDP	National Development Plan
NDGP	National Development Growth Plan
PDGP	Provincial Development Growth Plan
NGO	Non-Governmental Organisation
NPO	Non-Profit Organisation

List of Abbreviations/Acronyms

PFMA	Public Finance Management Act
RBIDZ	Richards Bay Industrial Development Zone
RASET	Radical Agrarian Socio-Economic Transformation
SA	South Africa
SARS	South African Revenue Services
SCM	Supply Chain Management
SEZ	Special Economic Zone
SHEQ	Safety, Health, Environmental and Quality
SHE	Safety, Health, and Environment
SMME	Small-, Medium and Micro-Enterprises
Stats SA	Statistics South Africa
TR	Treasury Regulations
WUL	Water Use Licences
ZDO	Zone Development and Operations


Special Economic Zone
PRIORITY

RBIDZ OFFICE COMPLEX
4 Harbour Arterial, Alton
Richards Bay, 3900

TEL: +27 35 797 2600
EMAIL: info@rbidz.co.za

www.rbidz.co.za

PR209/2021
ISBN: 978-0-621-49602-4