DACT

Downstream Aluminium Centre for Technology NPC

SABS ISO 9001

ANNUAL REPORT 2019/20

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CENTRE HISTORY

The Downstream Aluminium Pilot Project (DAPP) was initiated in 1999 by the Richards Bay SDI (supported by DTI and DBSA) in collaboration with BHP Billiton, DEDT (KZN) and the Richards Bay TLC (before the establishment of the City of uMhlathuze). Seed funding was contributed by the RBSDI, BHP and DEDT. In 2000 the ZCBF was requested to accommodate the first site on its premises, not far from the current DACT site.

This initiative prompted the Department of Trade and Industry to also contribute to the aluminium industry and on the 26 July 2002, the Downstream Aluminium Centre for Technology (DACT) was launched with a cheque to the value of R2.5 million which was the DTI's first contribution towards the Centre.

The biggest portion of the funding was spent on establishing the customised building, equipping the facility and obtaining patterns and dies for the manufacturing of a range of cast aluminium garden furniture, architectural fittings, balustrades, filigree work, corner brackets, lamps poles and light fittings.

The Downstream Aluminium Pilot Project (DAPP) was officially launched in July 2002, with the main objective being to assist potential entrepreneurs from local and emerging communities with the establishment and management of their own manufacturing enterprises right from infancy through to ultimate sustainability. The incubator has learnt some valuable lessons during the course of its operations and although the vision and mission has remained the same, the more specific aspects are adjusted according to the changes in the environment and the new opportunities that each year brings.

DACT is registered as an independent legal entity in terms of Section 21 of the Act in 2005, with an independent and voluntary board of directors acting as custodians. Seven staff members are employed specifically to assist clients and provide support. DACT is registered with the Department of Social Development as a Public Benefit Organisation.

VISION

To be a nationally recognized Centre of competence that develops and supports innovative and technology based SMME's in the metals fabrication industry.

MISSION

To mentor, coach and assist innovative technology based SMME's so that they can grow to sustainability and contribute to the growth of our economy.

VALUES

- Integrity
- Professionalism
- Total commitment
- Respect
- Empowerment
- Teamwork

OBJECTIVES

- To broaden the client base by recruiting technically proficient clients
- To establish 15 new businesses a year
- To focus on the development of higher quality products and with an wider design range
- To strengthen and expand our virtual client via a structured process
- To develop an exit strategy for graduates
- To include technical training as part of service offering

OPERATIONS & SYSTEMS PROCEDURES

DACT has the following systems in place to manage risk and to ensure that the centre is managed in a professional manner:

- Management policies and procedures
- Computerised financial package
- Financial policies and procedures
- Human resource policies and procedures
- Occupational Health and Safety policies and procedures
- Quality management system
- Knowledge management system
- Risk management system
- Environmental system

The current operational system and procedures are performed as follows:

FINANCE

All the finances are managed from a central point. This eliminates duplication, inefficiencies and facilitates strict control as per the requirements of the board, PFMA and GAAP.

INCUBATION

Incubation support is in the form of policy formulation, guidelines in the application of the policies marketing and recruitment, quality assurance and general management. This also includes liaison on a national level to address common concerns and specific staff development issues.

TECHNICAL SUPPORT

Technical support is aimed at providing a one stop service to ensure that the workshop facilities and equipment are maintained as per the manufacturer's specifications. This includes management of the utilisation of the facilities and assets audit.

MARKETING SUPPORT

Marketing support is aimed at assisting incubatees with gaining market access in the industry and this is done through strategic relationships with relevant stakeholders around Richards Bay and surrounding areas. This includes marketing material, compliance of incubatees and marketing strategies amongst others.

seda

SMALL ENTERPRISE DEVELOPMENT AGENCY

an agency of the dsbd

edtea

Department:
Economic Development, Tourism and Environmental Affairs
PROVINCE OF KWAZULU-NATAL

small business development

Department:
Small Business Development
REPUBLIC OF SOUTH AFRICA

KING CETSHWAYO

DISTRICT MUNICIPALITY

OUR STAKEHOLDERS

SOUTH32

merSETA
MANUFACTURING, ENGINEERING AND RELATED SERVICES SETA

CITY OF uMHLATHUZE
VISION INTO ACTION

umfolozi TVET COLLEGE
TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING

CHAIRMAN'S REPORT

The Covid-19 pandemic has severely impacted the global economy and South Africa was not immune to it. It is in these tumultuous times that we need to enhance our support - through various development programmes - to the SME sector as the livelihood and survival of thousands of families depends on the SME sector. Let us always remember those who unfortunately succumbed to the Covid-19 virus.

For the 2019/20 financial year, the centre has seen significant changes in its strategic direction. What has not changed, however, is the unique ability of this organisation to adapt to an environment that remains volatile. Our ability to respond timeously reflects the vast experience and calibre of individuals that comprise this formidable team. I would like to thank the DACT team for all their invaluable efforts and commitment.

At the beginning of August 2019, we welcomed our new Centre Manager Ms Zanele Khoza, this appointment helped the centre to perform at its utmost best.

I would also like to thank all the Board Members for their contributions and support throughout the 2019/20 financial year. The DACT Board is made up of the following people:

- Dr Syd Kelly who has vast experience in the industry
- Dr Chris Mlosy, an independent director
- Mr Khayelihle Ndovela from the Department of Economic Development, Tourism and Environmental Affairs (EDTEA)
- Mr Cedric Mnguni, Seda KZN Provincial Manager (who was at times represented by Mr Dennis Ndlovu, Seda Uthungulu Branch Manager)
- Mr Sam Zungu, an independent director
- Mr Lindani Khoza, an independent director
- Ms Nontsundu Ndonga, Deputy Municipal Manager of the City of Umhlathuze (who was at times represented by Ms SP Maduna)
- Ms Natalie Waller from Waller Gilliver and Associates who serves as the Company Secretariat

The Board has been actively involved in steering the centre to become one of excellence in the metals fabrication incubation sector.

Some of the highlights for the past year include and are not limited to:

- The Seda financial support to the value of R2 700 000 for operational costs and running of the centre including salaries and SMME development.
- The partnership with Tronox through funding of R25 000. This helped a great deal in assisting with the centre to be able to support SMMEs with different interventions such as website developments; purchasing of tools; ZCCI membership payments for 12 SMMEs and paying for nominated SMMEs to participate in the ZCCI Business Excellence Awards for 2019.
- The financial funding received from South32, worth R6.2m for a period of 3 years. These funds were still being utilized for the daily running of the centre and SMME development during the financial year 2019/20.
- SMME development program with the City of uMhlathuze Municipality worth R196 528. These funds were received during the last month of the 2019/20 financial year for use during the new financial year 2020/21.
- MerSeta technical skills funding to the value of R85 470 to cover for the outstanding deliverables for the two trainings initiated during the 2019/20 financial year.

On behalf of the DACT Board, I would like to extend our gratitude to all our stakeholders who have recognised the centre as a strategic partner in Enterprise and Supplier Development.

The future of DACT involves the centre becoming a major role player in the Enterprise and Supplier Development Programmes of local companies. We are also working on becoming an instrument of transformation and innovation in the metals fabrication industry through affiliations with industry related organisations. The introduction of the renovated facility and the improvement of our services contribute immensely towards the sustainability and future of the centre.

DACT continues to commit itself to the provision of a safe environment for SMME's to develop and grow their business. It also endeavours through training and mentoring to equip the potential entrepreneurs with the business skills and tools to enable them to establish their own sustainable businesses. We aim to provide a formal structured and successful incubation programme for our entrepreneurs from the outset.

In closing, the DACT Board would also like to express extreme gratitude to all our stakeholders (funders, partners, suppliers, and incubatees) who have contributed in their own way to the success of this centre. As is commonly said, "Together we can do more". We look forward to future prospects of strengthening our relationships with you as we continue on the journey of developing SMME's.

Thank you

Craig Ullbricht

CENTRE MANAGER'S REPORT

Joining the organization as the new manager towards the end of the second quarter of the financial year was not the easy at all especially as I was not involved in the planning phase for that specific year right at the beginning. However, with a positive attitude, the already set and approved plan for the year, which included lots of activities and expectations, was implemented accordingly.

The 2019/20 financial year was a most exciting one for both DACT and I specifically due to having to adjust to a new environment with a different culture. DACT, yet again, has been able to perform well in its mandate of developing and supporting SMME's in the metals fabrication industry.

The capable team who welcomed me at DACT as well as a very supportive Board of Directors, is the reason why the remainder of the 2019/20 financial year was amazing for me and also the reason we managed to perform well as a Centre. The financial year commenced with the great news of the approval of R2 700 000 funding from Seda Stp; R25 000 funding from Tronox and R85 470 from MerSeta. The Centre also continued to utilize the remaining funds received from South32 as well as the City of uMhlathuze during the same 2019/20 financial year.

DACT managed to achieve the ISO 9001:2015 Re-Certification. This confirms that our quality management system is fully aligned with the ISO 9001:2015 requirements. Without this system, it would have been difficult to achieve the results achieved during the year and we would have failed to provide quality services to our incubatees as well as failed to keep our stakeholders satisfied. This has been evident in our performance which includes the following, amongst other things:

- 81 Clients Supported;
- 66 Jobs created;
- R20 060 853,20 Turnover generated by incubatees; and
- 5 Incubatees graduated from the programme

We also worked well with DVN Marketing to successfully finalize the installation of our small state of the art foundry. It is now ready for use and some of our Incubatees will obtain new skills and also be in a position to produce innovative products.

Thanks, and appreciation is extended to all of our funders, stakeholders, staff, suppliers and consumers for their continued support to DACT. I would like to make special mention to the following:

- The entire Seda Stp Unit Team, especially Ms Justine Mogashoa (Project Specialist);
- The entire South32 ESD Team, especially Ms Sara Makete;
- Tronox: Mr Nick Bulunga;
- MerSeta: Mr Herman Oosthuizen and Mr Sabelo Buthelezi;
- City of uMhlathuze Local Municipality: Ms Sibonisile Maduma;
- The entire ZCCI Team: Ms Vanessa Ncobela and Ms Lihle Msweli;
- The entire Seda King Cetshwayo Branch, especially Mr Dennis Ndlovu; and
- Mr Thulani Gumede of T-Man Repairs

The DACT team remains committed to ensuring that our services empower Incubatees to run sustainable businesses through our incubation programme which provides support in terms of compliance, infrastructure, technology support, business administrative support and skills development. The Centre still aims at opening its doors to non-Incubatees who would like to make use of the infrastructure. This is part of the centre's journey towards sustainability.

To our graduates, we wish them all the best as they continue to run their businesses outside of our incubation programme. We trust they will continue to make their mark and contribute to fuel the local economy and provide job opportunities for the local community. Their achievements are a clear indication that it is possible to make entrepreneurship work when you mix hard work and determination.

To our much valued Board Members, I would like to pass my greatest appreciation for the support and commitment they have shown to me and the entire DACT Team. Their leadership has taken DACT to where it is today.

To our Incubatees, thank you for trusting DACT with your businesses and cooperation with the support we provide to them has given us much confidence to continue to do more.

Lastly but not least, thank you to the most committed and dedicated Team. The support I have received since joining the organization has been amazing. They have helped me to realize that I am in the right place at DACT. And finally, to our DACT team, thank you very much.

Thank you

Zanele Khoza

BOARD COMPOSITION

Board Chairman

Craig Ullbricht

Company Secretary

Natalie Waller

Municipal Representative

Nontsundu Ndonga

Board Member

Lindani Khoza

Board Member

Cedric Mnguni

Board Member

Dr Chris Mlosy

Board Member

Dr Syd Kelly

Board Member

Khayelihle Ndovela

Board Member

Samuel Zungu

ORGANISATIONAL STRUCTURE

Centre Manager

Zanele Khoza

Finance Officer

Gloria Tembe

Compliance & Admin Officer

Boniwe Lushaba

Business Devlopment Officer

Cynthia Mtshali

Technical Specialist

Bafana Khoza

Technical Specialist

Wiseman Mtshali

Workshop Assistant

Nhlanhla Shabangu

Human Resource Intern

Caven Dlamini

2019/20 HIGHLIGHTS

DACT HIGHLIGHTS FOR THE FINANCIAL YEAR INCLUDE THE FOLLOWING:

1. On the 14th and 15th of August 2019, we managed to support six (6) incubatees through the Artisan Development funding support from KCDM to attend the Manufacturing Indaba Conference and Exhibition in Durban ICC. These Incubatees got access to the Business Matchmaking Program that was an excellent networking tool and a way to exchange contact details with other industry role players including potential markets. This exhibition really cultivated their minds and opened up their eyes on new ways of running their businesses and how to attract customers.

2. DACT was recognized with the Transformer Award during the ESD Practitioner Achievement Awards. These awards were announced on 17th of September 2019 at a gala event running alongside the 13th Annual Smart Procurement World Indaba in Johannesburg. It was organized by the Indaba's coordinators, Smart Procurement; the awards were instituted to highlight the importance of supplier relationship management for businesses brought into the supply chain as a result of supply chain transformation. This achievement was an outcome of the nomination that was submitted by one of our Incubatees, Mr. Thulani Gumede of T-Man Repairs.

3. DACT together with some of the Incubatees in our programme, as members of the Zululand Chamber of Commerce & Industry, are provided annually an opportunity to participate and submit nominations for best different business categories of the year. DACT and the Incubatees were nominated under the following categories:

- DACT was nominated for Best Service Excellence (Public Sector) and Best Service Excellence (Community) and won the Best Service Excellence (Community) and was a Runner-Up for the Public Sector one.

- Adonai Projects CC, a woman-owned engineering company, was nominated for Best Female Owned Business of the Year; Best Industrial Business of the Year; Best Safety Awareness Business of the Year. She won the Best Industrialist Business of the Year Award.
- T-Man Repairs, an automotive maintenance company, was nominated for Best Performance Automotive Business of the Year and Best Emerging Business of the Year. He won the Best Performance Automotive Business of the Year Award.
- Khethakwanele (Pty) Ltd who runs a recycling company was nominated for Best Small Business of the Year; Best Youth Owned Business of the Year and Best Female Owned Business of the Year. She was a Runner-Up for the Best Youth Owned Businesses of the Year.

4. We are also proud to share that, as a Centre, we were able to source training sponsorship for 26 of our Incubatees. The training's focus was Routine Maintenance using tools and equipment which has 20 credits. This training was conducted over a 10-day period and is one of the basic requirements when working onsite.

5. Mr. Siyabonga Mkhize of SS Mumbos has received a huge project from Mondi to manufacture and install electrical panels where the project was worth R888 000.00. We assisted him with space to work from; the tools and equipment to utilize to complete the work and a truck for deliveries:

6. Metso Isithebe, during their relocation process to India, donated 30 flow bins of foundry chemicals; 8 flow bins Nivaset resin totally estimated at 8170 litres and 22 flow bins Catalyst to use in our foundry. The donation was to an estimated value of +/- R500 000.

Performance of the Centre for 2019/20

KPI	ANNUAL TARGET	TARGETS ACHIEVED					VARIANCE
		Q1	Q2	Q3	Q4	TOTAL	
New SMME's Established	14	2	3	4	1	9	-4
No of clients supported	81	42	63	76	81	81	0
No of jobs created	36	23	14	20	9	66	+30
No of SMME's graduated	5	3	0	2	0	5	0
Clients turnover	R9m	R2 703 746,00	R10 356 239,74	R5 684 106,46	R1 316 761,00	R20 060 853,20	+R11 060 853,20
% Women-owned clients supported	35%	40%	35%	36%	35%	35%	0%
% Youth-owned clients supported	40%	64%	60%	67%	65%	67%	+27%
% Black-owned clients supported	80%	97%	83%	97%	98%	98%	+18%

GRADUATES

DEPENDABLE
FABRICATIONS

Dependable Fabrications (Pty)Ltd is a company located in Ngqopheni at Mtubatuba, Ward 6 run by Mthokozisi Msweli who started his business informally in 2015 and then joined the DACT program in 2016 where his business was formalised.

Dependable is a company that believes in preservation and recycling as the business uses scrap metals to create beautiful furniture. The business has been able to create 3 permanent jobs and 2 casual jobs around the Mtubatuba municipality.

Some of his amazing products are illustrated here:

DEPENDABLE FABRICATIONS (Pty) LTD
Reg. No. 2013/305370/07

Company owner:	Mthokozisi Nkonzenhle Msweli
Cell:	082 098 9462
Email:	dependablefabrications@gmail.com
Turnover at start of incubation:	R10 000,00
Turnover at end of incubation:	R82 000,00
Employees at start of incubation:	1
Employees at end of incubation:	3
Years with DACT:	3 years
Type of Incubatee:	Virtual Incubatee
Business type:	Manufacturing of welded products: gates burglar guards, steel bed frames

WORKSHOPS/ TRAININGS ATTENDED

- Entrepreneurship Workshop
- Compliance Workshop
- Health and SafetyInduction
- GrowthWheel
- Marketing Material Development Session
- Linkage with Umhlathuze SCM
- Financial Management Workshop
- Tendering and Costing Workshop
- Linkage with ZCCI
- Productivity SA
- Consultation with BDO
- Ithala Bank Presentation
- Business Presentation Competition Briefing
- QMS Training
- Linkage with South 32
- Business Ethics Training
- Technical Training
- Attending Exhibitions
- ZCCI Member
- Linkage with the Mtubatuba LED

PRODUCT DEVELOPMENT
Client has introduced some new products in his range; recycled decorative products and has attracted more clients because of this. He hires more skilled labourers to assist him with his orders. He received welding training for his businesss where he sent a permanent employee to do the training.

CLIENT PORTFOLIO SINCE BEGINNING OF INCUBATION PROGRAM
Client has been doing household jobs before entering the program, now he does a lot of subcontracting projects for local municipality and local schools and BnB's. He now deals directly with industrial and municipal clients. he has gained a relationship with the Mtubatuba municipality and has become a preferred supplier because of his quality and professional approach.

WORKING FACILITIES AVAILABILITY
Client has been a virtual client since he entered the program; he has been working from home in his garage but has now built a small workshop where he completes his orders. He also does a lot of onsite work which does not always require him to use his own premises.

COMPLIANCE ACHIEVED
Business is registered with CIPC, has BBBEE Affidavit, has business account, has CSD, and has registered in the Mtubatuba database. He has plans of getting his QMS in order to add more value to his company.

MAZIMBA TRADING cc

From humble beginnings in 2005, with one founder member (Black Woman at Mbonambi Area) Sinothile Zulu of Mazimba Trading CC has been a Leader in the local fabrication-engineering sector. Through their commitment to providing customers with precise, precision and prompt service, they have earned a reputation, which is respected in the Engineering Industry in Richards Bay.

Mazimba Trading joined the DACT program in 2016 to develop her business and since she joined the program her business has been growing from strength to strength. Her business has created 12 permanent jobs and 4 casual jobs.

Some of her amazing products are illustrated below:

MAZIMBA TRADING cc
Reg. No. 2006/209754/23

Company owner:	Mhlongo Phumlani
Cell:	081 427 9118
Email:	phumlani2.mhlongo@gmail.com
Turnover at start of incubation:	R54 000,00
Turnover at end of incubation:	R250 000,00
Employees at start of incubation:	3
Employees at end of incubation:	12
Years with DACT:	3 years
Type of Incubatee:	Tenant
Business type:	Industrial engineering, developing structures under the welding sector

WORKSHOPS/ TRAININGS ATTENDED

- Entrepreneurship Workshop
- Compliance Workshop
- Health and SafetyInduction
- GrowthWheel
- Marketing Material Development Session
- Linkage with Umhlathuze SCM
- Financial Management Workshop
- Tendering and Costing Workshop
- Linkage with ZCCI
- Productivity SA
- Consultation with BDO
- Ithala Bank Presentation
- Business Presentation Competition Briefing
- QMS Training
- Linkage with South 32
- Business Ethics Training
- Technical Training
- Attending Exhibitions
- SCNET job portal system membership
- Technical training
- ZCCI Membership
- Workshop and equipment rental

PRODUCT DEVELOPMENT
To keep up with the current sector industry Mazimba has been equipped with knowledge on how to spot and assess a qualified employee. Merseta has also sponsored him with training for his employees to improve their technical abilities and skills.

CLIENT PORTFOLIO SINCE BEGINNING OF INCUBATION PROGRAM
Client has been doing a lot of subcontracting projects for local municipality and local industries. He now deals directly with industrial and municipal clients. he has gained a relationship with the uMhlathuze municipality, Mhlathuze water, local industries and has become a preferred supplier because of his quality and professional approach. He is also a member of the SCNET job portal system ran by ABSA; it filters jobs for companies as per their specific sectors.

WORKING FACILITIES AVAILABILITY
Client has been a virtual client since he entered the program; he then started being a tenant at DACT and used our facilities to complete his orders and to have business meetings. He has now secured a lease agreement where he does his business operations in Alton. He also does a lot of onsite work which does not always require him to use his own premises.

COMPLIANCE ACHIEVED
Business is registered with CIPC, has BBBEE Affidavit, has business account, has CSD, and has registered in the uMhlathuze, RBM, RBCT, Mondi and database. Technilaw (preparation for Grading as well as star Grading.

NTONGANI TRADING
& PROJECTS

Ntongani Trading (Pty)Ltd is an Engineering company that was established in 2014 and joined the DACT program in 2016. Ntongani trading is aimed at providing stringent quality control, standard of services and products in its business arena.

The company strives to meet the needs of their customers with quality products and workmanship. The company has 4 directors; Abednego Ngwenya, Goodness Nyawo, Muziwenhlahla Ntuli and Muziwendoda Mkhwanazi. Their services include steel fabrication, construction, manufacturing of cold rooms and boilermaking. Ntongani Trading has managed to employ 8 permanent staff including the directors and have employed 4 casuals.

Some of their amazing products are illustrated below:

NTONGANI TRADING (Pty) LTD
Reg. No. 2014/194748/07

Company owner:	Abednego Ngwenya
Tel:	035 789 8133
Cell:	082 432 1199
Email:	mhlongophumlani@gmail.com
Turnover at start of incubation:	R30 000,00
Turnover at end of incubation:	R49 000,00
Employees at start of incubation:	0
Employees at end of incubation:	6
Years with DACT:	3 years
Type of Incubatee:	Virtual Client
Business type:	Fabrication of aluminum windows, doors, garage doors and Gates

WORKSHOPS/ TRAININGS ATTENDED

- Entrepreneurship Workshop
- Business development consultation session
- Compliance workshop
- Health and safety induction
- GrowthWheel
- Marketing material development session
- Linkage with Umhlathuze SCM
- Financial Management workshop
- Tendering and Costing workshop
- Linkage with ZCCI
- Productivity SA
- Ithala bank presentation
- Business presentation competition briefing
- QMS Training
- Linkage with South 32
- Technical training
- ZCCI Membership
- Workshop and equipment rental

PRODUCT DEVELOPMENT

To keep up with the current sector industry Ntongani Trading has been equipped with a supply of labourers under the Merseta Aprenticeship program, these employees are already registered for workmans' compensation, have done medicals, have their set of PPE and a toolbox. Merseta has also sponsored Ntongani with training for his employees to improve their technical abilities and skills.

CLIENT PORTFOLIO SINCE BEGINNING OF INCUBATION PROGRAM

Client has been doing a lot of subcontracting projects for local municipality and local industries. He now deals directly with industrial and municipal clients. He has gained a relationship with the uMhlathuze municipality, Mhlathuze water, local industries and has become a preferred supplier because of her quality and professional approach.

WORKING FACILITIES AVAILABILITY

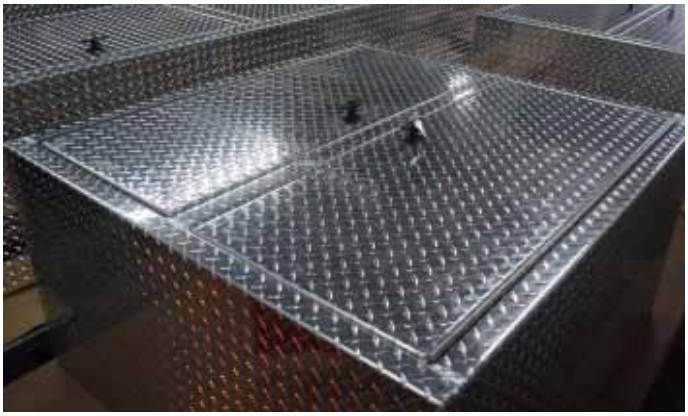
Client has been a virtual client since she entered the program; he then started being a tenant doing manufacturing in Fabrication of aluminium windows, doors, garage doors and Gates at DACT and used our facilities to complete her orders and to have business meetings. He has now secured a lease agreement where he does his business operations in Richards Bay CBD. He also does a lot of onsite work which where he does the work at the client's premises.

COMPLIANCE ACHIEVED

Business is registered with CIPC, has BBBEE Affidavit, has business account, has CSD, and has registered in the uMhlathuze, RBM, RBCT, Mondi and database and on Transnets database.

PLUTO
ENGINEERING & SERVICES

Pluto Engineering and Services (Pty)Ltd is a 100% black owned company specialising in engineering, mechanical, medium to heavy fabrication, coded welding, fitting, construction and demolition. Phumlani Mhlongo who is the sole director of Pluto Engineering joined the DACT program in 2016 where he was able to grow his business and create 6 permanent jobs and 1 casual job. Some of his amazing products are illustrated below:



PLUTO ENGINEERING & SERVICES
Reg. No. 2016/198707/07

Company owner:	Phumlani Mhlongo
Cell:	078 939 3121
Email:	mhlongophumlani@gmail.com
Turnover at start of incubation:	R0 000,00
Turnover at end of incubation:	R25 000,00
Employees at start of incubation:	1
Employees at end of incubation:	6
Years with DACT:	3 years
Type of Incubatee:	Virtual Incubatee
Business type:	Industrial engineering, developing structures under the welding sector

WORKSHOPS/ TRAININGS ATTENDED

- Entrepreneurship Workshop
- Compliance Workshop
- Health and SafetyInduction
- GrowthWheel
- Marketing Material Development Session
- Linkage with Umhlathuze SCM
- Financial Management Workshop
- Tendering and Costing Workshop
- Linkage with ZCCI
- Productivity SA
- Consultation with BDO
- Ithala Bank Presentation
- Business Presentation Competition Briefing
- QMS Training
- Linkage with South 32
- Business Ethics Training
- Technical Training
- Attending Exhibitions
- Compliance Consultation
- Technical training
- ZCCI Membership
- Workshop and equipment rental
- PPE Issuing
- Technical drawing

PRODUCT DEVELOPMENT
Client has introduced some new products in his range; car parking shelters, higher production capacity. He hires more skilled labourers to assist him with his orders. He is also now AAMSA certified which means he can produce quality assured products and more competitive to his competition.

CLIENT PORTFOLIO SINCE BEGINNING OF INCUBATION PROGRAM
Client has been doing household jobs before entering the program, now he does a lot of subcontracting projects for local municipality and local schools and BnB's. He now deals directly with industrial and municipal clients. he has gained a relationship with the uMhlathuze municipality and has become a preferred supplier because of his quality and professional approach.

WORKING FACILITIES AVAILABILITY
Client has been a virtual client since he entered the program; he has been working from home in his garage but has now built a small workshop where he completes his orders. He also does a lot of onsite work which does not always require him to use his own premises.

COMPLIANCE ACHIEVED
Business is registered with CIPC, has BBBEE Affidavit, has business account, has CSD, and has registered in the uMhlathuze database. He now has AAMSA Certification where his work is assured of quality. He has plans of getting his QMS in order to add more value to his company.

TSHILIDZI
trading

Tshilidzi Trading (Pty)Ltd was birthed in 2015 by the drive of a regular workshop employee who had an entrepreneurial flair that is now evident in the acceleration of the business growth.

Nokwazi Sibisi who is the sole owner of Tshilidzi Trading has vast experience in the aluminium fabrication industry has always believed in manufacturing quality product. She joined the DACT program in 2016 where her business has employed 5 permanent staff and 2 casuals.

Some of her amazing products are illustrated below:

TSHILIDZI TRADING (Pty) LTD
Reg. No. 2016/368037/07

Company owner:	Cynthia Nokwazi Nyawo
Cell:	073 135 0314 / 072 531 7159
Email:	mkay92mafoot@gmail.com
Turnover at start of incubation:	R10 000,00
Turnover at end of incubation:	R40 435,81
Employees at start of incubation:	2
Employees at end of incubation:	6
Years with DACT:	3 years
Type of Incubatee:	Virtual Incubatee
Business type:	Fabrication of aluminium windows, doors, garage doors and Gates

WORKSHOPS/ TRAININGS ATTENDED

- Business Development Consultations
- GrowthWheel Consultations
- Compliance Consultations
- Safety Induction
- Entrepreneurship workshop
- Compliance workshop
- Health and safety induction
- Marketing material development session
- Linkage with Umhlathuze SCM
- Financial Management workshop
- Tendering and Costing workshop
- Linkage with ZCCI
- Productivity SA
- Ithala bank presentation
- Business presentation competition briefing
- QMS Training
- Linkage with South 32
- Attending exhibitions
- SCNET job portal system membership
- Technical training
- ZCCI Membership
- AAAMSA Certification
- Handing over of tools and equipment
- Workshop and equipment rental

PRODUCT DEVELOPMENT
To keep up with the current sector industry Tshilidzi has been equipped with knowledge on how to spot and assess a qualified employee. Merseta has also sponsored her with training for her employees to improve their technical abilities and skills.

CLIENT PORTFOLIO SINCE BEGINNING OF INCUBATION PROGRAM
Client has been doing a lot of subcontracting projects for local municipality and local industries. She now deals directly with industrial and municipal clients. She has gained a relationship with the uMhlathuze municipality, Mhlathuze water, local industries and has become a preferred supplier because of her quality and professional approach. She is also a member of the SCNET job portal system ran by ABSA; it filters jobs for companies as per their specific sectors.

WORKING FACILITIES AVAILABILITY
Client has been a virtual client since she entered the program; she is now renting space at the Esikhawining Ithala Workshops where she is in the centre of her core market.

She also does a lot of onsite work which does not always require her to use her own premises.

COMPLIANCE ACHIEVED
Business is registered with CIPC, has BBBEE Affidavit, has business account, has CSD, and has registered in the uMhlathuze, RBM, RBCT, Mondi and database, AAAMSA accreditation.

INCUBATEES

FLOTECH PIPING

Flotech Piping (Pty) Ltd is an engineering company that offers piping and general engineering services.

The company was founded in 2003 by Mrs C. Godden and Mr. D. Godden Flotech Piping (Pty) Ltd is now directed by their eldest daughter, Mrs S.Govender, who plans on taking the company to new heights in the engineering industry.

Flotech Piping (Pty) Ltd is a dynamic company known for its safe, speedy, high quality work. It's corporate office is located in the centralised Alton area in Richards Bay where we provide 24-hour service according to ideals of "Safety, Efficiency, and Quality".

Shale Simone Govender
Cell: 073 134 2046 I Email: shalegovendernrb@gmail.com

ZIBAMBELE MULTIWORKS cc

Established in 2005, Zibambele Multiworks is a level 1 BBBEE Engineering and Construction business operating in the KZN and surrounding areas.

After joining the DACT program, who have supported a growing number of emerging businesses, and operating a highly skilled, motivated management team, Zibambele Multiworks has grown from strength to strength and becoming the lucrative business that it is today

Mabel Williamson
Cell: 071 512 0847 I Email: zibambelemultiworks1@gmail.com

Uthwalo Trading (Pty) Ltd

Uthwalo Trading (Pty) Ltd has over 3 years experience in steel fabrication and specialises in the engineering sector.

Uthwalo is a 100% black youth owned business that plays a part in job creation and boosting the economy around the KZN province and neighbouring provinces.

Myeni Nkosinathi
Cell: 071 027 7912 I Email: uthwalo@gmail.com

WEBZOD
LUBE & MAINTENANCE SOLUTIONS (Pty) Ltd

A micro company established by a male and female partnership with equal share in the business, Webzod is guided by SABS & ISO standards and believe with clear needs, we as service provider can
achieve the highest standard of quality in our work. We take pride and we are passionate in knowing
our client's operation and understanding their business, with this in mind for every type of industry it is
most important to us (our company) to deliver the highest quality of workmanship and service possible

Khan Essop Haroon
Cell: 082 093 4285/062 113 9247 I Email: webzod@gmail.com

RGN Maintenance and Projects highly values their clients' needs for safe, reliable and efficient designs through cost-effective engineering and construction management services in a responsible, dynamic, and efficient way.

Their principles have built their careers in developing confidence, trust and long-lasting relationships within the industry by conducting their business with integrity, honesty and hard work.

Naidu Vathanaigie
Cell: 084 791 7200 I Email: gnaidu@rgn1.co.za

Alusteel Designs (Pty) Ltd was established in 2016 and is a youth owned, as well as a BEE compliant company that is located in South Africa.

Alusteel is a one-stop supplier of steel and aluminium and exists to bridge the gap between quality product and affordable rates, giving the client only the best.

The owners of Alusteel Designs (Pty) Ltd come from a background that gives them an immense amount of experience in the industry. The company even boasts an in-house design team that ensures that all of the clients requirements are met beyond expectations.

Dwain Naidoo
Cell: 063 340 9907 I Email: dwain@alusteeldesigns.co.za

Smegstar Consulting Engineers is a company providing multi-disciplinary professional Services in engineering, maintenance, Manufacturing, steel fabrication, welding and all infrastructure related projects.

The company is able to provide innovative, uniquely- customised and completely Integrated solutions across industry sectors to Suite the diverse needs of its customers. They take pride their work and place a huge emphasis on quality, safety and health of their employees.

Masuku Tebogo Evidence
Cell: 083 413 1860 I Email: masukutebogo@gmail.com

Polyarcs (Pty) Ltd was established in 2015 as a Fabrication and construction company. It was founded by Templeton Gumbi Ndumiso.

The company specialises in Mechanical Engineering and Civil Engineering services. The company is a 100% black owned and managed.

Gumbi Ndumiso Templeton
Cell: 071 502 5326 I Email: polyarcskzn@gmail.com

Maphitha Build (Pty) Ltd is a company which was established with the intention of providing quality service at a competitive price.

Maphitha Build is a 100% black owned formaly registered in 2019. The success of this business lies in the experience in both technical and business skills they have in the industry.

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ku Green Hands is a company that was formed by two females which are already in the Recycling industry.

Nompilo Nxumalo, founder of Khethakwanele (Pty) Ltd, and Nokubonga Mnyango, founder of Uthando Solutions, have joined hands to care for the environment.

Ku Green believes that two hands are better than one and that the sustainability of two hands is greater in volumes and in economic freedom.

Nokubonga Primrose Mnyango
Cell: 082 640 9809 I nokubonga@uthandosolutions.co.za

Chads Power Engineering and suppliers (Pty) Ltd is a Broad Based Black Economic Empowerment (BBBEE) company which was formed to be part of the engineering industry concentrating on on-site and off-site steel fabrication, developments, ducting, general structural steel work, welding and weld repairs, aluminium, stainless steel welding, repair work and plant maintenance also diversity of mechanical tasks that change on a daily basis as per requirements of the major tasks.

The member experience has been welcomed in the industry because of the superb job management skills. Chads Power Engineering & Suppliers (Pty) Ltd was established in 2017.

The company places a huge focus on creating opportunities of employment within disadvantaged communities and giving back to the community as well as to seek opportunities to engage with emerging suppliers and contractors.

Mahlangu Bafana Hamilton
Cell: 084 381 5472 Tel: 078 069 9488
Email: chadspower.engi@gmail.com

Mashoba 28 Eng Coy (Pty) Ltd is a company that does steel fabrication and installation.

Established in 2019 and run by experienced workers in the boilermaking and fabricating field, Mashoba provides quality workmanship.

Sithembiso Nkululeko Msezane
Cell: 083 719 7801 I Email: mashoba28engcoy@gmail.com

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

DOWNSTREAM ALUMINIUM CENTRE FOR TECHNOLOGY NPC
(Registration number 2005/012145/08)
Annual financial statements
for the year ended 31 March 2020

These annual financial statements were prepared under the supervision of:
C. F. M. Love BAP(SA) GTP(SA)™
Hills Howard & Associates (Pty) Ltd

Hills & Associates Inc
Registered Auditors

These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

Issued 06 November 2020

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	To grow the aluminium industry in the Northern Natal region by establishing an aluminium SMME cluster where entrepreneurs will be accommodated and grown to become finanicially independent and technically operational
Directors	C.J. Ullbricht (Chairman) E.L. Khoza S.Z. Zungu S.P.A. Kelly C.D. Mlosy K.L. Ndovela C.S.S. Mnguni
Business address	Downstream Aluminium Centre For Technology South Central Arterial Alton North Richards Bay 3900
Postal address	PO Box 1746 Richards Bay 3900
Bankers	FirstRand Bank Limited
Auditors	Hills & Associates Inc. Registered Auditors
Secretary	Natalie Waller
Company registration number	2005/012145/08
Tax reference number	9023806152

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

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Directors' Responsibilities and Approval

The directors are required by the Companies Act 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 March 2021 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on page 39.

The annual financial statements set out on pages 43 to 54, which have been prepared on the going concern basis, were approved by the board of directors on 06 November 2020 and signed on their behalf by:

C.J. Ullbricht (Chairman)

S.P.A. Kelly

Hills & Associates Inc
Registered Auditors

Independent Auditor's Report

To the members of Downstream Aluminium Centre For Technology NPC

Opinion

We have audited the annual financial statements of Downstream Aluminium Centre For Technology NPC (the company) set out on pages 43 to 54, which comprise the statement of financial position as at 31 March 2020, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Downstream Aluminium Centre For Technology NPC as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to Note 1 to the annual financial statements which indicates that the annual financial statements are prepared in accordance with the requirements of the International Financial Reporting Standards for Small and Medium-sized Entities except for the departure from the requirements of Section 24 - Government Grants.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Downstream Aluminium Centre for Technology NPC Annual Financial Statements for the year ended 31 March 2020", which includes the Directors' Report as required by the Companies Act 71 of 2008 and the supplementary information as set out on pages 55 to 56. The other information does not include the financial statements and our auditor's report thereon.

Directors:
Denis Soldat CA(SA)
Email: deniss@hillshowardzld.co.za
IRBA Member No.: 892971
SAICA Member No.: 04931241

Liezel de Koker CA(SA)
Email: liezel@hillshowardzld.co.za
IRBA Member No.: 504230
SAICA Member No.: 08037292

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11 Ukula Street, Empangeni,3880
P O Box 1861
Empangeni
3880

Tel: 035 772 6876 / 6611
www.hillshowardzld.co.za
Firm Practice No.: 902270
Registration No.: 2006/005779/21

Independent Auditor's Report (Continued)

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

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

Responsibilities of the directors for the Annual Financial Statements

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

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

Auditor's responsibilities for the audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

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

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

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

Hills & Associates Inc
Chartered Accountants (SA)
Per: Liezel de Koker CA (SA), Registered Auditor
Director

06 November 2020
Empangeni

Hills Howard & Associates (Pty) Ltd
Accounting, Taxation & Management Consulting

Practitioner's Compilation Report

To the members of Downstream Aluminium Centre For Technology NPC

We have compiled the annual financial statements of Downstream Aluminium Centre for Technology NPC, as set out on pages 43 to 54, based on the information you have provided. These annual financial statements comprise the statement of financial position of Downstream Aluminium Centre for Technology NPC as at 31 March 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these annual financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

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

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these annual financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities.

Hills Howard & Associates (Pty) Ltd
C.F.M. Love BAP(SA) GTP(SA)™
Director

06 November 2020
Empangeni

An authorised financial services provider - FSP No. 40998

Director:
Clayton Frederick Michael Love
Email: clayton.love@hillshowardzld.co.za
SAIBA Member No.: 1613

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3880
Registration No.: 2006/004773/07

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Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Downstream Aluminium Centre For Technology NPC for the year ended 31 March 2020.

1. Nature of business

Downstream Aluminium Centre For Technology NPC is a non-profit company registered with the Deparment of Social Development. The organisation's main objective is to grow the aluminium industry in the Northern Natal region by establishing an aluminium SMME cluster where entrepreneurs will be accommodated and grown to become financially independent and technically operational.

2. Review of activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

3. Directors

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

Directors
C.J. Ullbricht (Chairman)
E.L. Khoza
S.Z. Zungu
S.P.A. Kelly
C.D. Mlosy
K.L. Ndovela
C.S.S. Mnguni

There have been no changes to the directorate for the period under review.

4. Events after the reporting period

Refer to note 20 in the attached financial statements for details on events after the reporting period.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

5. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

6. Auditors

Hills & Associates Inc. continued in office as auditors for the company for 2020.

7. Secretary

The company secretary is Natalie Waller from Waller Gilliver.

8. Acknowledgements

Thanks and appreciation are extended to all of our funders, stakeholders, staff, suppliers and consumers for their continued support of the company.

Statement of Financial Position as at 31 March 2020

Figures in Rand	Note(s)	2020	2019
Assets			
Non-Current Assets			
Property, plant and equipment	2	6,724,626	10,603,687
Current Assets			
Trade and other receivables	3	402,109	1,082,979
Cash and cash equivalents	4	2,636,495	4,479,188
		3,038,604	**5,562,167**
Total Assets		**9,763,230**	**16,165,854**
Equity and Liabilities			
Equity			
Accumulated surplus		110,676	1,101,913
Liabilities			
Non-Current Liabilities			
Deferred income	5	6,783,008	10,262,546
Current Liabilities			
Trade and other payables	6	592,865	444,852
Project funds	7	2,276,681	4,356,543
		2,869,546	**4,801,395**
Total Liabilities		**9,652,554**	**15,063,941**
Total Equity and Liabilities		**9,763,230**	**16,165,854**

Statement of Comprehensive Income

Figures in Rand	Note(s)	2020	2019
Revenue	8	5,587,693	6,736,391
Other income	9	3,510,464	1,972,516
Operating expenses		(10,232,279)	(8,395,968)
Operating surplus (deficit)	11	**(1,134,122)**	**312,939**
Investment revenue	13	142,894	156,504
Finance costs	14	(9)	-
Surplus (Deficit) for the year		**(991,237)**	**469,443**

Statement of Changes in Equity

Figures in Rand	Accumulated surplus	Total equity
Opening balance as previously reported	1,971,171	1,971,171
Adjustments		
Prior year adjustments	(1,338,701)	(1,338,701)
Balance at 01 April 2018 as restated	**632,470**	**632,470**
Surplus for the year	**469,443**	**469,443**
Balance at 01 April 2019	**1,101,913**	**1,101,913**
Deficit for the year	**(991,237)**	**(991,237)**
Balance at 31 March 2020	**110,676**	**110,676**

Statement of Cash Flows

Figures in Rand	Note(s)	2020	2019
Cash flows from operating activities			
Cash receipts from grantors, funders, donors and incubatees		3,093,300	15,051,294
Cash paid to suppliers and employees		(4,841,411)	(6,158,883)
Cash (used in) generated from operations	16	(1,748,111)	8,892,411
Interest income		142,894	156,504
Finance costs		(9)	-
Net cash from operating activities		**(1,605,226)**	**9,048,915**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(237,467)	(4,859,502)
Total cash movement for the year		**(1,842,693)**	**4,189,413**
Cash at the beginning of the year		4,479,188	289,775
Total cash at end of the year	4	**2,636,495**	**4,479,188**

Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act 71 of 2008, except for the departure from the requirements of of Section 24 - Government Grants.

The International Financial Reporting Standard for Small and Medium-sized Entities requires that grants are fully recognised in income once the specified future performance conditions, if any, are met. This standard does not allow government grants to be recognised in surplus or deficit on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

Management believe that the treatment in terms of IAS 20 results in fair presentation of the financial statements as the income related to the government grants is deferred over the periods in which the related expenses are recognised. The financial statements incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one period.

Property, plant and equipment is initially measured at cost. Cost includes costs incurred initially to acquire or construct an item of property, plant and equipment 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, the carrying amount of the replaced part is derecognised.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in surplus or deficit in the period in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company.

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

Item		Average useful life
Leasehold improvements	Straight line	Underlying lease term
Plant and machinery	Straight line	8 - 15 years
Furniture and fixtures	Straight line	10 - 20 years
Motor vehicles	Straight line	8 - 15 years
Office equipment	Straight line	8 - 12 years
IT equipment	Straight line	3 - 6 years

When indicators are present that the useful lives and residual values of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in surplus or deficit to bring the carrying amount in line with the recoverable amount.

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

1.2 Financial instruments

Initial measurement

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

Accounting Policies

1.2 Financial instruments continued

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

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

Financial instruments at fair value

All other financial instruments, including equity instruments that are publicly traded or whose fair value can otherwise be measured reliably, without undue cost or effort, are measured at fair value through surplus and deficit.

If a reliable measure of fair value is no longer available without undue cost or effort, then the fair value at the last date that such a reliable measure was available is treated as the cost of the instrument. The instrument is then measured at cost less impairment until management are able to measure fair value without undue cost or effort.

1.3 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term unless:

- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the payments are not on that basis, or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

Any contingent rents are expensed in the period they are incurred.

1.4 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 leave pay 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.

1.5 Government grants, funding and donations

Government grants, funding and donations, including non-monetary items, shall not be recognised until there is reasonable assurance that the entity will comply with the conditions, if any, attaching to them and that the grant will be received.

Government grants, funding and donations shall be recognised in surplus or deficit on a systematic basis over the periods in which the entity recognises as expenses the related costs for which such funds are intended to compensate.

Government grants, funding and donations related to assets are presented in the statement of financial position as deferred income that is recognised in surplus or deficit on a systematic basis over the useful life of the related asset.

1.6 Revenue

Revenue is recognised to the extent that the company has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the company. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

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

1.7 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Notes to the Annual Financial Statements

Figures in Rand	2020	2019

2. Property, plant and equipment

	2020			2019		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Leasehold improvements	9,233,785	(9,233,785)	-	9,205,984	(6,275,835)	2,930,149
Plant and machinery	7,093,038	(1,500,009)	5,593,029	6,883,373	(600,520)	6,282,853
Furniture and fixtures	281,180	(93,170)	188,010	281,180	(42,816)	238,364
Motor vehicles	643,222	(79,458)	563,764	643,222	(43,648)	599,574
Office equipment	45,739	(45,739)	-	45,739	(45,739)	-
IT equipment	691,270	(311,447)	379,823	691,270	(138,523)	552,747
Total	**17,988,234**	**(11,263,608)**	**6,724,626**	**17,750,768**	**(7,147,081)**	**10,603,687**

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Closing balance
Leasehold improvements	2,930,149	27,801	(2,957,950)	-
Plant and machinery	6,282,853	209,666	(899,490)	5,593,029
Furniture and fixtures	238,364	-	(50,354)	188,010
Motor vehicles	599,574	-	(35,810)	563,764
IT equipment	552,747	-	(172,924)	379,823
	10,603,687	**237,467**	**(4,116,528)**	**6,724,626**

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Additions through grant in kind	Depreciation	Closing balance
Leasehold improvements	535,479	387,523	-	3,502,861	(1,495,714)	2,930,149
Plant and machinery	308,793	4,399,303	(125,034)	2,021,051	(321,260)	6,282,853
Furniture and fixtures	4,830	24,823	(675)	241,252	(31,866)	238,364
Motor vehicles	200,908	-	-	426,667	(28,001)	599,574
Office equipment	10,943	-	(5,436)	-	(5,507)	-
IT equipment	42,894	47,853	(4,655)	582,318	(115,663)	552,747
	1,103,847	**4,859,502**	**(135,800)**	**6,774,149**	**(1,998,011)**	**10,603,687**

Notes to the Annual Financial Statements continued

Figures in Rand	2020	2019

3. Trade and other receivables

Grants receivable	251,650	337,120
Incubatee loans	-	142,739
VAT	150,459	603,120
	402,109	**1,082,979**

Grants receivable represents the best estimate of the funds receivable and accrued to the entity in terms of the underlying MerSeta Artisan Development Project agreement. The amount receivable is subject to the finalisation of the moderation process and the results thereof.

Incubatee loans to the value of R132,739 has been impaired in the current year.

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	7,794	2,832
Bank balances	957,214	1,445,556
Short-term deposits	1,671,487	3,030,800
	2,636,495	**4,479,188**

5. Deferred income

South 32 - Remodelling grant received (2019)	7,230,493	7,230,493
Department of Small Business Development		
- Casting Centre grant received (2019)	5,000,000	5,000,000
Accumulated amortisation	(5,447,485)	(1,967,947)
	6,783,008	**10,262,546**

Deferred income represents government grants, funding and donations related to assets that is recognised in surplus or deficit on a systematic basis over the useful life of the related asset..

6. Trade and other payables

Trade payables	493,583	415,580
Accrued leave pay	99,282	29,272
	592,865	**444,852**

Notes to the Annual Financial Statements

Figures in Rand	2020	2019

7. Project funds

Reconciliation of project funds - 2020

	Opening balance	Additions	Utilised during the year	Total
City of uMhlathuze	-	196,528	-	196,528
King Cetshwayo Incubation Program for Artisan Development	362,650	-	(362,650)	-
South32 Sustainability Fund	3,993,893	-	(1,913,740)	2,080,153
	4,356,543	**196,528**	**(2,276,390)**	**2,276,681**

Reconciliation of project funds - 2019

	Opening balance	Additions	Utilised during the year	Total
KZN EDTEA Women Entrepreneur Development Program	-	1,000,000	(1,000,000)	-
King Cetshwayo Incubation Program for Artisan Development	575,967	600,000	(813,317)	362,650
MerSeta Artisan Development Project	128,553	337,120	(465,673)	-
South32 Sustainability Fund	-	5,450,000	(1,456,107)	3,993,893
	704,520	**7,387,120**	**(3,735,097)**	**4,356,543**

Project funds represents the remaining balance of funds earmarked for specific programs or purposes which will be utilised in the following financial period.

8. Revenue

Donations in kind	500,000	-
Government grants, funding and donations	5,001,391	6,623,097
Incubatee fees and rental	38,323	35,473
Other income	47,979	77,821
	5,587,693	**6,736,391**

9. Other income

Amortisation of deferred government grants, funding and donations	5	3,479,538	1,967,947
Insurance receipts		30,926	4,569
		3,510,464	**1,972,516**

Notes to the Annual Financial Statements

Figures in Rand	2020	2019

10. Operating surplus (deficit)

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

Operating lease charges		
Premises		
• Contractual amounts	404,251	469,998
Loss on disposal of assets	-	135,800
Incubatee loan impairments	132,739	-
Depreciation on property, plant and equipment	4,116,528	1,998,011
Employee costs	2,086,242	1,662,858
Irregular expenditure	-	36,736

11. Depreciation, amortisation and impairments

The following items are included within depreciation, amortisation and impairments:

Depreciation		
Property, plant and equipment	4,116,528	1,998,011
Impairments		
Trade and other receivables	132,739	-
Total depreciation, amortisation and impairments		
Depreciation	4,116,528	1,998,011
Impairments	132,739	-
	4,249,267	**1,998,011**

12. Impairment of assets

Material impairment losses (recognised) reversed		
Incubatee loans	(182,739)	-
Due to financial difficulties experienced by the incubatees the recoverability of the loan balances are doubtful and accordingly the loans are impaired.		

13. Investment revenue

Interest revenue		
Bank	142,894	156,504

14. Finance costs

Bank	9	-

Notes to the Annual Financial Statements

Figures in Rand	2020	2019

15. Taxation

No provision has been made for 2020 tax as the company enjoys exemption in terms of Section 10(1)(cN) of the South African Income Tax Act, 1962.

16. Cash (used in) generated from operations

Deficit for the year	(991,237)	469,443
Adjustments for:		
Depreciation	4,116,528	1,998,011
Loss on disposal of assets	-	135,800
Interest received	(142,894)	(156,504)
Finance costs	9	-
Impairment loss	132,739	-
Operating expenses paid through grant in kind	-	456,344
Changes in working capital:		
Trade and other receivables	548,131	(1,043,033)
Trade and other payables	148,014	348,275
Deferred income	(3,479,538)	3,032,052
Project funds	(2,079,863)	3,652,023
	(1,748,111)	**8,892,411**

17. Contingent Liability

The grant income received for specific projects and allocated to “Project Funds” is subjected to certain terms and conditions. Project agreements and the memorandum of understanding between the funders and the company indicates that the full grant amount becomes repayable should the terms and conditions not be adhered to. Unutilised amounts are also refundable to the funder at the end of the project unless specific approval is obtained that the funds may be retained by the company.

18. Directors’ remuneration

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

19. Prior period adjustments

At commencement of the previous financial year the company entered into a new lease agreement for the land and buildings for a further period of 2 years. The useful life of the leasehold improvements was not accurately adjusted to depreciate leasehold improvements over the remaining period of the lease.

During the year under review management performed a detailed asset verification and reconciliation in respect of the assets acquired through the South 32 Remodelling grant project during the 2019 financial year. During this process it was discovered that a CRM system was recognised as part of the acquisitions during the prior year which was never delivered and installed.

Notes to the Annual Financial Statements

Figures in Rand	2020	2019

19. Prior period adjustments (continued)

The above corrections result in adjustments as follow:

Statement of Financial Position		
Property, plant and equipment	-	(2,769,412)
Deferred income	-	1,369,865
Opening retained surpluses	1,399,547	1,338,701
Surplus or deficit		
Depreciation expense	-	1,040,626
Other income	-	(979,780)

20. Events after the reporting period and going concern

The annual financial statements were authorised for issue on 06 November 2020 by the board of directors of the company. To combat the effect of the outbreak of the coronavirus pandemic, a National State of Disaster was declared by the President of South Africa on 15 March 2020 which, amongst other things, had the effect of severely curtailing economic activity in the country. By not qualifying as an essential service in terms of the Regulations that were published under the Disaster Management Act, 2002, Downstream Aluminium Centre of Technology NPC (DACT) was directly affected by the so-called “lockdown” and had to cease operations on 27 March 2020.

With the introduction of Level 4 commencing on 1 May 2020 the company resumed certain minimal activity in respect of incubates providing essential services to their clients. Only on the introduction of Level 3 on 1 June 2020 did DACT resume operations at a 50% capacity for both staff and incubatees. To date the company has not returned to full operational capacity.

As a result of the above, revenue related to centre operations could not be generated during the lockdown period and the company received notice that funding from the Small Enterprise Development Agency (SEDA) was cut from R2.4million to R1million for the 2021 financial year.

Management reviewed the budget for the 2021 financial year in order to accommodate the current Covid-19 challenges and to ensure that the centre stays afloat until the end of the 2021 financial year, by when it is expected that operations would have returned to normal capacity. Management managed to secure additional funding to the value of R2,56million to fund operations, indicating that the DACT will manage to carry out its mandate for the remainder of the 2021 financial year.

Management further notes that a sustainability plan is being developed, based on the current resources that DACT has and it is also aimed at ensuring that DACT relies very little on donor funding but also be in a position to generate its own income in the near future. It must also be noted that the incubation programme like that of DACT is one of the key vehicles for the South African government to ensure that proper and relevant support is continuously provided to the SMMEs. This means that there is still hope that Seda will assist with funding at least until such time that DACT is self-sustainable.

Accordingly, 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.

Detailed Income Statement

Figures in Rand	Note(s)	2020	2019
Revenue			
Government grants, funding and donations		5,001,391	6,623,097
Donations in kind		500,000	-
Incubatee fees and rental		38,323	35,473
Other income		47,979	77,821
	8	5,587,693	6,736,391
Other income			
Amortisation of deferred government grants, funding and donations	5	3,479,538	1,967,947
Insurance receipts		30,926	4,569
Interest received	13	142,894	156,504
		3,653,358	**2,129,020**
Expenses (Refer to page 23)		**(10,232,279)**	**(8,395,968)**
Operating (loss) profit	**10**	**(991,228)**	**469,443**
Finance costs	14	(9)	-
(Deficit) Surplus for the year		**(991,237)**	**469,443**

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

Detailed Income Statement

Figures in Rand	Note(s)	2020	2019
Operating expenses			
Accounting fees		31,890	30,017
Advertising and marketing		27,109	413,548
Auditors' remuneration		49,675	64,154
Bad debts		-	8,867
Bank charges		7,531	6,144
Company secretarial fees		23,861	24,281
Computer expenses		201,536	165,353
Consulting and professional fees		117,465	31,000
Depreciation and impairments		4,249,267	1,998,011
Employee costs		2,086,242	1,662,858
Insurance		157,503	130,878
Irregular expenditure		-	36,736
Lease rentals on operating lease		404,251	469,998
Legal expenses		-	8,877
Loss on disposal of assets		-	135,800
Meeting and hospitality costs		65,424	111,615
Motor vehicle expenses		57,071	47,496
Occupational health and safety		30,664	49,886
Printing, stationery and postage		54,569	51,785
Project costs		1,799,530	2,059,238
Relocation costs		17,235	-
Protective clothing		31,337	52,497
Repairs and maintenance		310,841	331,376
Security		305,638	280,817
Seminars and workshops		5,652	-
Staff training		75,228	61,227
Subscriptions		5,980	16,180
Telephone and fax		28,748	88,540
Transport and freight		12,000	-
Travel - local		76,032	58,789
		10,232,279	**8,395,968**

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