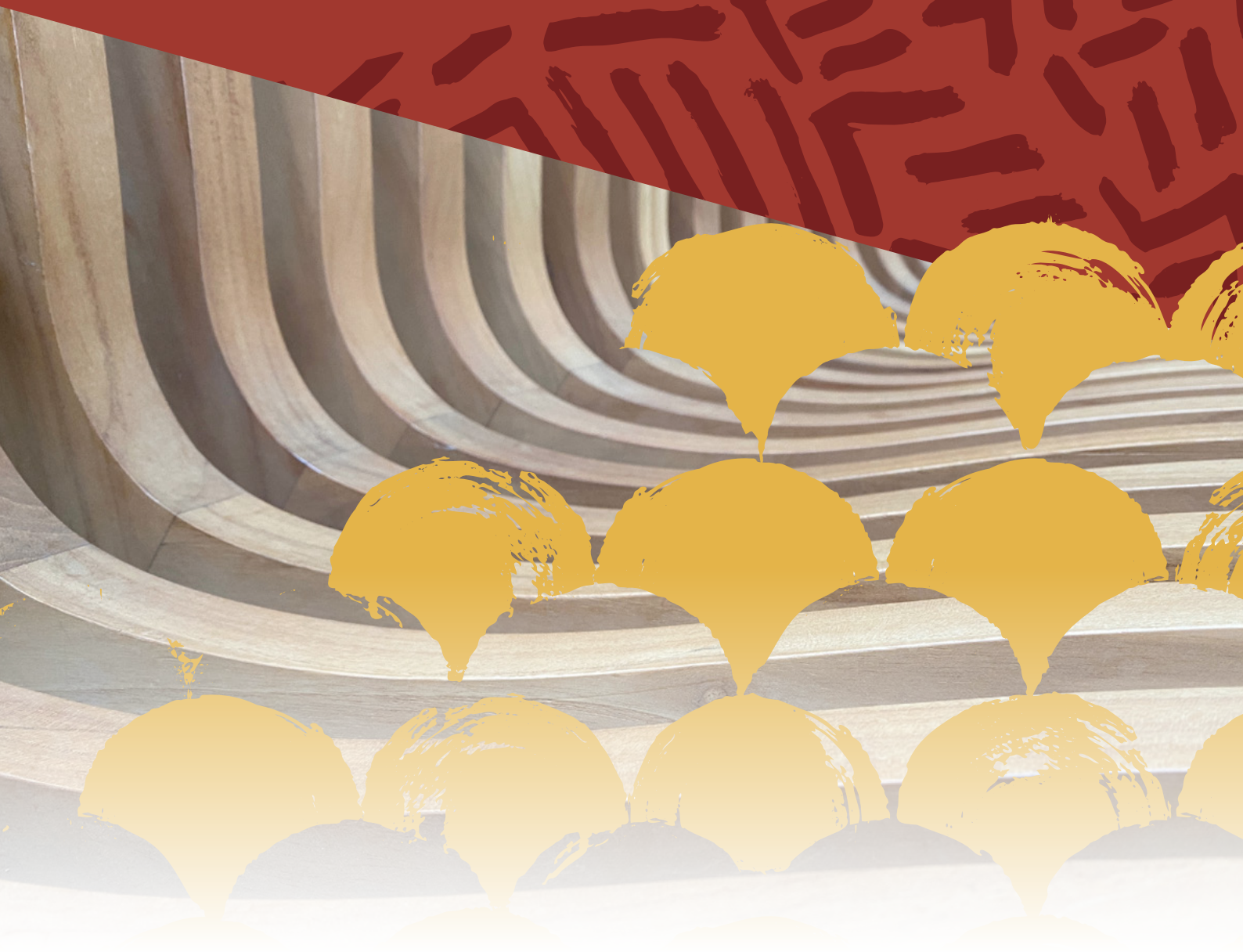




ETHEKWINI FURNITURE
CLUSTER

EFC Annual Report 2023 / 2024



ETHEKWINI FURNITURE
CLUSTER



INTRODUCTION	3
LETTER FROM THE CHAIRPERSON	4
LETTER FROM ETHEKWINI	5
REFLECTIONS	6
CHALLENGES FACING THE FURNITURE MANUFACTURING INDUSTRY	6
EFC CUSTOMER COMPASS	6
2023/2024 THE YEAR IN REVIEW	7
OUR IMPACT & STORIES	8
SMME BUSINESS ACCELERATOR	9
SKILLS DEVELOPMENT PROGRAMME	11
SHARED LEARNING PROGRAMME	13
SCALING-UP: OUR REVISED STRATEGY	15
2023 / 2024 EXCELLENCE AWARDS	16
THE EXECUTIVE COMMITTEE	17
OUR PARTNERS	18
CLUSTER FACILITATION SERVICE	18
GOVERNANCE AND COMPLIANCE	19
MEMBER LISTING	20
CLUSTER INFORMATION	21
ANNUAL FINANCIAL STATEMENTS	22



01

INTRODUCTION

The annual report for the financial year ending June 30, 2024, is a comprehensive financial and progress document. The eThekweni Furniture Cluster (EFC) is a public-private partnership (PPP) involving the government, industry, and other stakeholders. Established in August 2018 by the eThekweni Municipality, the EFC is a non-profit initiative aimed at enhancing the competitiveness of the local furniture sector in KwaZulu-Natal (KZN).

The cluster is managed by an industry-led Board of Directors and an elected Executive Committee. This report covers financial, economic, and program performance and is available on the EFC website (www.furniturecluster.org.za), where additional information about the cluster can also be found.

VISION, MISSION AND OBJECTIVES

The cluster's vision is to create a competitive South African furniture value chain operating in alignment with international best practices. To support the "return to growth" recovery in the furniture value chain and the objectives of the Furniture Industry Master Plan, the cluster's 3-year strategic objectives are to (1) unlock commercial opportunities based on the local value proposition and (2) support local suppliers to upgrade their people, product and processes to meet this demand.

The EFC aims to achieve world-class value chain standards and socio-economic transformation for all member firms through collaboration, knowledge sharing, skills development, benchmarking, and individual firm improvement. As an industry-driven initiative, the cluster draws on the leadership and expertise of individuals from a broad range of member firms.

LETTER FROM THE CHAIRPERSON

I am proud to take this moment to reflect on our progress over the past year. The eThekweni Furniture Cluster (EFC) has been instrumental in driving the growth and development of the furniture industry in KwaZulu-Natal (KZN). Our cluster serves as a collaborative platform, bringing together a diverse group of stakeholders ranging from furniture manufacturers and suppliers to retailers and key government bodies; all united in pursuit of our shared objectives.

The EFC has become a catalyst for the growth and advancement of the furniture industry in our region. Through collective effort, we are leveraging our resources to promote transformation, enhance market access, and boost competitiveness through skills development, shared knowledge, and improved manufacturing productivity.

Over the past year, we have trained 75 individuals in lean methodologies, operator and technical skills, covering a total of 96 modules. We also held 12 Manufacturing Meet-up sessions to share best practices on topics ranging from sustainability to culture and productivity. Our SMME Business Accelerator received 157 SMME applications through the Customer Compass Programme and supported 41 SMMEs with upgrading opportunities. Through the Customer Compass Programme, participating furniture manufacturers were introduced to the 6Cs framework used by large customers to evaluate suppliers, further providing resources to help the SMEs align their offerings to meet these standards.

At the eThekweni Furniture Cluster, we are fully committed to fostering collaboration, driving innovation, and creating sustainable growth opportunities for all our members. By working together, I believe we are well-equipped to tackle challenges like shifting consumer preferences, global market volatility, and resource limitations. I am confident in our ability to elevate the furniture industry in KwaZulu-Natal and ensure a strong, vibrant future.

I wish to extend gratitude to the eThekweni Municipality Economic Development Unit for its unwavering support and for funding our new strategy for the next three years. I am also grateful to our Executive Committee for their outstanding leadership and dedication over the past year, as well as to our member firms and strategic partners. Your collective efforts and shared vision have been the foundation of our success. I extend a warm invitation to all stakeholders to join us in advancing the furniture sector and contributing to the prosperous future of our region.

As we step into our new 3-year Scaling-up strategy, we look forward to further engaging the market, supporting growth, building capacity and connecting high-potential SMEs to commercial opportunities. We also extend an invitation to interested firms to join the cluster and transform the KZN Furniture Value chain.

Lumka Sibanyoni

eThekweni Furniture Cluster Chairperson



LETTER FROM ETHEKWINI

03

The furniture manufacturing industry is vital to eThekweni, contributing to job creation, industrial growth, and strengthening the local economy. In 2022, this sector contributed R1.26 billion to the province's manufacturing gross value added, with eThekweni responsible for 47% of that, equating to R601 million in value addition for the city.

As we conclude another year of growth, upgrading and collaboration within our vibrant community, we are proud to have contributed to the ongoing success of the eThekweni Furniture Cluster. I am particularly proud of the strides we have made in fostering skills development and capacity building within our cluster. This year, the EFC has made significant investments in technical skills development training, equipping members with the latest industry knowledge and techniques. These training initiatives have empowered manufacturers to enhance their craft, adopt new technologies, and remain competitive in an ever-evolving marketplace.

Over the past three years, the EFC has secured over 15 new commercial commitments between SMEs and lead firms, unlocked over R12 million in new commercial opportunities for black-owned SMEs, created 86 new jobs, and facilitated nearly 40 shared learning events in support of eThekweni's Sakha iTheku Strategy.

One of the flagship initiatives; the EFC Customer Compass Programme, has been instrumental in transforming the way members engage with customers. This programme provided invaluable insights into customer preferences, market trends, and sales strategies, enabling our businesses to better meet the needs of their clientele and improve overall customer satisfaction.

In addition, the technical drawing training that took place this year specifically targeted the empowerment of frontline workers. By focusing on hands-on, practical skills, this training not only improved the quality of our products but also uplifted our workforce, giving them the confidence and expertise to excel in their roles. The success of these training programmes is a testament to the EFC's commitment to the professional development of its members and the growth of our local furniture industry.

I am also delighted to announce that the Economic Development Unit will continue its partnership with the EFC on our Scaling-Up Strategy through to 2027. This partnership will provide the resources needed to expand the EFC's initiatives, foster innovation, and enable members to scale their businesses to new heights. It is a clear indication of the confidence that the Municipality has in the EFC's vision and its potential to drive economic growth within the region.

As we look ahead to the coming year, I am filled with optimism. The road ahead will undoubtedly bring new challenges, but I am confident that with the continued support of members, partners, and stakeholders, the cluster will achieve even greater heights. Let us remain steadfast in our commitment to excellence, innovation, and inclusivity as we work together to build a prosperous future for the furniture industry in eThekweni. Let us continue to build on the foundation we have laid, and together, we will create a thriving and sustainable future for our industry and our community.

Councillor Thembo Ntuli

Chairperson: Economic Development and Planning



REFLECTIONS

04



EFC CUSTOMER COMPASS

"I am pleased to report that we successfully convened over 30 small furniture manufacturing businesses, providing them with invaluable opportunities to engage with prominent retailers and manufacturers, including Mr Price Home, Sheet Street, and Homewood. Our primary objective was to tackle the high failure rates of small businesses in South Africa by delivering essential insights into customer expectations and standards. This initiative aimed to help SMEs better align their value propositions with market demands.

Throughout the event, participants benefited from targeted training sessions and a panel discussion,

gaining a clear understanding of what major customers seek in potential suppliers. In addition to these educational components, attendees were granted a complimentary associate membership to the EFC, which will continue to offer them support and networking opportunities. Furthermore, selected SMEs received access to advanced business-building tools, empowering them with the resources necessary to scale their operations and thrive in the competitive furniture industry."

Kyle Ballard
EFC Facilitator



CHALLENGES FACING THE FURNITURE MANUFACTURING INDUSTRY

"Based on our industry analysis, I want to highlight the following key insights; In 2022, South Africans spent R55.3 billion on furniture. While our industry has a rich history of domestic

manufacturing, which generated R17.1 billion in sales, it remains heavily dependent on imported products. In eThekweni alone, the sector provides formal employment to over 6,500 individuals and contributes R1.26 billion to the local economy.

KwaZulu-Natal plays a significant role, contributing 26% to South Africa's furniture industry, with eThekweni accounting for 47% of the province's manufacturing value added. This demonstrates the immense potential for SMEs to enter and thrive in the market, given the sector's low barriers to entry.

However, we must also acknowledge and address the significant challenges

we face. The sector contends with competition from cheap imports, which puts pressure on local businesses. Additionally, the high costs of raw materials and existing skill gaps further complicate our efforts. Recognising these challenges and proactively working towards solutions is crucial for sustaining and enhancing the vitality of our industry. For these reasons, the 2024-2027 Scaling-up Strategy seeks to address these challenges directly through engaging the market, building capacity, facilitating localisation and investment and supporting SMEs to realise and deliver on commercial opportunities."

Courtney Barnes
EFC Chief Facilitator

05

2023/2024 THE YEAR IN REVIEW



JULY

- Manufacturing Meet up: Unleash the Power of AI and Machine Learning
- TLDP and ELDP Learner Onboarding
- Wood Working Safety and Fundamentals
- Factory visit: Unlocking visual and performance management at Senior Flexonics

AUGUST

- 2023 Accelerator: Supporting Growth onboarding session
- Manufacturing Meetup: 6S adherence as a fundamental of lean manufacturing at Smiths Manufacturing - In-Person Factory Tour

SEPTEMBER

- ELDP Circle Peer Learning Session



JANUARY

- Executive committee meeting
- Manufacturing Meet-up: Guidelines to implementing Renewable Energy Solutions



NOVEMBER

- Executive committee meeting
- Manufacturing Meet-up: MAHLE Behr Factory Tour
- EFC strategy session

OCTOBER

- Annual General Meeting
- Hybrid Manufacturing Meet up: Equator Belts sustainability framework
- Executive committee meeting
- Manufacturing Meetup: 4 P's with Mike Hoseus

FEBRUARY

- Manufacturing Meet-up: Manage Supply Chain Challenges and Port Disruption Strategies

MARCH

- Manufacturing Meet-up: Attendance Excellence

APRIL

- 2023 EFC Accelerator Graduation Celebration
- Executive committee meeting

JUNE

- Manufacturing Meet-up: 4P Event with Mike Hoseus
- Session 1: Purpose
- Manufacturing Meet-up: 4P Event with Mike Hoseus
- Session 2: Process

MAY

- EFC Customer Compass
- Manufacturing Meet-up: Bell Equipment War on Waste Hybrid Event



06

OUR IMPACT & STORIES

In partnership with our members, in 2023 we achieved:



75
People

Trained in **leadership skills** development and frontline workforce skills.



22
People

Upskilled and trained in technical skills development.



41
SMMEs

Provided **upgrading opportunities** and aligned to retail requirements.



13

Benchmark diagnostics conducted to identify priority upgrading opportunities to **enable scale** and **better delivery** to lead customers.



12

Shared Learning sessions exposing members to **best practice** and **peer learning**.



25

New members recruited to the cluster.



Our members participated in **several key programmes** throughout the year, namely our **SME Accelerator programmes**, **Skills Development** initiatives, and **Shared Learning events**.



SMME BUSINESS ACCELERATOR

The SMME Business Accelerator, funded by eThekwin Municipality in partnership with the eThekwin Furniture Cluster, aims to identify and develop high-potential SMMEs as strategic suppliers to industrial lead enterprises. It achieves this by assessing lead firm-specific supply requirements, connecting high-potential suppliers with lead enterprises, and implementing robust upgrading plans to

unlock commercial opportunities. The programme also supports lead enterprises in optimising their B-BBEE spend and achieving tangible transformation outcomes. Recently, it has placed greater emphasis on supporting black SMEs, ensuring their development and scalability in the local furniture industry by fostering market access opportunities and sustainable growth.



SMME BUSINESS ACCELERATOR SPOTLIGHT

Bfurn – Blessing Zondi

Bfurn, a 100% Black youth-owned interior furniture designer and manufacturer from Verulam, KwaZulu-Natal, offers a range of services including CNC designs, decorative items, and metalwork. The SME joined the Accelerator in March 2023, progressing through rigorous phases to deliver a compelling business pitch. Bfurn's innovative design signature was highlighted during the cluster's Dragons' Den event, where they were recognised as the Most Promising/ Innovative Business. This achievement has paved the way for potential collaborations with major retailers like Mr Price Home and Homewood.

Following their recognition, Bfurn has been engaged in discussions with these retailers to finalise requirements, costings, and samples. The SME has completed various financial and risk assessments to better understand their business and identify necessary interventions for scaling. Bfurn has received one-on-one mentorship and support from the cluster to enhance delivery and production capabilities. As of March 2024, Bfurn graduated into the Accelerator SME Alumni network and will continue to benefit from ongoing support to sustain and grow their business.



VOICE OF OUR MEMBERS

"My biggest takeaway from the Customer Compass workshop was essentially how everything works and the kind of support there is for the SME in the space. Scale up slowly, the concept of "show me, don't tell me" to keep finding creative ways to demonstrate evidence of the "6Cs" to potential customers.

Philisiwe Danisa, Ikhandla Emafini

"Completing the Scale Up X-Ray was truly awesome. I feel like I now know what to do and where to start. I also feel like I am supported and not alone anymore - the Accelerator has changed my life. I can't believe where I started from compared to where I am now!"

Busi Msimanga, Beanbag Specialist





SKILLS DEVELOPMENT PROGRAMME

The cluster has achieved notable success through its training and development initiatives, exceeding initial expectations and highlighting the effectiveness of its programmes. Over the past year, a total of 41 people were trained in frontline workforce skills, and 22 people were upskilled and trained in technical skills development across over 190 modules. This accomplishment underscores the cluster's commitment to equipping individuals with essential skills, fostering both personal and professional growth.

Through the continuous support by eThekweni Municipality's Economic Development Unit, the EFC conducted a Technical Drawing Workshop. The focus was on providing practical technical drawing skills to improve production accuracy and better meet client demands, ultimately fostering production growth. The workshop was held at the Durban South Training

Centre hosted by SAPREF, successfully equipped 22 learners with the ability to read, interpret, and create professional technical drawings relevant to the furniture industry.

The cluster successfully hosted Skills Champion Sessions, providing a platform for members to share experiences and insights on workplace skills development. These sessions generated valuable feedback and actionable insights for refining future training initiatives. Additionally, the inaugural ELDP Circle mentor sessions were well-received, facilitating meaningful dialogue and idea exchange between learners and mentors, which led to enhanced relationships and increased engagement.





SKILLS DEVELOPMENT SPOTLIGHT

Alifurn

Alifurn was faced with production inefficiencies due to poor flow and inventory congestion. Issues included blocked primary flows for aluminium parts, mixed inventories disrupting production, poorly located cutting machines, disorganised aluminium tube storage, and inadequate space for added value operations. A single access door was also interrupting the movement of raw materials and products.

To address these issues, the company established a sequential flow for aluminium products, reduce congestion, and implement lean flow improvements. This involved optimising the flow from raw material storage to dispatch and applying 6S initiatives to cut inventory waste. These changes are projected to boost productivity by 25% (equivalent to R 950,000 annually) and shorten lead times by one week.

VOICE OF OUR MEMBERS

"It has a very good impact because it shows how much stock we have and how much more is needed. Another impact it has is we have trained someone (Khumbulani) to use the template. This is a huge and a new step that we have done where everyone in my team is able to do anything that the other one does and in that regard, we worry less if one is absent"

Charles Zuze, Alifurn Outdoor Furniture



SHARED LEARNING PROGRAMME

The EFC's Shared Learning Programme is designed to support and enhance community-driven events within the furniture sector, aiming to improve key performance metrics and inspire participants. It fosters a collaborative environment to enrich learning and knowledge sharing through various initiatives. The Manufacturing Meetups offer online webinars for networking and strategy exchange with

industry experts, while Hybrid Events combine in-person and online interactions to broaden impact. Factory Tours provide insights into leading manufacturing practices. Participants benefit from learning directly from distinguished leaders and best practice firms, both local and international, recognised for their operational excellence and innovation.

SESSION 2: PROCESS COMPETITIVENESS | GREEN MANUFACTURING

Bolstering the Adoption of the 4Ps Culture Framework Within Organisations

Series Facilitated by Internationally Recognised Thought Leader: Mike Hoseus

Manufacturing Meetup Output
From the session held on 19 June 2024

19 JUNE Session 2
4Ps Culture: Process

SESSION 1: PURPOSE COMPETITIVENESS | GREEN MANUFACTURING

Bolstering the Adoption of the 4Ps Culture Framework Within Organisations

Series Facilitated by Internationally Recognised Thought Leader: Mike Hoseus

Manufacturing Meetup Output
From the session held on 6 June 2024

06 JUNE Session 1
4Ps Culture: Purpose

COMPETITIVENESS | GREEN MANUFACTURING

MANUFACTURING MEETUP OUTPUT

**BREAKING THE INERTIA
BELL EQUIPMENT'S WOW JOURNEY OF
GETTING BACK INTO LEAN**

Insight from the hybrid session held on 9 May 2024

BELL

ATTENDANCE EXCELLENCE

Cultivating improved levels of employee commitment – Insights from leading firms

HESTO HARNESSSES
K-WAY
JOCKEY SOUTH AFRICA

**11:00 - 12:00
Wednesday, 27 March 2024**
Online Zoom Webinar

MANAGING YOUR SUPPLY CHAIN

Navigating Local Port Challenges

Thursday, 22 February 2024
11AM - 12PM
Online Zoom Webinar

Insights from industry experts and leading firms

POINT SOLAR

Practical Steps for Successfully Implementing Renewable Energy Solutions within your organisation
Guidelines from Point Solar

Wednesday, 31 January 2024
11:00 - 12:00

REGISTER FOR THE WEBINAR NOW

VOICE OF OUR MEMBERS

"Our takeaway was on the importance of having a suggestion box to obtain employee input. It should be clear Perspex and must look to pay for suggestions"
Mahle Behr's CIP & Problem-Solving event

Ian Perry, Homewood



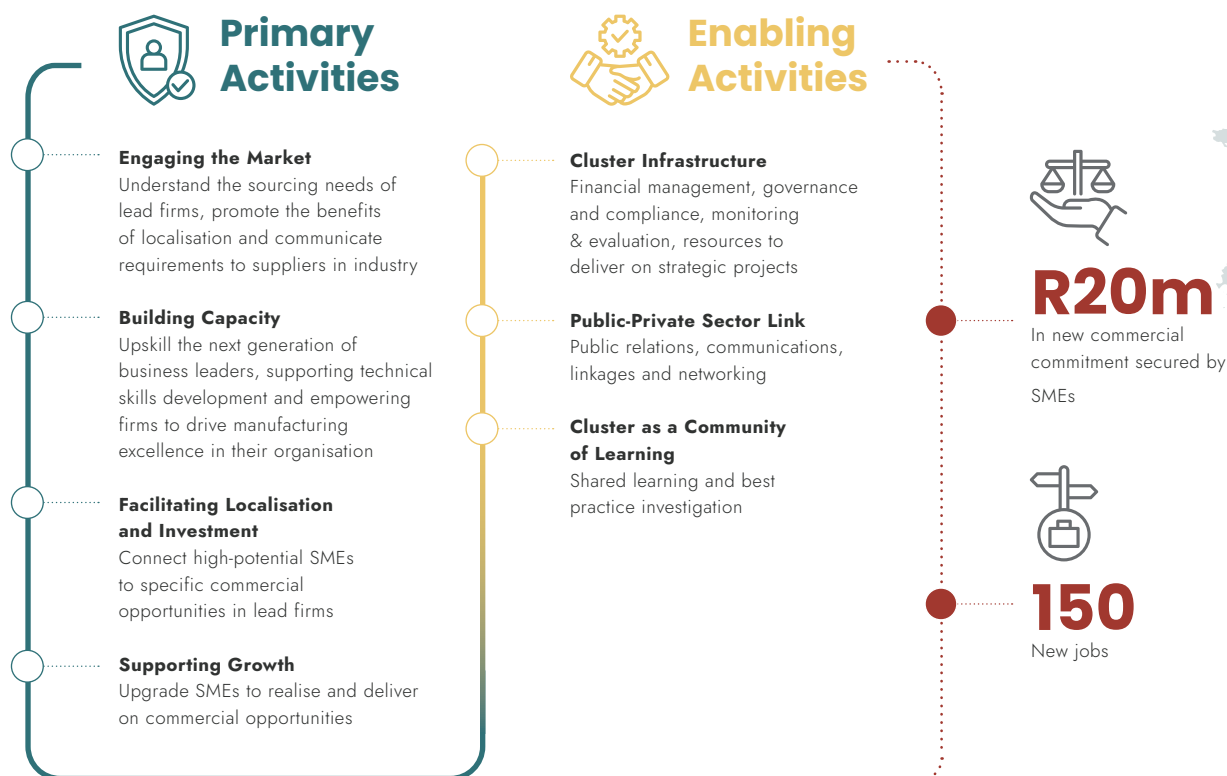
07

SCALING-UP: OUR REVISED STRATEGY

The EFC's Scaling-up strategy is set to drive R20 million in new commercial commitments between SMEs and the market over the next three years, with a target of creating at least 150 sustainable new jobs. Building on our previous business plans, the cluster is dedicated to several key enabling activities. These include establishing a solid cluster infrastructure to guarantee top-tier financial and compliance due diligence. We will also strengthen the link between the public and private sectors through enhanced communication and networking while maintaining the cluster as a thriving learning community that promotes cross-sectoral knowledge sharing and best practice exploration.

The strategy will be brought to life through four core activities: market engagement, capacity building, localisation and investment facilitation, and growth support. These will be achieved via initiatives such as market access facilitation, SME incubation, skills development, shared learning, manufacturing excellence, and applied research. These efforts are not only integral to the cluster's mission but are also essential in driving the sustainable growth and competitiveness of our member businesses in the evolving market landscape.

Scaling up: Our three-year strategy to accelerate eThekwin's furniture value chain





2023 / 2024 EXCELLENCE AWARDS

Firm	Award Title	Reason for award
Sheet Street	Localisation Excellence Award	Awarded for their commitment to developing high-potential enterprises, suppliers and Black industrialists into strategic partners to strengthen the South African furniture value chain
Homewood	esprit de corps	Awarded for their exemplification of the spirit of clustering, their commitment to shared learning and empowerment of their people through the EFC's skills programme.
Wood 'n Craft	Business Scalability and Diversification Award	For their commitment to scaling their business and diversifying their offering in response to customer needs
Alifurn	Productivity Improvement Award	Awarded for utilising EFC skills training to increase productivity by 25% by improving FLOW & reducing inventory waste
Lumka Sibanyoni	Chairperson Appreciation Award	Awarded for her dedication and commitment to the cluster, and actively ensuring that the objectives of the cluster are achieved.
eThekwini Municipality	Funder Appreciation Award	In recognition of exceptional support and financial contribution to the advancement and success of the eThekwini Furniture Cluster.

09

THE EXECUTIVE COMMITTEE

Senior executives from member firms and officials from the eThekweni Municipality make up the EFC’s Executive Committee. The Executive Committee provides strategic oversight and programmatic direction for the cluster.

Name	Cluster Role	Firm
Lumka Sibanyoni	Chairperson	Sakhikhono
Ian Perry	Director	Homewood
Phiwayinkosi Ngema	Director	Zalotech
Stanley Faku	Executive Committee Member	Afro Awethu
Takalani Rathiyaya	Funder Representative	eThekwini Municipality
Titus Mazibuko	Funder Representative	eThekwini Municipality
Courtney Barnes	Chief Facilitator	BMA
Rob Stewart	Chief Facilitator	BMA



10

OUR PARTNERS

The EFC expresses its gratitude to the eThekweni Municipality for their valuable partnership and support. The Economic Development and Investment Promotion Unit (ED&IPU) of eThekweni Municipality is instrumental in providing public funding for the EFC. The ED&IPU's main objectives are to promote economic growth, encourage job creation, drive economic transformation, and improve economic intelligence within the municipality.

The ED&IPU follows policies set by both National and provincial governments and aligns its actions

with the Municipality's Integrated Development Plan (IDP) and Economic Development Strategy (EDS). While these plans primarily guide the unit's activities, it is also committed to supporting other initiatives, such as the Millennium Development Goals, to tackle the region's broader challenges.

For more information about the eThekweni Municipality, please visit the website: www.durban.gov.za



11

CLUSTER FACILITATION SERVICE

Facilitation services to the EFC are provided by an independent team at BMA appointed through a competitive tendering process by the EFC Executive Committee. Founded in 1997, BMA provides high-value, specialised services to drive sustainable industrial development. These services are provided to government, non-government organisations (NGOs), clusters,

industry associations, retail and manufacturing companies.

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





GOVERNANCE AND COMPLIANCE

Governance and compliance are important for the effective and ethical delivery of our programmes. The below list demonstrates how the EFC navigates this.

- Registered as a Non-Profit Company
- Memorandum of Incorporation (MOI) that entrenches Public-Private Partnership (PPP) model, transparent governance and clear accountability
- Clear business plan and accompanying implementation plan
- Memorandum of Agreement (MOA) governing the relationship with the primary funder
- Performance management and reporting systems that are effective and efficient
- Financial control systems that are effective, efficient and transparent
- Adequate solvency and liquidity provisions
- Clean, unqualified annual financial audit
- Risk management practices that are effective, efficient and transparent
- Competition Law checklist and related safeguards
- Procurement systems that are effective, efficient and transparent
- Service Level Agreement (SLA) governing relationship with the facilitation service provider
- Capacity to comply with funding agreements
- Compliance with the Companies Act; The Income Tax Act; Consumer Protection Law; the Public Finance Management Act; the Municipal Finance Management Act and the POPI Act
- Broad-Based Black Economic Empowerment (B-BBEE) level 4 contributor and 100% of expenditure can therefore be claimed as Preferential Procurement

13

MEMBER LISTING

Afroawethu Interiors	Devin Timber Processing & Furniture Making
Alifurn	ITM Assist
Arkivio	Kabantu Trading cc
Bfurn	Khulabo
The Beanbag Specialist	Khuni Crafts
Fibertex	Kzn Furniture And upholstery
Hedcor cc	La Persys Interior Design
Homewood Manufacturing (Pty) Ltd	Lins Upholstery
Mholiwezizwe Architects & Design Studios (Mad Designs)	LTD Bed Manufacturers
Middle Wood Ornaments	Step On Stars
Nadz Fashions	Top Contracts
Sakhikhono Training & Development	Universal Board Creations
Skhuni Trends`	Wes-Sol Lamps and Shades
Teak and Tuft	Woman's Vision primary co-op
Wood and Craft	Zada Investments t/a Zada Interiors
Zaloetech	Zip-Naz Tradings
Zulu Lounge	domiday distributors (pty) ltd
2ba Company Projects	ELO Interiors
Amanyuswa Amahle Holdings	Fox industries
Broz Interiors	Ikhandu Emafini
Dark Wood Trading	Interior Metal Designer

14

CLUSTER INFORMATION

Tel: + 27 (0)31 764 6100

Email: efc@bmanalysts.com

Website: www.Furniturecluster.org.za

Physical Address

Block B, Bellevue Campus

5 Bellevue Rd, 3610

15

ANNUAL FINANCIAL STATEMENTS



ETHEKWINI FURNITURE CLUSTER NPC
(Registration number 2018/397128/08)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

Ethekwini Furniture Cluster NPC
Annual Financial Statements for the year ended 30 June 2024
General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	The company is engaged in the carrying on of a public benefit activity as defined in section 30(1) of the Income Tax Act, in a non-profit manner and operates principally in South Africa providing consulting services to entities within the furniture industry.
Directors	P F Ngema L B U Sibanyoni I W Perry
Registered office	Block B Bellevue Campus 5 Bellevue Road Kloof 3610
Business address	Block B Bellevue Campus 5 Bellevue Road Kloof 3610
Postal address	PostNet Suite 10139 Private Bag X7005 Hillcrest Kwa-Zulu Natal 3650
Bankers	First National Bank
Auditors	Forvis Mazars Registered Auditor
Company registration number	2018/397128/08
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.
Preparer	The annual financial statements were independently compiled by: MJ Cassan Chartered Accountant (S.A)
Issued	08 October 2024

Ethekwini Furniture Cluster NPC
Annual Financial Statements for the year ended 30 June 2024
Index

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

	Page
Directors' Responsibilities and Approval	3
Practitioner's Compilation Report	4
Independent Auditor's Report	5 - 7
Directors' Report	8
Statement of Financial Position	9
Statement of Comprehensive Income	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Accounting Policies	13 - 14
Notes to the Annual Financial Statements	15 - 17
The following supplementary information does not form part of the annual financial statements and is unaudited:	
Detailed Income Statement	18

Ethekwini Furniture Cluster NPC
Annual Financial Statements for the year ended 30 June 2024
Directors' Responsibilities and Approval

The directors are required by the Companies Act of South Africa, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the IFRS for SMEs® Accounting Standard. 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 IFRS for SMEs Accounting Standard and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

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

The directors have reviewed the company's cash flow forecast for the year to 30 June 2025 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 5 to 7.

The annual financial statements set out on pages 8 to 17, which have been prepared on the going concern basis, were approved by the board of directors on 08 October 2024 and were signed on its behalf by:



P F Ngema



L B U Sibanyoni



I W Perry

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

Tel: +27 31 818 9000
Email: dbn@mazars.co.za
forvismazars.com/za



Practitioner's Compilation Report

To the Directors of Ethekewini Furniture Cluster NPC

We have compiled the accompanying annual financial statements of Ethekewini Furniture Cluster NPC based on information you have provided. These financial statements comprise the statement of financial position of Ethekewini Furniture Cluster NPC based as at 30 June 2024, the statement of comprehensive income, statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these annual financial statements in conformity with the basis of accounting as set out in conformity with the IFRS for SMEs Accounting Standard. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence, and due care.

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

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these annual financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these annual financial statements are prepared in conformity with the IFRS for SMEs Accounting Standard.

A handwritten signature in black ink that reads "Forvis Mazars" in a cursive style.

Forvis Mazars
MJ Cassan
08 October 2024
Durban

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

Tel: +27 31 818 9000
Email: dbn@mazars.co.za
forvismazars.com/za



Independent Auditor's Report

To the Directors of Ethekewini Furniture Cluster NPC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ethekewini Furniture Cluster NPC set out on pages 9 to 17, which comprise the statement of financial position as at 30 June 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ethekewini Furniture Cluster NPC as at 30 June 2024, and its financial performance and cash flows for the year then ended in accordance with IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa.

Basis for Opinion

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

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Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Ethekewini Furniture Cluster NPC Annual Financial Statements for the year ended 30 June 2024", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Continued-/

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Forvis Mazars

Forvis Mazars
Partner: S Doolabh
Registered Auditor
08 October 2024
Durban

Ethekwini Furniture Cluster NPC
Annual Financial Statements for the year ended 30 June 2024
Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Ethekwini Furniture Cluster NPC for the year ended 30 June 2024.

1. Nature of business

Ethekwini Furniture Cluster NPC was incorporated in South Africa with interests in the furniture industry. The company operates in South Africa.

There have been no material changes to the nature of the company's business from the prior year.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with IFRS for SMEs Accounting Standard and the requirements of the Companies Act of South Africa. 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:

P F Ngema
L B U Sibanyoni
I W Perry

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

4. Events after the reporting period

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

5. Going concern

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

Forvis Mazars will continue in office as auditors for the company for the 2025 financial year.

Ethekwini Furniture Cluster NPC
Annual Financial Statements for the year ended 30 June 2024
Statement of Financial Position as at 30 June 2024

Figures in Rand	Notes	2024	2023
Assets			
Current Assets			
Trade and other receivables	2	30,975	291,449
Cash and cash equivalents	3	423,418	494,091
		<u>454,393</u>	<u>785,540</u>
Total Assets		<u>454,393</u>	<u>785,540</u>
Equity and Liabilities			
Equity			
Accumulated surplus		219,897	467,737
		<u>219,897</u>	<u>467,737</u>
Liabilities			
Current Liabilities			
Trade and other payables	4	234,496	317,803
Total Equity and Liabilities		<u>454,393</u>	<u>785,540</u>

Ethekwini Furniture Cluster NPC
Annual Financial Statements for the year ended 30 June 2024
Statement of Comprehensive Income

Figures in Rand	Notes	2024	2023
Revenue	5	2,356,400	2,481,800
Other income	6	3,013	-
Operating expenses		(2,607,253)	(2,181,284)
Operating (deficit)/surplus	7	(247,840)	300,516
(Deficit)/Surplus for the year		(247,840)	300,516

Ethekwini Furniture Cluster NPC
Annual Financial Statements for the year ended 30 June 2024
Statement of Changes in Equity

Figures in Rand	Accumulated surplus	Total equity
Balance at 01 July 2022	167,221	167,221
Surplus for the year	300,516	300,516
Balance at 01 July 2023	467,737	467,737
Deficit for the year	(247,840)	(247,840)
Balance at 30 June 2024	219,897	219,897

Ethekwini Furniture Cluster NPC
Annual Financial Statements for the year ended 30 June 2024
Statement of Cash Flows

Figures in Rand	Notes	2024	2023
Cash flows from operating activities			
Cash used in operations	9	(70,673)	(438,198)
Net cash from operating activities		(70,673)	(438,198)
Total cash movement for the year		(70,673)	(438,198)
Cash and cash equivalents at the beginning of the year		494,091	932,289
Total cash at end of the year	3	423,418	494,091

Ethekwini Furniture Cluster NPC
Annual Financial Statements for the year ended 30 June 2024
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 IFRS for SMEs Accounting Standard, and the Companies Act of South Africa. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the annual financial statements.

1.2 Financial instruments

Initial 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.

Financial instruments at amortised cost

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

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

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank. Cash and cash equivalents are short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value. These are classified as receivables.

Trade and other receivables

Trade and other receivables, excluding value added taxes are recognised initially at transaction price, including transaction costs and subsequently measured at amortised cost using the effective interest rate method less accumulated impairment losses.

1.2 Financial instruments (continued)

Trade and other payables

Trade and other payables are recognised initially at the transaction price, including transaction costs and subsequently measured at amortised cost using effective interest rate method.

1.3 Revenue

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

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

Ethekwini Furniture Cluster NPC
Annual Financial Statements for the year ended 30 June 2024
Notes to the Annual Financial Statements

Figures in Rand	2024	2023
2. Trade and other receivables		
Trade receivables	-	287,500
Value added taxes	30,975	3,949
	<u>30,975</u>	<u>291,449</u>
3. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	<u>423,418</u>	<u>494,091</u>
4. Trade and other payables		
Trade payables	<u>234,496</u>	<u>317,803</u>
5. Revenue		
Membership fees	41,400	26,800
Other project income	-	250,000
eThekwini Municipality	2,315,000	2,205,000
	<u>2,356,400</u>	<u>2,481,800</u>
6. Other income		
Decrease in the provision for bad debts	<u>3,013</u>	<u>-</u>
7. Operating (deficit)/surplus		
Operating (deficit)/surplus include the following expenses:		
Management and administration	452,889	395,869
Market access	327,117	322,736
SMME business accelerator	719,388	694,109
Skills development	526,672	428,287
Value chain upgrading	<u>546,724</u>	<u>286,513</u>
8. Taxation		
Non provision of tax		
No provision has been made for 2024 tax as the company is exempt from South African normal tax in terms of Section 10(1)(d)(iv)(bb) of the Income Tax Act.		
9. Cash used in operations		
Net (deficit)/surplus before taxation	(247,840)	300,516
Changes in working capital:		
Trade and other receivables	260,474	(247,120)
Trade and other payables	<u>(83,307)</u>	<u>(491,594)</u>
	<u>(70,673)</u>	<u>(438,198)</u>

Ethekwini Furniture Cluster NPC
Annual Financial Statements for the year ended 30 June 2024
Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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10. Related parties

Relationships

Entities under common management B and M Analysts Proprietary Limited

Related party balances and transactions with other related parties

Related party balances

Amounts included in trade payables owing to related parties

B and M Analysts Proprietary Limited	234,369	317,677
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Trade payables are paid within 30 days.

Related party transactions

Amounts paid to related parties

B and M Analysts Proprietary Limited	2,572,789	2,127,514
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11. Directors' and prescribed officer's remuneration

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

12. Going concern

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.

13. Events after the reporting period

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

Ethekwini Furniture Cluster NPC
Annual Financial Statements for the year ended 30 June 2024
Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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14. Financial assets by category

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

2024

	Financial assets at amortised cost	Total
Cash and cash equivalents	423,418	423,418

2023

	Financial assets at amortised cost	Total
Trade and other receivables	287,500	287,500
Cash and cash equivalents	494,091	494,091
	781,591	781,591

15. Financial liabilities by category

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

2024

	Financial liabilities at amortised cost	Total
Trade and other payables	234,496	234,496

2023

	Financial liabilities at amortised cost	Total
Trade and other payables	317,803	317,803

Ethekwini Furniture Cluster NPC
Annual Financial Statements for the year ended 30 June 2024
Detailed Income Statement

Figures in Rand	2024	2023
Revenue		
Membership fees	41,400	26,800
eThekwini Municipality	2,315,000	2,205,000
Other project income	-	250,000
	2,356,400	2,481,800
Other income		
Decrease in provisions for bad debts	3,013	-
Operating expenses		
Administration fees	-	10,000
Advertising	-	12,812
Auditors remuneration	30,742	27,983
Bad debts	2,620	-
Bank charges	1,101	1,162
Increase in provision for bad debts	-	3,013
Management and administration	452,889	395,869
Market access	327,117	322,736
SMME business accelerator	719,388	694,109
Secretarial fees	-	(1,200)
Skills development	526,672	428,287
Value chain upgrading	546,724	286,513
	2,607,253	2,181,284
(Deficit)/Surplus for the year	(247,840)	300,516