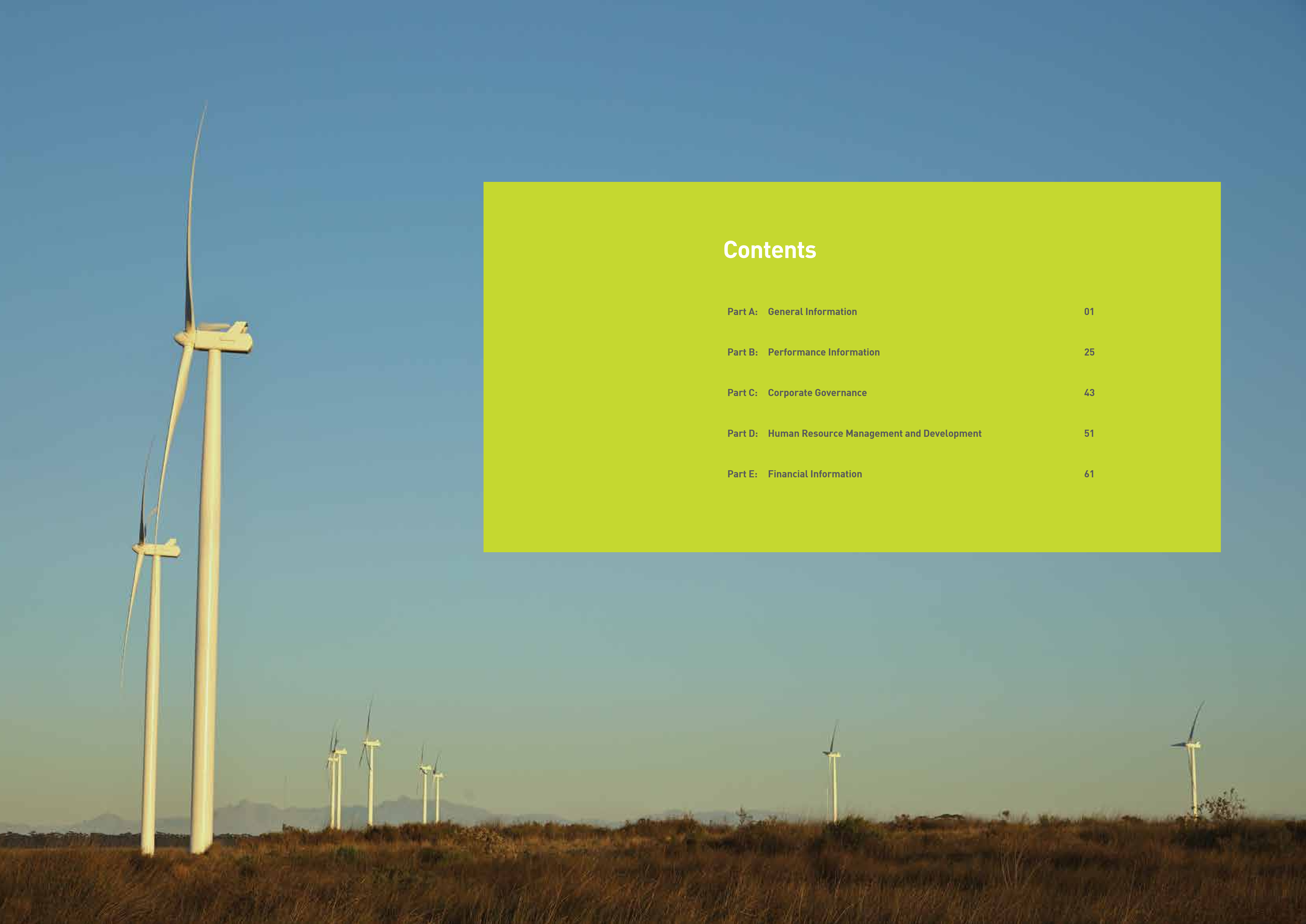
atlantis
special economic zone
cape town

Annual Report 2020-2021



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General Information

Public Entity's General Information

Registered Name:	Atlantis Special Economic Zone Company SOC LTD
Registration Number:	2018/587778/30
Physical Address:	7th Floor, South African Reserve Bank Building 60 St Georges Mall Cape Town
8001	
Postal Address:	Same as above
Telephone Number:	087 183 7000
Email Address:	info@atlantissez.co.za
Website:	http://www.atlantissez.com
External Auditors:	Auditor -General of South Africa 19 Park Lane Building Century City
Bankers:	Managed via Wesgro: ABSA Bank 1st Floor, Bridge Park East Century City Cape Town 7441
Company Secretary:	Iemrahn Hassen

List of Abbreviations

3D	Provincial Business Enterprise as defined in the PFMA.
AGSA	Auditor-General of South Africa
ASEZCo	Atlantis Special Economic Zone Company
B-BBEE	Broad-Based Black Economic Empowerment
C&I	Commercial and Industrial
CCA	Customs Control Area
CoCT	City of Cape Town
CHEC	Cape Higher Education Consortium
CIPC	Companies and Intellectual Property Commission
CSIR	Council for Scientific and Industrial Research
CSP	Concentrated Solar Power
DEA&DP	Department of Environmental Affairs and Development Planning
DEDAT	Department of Economic Development and Tourism
DFI	Development Finance Institution
dti	Department of Trade, Industry and Competition (Formerly Department of Trade and Industry)
dtic	Department of Trade, Industry and Competition
EA	Environmental Authorisation
EIA	Environmental Impact Assessment
EIR	Environmental Impact Report
EMPr	Environmental Management Programme
ESG	Environmental, Social and Governance
EST	environmentally sound technologies
GBCSA	Green Building Council of South Africa
GDP	Gross Domestic Product
GIZ	German International Development Agency (Deutsche Gesellschaft für Internationale Zusammenarbeit)
GTAC	Government Technical Advisory Centre
GTMEC	Greentech Manufacturing Evaluation Committee (of the CoCT)
ICT	Information and Communication Technology
IDC	Industrial Development Corporation
IDZ	Industrial Development Zone
IES	Integrated Ecosystem (addressing community, jobs, skills, and enterprise development)
IRP	Integrated Resource Plan
KPI	Key Performance Indicator
LED	Light Emitting Diode (light bulb)
LNG	Liquid natural Gas
MEC	Member of the Executive Council
merSETA	Manufacturing, Engineering and Related Services Sector Education and Training Authority
MOU	Memorandum of Understanding

List of Abbreviations (continued)

MTEF	Medium-Term Expenditure Framework
NCPC	National Cleaner Production Centre
NDA	Non-Disclosure Agreement
NDP	National Development Plan
NT	National Treasury
OEM	Original Equipment Manufacturer
PFMA	Public Finance Management Act
PICC	Presidential Infrastructure Coordinating Commission
PPA	Power Purchase Agreement
PPP	Public-Private Partnership
PT	Provincial Treasury
PV	Photovoltaic
RECP	Resource Efficient Cleaner Production
REIPPPP	Renewable Energy Independent Power Producer Procurement Programme
RFP	Request for Proposal
RMIPPPP	Risk Mitigation Independent Power Producer Procurement Programme
RPL	Recognition of Prior Learning
SARS	South African Revenue Service
SAREBI	South African Atlantis Renewable Energy Business Incubator
SARETEC	South African Renewable Energy Technology Education Centre
SCM	Supply Chain Management
SETA	Sector Education and Training Authority
SEZ	Special Economic Zone
SDGs	Sustainable Development Goals
SIP5	Strategic Integrated Project 5 of the National Infrastructure Plan
SMME	Small Medium and Micro Enterprise
SOC	State-Owned Company
SSEG	Small Scale Embedded Generation
TISA	Trade and Investment South Africa
TNPA	Transnet National Ports Authority
TPT	Transnet Ports Terminal
UNCTAD	United Nations Conference on Trade and Development
UNEP	United Nations Environment Programme
VIPs	Vision Inspired Priorities (Western Cape Province)
WCG	Western Cape Government
WISP	Western Cape Industrial Symbiosis Programme
WWTW	Waste Water Treatment Works

PART A GENERAL INFORMATION

Foreword by the Chairperson

Introduction

The Atlantis SEZ Company (ASEZCo) completed its first full financial year of operations on 31 March 2021. As is the case of any new company or state-owned enterprise, the entity needed to carefully establish the appropriate building blocks for institutional delivery to ensure an effective platform to attract investment.

Jo-Ann Johnston
Chairperson: Atlantis SEZ Board

Overview of ASEZCO's strategy and performance in the Greentech SEZ Sector

The ASEZCo has a 118-hectare property portfolio (with 21 hectares already developed). The intention is to leverage this property asset and out value proposition in order to create a vibrant greentech hub where investors benefit from an enabling environment and dynamic eco-system.

The Atlantis Special Economic Zone (ASEZ) is strategically focused on attracting investors in and through green technologies – through facilitating and supporting greener inputs, processes and/or outputs in the manufacturing and service-related sectors. The economic focus on greentech provides not only a mitigation against the threats that climate change poses to our economy and society, but also it provides opportunities to transform our economy and create new opportunities for growth and employment.

Our Special Economic Zone status enables us to stimulate and deepen local and broader Atlantis greentech industrialization. This we do by encouraging investment within the Atlantis SEZ and the broader Atlantis area for the manufacture and assembly of a range of goods which, because of our unique location and green-enabling environment, may be rapidly and efficiently distributed to markets internationally and on the African continent. This we are doing by supporting the development of well-trained talent and deepening the green manufacturing industry in the Western Cape.

With its greentech focus, the ASEZCo is building on its SEZ mandate against the backdrop of good governance. This is an important signal to potential investors who seek assurances that they are dealing with a credible partner who values good corporate governance and efficient resource management. To this end, the ASEZ is establishing the necessary systems for the delivery of efficient, world-class infrastructure and the provision of effective support services. While Covid-19 added to the process complexity, the ASEZCo held the required four Board meetings for the financial year, and several critical policies and procedures and associated operational processes were approved by the Board.

Since becoming a Special Economic Zone in 2018 through national and provincial approval, the Atlantis SEZ has attracted considerable interest from prospective investors, drawn from a wide spectrum of industries which match our targeted priority sectors. The ASEZCo is also an important vehicle to realise economic transformation. We are identifying ways in which we can help empower emerging enterprises, build the talent pool in the surrounding communities and we are laying the groundwork necessary to meet small business needs.

Foreword by the Chairperson (continued)

Our most notable achievement within our first year of operations was the innovative and unique land transaction with the City of Cape Town, enabling the City of Cape Town, a vital partner, to become a minority shareholder in the ASEZCo. However, our innovative approach to development of the ASEZ did not end there. The elected Community Stakeholder Network, a first among SEZs in South Africa, has become a vital partner in the development of the ASEZ. The eco-system of partners (e.g. Wesgro) created in investment promotion (ensuring economies of scale) and the effective three tier government development in place will enable an effective roll-out of a potentially game changing ASEZ. The ASEZCo has taken the concept of partnerships (e.g. CSIR, local universities, Lesedi, Greencape) and the approach of "doing more with less" to another level. It is a great platform for the green economy to grow in the Western Cape and South Africa.

Strategic Relationships

A state-owned enterprise is only as good as the people and entities around it. We believe in strong partnerships and close collaboration with stakeholders. Critical to this is creating an eco-system for investors to thrive in and realise economic opportunities, and leveraging global attention on the green economy, the circular economy, greentech generally, and eco-industrial park principles.

The ASEZCo has already built a good reputation of co-operation and partnership. We have solid relationships with the National Department of Trade, Industry and Competition, the provincial Department of Economic Development and Tourism as well as the City of Cape Town. In building a network of greentech expertise, we have also established relationships with the four universities in the Western Cape, the Council for Scientific and Industrial Research, and the Green Building Council, and we are progressively extending our network of international stakeholders to include players such as the German GIZ. These relationships are important to pool and leverage existing knowledge and expertise, which in turn helps investors access a ready body of knowledge and support.

The Community Environment

To harness the full potential of the people in Atlantis, socio-economic development really begins at the grassroots community level. Corporate social investment will remain a key element in our Atlantis development approach. Our aim is to empower citizens in the broader Atlantis area with the opportunity to learn, grow and develop skills and experience and become meaningful stakeholders in the Western Cape economy.

Challenges faced by the Board

Given the early stage of establishment of the entity, there had been some process matters to be finalized. While the ASEZ is fully compliant as a registered company according to the Company's Act (The Special Economic Zones Act 16 of 2014) one of the most critical issues is being listed to be a Scheduled entity by National Treasury. During the period of review, ASEZ submitted an application to be listed as a Schedule 3D entity as per the requirements of the SEZ Act (2014) and as per the PFMA. Being scheduled means we are able to fully transact as a government entity, allowing us to enter into lease agreements amongst others. National Treasury is aware of the situation, and processes have been put in place to finalise the process as expeditiously as possible. Once the Company is listed, the matter of tax incentives can be addressed with National Treasury and the South African Revenue Services, as this is an important tool for creating a cost-effective business environment for investors.

Covid-19 presented a challenge to everyone, and the ASEZ was no exception. Nonetheless, the organization was agile in adapting our systems to cope with the new way of working, and we were particularly mindful and responsive to the impact of Covid in the Atlantis community. Moreover, we are cognizant that our economy has been badly affected by the pandemic, and that it will take special effort to create new catalysts for economic growth. Greentech is one such catalyst and we believe the Atlantis SEZ is an important tool to leverage the opportunities in the greentech manufacturing sector.

Medium to Long Term Goals of the Entity

Securing private-sector investment is all important to a successful SEZ, and is key to reducing our dependence on the Western Cape Government Provincial Revenue Fund for our operational budget. Since the SEZ license was allocated to the Western Cape Government in 2018, the ASEZCo has made significant operational progress. We are especially pleased to have already attracted major

business enterprises into the 25 hectares of privately owned land in the Atlantis SEZ. This includes landing breakthrough investments such as Gestamp Renewable Industries SA, a Spanish manufacturer of wind towers. There is also a solid investment pipeline and there are currently two investors who are ready to move onto the land unlocked through the land transaction with the City of Cape Town.

Acknowledgements

I would like to take this opportunity to thank the Western Cape Provincial Government, both political and administrative, for their steadfast support and guidance during the past financial year. We are most grateful for your leadership.

I also wish to thank the members of the Board – Zukiswa Kimani, Lance William Greyling, Kenosi Selane, Dr Leon Jonathan Roman, Dr Pierre Voges (Acting CEO) and Waheeda Said (CFO). Given the early stage of the entity's formation, there were many systems and internal policies that had to be established and approved. This required intense scrutiny and due diligence from the Board members and you conducted your responsibilities impeccably.

I would also like to thank the City of Cape Town for being incredibly responsive and supportive to the needs of the ASEZ, not only in terms of making the land available in an innovative manner, but for their critical strategic role in creating a conducive environment in the wider Atlantis community and industrial ecosystem. With the conclusion of a unique Sale Agreement, Shareholders' Agreement and Share Subscription Agreements, we look forward to welcoming the municipality as a formal shareholder and partner. These agreements are now viewed as a blueprint for co-operation between the three tiers of government.

I would also like to thank the community of Atlantis and the civic organizations with whom we have been building relationships to ensure that the ASEZ can make a positive and relevant contribution to the socio-economic needs of the area. Thank you for your time and contribution as this helps the organization be responsive and a good Atlantis citizen.

Many thanks also to our staff, who used the Covid lockdown period to innovate. They have demonstrated their absolute dedication and commitment to the entity and its objectives. Thank you.

We undertake to build on this foundation and work towards a ground-breaking and pioneering Atlantis SEZ for green manufacturing and social inclusion.

Jo-Ann Johnston
Chairperson: Atlantis SEZ Board

Chief Executive Officer's Overview

The concept of Special Economic Zones was kickstarted in South Africa to provide a boost to an ailing economy. To provide a long term and stable policy framework with minimal regulation, the SEZ Act (16 of 2014) was enacted. SEZs are considered a means to economic growth with a view to attracting investment into the country and generating foreign exchange through the export of goods and services.

Dr Pierre Voges
Acting Chief Executive Officer

The objectives of an SEZ are:

- Providing a legal framework for the establishment of Special Economic Zones and for units operating in such zones
- Generating additional economic activity, promoting exports of goods and services, attracting investment from domestic and foreign sources and creating employment opportunities.
- This Act is unique as it helps in 'backward and forward' linkages of the economy, and to satisfy the requirements of all principal stakeholders in an SEZ – the developer and operator, occupant enterprise, out zone supplier and residents.

In our first year of operations (2020/2021) we had an ideal opportunity to learn from mistakes made by other SEZs both here and further afield, and we have thus created a vehicle that is responsive to market conditions. In this respect though, the ASEZCo is very dependent on the stability of South African national government policy.

SEZs are designed to be a partnership between the three tiers of government on the one hand, and investors and communities on the other. It is a concerted effort by government to create an environment conducive to private sector investment.

Although small (118ha) compared to other SEZs in South Africa, our SEZ is attracting attention in the investment world due to our focus on greentech investment. The Atlantis SEZ in this respect is the first of its kind in South Africa. Our main objective is to unlock the underlying economic value of existing and under-utilised infrastructure through the creation of a greentech manufacturing hub. Wind turbines, solar panels, insulation, biofuels, electric vehicles, materials recycling, and green building materials are all examples of initiatives that will find a home in the Atlantis SEZ.

The SEZ programme has also been identified as one of the critical economic policy instruments for promoting industrialization. Several companies operating in the green economy have their headquarters in Cape Town. They span the economic clusters of solar photovoltaic manufacturing, electrical manufacturing, fuel supply, professional services and supporting bodies. Given a new green and sustainable approach to energy worldwide, Atlantis is perfectly suited to deliver this in the Western Cape. The Atlantis SEZ already has four investors who are fully operational within the 25 hectares of privately owned land which form part of the Atlantis SEZ. Among these are Gestamp Renewable Industries – a Spanish investor - and Kaytech Engineered Fabrics.

A Competitive Approach and innovative Approach

Atlantis is earmarked as an ideal location from which to compete in Africa's emerging green economy markets. Atlantis is based in Cape Town, and offers industrially zoned land, a strong support base from government, and fruitful business relationships for investors. We are situated near ports, logistical nodes and hubs and related industries for raw materials. Our unique greentech positioning encourages the development of clusters of suppliers and service providers with a greentech bias. Our vision is to have Atlantis contributing to a prosperous Western Cape, where the green economy helps people thrive, reduces carbon emissions, and enables sustainable resource use.

The ASEZCo has several key objectives, some of which are already being implemented. They include:

- the development of a sustainable greentech SEZ in Atlantis
- attracting and retaining export focused greentech investors into the Atlantis SEZ who value local integration
- establishing and maintaining a conducive business environment for the green economy
- fostering local economic growth, employment, and revitalization

The 2020/2021 financial year was used to put in place the building blocks of an effective governance and investment attracting vehicle. Key milestones were also reached, such as registering the company, and the acquisition of the land through a signed agreement with the City of Cape Town in respect of the 94 hectares of undeveloped, city-owned land. Investment promotion activities and shaping the ASEZCo offerings progressed well in 2020/2021.

The long-term infrastructure plan and the urban regeneration plan have been developed in close consultation with investor and community needs. These plans outline a much-needed foundation for the Atlantis Special Economic Zone Fund application.

Along with the signing of the sale agreements as well as the shareholders and share subscription agreement, the Memorandum of Incorporation (MOI) was amended, legally verified, and approved by the Western Cape Government. The land agreement was an innovative outcome as the approach of a municipality becoming a shareholder in a provincial state-owned enterprise is new in South Africa.

The investment promotion workstream is doing very well, although we have been somewhat hampered by the lack of an Atlantis SEZ entity and ability to transact due to the lack of a listing by National Treasury, both of which are receiving urgent attention. Some investors are awaiting certainty with respect to the proposed tax incentives; this will be taken up with National Treasury and the South African Revenue Services once the listing matter is concluded.

The relationship with the elected ASEZCo Community Stakeholder Network (CSN) is doing well. This elected body will be the conduit between the ASEZCo and the interest and participation of the community. We have signed the Community Facilitation Agreement with the CSN, and the constitution of this all-important body has been approved and signed off.

Good working relations with the community are of paramount importance. Other than the endorsed Atlantis SEZ CSN, several skills and enterprise development programmes were initiated and will be expanded over time. Skills development has been prioritized in the Western Cape to ensure labour meets the needs of the businesses located in and around the metropolis. The region's youth are also benefiting from training, mentoring and exposure to greentech industries. The Atlantis Greentech SEZ encourages participation in the annual Renewable Energy Challenge and a career expo encourages innovation and entrepreneurship. We are fortunate in that there is a large pool of unskilled, semi-skilled, technical, and professional candidates available in Atlantis for enterprises. During the 2020/2021 year, 351 people from the Atlantis community were trained and certified.

The success of the Atlantis SEZ will be based on strong partnerships; the most important partnership is the one between the Western Cape Provincial Government, the City of Cape Town, and National Government (in particular the Department of Trade, Industry and Competition, National Treasury, and the South African Revenue Services (SARS)).

A number of other important partnerships, such as with the CSIR, are emerging as strong pillars in the success of the Atlantis SEZ. These knowledge partnerships further support investors and businesses in the green technology and renewable energy space.

The core success of any SEZ lies in its ability to attract investors. With this in mind, an attractive investment

PART A GENERAL INFORMATION

Putting the all-important building blocks of the Atlantis SEZ Company is but a first step to attracting investment and breaking ground. Other than the listing and tax incentives challenges, the required platform is in place.

package is being developed. There are already some very attractive propositions on offer, including competitive rentals, proximity to two deep-sea ports, funding for top structures, an emerging greentech cluster, and a location in a city that is serious about greentech development and that offers excellent lifestyle choices for companies and employees.

During the 2020 lockdown, we actively pursued links and opportunities in investment promotion. This included hosting 50 meetings, five delegations, seven sector events and recruiting nine new investment projects into the pipeline. The Board has established an Investment Committee that will assess due diligence reports prepared by management to enable the signing of lease agreements.

An extensive human resources development process was followed to determine the human resources needs of the Atlantis SEZ entity and most key appointments have now been made.

Notwithstanding any challenges, we are entirely optimistic about our future success. We are excited and energised by the challenges that lie ahead. We have the right people, a solid foundation of support in our partners, and a niche focus on greentech that represents a unique selling proposition.

Putting the all-important building blocks of the Atlantis SEZ Company is but a first step to attracting investment and breaking ground. Other than the listing and tax incentives challenges, the required platform is in place.

General Financial Overview of the Atlantis SEZ Company

The ASEZ was requested early in the financial year to reprioritize its budget to support the provincial response to the COVID-19 pandemic. We reduced our initial operational funding request by R6m, resulting in the receipt of a reduced allocation of R29.2m from the Department of Economic Development and Tourism for its operations. As of 31 March 2021, R27.3m (94%) of this was spent. As anticipated, spending somewhat slowed down during the COVID lockdown period, with the skills and enterprise programmes being particularly affected due to delays in being able to host classroom-type sessions. The lack of a confirmed listing for the entity and the ability to open a bank account or access the land, also affected planned spending for the year. Due to these constraints, the R29.2m was received and transferred across to Wesgro to be managed on behalf of the ASEZ Company. Wesgro continues to effect payments for ASEZ Company transactions via the Atlantis SEZ Loan Account which will remain until the ASEZ Company bank account is opened once the listing matter has been resolved.

An operational budget has been secured for the 2020/2021 to 2022/2023 three-year period. There has been no infrastructure expenditure to date as it is likely that the first SEZ Fund drawdown will be submitted towards the end of the first quarter in 2022 year.

PART A GENERAL INFORMATION

Spending Trends

Spending trends were hampered by a number of factors, including not having our own bank account, COVID-19, and understandable but manageable growth pains encountered in every state enterprise's first year of operations. To speed up spending, a number of panels, such as a professional service panel, marketing specialist panel, and a legal panel were created. These panels were initiated in 2020/2021 and were finalised the following year.

Having to transact via Wesgro was a further constraining factor in spending. Although Wesgro was very co-operative, it remains difficult to operate within these constraints.

Capacity Constraints

Since its establishment, the Company has been on a recruitment drive, and all executive positions have been filled. We now have the necessary human and knowledge capital to advance our business plan and strategic objectives. What it requires is the financial capital (mainly the national SEZ Fund) and policy (mainly at a national government level) to deliver this. Our position as an agent of greentech economic development will see encouraging economic growth and employment for the Western Cape over time. But consistent market feedback tells us that our next phase must be led by promoting sustainable economic transformation. In this, we are focusing on the following areas to create a conducive environment for investment:

- Efforts to ensure that the entity achieves a 3D Listing
- Investing in additional infrastructure, equipment, and facilities to support greentech manufacturing growth
- Investing in innovative, efficient processes to create an enabling environment so that investors are operational sooner

Discontinued activities or new and proposed activities

None

Request for roll-over funds

Being unlisted, we operate under a Loan Account with Wesgro. A roll-over application supporting commitments as at 31 March 2021 will be submitted for the ASEZ surplus while the listing confirmation is still pending.

Supply Chain Management Process and Systems

The ASEZCo has an established supply chain management unit within its corporate services division. All governance arrangements, including policies, procedures and controls were consistently and effectively implemented during the period under review. The supply chain unit has developed efficient procedures to ensure business units have the tools to deliver efficiently. A supply chain management manual was approved by the Board in December 2019 and formed part of our business enterprise application to National Treasury in August 2020.

Unsolicited Bids

No unsolicited bids were awarded during the financial period.

Challenges Experienced and Mechanisms to Resolve these Challenges.

As mentioned earlier, two challenges must still be overcome:

1. The listing of the Atlantis SEZ Company

The ASEZCo Company's is unable to transact with investors and access funding for its proposed capital programme due to the lack of scheduling by National Treasury. The matter has been taken up with National Treasury and the outcome is awaited.

2. Tax Incentives

We have to be mindful of the uncertainty surrounding National Government funding for the SEZ programmes and that of tax incentives applicable to investors settling in the Atlantis zone. Once the listing matter is concluded, the Atlantis SEZ company will engage National Treasury and SARS on these matters.

Audit Report matters of the Previous Year

The 2020/2021 financial is the first full year of operation of the Atlantis SEZ Company.

Outlook and Plans for the Future

COVID-19 has forced us to reconsider our roles and our mandates. It has challenged our preferred orthodoxies and tested methodologies. It will yet demand a rearrangement of our priorities and goals and objectives.

The current and increased emphasis on renewable energy in National Government's Renewable Energy Policy provides the Atlantis SEZ with a major opportunity given our niche position. COVID-19 has also presented us with an opportunity for renewed determination to build a better world. Against this background, we have chosen to approach the challenge of re-imagining the Atlantis industrial enclave from an apartheid-created industrial area to one that embraces greentech manufacturing, with abundant opportunities.

Building this sector falls within government's endeavour to become less dependent on one power source; it has become one of the cornerstones of a future South African economy and its prospects to move into a positive growth phase.

Events after the Reporting Date

After the submission of the ASEZCo business enterprise application to National Treasury in August 2020, and the signing of the Land Sale Agreement in December 2020, the listing matter became of paramount importance. National Treasury was engaged in a number of discussions. The most important rationale for a business enterprise listing offered by the ASEZCo was the substantial funding sourced externally from the Provincial Revenue Fund. After consensus was reached on the matter, National Treasury obtained a legal opinion to test the consensus reached, and the application is now favourably considered by National Treasury after conditions were dealt with. An outcome is expected within the next few months.

Economic viability

The objective of the SEZ concept was never to be a financially viable business in its own right. It was always to provide a catalyst through various incentives for a higher rate of employment and contribution to Gross Domestic Product.

Within the present fiscal constraints at national, provincial, and local government level, one of the objectives of an SEZ must of course be to be entirely commercial it its approach, and to become less dependent on government money.

The Atlantis SEZ Company has developed a revenue model which was a core part of its business enterprise application to National Treasury. The objective was to include revenue streams that are realistic and achievable. If the Atlantis SEZ Company can establish a positive trend in investment uptake over the next seven years, it is projected that the Atlantis SEZ Company could break even in its seventh year of full operations. The majority shareholder, the Western Cape Government, must also always have very strong oversight of the company. This can inter alia be achieved with a small dependency for an operational budget from the Western Cape Government.

Being commercially minded in it its approach (an element often absent in SEZs) and moving to a point of viability is a non-negotiable objective of the ASEZCo. The land transaction with the City of Cape Town through their taking a shareholding in the Atlantis SEZ Company was not only unique in South Africa. This transaction was also concluded without the Atlantis SEZ Company paying for the 94 hectares acquired. It enables us to sweat a land asset on the balance sheet of the Atlantis SEZ Company through a rental income revenue stream via investor take-up. This transaction is already a very strong move towards viability.

Appreciation

This overview constitutes a report for our full year of operation as an unlisted company. We have made significant progress in building a company during the COVID lockdown period. There have been encouraging milestones, such as the acquisition of the land and securing the City of Cape Town as a minority shareholder. I am appreciative of that agility. At the same time, I must acknowledge the strength, ingenuity, shared commitment, and sense of humour of the many people working with me during what has been a challenging period. They deserve both my acknowledgement and appreciation.

I would like to thank the Board for its strong and committed leadership. I would also like to thank our shareholder representative, Minister David Maynier, Provincial Minister for Finance and Economic Opportunities, for his diligent interest and support.

Dr Pierre Voges
Acting Chief Executive Officer

PART A GENERAL INFORMATION

PART A GENERAL INFORMATION

Statement of Responsibility and Confirmation of Accuracy for the Annual Report:

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

All information and amounts disclosed in the annual report are consistent with the annual financial statements audited by the Auditor- General.

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

The annual report has been prepared in accordance with the guidelines on the annual report issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the GRAP standards applicable to the public entity.

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

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

The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2021.

Yours faithfully

CEO

Chairperson

1. Vision
The place where Africa's green economy grows.

2. Mission
Our mission is to *"develop a sustainable greentech SEZ which creates a conducive business environment for the Green economy and integrated economic growth and employment"*.

In achieving this mission, the ASEZCo aims to become Africa's leading, globally competitive and export orientated greentech manufacturing zone and a Living Lab demonstrating the highest standards of good governance, low carbon and resource efficient economic development and social inclusion.

In doing so, the ASEZCo will also contribute to global well-being through commitment to the Sustainable Development Goals (SDGs) and the UNIDO Eco-Industrial Park Principles.

3. Values
Core values guide the way that we work and how we do business:

- We are the global and African benchmark in greentech developments.
- The living lab showcases and curates the future of the circular economy.
- We create a flexible, adaptable, innovative, attractive, and competitive investment environment through a single-minded focus on the investor.
- We ensure economic growth drives sustainable community development through enterprise creation, job creation and skills development.
- We have committed staff who share this vision of the AEZ and see it as an employer of choice.
- We are a respectful, open, and authentic work environment that priorities diversity and inclusivity.
- We focus on delivering on the expectations of our stakeholders.

PART A GENERAL INFORMATION

Legislative Mandate:

4. Constitutional mandate

Constitution of the Republic of South Africa, 1996 and the Western Cape Provincial Constitution (Act 1 of 1998)

Schedule 4 of the Constitution of the Republic of South Africa lists functional areas of concurrent national and provincial legislative competences. Those areas that are relevant for Economic Development and Tourism are:
- Consumer Protection
- Industrial Promotion
- Tourism
- Trade

5. Legislative and policy mandates

5.1 Updates to the relevant legislative mandates

Broad-Based Black Economic Empowerment Act, 2003 (Act 53 of 2003), as amended by the BBBEE Amendment Act, 2013 (Act 45 of 2013)

The BBBEE Act establishes a legislative framework for the promotion of black economic empowerment; empowers the Minister to issue codes of good practice, and to publish transformation charters; establishes the Black Economic Empowerment Advisory Council; and provides for matters connected therewith.

The BBBEE Amendment Act introduced several changes, of which the following are deemed the most significant:
- The establishment of a BBBEE Commission that provides an oversight and advocacy role.
- The definition of "fronting practices" and the criminalisation of such practices.
- All organs of state to report on compliance with BBEEE regulations in their annual reports.
- The amendments to the BBBEE Codes of Good Practice came into effect on 01 May 2015.

The Special Economic Zones Act, 2014 (Act 16 of 2014)
The purpose of the Act is to provide for the designation, promotion, development, operation, and management of Special Economic Zones, which includes the establishment of a business enterprise (either provincial or municipal) to manage each SEZ. Furthermore, the Act provides for the establishment and functioning of the national Special Economic Zones Advisory Board and the establishment of the Special Economic Zones Fund. Finally, the Act seeks to regulate the process of applying for and issuing of Special Economic Zones operator permits; and to provide for functions of the Special Economic Zones operator.

Special Economic Development Infrastructure, 2019 (Act 16 of 2019)
The Western Cape Government is responsible for driving several special economic development infrastructure projects in the Province to stimulate and promote economic growth and employment creation. This act enables the establishment and management of a juristic person to hold and safeguard the Western Cape Government's interests in these special economic development infrastructure projects.

5.2 List of relevant legislative mandates

Staff matters (in alphabetical order):
- Basic Conditions of Employment Act (Act 75 of 1997)
- Compensation for Occupational Injuries and Diseases Act (Act 130 of 1993)
- Employment Equity Act (Act 55 of 1998)
- Labour Relations Act (Act 66 of 1995)
- Occupational Health and Safety Act (Act 85 of 1993)
- Skills Development Act (Act 97 of 1998)

Financial matters (in alphabetical order):
- Companies Act (Act 71 of 2008)
- Financial Intelligence Centre Act (Act 38 of 2001)
- Income Tax Act (Act 58 of 1962)
- Municipal Finance Management Act (56 of 2003)
- Preferential Procurement Policy Framework Act (Act 5 of 2000)
- Public Finance Management Act (Act 1 of 1999)

Other legislative mandates (in alphabetical order):
- Atmospheric Pollution Prevention Act (Act 45 of 1965)
- Broad-Based Black Economic Empowerment Act (Act 53 of 2003)
- Competition Act (Act 89 of 1998 as amended)
- Construction Industry Development Board Act (Act 38 of 2000)
- Construction Regulations (2014)
- Consumer Protection Act (Act 68 of 2008)
- Control of Access to Public Premises and Vehicles Act (Act 53 of 1985)
- Council for the Built Environment Act (Act 43 of 2000)
- Customs and Excise Act (Act 91 of 1964 as amended)
- Promotion of Access to Information Act (Act 2 of 2000)
- Protection of Personal Information Act (Act 4 of 2013)
- Spatial Planning and Land Use Management Act (Act 16 of 2013)
- Special Economic Zones Act (Act 16 of 2014) and Regulations
- Value Added Tax Act (Act 89 of 1991 as amended)
- Western Cape Special Economic Development Infrastructure Company (Western Cape Act 3 of 2019)

6. Institutional Policies and Strategies over the five-year planning period

6.1 Updates to institutional policies and strategies

Re-imagined Industrial Strategy (Cabinet Lekgotla, 12-14 June 2019)

The document is a refocusing of the Industrial Policy Action Plan to emphasize those elements that will support inclusion and private investment. It notes the fundamental building blocks of sustainable growth include adaptation to climate change and policies which contribute to equity, social stability, and cohesion. The new approach focuses on the following:

1. Five Growth Engines (Industrialisation, Investment and Infrastructure, Innovation, Integration, and Inclusion) fueled by private-sector partnerships, growing productive forces, and entrepreneurial State.
2. Seven Priority Sectors (Industrial, Agriculture and Agro-processing, Mining, Tourism, High Tech/Knowledge based, Creative and Oceans), our Jobs Drivers.
3. Four Spatial Interventions
   a. SEZ's
   b. Industrial Parks,
   c. Smart Youth Centres, Business Centres & Incubation Hub, and
   d. Township & Village Enterprises.
4. A New Integrated Approach to Implementation
5. Clear Action Plans, Budgets & Timelines.

At the time, the strategy called for a complete regulatory and legislative process for a new and enlarged support programme for SEZs that includes competitive tax benefits and conditional grants for infrastructure. On the Atlantis SEZ it specifically mentions an immediate priority to establish the SEZ Company and the development of its infrastructure.

Medium Term Strategic Framework
The Medium-Term Strategic Framework (MTSF) is the Government's strategic plan for the 2020-2024 electoral term. The MTSF sets out the actions that Government will take and the targets to be achieved. It also provides a framework for the other plans of national, provincial, and local government.

National Development Plan
The National Development Plan (NDP) represents a vision for the South Africa of 2030. It aims to enable faster economic growth, higher investment, and greater labour absorption. The NDP contains detailed plans and interventions across all sectors of the economy to enable the achievement of this vision. The key concepts of the NDP are:
- Uniting South Africans around a common programme
- Citizens active in their own development
- Faster and more inclusive economic growth
- Building capabilities
- A capable state
- Leadership and responsibility throughout society

OneCape2040
OneCape2040 is a deliberate attempt to stimulate a transition towards a more inclusive and resilient economic future for the Western Cape region. It is a vision and strategy for society, rather than a plan of government, although all three spheres of government are essential for implementation. It does not replace any existing statutory plans required of either province or municipalities. It is rather intended as a reference point and guide for all stakeholders to:
- promote fresh thinking and critical engagement on the future.
- provide a common agenda for private, public, and civil society collaboration.
- help align government action and investment decisions.
- facilitate the necessary changes we need to make to adapt to our (rapidly) changing local and global context; and
- address our development, sustainability, inclusion, and competitiveness imperatives.

Provincial Strategic Plan
The Provincial Strategic Plan (PSP) is aimed at creating an enabling environment that facilitates opportunities and encourages responsible citizenship. The Provincial Government has developed five Vison Inspired Priorities (VIP). These are:

- VIP 1 – Safe and cohesive communities
- VIP 2 – Economy and jobs
- VIP 3 – Empowering people
- VIP 4 – Mobility, spatial transformation, and human settlements
- VIP 5 – Innovation and culture

The Department of Economic Development and Tourism (DEDAT), through its programmes and activities, contributes to the achievement of VIP 2, namely the Economy and jobs. Its impact statement is "Increased employment of the Western Cape Economy", with the apex goal of growing exports by 50%.

The identified PSP priorities are:

- Investment
- Infrastructure
- Exports
- Skills
- Resource resilience

Atlantis SEZ contributes to the achievement of VIP 2: Economy and jobs and has developed its 5-year strategy around the creation of an enabling environment that fosters economic growth and job creation.

State of the Nation Address
The State of the Nation Address (SONA) provides Government's annual priorities.

State of the Province Address
The State of the Province Address (SOPA) is the speech delivered by the Premier at the start of the year setting out the provincial government's priorities for the year.

Western Cape Green Economy Strategy Framework
The aim of the framework is to position the Western Cape as the lowest carbon province in South Africa and the leading green economic hub of the African continent.

The Western Cape Infrastructure Framework
The Western Cape Infrastructure Framework aligns the planning, delivery and management of infrastructure provided by all stakeholders (national government, provincial government, local government, parastatals, and the private sector).

City of Cape Town Carbon Neutral 2050 Strategy
As part of its C40 membership, in 2017, the City pledged to develop and begin implementing more ambitious climate action plans before the end of 2020 to deliver emissions neutral and climate resilient cities by 2050.

City of Cape Town Carbon Neutral 2050 Strategy
As part of its C40 membership, in 2017, the City pledged to develop and begin implementing more ambitious climate action plans before the end.

City of Cape Town Integrated Development Plan
This plan looks at positioning Cape Town as a forward looking globally competitive business City – a goal that ties in well with the ASEZCo's ambitions. It also talks about a priority to be resource efficient and ensure security of services. It also specifically notes:

"The City will continue... working with Province, the National Department of Trade and Industry and special-purpose vehicles to make the (ASEZCo) more attractive as an investment destination, particularly for manufacturing. In this regard, the City supports and believes in the success of the renewable energy independent power producers programme (REIPPP). In advancing this project, the Atlantis Investment Facilitation Office will continue to provide high-quality facilitation services to prospective and existing investors."

7. Relevant court rulings

There are no new rulings which are relevant to the Atlantis SEZ and which may have a significant impact on its operations.

Organisational Structure:

High Level Organisational Structure:

The ASEZCo places great emphasis on its values and its culture, in addition to key skills and expertise that is required within the Entity. It is a small, diverse, and specialized team with key skills and competencies, who demonstrate a strong passion for creating a sustainable future for the Green Economy in South Africa, whilst opening their hearts to the people of Atlantis.

The ASEZCo's focus on sustainability and the need to be an industry leader in the Green Economy, means that it is looking for like-minded and 'different' individuals to join the team, who can transition a variety of disciplines and focus areas, in implementing a holistic development strategy within the ASEZCo environment.

The ASEZCo straddles a diverse context, as the industry focus area is new and innovative, and the ASEZCo is choosing to implement an enabling environment for greentech, within the parameters and structures of Public Sector. The Company has many diverse Stakeholders and key Industry partners and players with whom it works, to achieve its mandate.

Given the start-up nature of the Entity, it offers an initial 5 -year fixed term contract to all employees within ASEZCo 'core' roles, as included in the approved Organogram.

Executive Management:

Pierre Voges:
Acting Chief Executive Officer

Waheeda Saib:
Chief Financial Officer

Iemrahn Hassen:
Executive: Commercial

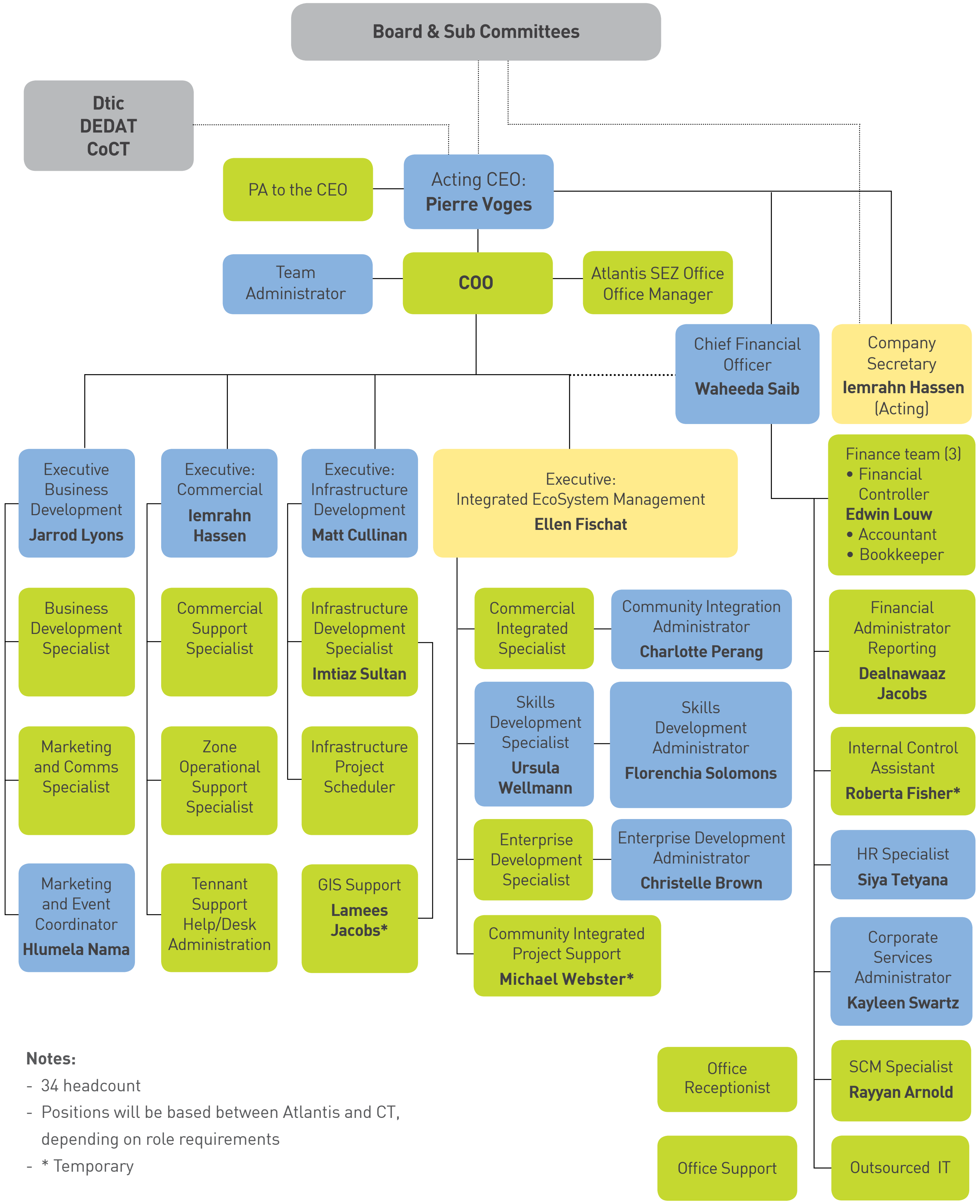
Jarrod Lyons:
Executive:
Business Development

Matt Cullinan:
Executive:
Infrastructure Development

Ellen Fischat:
Executive: Integrated
Ecosystem Management

PART A GENERAL INFORMATION

Organisational Structure: Board & Sub Committees



Notes:
- 34 headcount
- Positions will be based between Atlantis and CT, depending on role requirements
- * Temporary

Board of Directors

Board Composition:

The ASEZCo Board comprises of representatives from government from the national level, provincial level, and municipal level. The Board also includes a community representative and is mindful of the requirements to include a labour representative, which nomination and appointment is in the process of being concluded.

Jo-Ann Deidre Johnston
Board Chairperson
Appointed: 25/11/2019

Ms. Johnston is a graduate of the University of Cape Town, with a Masters in Urban Infrastructure Design and Management (2016), a Post-Graduate Diploma in Higher Education (1989) and a Bachelor of Arts degree (1988). Ms. Johnston has more than 25 years' experience in the fields of sector development and investment and trade promotion, having worked as an Investment Advisor at the Western Cape Trade and Investment Promotion Agency, Wesgro, and as a General Manager at DTIC's Trade and Investment South Africa. She was also DTIC's senior representative at the South African High Commission in London for 4 years, responsible for coordinating DTIC's export and investment plans across Europe.

She is currently Deputy-Director General at the Western Cape Department of Economic Development, and besides spearheading digital and green economy strategies, is responsible for driving catalytic infrastructure projects. Infrastructure projects that fall under her responsibility include the Saldanha Bay IDZ, the Atlantis SEZ and the Cape Town International Convention Centre (a partnership between City of Cape Town and Western Cape Government), as well as smaller community-based initiatives such as the Integrated Community Access Centre in Elsies River and the Khayelitsha Bandwidth Barn. She was also responsible for catalysing the Western Cape's Broadband Infrastructure programme, the e-Education Plan as well as the award-winning Cape Town Air Access programme.

Lance William Greyling
Appointed: 25/11/2019

Lance Greyling graduated from the University of Cape Town in 1996 with an Honours in African Studies majoring in politics and economics. He also received a Post Graduate diploma in Sustainable Energy from the University of Stellenbosch in 2009. During the past twenty years he has held positions in the private sector, civil society, and the national government sphere. He first started out as a partner in a production house called Matchframe Pictures, which produced television commercials and raised funding for video programmes. After a year and a half expedition around Africa he took up the position as regional manager for GLOBE Southern Africa, which empowered parliamentarians on issues of sustainable development.

During 2004 to 2015 Lance Greyling was elected as a Member of Parliament and served on a number of parliamentary committees including education, finance, public enterprises, minerals and energy and environmental affairs. He was also elected Chief Whip of the Independent Democrats and during the merger with the DA he was appointed in 2011 to the position of Shadow Minister of Energy.

In March 2015 Lance Greyling left the world of Parliament to take up the position of Director of Trade and Investment in the Mayor's Office at the City of Cape Town. After the local government elections in August 2016, he became the Director of the newly formed Enterprise and Investment Department.

Lance is also a founder board member of the Bulungula Incubator, a rural NGO based in the Eastern Cape while also serving on a number of other boards related to his position such as Wesgro, Cape Town Tourism, the Atlantis Special Economic Zone Company, and the Cape IT Initiative. Lance is also a fellow of the Africa Leadership Initiative which is affiliated to the Aspen Global Leadership Network.

Zukiswa Kimani
Appointed: 25/11/2019

Zukiswa Kimani is the Chief Director in the Industrial Competitiveness and Growth Branch (ICG) of the dtic responsible for coordinating, managing, evaluating, and developing South Africa's industrial policy interventions as informed by the Reimagined Industrial Strategy. She has been working in the industrial policy environment for over 14 years. As part of her portfolio, she is also responsible for the design and development of ship/boatbuilding industry interventions for the growth of the sector. She led the development of the Marine Manufacturing Development Plan, which guides the development of programmes in support of the marine sector. She is also responsible for overseeing research undertaken by ICG, which informs industrial development interventions in support of priority sectors, manages the Industrial Policy Support Fund and other Industrial Policy Capacity Building Programmes such as APORDE. She is the coordinator of the work programme of the BRICS Industry Development stream and member of the BRICS Industry Expert Council representing South Africa in industrial development matters. She serves as a member in dtic's various industrial financing adjudication Committees and other Boards. She holds a Master's Degree in International and Development Economics from the Australian National University (ANU) and is also a University of the Witwatersrand alumnus, having obtained an Honours Degree in Economics.

Dr Leon Jonathan Roman
Appointed: 26/06/2020

Dr Leon Roman started off in engineering (1985) as an Electronics Equipment Mechanician at Atlantis Diesel Engines obtaining a ND in Electrical Engineering (LC). He fulfilled roles such as Maintenance Foreman and Maintenance Manager. He attended various Management programs as well as the Executive Development Programme (USB-ed). Late 1990's his career changed from technical to behavioral - Human Resource Development - and he finished his MBA (CU; 2008) and his Doctorate in Human Resource Development at Canterbury University (UK; 2010). He then served in Senior Management roles in various organisations. He also served as Non-Executive Director on the Boards of West Coast College (Chairperson) and Foodbev Seta (Beverage Chamber). He changed to an academic route and became a Senior Lecturer and Researcher (Employment Equity in the Wholesale and Retail Sector; B-BBEE in South Africa) at Cape Peninsula University of Technology (CPUT). His passion for the Community he resides in - Atlantis - brought him back to work and operate as Pastor of the Baptist Church and to give back to the Community he grew up in. His current employer is Swartland Investments (Pty) Ltd - Atlantis, where he is a Senior Manager in the Human Resource Development Department.

Board of Directors

Kenosi Selane
Appointed: 25/02/2021

Ms. Selane completed her BCom degree from the University of Fort Hare and an Honours Bachelor of Accounting Science degree from UNISA. She is a qualified Chartered Accountant (CA) SA with more than 15 years of post-qualification experience, and she completed her MBA degree from the Management College of SA in 2019. Ms. Selane brings a wealth of experience and knowledge in strategic financial advisory, core finance and economic regulation which she gained whilst working locally and in the United Kingdom. She is an accomplished, results-driven investment executive with experience in investments, finance, and operations which she gained whilst working with start-ups and global organisations.

Pierre Voges
Chief Executive Officer (Acting)
Appointed: 03/12/2019

Dr Pierre Voges' qualifications include a B Comm, Accountancy and Economics (University of Stellenbosch), Honours in Economics, University of Stellenbosch), M Comm (Economics), University of Stellenbosch and a Doctorate in Urban Planning and Economics, University of Pretoria. He is a Member of the South African Planning Institute (SAPI).

Pierre is the former CEO of the Mandela Bay Development Agency responsible for urban renewal through infrastructure projects in Port Elizabeth. Prior to his present position, Pierre was a Director with Grant Thornton International Chartered Accountants and Business Advisors in Cape Town where he worked on infrastructure projects in the Middle East (Oman, United Arab Emirates and Qatar) and gained extensive experience in managing the finance of infrastructure projects in terms of both public and private sector finance.

From 1994 to 1996, Pierre was an Advisor (RDP Office) in the Office of former South African President Nelson Mandela, where he dealt specifically with development aid finance and public finance and the utilization of this type of finance in infrastructure development. Prior to this position, he was in the South African Foreign Service, serving inter alia in The Hague, The Netherlands and Berlin, Germany.

Waheeda Saib
Chief Financial Officer
Appointed: 03/12/2019

Ms. Saib is a Chartered Accountant with more than 18 years' experience in the public and private sectors. After completing 4-year articles with the Big Four, she joined the Auditor-General of South Africa. Ms. Saib has extensive experience in evaluating risk assessments, assessing internal control systems, financial and asset management systems including financial statement reporting in terms of IFRS and GRAP, as well as the assessment of reported performance by entities in their annual reports. Waheeda also focused widely on compliance evaluations in respect of the PFMA, MFMA, Supply Chain Management and other public sector legislative requirements.

Iemrahn Hassen
Company Secretary
Appointed: 25/11/2019

Iemrahn Hassen is the Company secretary of ASEZCo and has over 45 years experience as CFO in listed companies such as Samancor, MTNSA and Gold Fields as well as non-listed entities. He is registered with the SA Institute of Chartered Accountants and has experience in Telecoms, Mining, Manufacturing, Wholesale Distribution, Government and Financial Services. In addition, Iemrahn has dealt with management of foreign operations and offshore subsidiaries and performed numerous consultancy assignments within the public Sector (GEPF, Mintek, Infraco) He has a strong focus on being a strategic partner thus providing a service to the enterprise. He operates with a big picture view, who understands business and identifies opportunities to improve business performance and brings a commercial insight, strategic thinking and relevant expertise to deliver a sustainable enterprise.

Part B:

Performance Information

Auditors Report: Predetermined Objectives

The AGSA currently performs the necessary audit procedures on performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page 56 of the Report of Auditor-General published in Part E: Financial Information.

PART B PERFORMANCE INFORMATION

Situational Analysis

Physical Context and overview:

Atlantis is approximately 40km north of Cape Town. Travelling north along the West Coast Road (R27), the Atlantis Industrial area is 43km from the Port of Cape Town and 18km from Melkbosstrand and 108km south of the Port of Saldanha Bay (Figure above). Industrial development in the West Coast Corridor is considered as a key node to the success of economic development in the Western Cape.

Zone	Old Erf Number	New Erf Number	Size (Ha)	Landowner	Private land (size)
1a	Portion Remainder CA1183	Ptn Rem of 171-RE	22.10	CoCT	
	CA1547	61	7.8	GRI	7.8ha
	CA4-93-RE	RE Ptn of 62	0.7	CoCT	
1b	CA4-128	69	2.3	Ahlesa Blankets	2.3ha
	CA4-113	70	4.5	Ahlesa Blankets	4.5ha
	CA4-212	73	5.3	Kaytech	5.3ha
	CA4-120-RE	74-RE	1.2	Kaytech	1.2ha
2	CA1183-4	Ptn of Rem of 277	9.6	CoCT	
	CA1183-45	246	4.0	CoCT	
	CA1183-122	254	3.0	CoCT	
	CA1183-0	Ptn Rem of 171	16.0	CoCT	
	CA1183-72	245	2.8	Swartland Insulation	2.8ha
3	Portion CA1183-4-RE	Ptn of Rem of 277	38.7	CoCT	
4	CA1183-51	179	0.7	iProp	0.7ha
TOTAL HECTARES (All Land)			118.6	Total occupied (Private land)	25.1ha

As per table on page 26, fourteen separate erven form part of the Atlantis SEZ. These erven, which are mostly greenfield sites, are mostly owned by the City of Cape Town. The individual erven range in size from 0.7ha to 38.7ha totaling 118.6ha for the Atlantis SEZ. The sites are fully serviced with road access and utilities and are zoned as being for "general industrial" purposes.

The City of Cape Town established a greentech manufacturing hub in Atlantis in 2011, in response to the then Department of Energy's Renewable Energy Independent Power Producer Procurement Programme (REIPPPP).

The hub has already attracted five greentech investors:

- Gestamp Renewable Industries (GRI, steel wind towers)
- Kaytech Engineered Fabrics expansion (geotextiles for construction industry)
- Ahlesa Blankets (undeveloped)
- Swartland Insulation (acquired Skyward Windows facility)
- Resolux (disinvested, but property still available and owned by iProp)

These investments were made on approximately 21 hectares of privately owned land, which forms part of the designated SEZ (there is 25ha of privately owned land with 4ha undeveloped at this point).

The Atlantis Journey is depicted in the figure below.

- **1976** – Atlantis declared a National Growth Point (1976)
- **1980** – Manufacturing accounted for 50% of economic activity (1975-1985)
- **1984** – 12 788 jobs created in Atlantis (1984)
- **1985** – Mid 1980s - termination of incentives programme and defence manufacturing contracts
- **1987** – 50 industrialists in Atlantis (1987)
- **2007** – Mini-boom in Atlantis - Eskom established OCGT plant (2007)
- **2010** – Tellumat acquires Tedelex assets (2010)
- **2012** – Atlantis Revitalization Framework, CoCT (2012)
- **2013** – Hisense opens factory (2013)
- **2014** –
  - SEZ Act
  - Gestamp Renewable Industries
  - MyCiti Bus Route (2014)
- **2016** – Atlantis SEZ application for designation (2016)
- **2018** – Designation gazetted (2018)
- **2019** –
  - Company established Inaugural Board Meeting 3D Application (Dec 2019)
  - CSN constituted
- **2020** – CSN formalisation through Community Facilitation Agreement
- **2020** – Entity registered and land transfer agreements signed (2020)

Service Delivery Environment:

Several discussions quoted below indicate there are many positive factors to build on.

"Targeting the transition to an inclusive green economy signifies a massive and disruptive shift, commanding a new model of development. Industrial policy is core to this process, notably to ensure a "just transition" and manage a balancing act, consisting of maximising the benefits of the transition and minimising the risks associated of not transitioning; but in line with South Africa's capabilities to minimise the short-term trade-offs and threats. This requires a careful alignment of South Africa's industrial policy with the inclusive green economy paradigm to support the country's green industrial development. Ultimately, this requires the shift from industrial policy to green industrial policy" (Green Economy Policy Review of South Africa's Industrial Policy Framework. DEFF, DTI&C and DSI. 2020 – Report Prepared by UNEP and TIPS)".

The Atlantis SEZ, designated as a greentech SEZ, is a key enabler and supporter of this "just transition". It aims to set the benchmark for green industrialisation and will provide these learnings to inform South Africa's Green Economy Industrial Strategy going forward.

The concept of greentech is built from the principles of a green economy that is low carbon (zero carbon), resource efficient and socially inclusive. Greentech can also be defined as technology whose use is intended to mitigate or reverse the effects of human activity on the environment. The greentech definition includes, but is not limited to, technologies relating to renewable energy, energy storage, energy efficiency, water efficiency and management, greener packaging, recycling, and green chemicals.

The definition of a resource-efficient, clean producer (RECP) is one that employs processes, products, and services to increase the resource-efficiency of production and to reduce pollution and minimise negative impacts on humans and the environment.

The categories of greentech utilised by the Atlantis SEZ are:

- **Renewable energy generation:** renewable energy generator
- **Energy storage:** batteries, thermal storage, hybrid systems
- **Resource efficiency:** smart grids, green buildings, lighting, HVAC, smart and efficient appliances, collaborative consumption, efficient processes
- **Transportation:** e-mobility and electric vehicles, traffic management, fueling charging infrastructure, rail and water transport innovations
- **Water and wastewater:** conservation purification, treatment, production
- **Recycling and waste:** recycling, waste treatment and recovery
- **Advanced materials and packaging:** Nano, biomaterials, green chemicals, advanced packaging
- **Air and environment:** carbon sequestration, carbon tracing/offsets, emissions control
- **Agriculture:** land management, green pesticides, aquaculture, hydroponics, aeroponic

Source: Own analysis based om Kachan & Co (2012) and Cleantech Scandinavia (2018)

While the ASEZCo will focus on attracting producers of greentech products and services, resource-efficient manufacturers of products other than greentech will also be eligible to apply to establish operations in the ASEZ.

All three spheres of government prioritise 'greener' economic growth, the creation of 'green' jobs and the development of this future-focused sector in South Africa. This is demonstrated in:

- Government interventions to promote the uptake of greentech products and services include incentives such as the section 12L energy efficiency tax regime, the Eskom integrated demand management programme, the independent power producer programmes, green building standards and market-mechanisms such as the proposed carbon tax.
- The DTIC articulated various visions for the growth of green industries in South Africa. The Solar and Wind Energy Strategy (the Dti 2012), the Solar Photovoltaic (PV) Localisation Roadmap (EScience Associates, UrbanEcon Development Economists and Ahlfeldt 2013), the Solar Concentrated Solar Power (CSP) Localisation Roadmap (Ernst & Young and enolcon 2013), the Wind Industry Localisation Roadmap (Urban-Econ Development Economists 2014) and the Electric Vehicle Industry Roadmap (the Dti 2013) are some examples (DEFF, DTI&C, DSI – 2020)

Furthermore, the South African government's commitment to greener economic growth and renewable energy generation is demonstrated in several overarching economic policy frameworks and energy plans, such as the Integrated Energy Plan, Integrated Resource Plan (IRP2019), National Development Plan 2030 and the Industrial Policy Action Plan (2018).

The WCG's Green Economy Strategic Framework prioritises programmes, which are aimed at greater diversity of energy supply to the region, as well as reducing the energy intensity of products from the region. These programmes are aimed at stimulating the market for green technology (amongst others), through the removal of regulatory impediments to market growth) and driving localisation of manufacturing. In addition, the Province has played a key role in coordinating efforts in industry to reduce water requirements, adopt water-saving practices, and explore diversifying and decentralising water supply – in partnership with the City of Cape Town and entities such as GreenCape.

The CoCT's Carbon Neutral 2050 Commitment notes that the following disruptions have made the green transition possible:

- Renewable electricity technologies: These are competitive and in certain circumstances cheaper than fossil fuel technologies.

- Battery storage: The WC province has wind and solar resources among the best in the world, they are variable; so, battery (and other forms) of storage will be required for renewable energy to when required.
- Electric vehicles: The advent of these vehicles at steadily dropping prices means that our people and goods can be transported using clean, renewable electricity.

As part of its C40 membership, in 2017, the CoCT pledged to develop and begin implementing more ambitious climate action plans by 2020 to deliver emissions neutral and a climate resilient city by 2050. Linked to this, the Sustainable Energy Markets and Environmental Management Departments of the CoCT is developing a Climate Action Plan.

These commitments translate into demand for greentech from the CoCT, i.e. its Environmental Management Department is seeking approval for a Green Procurement Action Plan (GPAP), which will promote the procurement of greener goods by the City itself – enabling/equipping the City to use its buying power to buy greener.

Also mentioned in the Inclusive Economic Growth Strategy (IEGS) are the Water and Waste Strategies, as well as the importance of procuring from IPPs – all of which will also contribute to an increase in demand for greentech.

The various initiatives highlight the promising and growing market for greentech products, providing opportunities to build a greentech manufacturing hub in Atlantis and through the Atlantis SEZ.

Thus, the ASEZCo seeks to leverage the infrastructure support and incentives available to companies in terms of both the national SEZ policy framework as well as numerous municipal, provincial, national, international, and private sector funds to stimulate investment and job creation in areas of green technology. The ASEZCo cover approximately 118 hectares of land which is estimated to provide growth in the SEZ for at least eight to ten years. There is a fast-growing market for greentech that is sufficient to support the envisaged local manufacturing base in the ASEZCo. While the utility-scale renewable energy market has been under pressure, the recent integrated resources plan should provide good stimulus. In addition, the markets for rooftop PV and energy efficiency have seen huge growth in recent years because of the shifting economics of energy in South Africa. The proposed SEZ in Atlantis will create a conducive environment to capture the manufacturing benefits of these markets. Importantly, this represents a near-term opportunity to create manufacturing jobs.

The Living Lab

As the DEFF, DTIC and DSI (2020) Green Policy Review states, *"The integration of sustainability into industrial policy should ultimately lead to greening the programmes which form industrial policy. Support to key industrial value chains should be strategic, time-bound, and conditional to green performance improvements. Measures incompatible with the transition, such as fossil fuel subsidies, should be progressively phased out. Complementarily, policy and regulatory bottlenecks for industries to move towards a sustainable development pathway should be identified and unlocked. Moreover, measures necessary to stimulate and unlock market demand, particularly from the private sector and households, should be prioritised."*

This review places greentech and the green economy at the centre of South Africa industrial policy going forward. However, it also acknowledges that this transition has many parts and that as South Africans, we have much to learn. It stresses the importance of learning and sharing of lessons.

The Living Lab in the ASEZ

The goals of the Living Lab are defined as:

- To continually reduce our carbon emissions, improve our resource efficiency and ensure social inclusion.
- To test a policy and practical framework for sustainable industrialisation
- To share insights and lessons from implementing a green industrial zone (In future all industrial development will be done this way if we are to achieve sustainability, grow the circular economy and tackle the drivers exacerbating the climate crises)
- To actively pursue collaboration and partnerships as a basis for innovation and learning-by-doing.
- To actively seek and work with institutions and agencies who share our vision and to use the zone as an opportunity to explore and test innovative ideas for sustainable industrialisation, social inclusion and advancing the circular economy.

The following benefits are envisaged:

Investors

- Reduced service costs (including via industrial symbiosis)
- Green production certification

Community

- Socio-economic inclusion.
- Spill overs from skills and enterprise development

The Atlantis greentech SEZ is a key enabler and supporter of South Africa's just transition. It aims to set the bar for green industrialisation and will provide these learnings to inform South Africa's Green Economy Industrial Strategy going forward. The goal of the Living Lab is to push the boundaries of running and operating a sustainable, green, industrial zone, and to share those lessons.

To give effect to the above, designated SEZ land needed to be transferred from the City of Cape Town as owners, to the ASEZCo, which led to negotiations to transfer land over to ASEZCo. The Memorandum of Incorporation (MOI) was legally verified and approved by the Western Cape Government. A crucial next step will be the listing confirmation of the entity in Part D of Schedule 3 to the Public Finance Management Act 1 of 1999 (the PMFA), the application was submitted and will enable the Atlantis SEZ entity to operate as a provincial business enterprise. Without this listing as a Schedule 3D enterprise, the ASEZCo is unable to deliver on many of the sub-programme operational requirements in that the ASEZCo is largely unable to transact.

COVID-19

The COVID-19 pandemic significantly impacted countries and economies with all organisations being negatively affected in terms of revenue and long-term sustainability. There are, however, some key post-COVID opportunities that are becoming clearer globally, which may further enhance the ASEZCo focus and strategy.

The pandemic has emphasised the importance of resilience and of protecting and enhancing our planet's ecological systems. This requires a focus on developing resilient green infrastructure. It will thus continue the trend of global emission reduction as is evidenced by the already 17% reduction in emissions experienced since Autumn of 2020. For countries not to miss the opportunity to keep emissions levels down for the future, it is critical to make their economic recovery green and use the momentum to get to a zero-carbon future.

Government fiscal incentive programs all over the world will influence the global emission paths for decades to come. So, in this way, the response to the current pandemic will at the same time also be the response to the climate crisis.

The emergence of the COVID-19 pandemic has caused serious disruptions to the current stream of foreign direct investments (FDI), with developing countries being affected on a much larger scale. The impact of the COVID-19 pandemic on the special economic zones (SEZ) is no exception.

The COVID-19 pandemic is said to affect free zones through various channels, ranging from measures implemented to contain the spread of the virus, drop in global demand, continuous disruptions to supply chain and the drastic deterioration of the economic environments.

Estimations of United Nations Conference of Trade and Development (UNCTAD, 2020) based on the earnings revisions of multinational organisations indicated that foreign direct investment (FDI) has the potential to decline with 30-40 percent, globally between the 2020-2021 period. These factors, including uncertainties around future developmental opportunities, possible health concerns, and a disruption in the supply chain are all potential concern areas faced by SEZ/free zones following the COVID-19 pandemic.

Given these very real and vast global economic changes, it is vital for the ASEZCo to harness the evident and necessary transitions to greener economy and technologies, to enable us to harness our unique focus.

Systemic Challenges:

Despite the progress made in the current period, several risks and challenges remain:

- Stakeholder Fatigue - political, community and investors.
- Lack of funds for operations
- A possible exhausted National SEZ Fund for prospective infrastructure
- Securing national tax incentives

Organisational Environment:

As the ASEZCo is still in the process of establishment we can be extremely proud of what we have achieved in a tough COVID 19 operating environment, over the 2020-21 period.

The progress is attributable to a focused and ever engaged leadership from the CEO, dedicated and tireless building of the organizational framework by the CFO and her team, a small, but passionate, skilled, and highly motivated SEZ delivery team in Atlantis and in Cape Town.

Leadership and teamwork marked every step of this remarkable journey over the 2020-21 financial year. This included daily on-line team meetings during the early lockdown stages and followed by regular interactions across all the portfolios.

This organization and the team are poised to deliver, whilst the key stumbling blocks remain, most notably:

- Lack of a listing as a public entity, without which we cannot get ownership of the land (despite an agreement transferring this to us once we become a listed entity) nor open a bank account.
- Uncertainty, as to the extent of funding available until self-sustainability is achieved.

Policy Developments and Legislative Changes:

The SEZ Act requiring SEZ's to be listed as a Business Enterprises (as defined by the PFMA) proved to the biggest challenge to overcome and highlights the need for urgent revision of the SEZ Act.

The announcement of the RMIPPPP by the Department of Mineral Resources and Energy, followed by promising signs for further rounds on the REIPPPP, along with associated localization requirements bode well for the Atlantis SEZ. Our efforts of securing investors are however hampered by the delay in listing and the associated inability to secure funding to install the civil infrastructure to support new investors. Our ability to pursue tenants who need immediately developable sites is thus significantly hampered.

Progress towards Achievement of Institutional Impacts and Outcomes

Any institution that is result-orientated must be able to strive towards well defined Impacts and Outcomes. Such Impacts and Outcome must be Ambitious, Progressive, and Achievable. The development of a five-year Strategic Plan forms the cornerstone of the Atlantis SEZ five-year Vision, but it is important that this Vision finds its way into the desired Annual Impacts and Outcome as outlined in annual Corporate Plan.

The strategic outcome-oriented goal of Atlantis SEZ is primarily informed by the SEZ Act.

The following table provides an indication of the state of achievement in the set Institutional Impacts and Outcomes.

The strategic goal of Atlantis SEZ for 2020/21 – 2024/25:	
Strategic Outcome Oriented Goal	To contribute to GDP through greentech-related investment and facilitation of jobs within the Atlantis and surrounding economy
Goal Statement	The Atlantis SEZ aims to achieve the following for the period 2020/21-2024/25: • Recruit and facilitate R700m in direct investments into the ASEZ • Investment in infrastructure for commercial purposes to the value of R179.8m • Investment of R294,2 m in SEZ infrastructure to create a conducive business environment • To support 744 people in Atlantis with employment opportunities
Baseline	None
Links	VIP2 of the Western Cape Government Provincial Strategic Plan, 2019-2024

Institutional Programme Performance Information

Performance Information:

Programme 1: Administration

Purpose:
The programme is to provide efficient, cost effective, transparent, and responsive administration to the Atlantis SEZ and ensure that principles of good corporate governance are implemented.

Programme Structure:
The programme includes the following functions:

- Financial Management
- Human Resource Management
- Corporate Governance
- Legal Management
- Supply Chain Management
- ICT Management

Sub-programme 1.1: Financial management

Effective financial management aimed at ensuring legislative compliance. The sub- programme of financial management also ensures that the necessary resources to efficiently run core operations are provided.

Sub-programme 1.2: Human resource management

The human resources sub-programme ensures that the Company employs and maintains a skilled and properly remunerated workforce. A priority is to attract, recruit and retain staff by creating a culture and climate conducive to a motivated workforce. The sub-programme will ensure compliance to relevant legislation.

Sub-programme 1.3: Corporate governance

This sub-programme is responsible for ensuring that effective corporate governance is developed and maintained within the Atlantis SEZ. As a State-Owned Enterprise (SOE), the principles of corporate governance are clearly outlined in legislation as well as King IV. It is the priority of this programme to affect the rules and processes outlined to ensure effective corporate governance.

Sub-programme 1.4: ICT management

ICT services for the Atlantis SEZ is still under development during this establishment period. ICT services is provided and supported by Wesgro under a shared services agreement which allows for achieving cost efficiency while the Company assesses the requirements of its ICT environment. The ICT governance framework incorporating the shared services agreement for Atlantis SEZ is still under development and will be implemented once completed.

PART B PERFORMANCE INFORMATION

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements:

Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	**Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations
Unqualified Audit report with no material findings	Payment to creditors	Number of days taken to process payments made to creditors from date of receipt	-	30 days	13 days	-	Achieved
	Income generated through commercial services	Percentage of income generated through commercial services	-	2%	-	2%	Not achieved in this financial year - target was too optimistic and dependent on the 3D listing of the entity as well as the transfer of the land from the City of Cape to the ASEZCo.
	Corporate/ Strategic plans submitted	Corporate/ strategic plan submitted by the deadline as legislatively required	-	1	1	-	Achieved
	Board meetings	No. of board meetings	-	4	5	1	Overachieved - A special meeting was held in addition to the quarterly meetings
	Maintenance of ICT environment	Quarterly reports evidencing maintenance of the entity's ICT environment	-	4	4	-	Achieved
	Management of staff morale	Management of staff morale within the entity by conducting bi-annual climate surveys	-	2	1	(1)	Partially achieved - as this was the first operational year for the ASEZCo, it was prioritised to fill in key positions and implement key elements of the HR Framework in a phased in approach and conduct the final survey subsequent to the full operational year being completed.

Programme 2: Operations

Purpose:
The purpose of the programme is to ensure the effective operations of Atlantis SEZ.

9.2 Programme structure

The Programme includes the following Business Units:
- Business Development
- Commercial Services
- Integrated Ecosystem Management
- Greentech Infrastructure Development

Highlights of each business unit for the year under review are shared below:

Sub-programme 2.1: Business development
Business development sub-programme responds to the needs of both investors and the company by serving as a conduit of information flow. Understanding investor requirements coupled to providing a basis to include these requirements into the business of the ASEZCo company serves as a backdrop for developing a competitive value proposition.
- Acts as a catalyst and platform for targeted greentech investment. The Atlantis SEZ aims to attract local and foreign greentech investment through the provision of business facilitation services as well as transaction and investor support.
- Attracting greentech investment to the Atlantis SEZ to encourage property investment to meet the Atlantis SEZ's developmental objectives for economic development, employment creation and social upliftment.
- The Atlantis SEZ has a collaborative approach with respect to business development and undertakes various activities with key stakeholders such as Wesgro, City of Cape Town, GreenCape, and InvestSA for the purpose of enhancing impact and cost efficiency in business promotion.

This sub-programme ensures that there is effective marketing and communications of the Atlantis SEZ to inform stakeholders and manage the brand of Atlantis SEZ for overall brand identity.

A Marketing and communications strategy was developed and adopted by the board of directors for implementation over a 24month period. To deliver thereon, it was agreed that the ASEZCo company would appoint a panel of suitably capacitated experts capable of delivering on marketing, communications, and public relations interventions on an "as-and-when" required basis.

The development of a published prospectus is one such task we would require the panel to complete.

Prior the Company developed a board-approved Investment Prospectus, which was initially used to muster interest in the Atlantis SEZ. The prospectus has served its purpose well in managing expectations of interested investors and promoting a targeting strategy, which has resulted in several applications for accreditation. To date, 3 applications were approved by the Board investment committee and subsequent application for top-structure and associated civils will be made to the DTIC SEZ Fund in Quarter 1 of the next fiscal year.

Key activities of the 2020-21 period have included:
- Developed scope of work for marketing and communications strategy.
- Appointment of a suitable service provider
- Obtained board approval for the marketing and communications strategy.
- Developed a Terms of reference for proposed Experts in Marketing, Communications and Public Relations to provide ad hoc services.
- A pipeline of investors, both tenants of the ASEZCo, as well as potential suppliers of technology and services was established and is maintained. This pipeline feeds the commercial services sub-programme with application forms, of which 2 have progressed to the pre/option to lease stage of negotiations.
- Although no Property leases have been signed, 2 applicants remain committed to signing options to lease.

Leases have been unable to be concluded, as this is dependent on the listing of the ASEZCo as a 3D Government Business Enterprise. This being said, however, ASEZCo and the DTIC SEZ Fund have resolved that the submission of applications to the SEZ Fund for these Board-approved applicants continue.

Sub-programme 2.2: Commercial services
The Atlantis SEZ seeks to provide investors with a true ease of doing business experience with the provision of cost competitive and reliable commercial services.

It is imperative that the Company ensure that the Zone remains globally competitive and meets investor information needs, as well as decision making timelines. Thus, policies and processes to evaluate investors, should be streamlined and proactive to address these needs. In the establishment phase, which this report addresses, a great deal of consultation and development with various role players, has formed a significant portion of the work undertaken in this business unit, which has culminated in developing the following key policies and processes:
- Board approved Investment Charter
- Due Diligence processes including evaluation of greentech compliance and financial sustainability.
- Investor application form and Investor Guide
- Establishment of the Board Investment Committee to review investor due diligence reports.
- Proposed lease agreement term sheets
- Draft lease agreements

The policies so developed resulted in the Company being able to evaluate and accredited three investors to potentially set up operations in the Atlantis SEZ in December of 2020 and in March 2021. The funding applications for successful applicants for top structure will be submitted to the DTIC SEZ fund in the first quarter of the new fiscal year and if positive two long term lease agreements will be initiated and finalised.

The future financial sustainability of the Zone is paramount and a revenue model to forecast projections is constantly examined for possible enhancement and identification of additional revenue streams, aimed at reducing reliance on the main shareholder for operating funds within at least 7 years from registration. In keeping with the ethos of reducing the carbon footprint a feasibility study was started to determine the Atlantis SEZ CO generating solar energy to supplement energy needs and the potential revenue source would supplement the future revenue of the ASEZCo. This feasibility study will be completed by the 3rd quarter of 2021/2022.

Sub-programme 2.3: Integrated Ecosystem Management
The Integrated Ecosystem program was established in support of local community integration. The team applies principles of system thinking to identify and address deeply rooted socio-economic challenges in a complex community environment and to support expansion of community assets and adaptive systems.

The program is directed at the following three pillars:

Skills Development
The key objective of the workstream is to proactively equip the Atlantis community to access greentech employment opportunities which would be enabled by the ASEZCo, its investors, partners, and the green economy. The focus on technical greentech related skills development initiatives meets the value proposition of specialized skills that can be procured locally.

Alignment to industry and investor needs remains a fundamental criterion of the skills development initiatives. The Atlantis community requires tangible and transversal skills to grow their employment opportunities within the Special Economic Zone. The skills development activities include building awareness, a general understanding of the green economy and community dialogue. These activities are earmarked for roll-out in the coming financial year to ensure a continuous pipeline of suitably qualified individuals entering the workplace.

Delivering impactful training and development opportunities were significantly challenging due to COVID-19 restrictions and protocols. Leveraging innovative approaches, flexibility and collaborative partnerships resulted in 226 Atlantis community members completing training this year, in technical and foundational courses.

Enterprise Development
Enterprise Development for the ASEZCo is geared to unlock and grow opportunities for Atlantis SMMEs and businesses. This includes identifying business opportunities within the supply chains of larger industrialist, as well as linkages to markets outside the SEZ area and Atlantis and integrating small businesses to be included in these opportunities.

The COVID-19 pandemic with restrictions on public and community gatherings hampered the roll-out of some of the initiatives. Despite these restrictions, continuous engagement with SMMEs continued and in some cases support and knowledge sessions were done virtually. Two such events included a session with the Atlantis small business chambers and a presentation at the Sub-Council's Ward Committee member induction day.

Training was offered to 38 entrepreneurs in technical fields and soft skills. The program developed a database of available businesses within Atlantis as part of the preparatory work. There is continuous effort to identify local businesses and communicate opportunities offered to small businesses that require support with compliance or other business-related requests.

The program is strategically aligned to the collective efforts of partners, notably the City of Cape Town with these initiatives.

Community Integration
Community integration is a key pillar of the ASEZCo's activities to increase social inclusion and economic empowerment. Intentional and continuous stakeholder engagement is the first step in establishing shared values and setting out the roadmap to realizing a community driven and prosperous future. There is also focus in ensuring that the greater Atlantis ecosystem is informed, educated and stakeholder expectations are managed. We strive to build and strengthen relationships between existing (large)private sector, public sector, small and medium sized enterprises, civic community, partners, and funders.

Community Stakeholder Network (CSN)
Despite a challenging year, the ASEZCo established a working Community Stakeholder Network (CSN), a landmark development between industrial zones and local communities. This engagement has borne fruit with improved relationships and increased trust between a severely marginalized community and the public sector. These seemingly abstract concepts are also realized and implemented through our Skills Development and Enterprise Development initiatives. The (CSN) functions as a conduit of information between the ASEZCo and the Atlantis community. The CSN consists of elected members that represent a variety of remains a vital part of the roll-out of the ASEZCo.

Below are some key milestones.
- The CSN was constituted from a community election in 2019 and endorsed by the community at a public on 18 July 2019,
- The CSN is recognized by local and provincial public partners as a truly representative and legitimate structure of the Atlantis community,
- The CSN works closely with the ASEZCo Integrated Ecosystem team to build internal capacity on matters of governance, skills development, operations, and community development.
- On 17 December 2020, a partnership between the ASEZCo and the CSN was formalized by a Community Facilitation Agreement which outlines the obligations of both parties,

PART B PERFORMANCE INFORMATION

- The Community Capacitation program was launched in February 2020 to increase community resilience and capacitate community leaders considering the COVID-19 recovery. Fifteen beneficiaries will receive an accredited qualification after the completion of the program. Ultimately community leaders (the participants) will be able to utilize these skills to plan more efficient action and project viability.

Sub-programme 2.4: Greentech Infrastructure development
The greentech and living lab approach outlined in the Situational Analysis above, presupposes the work of the Infrastructure Portfolio, which focused on how this can be practically translated into the roll-out of infrastructure for the zone.

Key activities of the 2020-21 period have included:
- Appointment of a service provider to undertake an energy feasibility study for the ASEZCo to consider the utilisation of renewable energy to generate revenue.
- Appointment of a service provider to explore the implementation of the Net Zero Water goal in the SEZ. The project is directed by GIZ and actively supported by the DTIC.
- Appointment of a service provider to undertake an Urban Design and Landscape Framework and Guidelines for the zone. This framework and guideline will define the living lab and greentech principles to be applied to the built and natural environment of the SEZ.
- Completion of a detailed Geotech Survey to provide insight into the founding conditions for infrastructure and therefore the likely costs.
- Completion of a Traffic Impact Statement, which reviewed the road network and major access routes to and from Atlantis with a view to ensuring smooth logistics.
- Completed a survey, topographical and on the land portions to be transferred from the City of Cape Town.
- The Infrastructure Team supported the gas-to-power bidders to ensure that their bids under the RMIPPP window (December 2020) could be accommodated, albeit unsuccessfully.
- Appointed a service provider for conducting a ground penetrating radar study to detect unknown wayleaves/underground infrastructure alignment. As of March 2021, the study was incomplete.
- Preparation of three funding applications.
  - Two Investor top structure and a civil infrastructure funding application.
  - Supporting the funding application with meetings and communication with DTIC SEZ Fund Manager.
- Appointed a service provider to update the Long-Term Infrastructure Plan to roll-out the ASEZ civil infrastructure on an incremental basis.
- Registration with the Green Building Council of South Africa to explore Green Star rating, green building and Precinct training and other benefits of membership.
- Secured GIS licenses through an agreement with ESRI and appointing resources for a period of six months to set up a GIS system for the ASEZCo.

- Managing office renovations to the Cape Town and Atlantis offices.
- Initiated and setup the Infrastructure Advisory Group (IAG) with key City of Cape Town and Provincial departments working in the Atlantis area.
  - Provide for early consultations with key line departments to check and flag future investor and tenant development proposals.
  - Agree on the approach to civil infrastructure provision.
  - Set-up ad-hoc meetings with various line departments within CoCT to familiarize them with the Atlantis SEZ.
- Communication with potential investors to provide infrastructure input.
- The project management of the following consultative projects under a framework appointment:
  - SOP's (Asset Management, Emergency Management, Facility Management, OH&S, Procurement, Recycling & Waste Management, Site Security)
  - Tenant and Zone rules
  - Zone Management Model
  - Business Development Centre fund application incl tenant uptake investigation
  - Alternative Funding Sources
  - Alternative Revenue Streams
  - Infrastructure Planning Support
  - Feasibility Study and Terms of Reference (Energy, Gas, ICT, Waste, Water)
- Advertised and started the process of developing a construction and other Atlantis-based service provider database.

Looking ahead

The year ahead will hopefully see the detailed design and early-stage construction of lead projects. It will be at this stage where the principles of the living lab must be further put into practice. It is also at this stage where our membership with the GBCSA will help guide the design and build of the civil infrastructure and top-structure.

PART B PERFORMANCE INFORMATION

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements:

Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	**Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations
To recruit and facilitate R700m in direct investment into the ASEZCo		No. of signed leases/	-	1	0	-1	No signed leases for this financial year, as this is dependent on the ASEZCo listing confirmation
	Marketing, communication, and PR plan	Marketing, communications, and PR plan in place	-	1	1	-	Achieved
To invest in infrastructure for commercial purposes to the value of R179,8m	Commercial services initiated	No. of viable commercial services initiated	-	N/A to 2020-21	-	-	N/A
To invest in R2.942bn SEZ infrastructure to create a conducive business environment	Infrastructure projects initiated	No. of infrastructure projects initiated	-	1	0	(1)	Not achieved. Is dependent on the ASEZCo listing confirmation
To support 744 people in Atlantis	Skills development initiatives supported	No. of skills development initiatives supported	-	5	6	1	Overachieved. Target exceeded due to leveraging City of Cape Town funding and collaboration with other stakeholders
	Enterprise development initiatives supported	No. of enterprise development initiatives supported	-	5	4	(1)	Partially achieved, roll out of initiatives were delayed due to restrictions during the national lockdown. Initiatives currently in progress will continue into the next financial year
	Community empowerment initiatives supported	No. of community empowerment initiatives supported	-	4	4	0	Achieved

Strategy to Overcome areas of underperformance:
In addition, a strategy has been implemented to obtain Business Enterprise Status in terms of Section 25 of the SEZ act (Act 16 of 2014). The hope is that we obtain the relevant status in the first quarter of 2021/2022 financial year.

The ASEZCo has also put systems in place to fast track the execution of projects. It is common cause that Supply Chain management is often a "necessary evil" that is not negotiable, but it can often have a constraining impact on performance. A strategy has been put in place to overcome areas of underperformance. To speed up performance, a number of panels, such as a professional service panel, marketing and communications panel and a legal services panel were initiated to attend to the speed in spending matters. Although these panels were initiated in 2020/2021, the finalization of these panels only happened in the year thereafter. With these panels in operation in 2021/2022, the lead time in procurement will be shortened in an effort to overcome underperformance.

The Integrated Eco-system team will be occupying larger offices in the new financial year at the Atlantis Foundries. This relocation enables a more consistent roll-out of development initiatives, in accordance with COVID-19 Regulations.

Reporting on the Institutional Response to the COVID -19 Pandemic:
Although our development initiatives were hampered due to COVID-19 Regulations (organized gatherings and social distancing), the Integrated Eco-System team still managed to leverage its knowledge of, and relationship with, the Atlantis Community and provide critical support in response to the impact of COVID-19. The community was assisted in the following ways:

- Identifying key community-based organizations and distribution networks.
- Communicate on behalf of partners (Western Cape Provincial Government and Bearfish Strategic Services with community leaders and support distribution of PPE).
- 1750 masks and 1050 x 1litre bottles of sanitizers issued.

Programme / Sub-Programme	Intervention	Geographic location	No. of beneficiaries (Where Possible)	Disaggregation of Beneficiaries (Where Possible)	Total budget allocation per intervention (R'000)	Budget spent per intervention	Contribution to the Outputs in the APP (where applicable)	Immediate outcomes
Administration	PPE	Cape Town & Atlantis	n/a	R	R70	32	n/a	
Integrated Ecosystem Development	Collaboration with Bearfish on delivery of PPE	Atlantis			0	0	Atlantis community initiatives	Atlantis community access to PPE

Linking performance with Budget:

	2020/2021			2019/2020		
Programme	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	10,365	10,319	46	0	0	0
Operations	18,796	17,027	1,769	0	0	0
Total	**29,161**	**27,346**	**1,815**	**0**	**0**	**0**

Revenue Collection:
The ASEZCo's inability to access the land resulted in zero generated through commercial.

Capital Investment:
Not applicable at this stage, no infrastructure projects in development or implementation stage.

The following Infrastructure Projects are still in Progress:
Not applicable at this stage, no infrastructure projects in development or implementation stage.

Part C:

Corporate Governance

Governance Report

Introduction:

The Accounting Authority (Board of Directors):

Composition of the Board of Directors

The ASEZCo Memorandum of Incorporation have prescribed that the composition on the Board of Directors shall be as follows:

- One member shall be a representative of the City of Cape Town and has been duly appointed.
- Two members shall be representatives from the Western Cape Department of Economic Development and Tourism, with one representative being duly appointed and the nomination and appointment of the other representative still underway.
- One member shall be a representative of the Department of Trade and Industry and has been duly appointed.
- One member shall be a community member from the Atlantis area who is part of the community stakeholder network and shall be nominated for consideration for appointment by the community stakeholder network in the Atlantis area and has been duly appointed.
- One member shall be a labour representative and shall be nominated for consideration for appointment by one or more labour organisations from the Atlantis area. The nomination and appointment of the member is underway.
- At least two members shall be independent non-executive directors who shall be appointed through an open advertised process.
- Two executive directors of the company – the Chief Executive Officer (acting) and Chief Financial Officer have been duly appointed in line with King IV principles of corporate governance.
- One member shall be the operator of the company, appointed in terms of section 31 of the SEZ Act, or a representative of such operator, if required.

PART C CORPORATE GOVERNANCE

Board of Directors:

ASEZ Co Board Meeting Attendance

Name	June 2020	September 2020	November 2020	December 2020	February 2021
Jo-Ann Johnston (Chairperson WCG)	✓	✓	✓	✓	✓
Lance Greyling (member CoCT)	✓	✓	✓	✓	✓
Zukiswa Kimani (member DTIC)	✓	✓	✓	✓	✓
Leon Roman (member Community) Appointment: 26 June 2020	✓	✓	✓	✓	✓
Kenosi Selani (Member Business) Appointment: 04 March 2021W	-	-	-	-	-
Pierre Voges (Acting CEO)	✓	✓	✓	✓	✓
Waheeda Saib (CFO)	✓	✓	✓	✓	✓

ASEZ Co Board Committees Meeting Attendance

Name	Designation	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorship	Other Committees	No. of meetings attended
Jo Ann Deidre Johnston	Chairperson (WCG)	25/11/2019	-	Master's in urban Infrastructure Design and Management, Post-Graduate Diploma in Higher Education Bachelor of Arts degree	Sector development and investment and trade promotion		Investment Committee & HR & Remco	2
Lance William Greyling	CoCT	25/11/2019	-	Honours in African Studies Post Graduate diploma in Sustainable Energy	Trade and investment		Investment Committee & HR & Remco	2
Zukiswa Kimani	The DTIC	25/11/2019	-	Master's Degree in International and Development Economics Honours Degree in Economics	Sector strategy development, Industrial policy development, Policy analysis	SANAS	Nomination Committee	5

PART C CORPORATE GOVERNANCE

Name	Designation	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorship	Other Committees	No. of meetings attended
Leon Jonathan Roman	Community Representative	26/06/2020	-	MBA Doctorate in Human Resource Development at Canterbury University MBA (CU) Executive Development Programme (USB-ed). ND in Electrical Engineering (LC).	Human Resource Development		HR & Remco	-
Kenosi Selane	Business	25/02/2021	-	BCom Hons, CA(SA), MBA	Strategic financial advisory, core finance and economic regulation		Audit, IT & Risk Committee	1
Pierre Voges	Chief Executive Officer (Acting)	03/12/2019	-	Doctorate in Urban Planning and Economics M Comm (Economics) B Comm, Accountancy and Economics	Public and private sector Finance, Infrastructure development, governance	none	Investment	2
Waheeda Saib	Chief Financial Officer	03/12/2019	-	BCom Hon, CA(SA)	Public sector financial management, compliance, and governance	none	Investment	2

Board Committees

Committee	No. of meetings held	No. of members	Name of members
Audit, IT & Risk Committee	1	3	Kenosi Selane (Chairperson) Ian Bartes - Independent Paul Slack - Independent
Investment Committee	2	4	Lance Greyling (Chairperson) Jo Ann Johnston - member Andre Human - member Fernel Abrahams - member Pierre Voges -member Waheeda Saib - member
Nomination Committee	5	3	Zukiswa Kimani (Chairperson) Gerschwin Williams Bianca Mpahlaza Maoto Molefane
Human Resources & Remuneration	0 *	3	Jo-Ann Johnston (Chairperson) Lance Greyling Leon Roman

** The Human Resource & Remuneration Committee was established shortly after 31 March 2021.*

Remuneration of board members:

Name	Remuneration	Other allowance	Other re-imbursements	Total
Leon Roman	*R21 585			R21 585
Kenosi Selane	*R4 317			R4 317

** Provisional amounts as the provincial evaluation are still in progress. Remuneration is to be determined by the provincial Minister of Finance & Economic opportunities.*

Risk Management:

The entity adopted and implemented a risk management framework as required by the Public Finance Management Act, 1999 (Act 1 of 1999), King IV and the associated Corporate Governance Codes. A risk assessment was conducted to identify key strategic and emerging risks, which was monitored and updated on a quarterly basis. Mitigation measures, were applicable, were implemented within the entity's control to manage these risks. The Audit, IT and Risk Committee which was established in the latter part of the year, monitors the effectiveness of the risk management, and advises the entity accordingly.

Internal Control:

The ASEZCo, is a startup entity and has established and is implementing internal controls aimed at ensuring the operational effectiveness, efficiency, integrity and reliability of the annual financial statements, performance reporting, compliance monitoring and to safeguard its assets. These internal controls are based on policies and procedures currently being implemented with the required segregation of duties.

Internal Audit and Audit Committee

The AIRC consists of one independent non-executive director and two independent members. The Audit, IT and Risk Committee (AIRC) is a sub-committee of the Board and operates within its clearly defined and adopted charter. The main purpose of the AIRC is to provide a forum supports and make recommendations to the Board regarding any strategic and operational governance impacting the ASEZCo. The AIRC evaluates and oversees all financial management, internal controls, risk management, information technology issues, regulatory compliance, and the Internal and External Audit functions within the ASEZCo.

PART C CORPORATE GOVERNANCE

Internal Audit

As the scope of work to be performed by Internal Audit must be approved by the AIRC and with the establishment of the AIRC during the latter part of 2020/21 financial year, the ASEZCo can now proceed with the appointment of an external service provider to fill this role.

External Audit

The Auditor-General of South Africa (AGSA) is responsible for performing the annual audit of the ASEZCo.

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
Kenosi Selane	BCom (Hons), CA(SA), MBA	External		04/03/2021		1
Ian Bartes	BCom, EMBA	External		04/03/2021		1
Paul Slack	BCom (Hons), CA(SA)	External		04/03/2021		1

Compliance with laws and Regulations

Being a newly established stated owned company, the ASEZCo is committed to adherence with the PFMA the Companies Act, the SEZ Act and its related regulations. A compliance framework was adopted by the entity, this framework is the process of being implemented and monitored on a quarterly basis at the AIRC.

Furthermore, the management team attends the provincial forums where the latest legislative amendments and guidance including Supply Chain Management and other key legislative reforms are considered and discussed.

Fraud and Corruption

The ASEZCo adopted a policy of Zero Tolerance to fraud and corruption. This policy requires all employees to adhere to existing systems, policies, procedures, rules, and regulations aimed at, preventing, detecting, responding to, and reducing the impact of fraud and corruption. The policy further outlines the mechanisms available to staff and the public for reporting suspected incidents for investigation, whilst maintaining confidentiality and the protection of whistle blowers. All allegations of fraud and corruption must be reported for consideration to the ASEZCo Board through its Audit, IT and Risk Committee.

Minimizing Conflict of interest

All employees of the entity are required to complete an annual declaration in respect of Conflicts of interest. These declarations are reviewed by executive management.

All Board and committee members are required to complete a declaration of interest prior to each to the commence of each meeting.

The entity adopted and implemented a Supply Chain Management policy which incorporates all applicable legislation. Every member of the bid specification committee, bid evaluation and bid adjudication committee is required to declare any interest in any advertised bid. Any potential conflict must be declared, and the respective person is required to recuse herself/himself from the entire process.

Any non-disclosure of interest must be dealt with in terms of the ASEZCo disciplinary policy.

Code of Conduct

The entity's Code of Conduct is applicable to all staff members and is guided by the ASEZCo Conditions of Service. These practices are embedded across the human resources policies and procedures, which is based on relevant legislation, including the Basic Conditions of Employment and Labour Relations Acts governing South African labour regulations. The Code of Conduct is the basis for facilitating sound ethics in the entity and contributes to defining the organisational culture and in governing the effective discipline within the entity. The ASEZCo Board members are subjected to the approved Board Governance Charter and Code of Conduct. A breach of the Code of Conduct will be dealt with in terms of the ASEZCo disciplinary policy and procedures.

Health, Safety and Environmental Issues

The ASEZCo adopted an Employee Health and Safety policy which outlines the approach in managing the Health and Safety within the ASEZCo offices. The requires of Health and Safety within the Zone, is managed within the Zone Management protocols, policies and procedures.

Company Secretary

The Companies Act provides that every state-owned company must appoint a person to serve as a company secretary. The ASEZCo appointed its Company Secretary on 14 December 2020.

The Company Secretary is accountable to the ASEZCo Board in terms of the Companies Act and its duties include the following:

- providing the Board of directors with guidance on their duties, responsibilities, and powers.
- making the directors aware of any law relevant to or affecting the ASEZCo.
- reporting to the Board of Directors of any failure on the part pf the ASEZCo or a director to comply with the memorandum of incorporation of the ASEZCo, the Companies Act or any other applicable legislation.
- ensuring that the minutes of all shareholders' meetings, board meetings and/or meetings of Board committees are properly recorded in accordance with the Companies Act.
- certifying in the ASEZCo annual financial statement whether the Company has filed the required returns and notices in terms of the Companies Act and whether all such returns and notices appear to be true, correct and up to date.
- ensuring that a copy of the ASEZCo annual financial statement is sent to them in accordance with the Companies Act.

In consultation with the Board Chairperson, the Company Secretary ensures that the contents of the agenda of the respective Board meetings are relevant to the of Director's decision making. The Company Secretary also ensures that information in respective Board meetings is sent to the directors timeously to enable them to acquaint themselves with the information and to consider the information in line with their statutory and fiduciary responsibilities.

The Company Secretary acts as the primary point of contact between the Board of Directors and ASEZCo.

Social Responsibility

The ASEZCo by default has an over-arching corporate social responsibility to promote socio-economic development in the Atlantis region. In addition, green economy practices are about, amongst other things, social inclusion. With the ASEZCo serving as a catalyst for green economic growth in the Western Cape and more specifically, the Atlantis region, CSR in entwined in the fabric of the entity's ethos. During the financial year, the ASEZCo in partnership with Bearfish Strategic Services, the Western Cape Provincial Government with community leaders from the surrounding community, supported the distribution of PPE to the community in an effort to stem the rapid rise of COVID 19 infections.

Audit Committee Report

Please see Page 55.

PART C CORPORATE GOVERNANCE

B-BBEE Compliance Performance Information

Has the Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	**Response Yes / No**	**Discussion** *(include a discussion on your response and indicate what measures have been taken to comply)*
Determining qualification criteria for the issuing of licenses, concessions, or other authorisations in respect of economic activity in terms of any law?	No	The ASEZCo, is a start-up entity and will draft a BBBEE strategy in the next financial year
Developing and implementing a preferential procurement policy?	Yes	per approved SCM policy
Determining qualification criteriafor the sale of state-owned enterprises?	No	The ASEZCo, has only been operational since 01 April 2020 and will draft a BBBEE strategy in the next financial year
Developing criteria for entering partnerships with the private sector?	No	The ASEZCo, has only been operational since 01 April 2020 and will draft a BBBEE strategy in the next financial year
Determining criteria for the awarding of incentives, grants, and investment schemes in support of Broad Based Black Economic Empowerment?	No	The ASEZCo, has only been operational since 01 April 2020 and will draft a BBBEE strategy in the next financial year

SCOPA Resolutions

No SCOPA resolutions for the ASEZCo.

Part D:

Human Resource Management & Development

Introduction

The Human Resources section aspires to provide exemplary support to both management and employees of the ASEZCo.

The role of Human Resources within the ASEZCo context includes Recruitment & Selection, Talent Management & Retention, Employee Wellness, Performance Management and the Remuneration and Benefits function.

Given the start-up nature of the ASEZCo and the need for a small and specialized team, the entity's employment approach is to offer an initial 5-year fixed term contract to all employees within ASEZCo's core roles, as included in the approved organogram.

In line with the entity's culture, values, and ethos, the ASEZCo focuses on remunerating and rewarding individuals for their value and contribution to the strategic outputs of the Entity, thus demonstrating their passion for a common purpose. The Company ethos is one of empowerment, that fosters employee growth and development, supported by performance and reward. The remuneration approach is to enable the Company to develop, motivate, maintain, and retain the internal 'people' skills to ensure optimal delivery against its mandate.

The ASEZCo demonstrates a modest remuneration approach, understanding the broad socio-economic issues and challenges that exist and therefore have translated this modesty into our approach to remunerating our employees. Whilst the local environment is important, the ASEZCo also takes the broader context into account, including the broader business and economic environment, as well as the trends in the supply and demand of skills within the Western Cape, South Africa and globally.

The ASEZCo benchmarking exercise to determine remuneration scales was completed at establishment phase, and the practise adopted, is in line with the start-up nature of the entity. Current remuneration is at the modest 25th percentile of the commercial market.

Human Resources Oversight Statistics

Personnel Cost by programme/activity/objective

Programme/activity/objective	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000) **	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Operations	17,027	9,492	56%	14	678
Administration	10,319	4,941	48%	7	706

Personnel cost by salary band

Level	Personnel Expenditure (R'000) **	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	2,136	15%	1	2,136
Senior Management	5,354	37%	5	1,071
Professional qualified	4,596	32%	6	766
Skilled	991	7%	2	495
Semi-skilled	998	7%	4	249
Unskilled	0	0%	0	
Temporary contracts	357	2%	3	119
TOTAL	14,433	100%	21	687

Performance Rewards*

Programme//activity/objective	Performance rewards	Personnel Expenditure (R'000) **	% of performance rewards to total personnel cost (R'000)
Top Management	92	2,136	4%
Senior Management	166	5,354	3%
Professional qualified	30	4,596	1%
Skilled	24	991	2%
Semi-skilled	18	1,355	1%
Unskilled	-	-	
Temporary contracts	0	0	0
TOTAL	330	14,433	2%

** Performance rewards were paid out as part of the Section 197 transfers from Wesgro and the ASEZCo did not make provision for any performance bonuses.*

*** Excludes Board and Executive Committee Remuneration*

Training Costs

Programme/activity/objective	Personnel Expenditure (R'000) **	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Avg training cost per employee
Integrated Ecosystem Management	14,433	4	0,03%	4	1

*** Excludes Board and Executive Committee Remuneration*

Employment and vacancies*

Programme/activity/objective	2020/2021 No. of Employees	2020/2021 Approved Posts	2020/2021 Vacancies
CEO's Office	2	6	4
Business Development	2	4	2
Commercial	1	4	3
Infrastructure Development	2	3	1
Fin/Corporate Services	6	10	4
Integrated Ecosystem	5	7	2
Temporary contracts	3	0	0

Vacancies by Level

	2020/2021 No. of Employees	2020/2021 Approved Posts	2020/2021 Vacancies
Top Management	1	1	0
Senior Management	5	6	1
Professional qualified	6	11	5
Skilled	2	9	7
Semi-skilled	4	6	2
Unskilled	0	1	1
Temporary contracts	3	0	0
TOTAL	21	34	16

Employment Changes/Terminations

Nothing to report on. No changes yet.

Labour Relations: Misconduct and Disciplinary

Nothing to report on. No changes yet

PART D HUMAN RESOURCE MANAGEMENT & DEVELOPMENT

Employment Equity Status

Levels	MALE			
	African	Coloured	Indian	White
	Current	Current	Current	Current
Top Management	0	0	0	1
Senior Management	0	1	0	2
Professional Qualified	0	2	1	0
Skilled	0	0	0	0
Semi-Skilled	0	0	0	0
Unskilled	0	0	0	0
Temporary contracts		1		
Total	0	4	1	3

Levels	FEMALE			
	African	Coloured	Indian	White
	Current	Current	Current	Current
Top Management	0	0	0	0
Senior Management	0	1	1	0
Professional Qualified	2	0	0	1
Skilled	1	1	0	0
Semi-Skilled	0	4	0	0
Unskilled				
Temporary contracts		2		
Total	3	8	1	1

Report of the Audit Committee

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

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 94 of the Companies Act of South Africa 71 of 2008. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

The Effectiveness of Internal Control

We have not reviewed the work of Internal Audit for the year ended 31 March 2021, as Internal Audit was not established at that date.

Evaluation of Financial Statements

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

Auditor's Report

The Audit Committee concurs and accepts the conclusions of the Auditor-General on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.

kenosi selane

Kenosi Selane
Chairperson of the Audit Committee
Atlantis Special Economic Zone Company SOC Ltd
23 September 2021

Report of the auditor-general to the Western Cape Provincial Parliament on Atlantis Special Economic Zone Company SOC Ltd

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Atlantis Special Economic Zone Company SOC Ltd set out on pages 67 to 109, which comprise the statement of financial position as at 31 March 2021, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of Atlantis Special Economic Zone Company SOC Ltd as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Special Economic Zone Act 16 of 2014 (SEZ Act) and the Companies Act of South Africa 71 of 2008 (Companies Act).

Basis for opinion

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

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

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

Emphasis of matter

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

Contingencies

7. As disclosed in note 22, Cabinet approved the transfer of land owned by the City of Cape Town to the entity in exchange for shareholding in the entity. This is contingent on the ASEZ entity being listed. As at 31 March, the value of the land under consideration was R59 325 000, excluding VAT.

Responsibilities of the board for the financial statements

8. The board of directors is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the SEZ Act and the Companies Act, and for such internal control as the board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

PART E FINANCIAL INFORMATION

Report of the auditor-general to the Western Cape Provincial Parliament on Atlantis Special Economic Zone Company SOC Ltd (continued)

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

Auditor-general's responsibilities for the audit of the financial statements

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

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

Report on the audit of the annual performance report

Introduction and scope

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

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

14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the entity's annual performance report for the year ended 31 March 2021:

Programmes	Pages in the annual performance report
Programme 2 — ensure the effective operations of Atlantis SEZ	39 —40

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

16. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:

- Programme 2 — ensure the effective operations of Atlantis SEZ

Other matter

17. I draw attention to the matter below.

Achievement of planned targets

18. Refer to the annual performance report on pages 39 to 40 for information on the achievement of planned targets for the year and explanations provided for the under-/overachievement of targets.

Report on the audit of compliance with legislation

Introduction and scope

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

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

Other information

21. The board is responsible for the other information. The other information comprises the information included in the annual report, which includes the directors' report, the audit committee's report and the company secretary's certificate, as required by the Companies Act.

    The other information does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that has been specifically reported in this auditor's report.

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

Report of the auditor-general to the Western Cape Provincial Parliament on Atlantis Special Economic Zone Company SOC Ltd (continued)

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

Internal control deficiencies

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

Auditor General

Cape Town
23 September 2021

PART E FINANCIAL INFORMATION

Annexure
Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the entity's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

   - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
   - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control
   - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors
   - conclude on the appropriateness of the board's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Atlantis Special Economic Zone Company SOC Ltd to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause an entity to cease operating as a going concern
   - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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

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

Part E:

Financial Information:

General Information

Country of incorporation and domicile	South Africa
Legal form of entity	State owned company to be listed as a Schedule 3D entity of the PFMA
Nature of business and principal activities	Development of a sustainable greentech Special Economic Zone in Atlantis, Cape Town
Board Members	Johnston, Jo-Ann Deidre Greyling, Lance William Kimani,Zukiswa Saib, Waheeda Voges, Pierre Roman, Leon Jonathan Selane, Kenosi
Registered office	7th Floor SA Reserve Bank Building 60 St George's Mall Cape Town Western Cape 8001
Postal address	7th Floor SA Reserve Bank Building 60 St George's Mall Cape Town Western Cape 8001
Bankers	Managed by WESGRO through their ABSA account
Auditors	Auditor General South Africa
Secretary	Hassen, Iemrahn

PART E FINANCIAL INFORMATION

Index

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

Abbreviations

GRAP	Generally Recognised Accounting Practice
PFMA	Public Finance Management Act
SEZA	Special Economic Zone Act
SA GRAP	South African Standards of Generally Recognised Accounting Practice
ASB	Accounting Standards Board
TR	Treasury Regulations
AGSA	Auditor General South Africa
VAT Act	Value Added Tax Act
DEDAT	Department of Economic Development and Tourism
ASEZ	Atlantis Special Economic Zone
SARB	South African Reserve Bank
UIF	Unemployment Insurance Fund
WESGRO	Western Cape Tourism Trade & Investment Promotion Agency

Accounting Authority's Responsibilities and Approval

The board of directors are required by the PFMA, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the directors to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

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

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

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

The directors have reviewed the entity's cash flow forecast for the ensuing financial year ending 31 March 2022 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is dependent on the Department of Economic Development and Tourism for continued funding of operations. The AFS are prepared on the basis that the entity is a going concern and that the Department of Economic Development and Tourism has neither the intention nor the need to liquidate or curtail materially the scale or the funding of the entity.

Although the accounting authority is primarily responsible for the financial affairs of the entity, they are supported by the entity's external auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements.

The annual financial statements set out on page 67, which have been prepared on the going concern basis, were approved by the accounting authority on 23 September 2021 and were signed on its behalf by:

Johnston, Jo-Ann Deidre
Chairperson of the Board

PART E FINANCIAL INFORMATION

Accounting Authority's Report

The members submit their report for the year ended 31 March 2021.

1. Incorporation

The entity was incorporated on 03 December 2019 and obtained its confirmation as a state owned company on 6 March 2020.

2. Review of activities

Main business and operations

The entity is engaged in development of a sustainable greentech special economic zone in Atlantis, Cape town and operates principally in South Africa.

3. Going concern

We draw attention to the fact that at 31 March 2021, the entity had an accumulated surplus (deficit) of R 4 371 835 and that the entity's total assets exceeds its liabilities by R 4 371 935.

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.

4. Subsequent events

Cabinet approved the transfer of City of Cape Town owned land to the entity in exchange for shareholding in the entity. This is contingent on the ASEZ entity being listed. As at 31 March the value of the land under consideration is R 59 325 000 excluding VAT. At the reporting date, the ASEZ entity 3 D application with National Treasury was at an advanced stage of evaluation and conclusion.

5. Accounting policies

The financial statements have been prepared in accordance with the prescribed Standards of GRAP issued by the Accounting Standards Board as the prescribed framework by National Treasury.

6. Share capital

As a newly established entity, initial share capital was issued to the Western Cape Government at date of inception. This issue was in line with the funding agreement.

7. Distributions to owners

No dividends were declared or paid to owner during the year.

PART E FINANCIAL INFORMATION

Accounting Authority's Report (continued)

8. Accounting Authority

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

Name	*Nationality*	*Appointed*
Johnston, Jo-Ann Deidre	South African	25 November 2019
Greyling, Lance William	South African	25 November 2019
Kimani, Zukiswa	South African	25 November 2019
Saib, Waheeda	South African	03 December 2019
Voges, Pierre	South African	03 December 2019
Roman, Leon Jonathan	South African	26 June 2020
Kenosi, Selane	South African	04 March 2021

9. Auditors

The AGSA as the Supreme Audit Institution for our country is constitutionally mandated to fulfill the role of external audit. This will remain the status quo unless the AGSA indicates otherwise (i.e., opt not to perform our audit in terms of section 4(3) of the Public Audit Act).

10. COVID-19 Impact

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. On 11 March 2020, the World Health Organisation (WHO) officially declared COVID-19, a pandemic. Worldwide, socioeconomic conditions will be significantly impacted by this crisis. The outbreak is disrupting supply chains and affecting production and sales across a range of industries.

As at the date of the audit report, the entity has not observed any material impact on its financial position and has sufficient cash resources in place to continue in operation for the foreseeable future.

The annual financial statements set out on page 67-109, which have been prepared on the going concern basis, were approved by the accounting authority on 23 September 2021 and were signed on its behalf by:

Johnston, Jo-Ann Deidre
Chairperson of the Board

Company Secretary's Certification

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

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

Hassen, Iemrahn
Company Secretary

Statement of Financial Position
as at 31 March 2021

Figures in Rand	Note(s)	2021
Assets		
Current Assets		
Receivables from exchange transactions	3	268 702
Prepayments	4	354 667
Other financial assets	5	3 283 341
		3 906 710
Non-Current Assets		
Property, plant and equipment	6	3 534 656
Intangible assets	7	213 911
		3 748 567
Total Assets		**7 655 277**
Liabilities		
Current Liabilities		
Payables from exchange transactions	8	2 218 689
Operating lease liability	9	51 771
Employee benefit obligation	10	1 012 882
		3 283 342
Total Liabilities		**3 283 342**
Net Assets		**4 371 935**
Share capital	11	100
Accumulated surplus		4 371 835
Total Net Assets		**4 371 935**

Statement of Financial Performance
as at 31 March 2021

Figures in Rand	Note(s)	2021
Revenue		
Revenue from exchange transactions		
Other revenue		26 000
Revenue from non-exchange transactions		
Transfer revenue		
Government grants and subsidies	13	27 881 266
Donations	14	374 240
Total revenue from non-exchange transactions		**28 255 506**
Total revenue	**12**	**28 281 506**
Expenditure		
Operating lease rental	15	(774 725)
Employee related costs	16	(14 464 022)
Depreciation and amortisation	6&7	(1 134 033)
General expenses	18	(10 973 223)
Total expenditure		**(27 346 003)**
Surplus for the year		**935 503**

Statement of Changes in Net Assets

Figures in Rand	Share capital	Accumulated surplus	Total net assets
Balance at 01 April 2020	**-**	**-**	**-**
Changes in net assets Issued shares	100	-	100
Transfers received	-	3 436 332	3 436 332
Total recognised directly in net assets	100	3 436 332	3 436 432
Surplus for the year	-	935 503	935 503
Total changes	100	4 371 835	4 371 935
Balance at 31 March 2021	**100**	**4 371 835**	**4 371 935**
Note(s)	11		

PART E FINANCIAL INFORMATION

Cash Flow Statement

Figures in Rand	Note(s)	2021
Cash flows from operating activities		
Receipts		
Other income		26 000
Grants		27 881 266
		27 907 266
Payments		
Employee costs		(14 055 717)
Suppliers		(10 305 869)
Other cash item		(1 876 384)
		(26 237 970)
Net cash flows from operating activities	**19**	**1 669 296**
Cash flows from investing activities		
Purchase of property, plant and equipment	6	(1 361 265)
Purchase of other intangible assets	7	(308 031)
Net cash flows from investing activities		**(1 669 296)**
Net increase in cash and cash equivalents		**-**
Cash and cash equivalents at the beginning of the year		-
Effect of exchange rate movement on cash balances		-
Cash and cash equivalents at the end of the year		**-**

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis	Approved budget	Adjustments	Final budget	Actual amounts on comparison basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance Revenue						
Revenue from exchange transactions						
Other revenue	-	-	-	26 000	26 000	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	35 438 000	(6 277 000)	29 161 000	27 881 266	(1 279 734)	
Total revenue	**35 438 000**	**(6 277 000)**	**29 161 000**	**27 907 266**	**(1 253 734)**	
Expenditure						
Employee related costs	(14 454 679)	(2)	(14 454 681)	(14 055 717)	398 964	N1
Operating lease rental	(933 763)	40 000	(893 763)	(722 954)	170 809	N2
General Expenses	(19 249 558)	8 137 002	(11 112 556)	(9 582 915)	1 529 641	N3
Total expenditure	**(34 638 000)**	**8 177 000**	**(26 461 000)**	**(24 361 586)**	**2 099 414**	
Surplus before taxation	**800 000**	**1 900 000**	**2 700 000**	**3 545 680**	**845 680**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**800 000**	**1 900 000**	**2 700 000**	**3 545 680**	**845 680**	
Reconciliation of surplus for the year						
Brought forward from previous						
Donations				374 240		
Depreciation and amortisation				(1 134 033)		
Operating lease rental				(51 771)		
Employee related costs				(408 305)		
General expenses				(1 390 308)		
Actual Amount in the Statement of Financial Performance				**935 503**		

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Budget on Cash Basis	Approved budget	Adjustments	Final budget	Actual amounts on comparison basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Non-Current Assets						
Capital expenditure	800 000	1 900 000	2 700 000	1 666 065	(1 033 935)	N4
Total Assets	**800 000**	**1 900 000**	**2 700 000**	**1 666 065**	**(1 033 935)**	
Net Assets	**800 000**	**1 900 000**	**2 700 000**	**1 666 065**	**(1 033 935)**	

Differences between the annual budget and actual amounts on comparable basis consisted of the following :

N1 - Recruitment of staff was staggered due to the lockdowns caused by the COVID-19 pandemic.

N2 - Rental relief was granted by landlords as premises was less occupied.

N3 - Community and skills programmes were difficult to roll out as they require physical attendance which was prohibited during lockdowns caused by the COVID-19 pandemic.

N4 - Difference consists mostly of funds committed and will be spent in the new financial year.

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the SA GRAP (GRAP), issued by the ASB in accordance with Section 91(1) of the PFMA (Act 1 of 1999). The entity used Directive 12 determining the relevant financial reporting framework.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

1.1 Presentation currency

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

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months. At the reporting date , the ASEZ entity 3 D application with National Treasury was at an advanced stage of evaluation and conclusion. This listing confirmation will enable the entity to access infrastructure and other grant funding.

1.3 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total income recognised. This materiality is from management's perspective and does not necessarily correlate with the auditor's materiality.

1.4 Significant judgements and sources of estimation uncertainty

Management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material. Significant judgements include :

PART E FINANCIAL INFORMATION

Impairment of trade receivables and other financial assets

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

The impairment for trade receivables and loans is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period. Refer to accounting policy 1.5.

Impairment testing

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

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are known and are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including entity specific variables together with economic factors such as interest and inflation. Refer to accounting policy 1.7 and note 6.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 10 - Employee benefit obligations.

Useful lives of assets

Management determines the estimated useful lives and residual values for its depreciable assets. These estimates are based on industry norms, management's experience, knowledge and current expectations for the use of the depreciable assets. The annual depreciation charge will be adjusted for any changes in these estimates. Refer to accounting policy 1.7 and note 6.

1.5 Financial instruments

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

PART E FINANCIAL INFORMATION

Accounting Policies (continued)

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

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

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

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

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

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

Financial instruments at fair value comprise financial assets or financial liabilities that are :
- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if :
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
- on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
- non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
- financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

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

Class	**Category**
Receivables from exchange transactions	Financial asset measured at amortised cost
Other financial assets	Financial asset measured at amortised cost

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

Class	**Category**
Payables from exchange transactions	Financial liability measured at amortised cost

Initial recognition

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

Initial measurement of financial assets and financial liabilities

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

Subsequent measurement of financial assets and financial liabilities

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

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

Fair value measurement considerations

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

Accounting Policies (continued)

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

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is :
- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

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

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

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

Gains and losses

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

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

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost

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

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

Financial assets measured at cost

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

Derecognition

Financial assets

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

Financial liabilities

The entity removes a financial liability or a part of a financial liability from its statement of financial position when it is extinguished.

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

Presentation

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

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

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

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

PART E FINANCIAL INFORMATION

Accounting Policies (continued)

1.6 Prepayments

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

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

1.7 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

Costs include costs incurred initially to acquire 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.

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

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

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

Property, plant and equipment transferred as part of the transfer of functions are depreciated over their remaining useful lives. Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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

Item	Depreciation method	Average useful life
Leasehold property	Straight-line	Over the lease term
Furniture and fixtures	Straight-line	6 to 10 years
Office equipment	Straight-line	5 years
IT equipment	Straight-line	3 years

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

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

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

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

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

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

1.8 Intangible assets

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

An asset is identifiable if it either :

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

An intangible asset is recognised when :

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

PART E FINANCIAL INFORMATION

Accounting Policies (continued)

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

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

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Amortisation method	Average useful life
Computer software	Straight-line	3 years

Intangible assets are derecognised:
- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

1.9 Impairment of cash-generating assets

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

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

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

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

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use. Useful life is either:
- the number of production or similar units expected to be obtained from the asset by the entity.

Identification

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

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

Value in use

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

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

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Reversal of impairment loss

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

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

PART E FINANCIAL INFORMATION

Accounting Policies (continued)

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

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

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

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

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

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

Redesignation

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

1.10 Impairment of non-cash-generating assets

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

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

Designation

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

The entity designates an asset or a cash-generating unit as cash-generating when:

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

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

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

Identification

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

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

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

Value in use

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

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

Depreciated replacement cost approach

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

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

Recognition and measurement

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

PART E FINANCIAL INFORMATION

Accounting Policies (continued)

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Reversal of an impairment loss

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

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

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

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

Redesignation

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

1.11 Leases

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

Operating leases - lessee

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

1.12 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:
- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

1.13 Provisions and contingencies

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

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

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

PART E FINANCIAL INFORMATION

Accounting Policies (continued)

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

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 22.

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

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

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

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

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

1.14 Share capital

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

Ordinary shares are classified as equity.

1.15 Revenue from exchange transactions

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

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

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

Measurement

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

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

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

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

PART E FINANCIAL INFORMATION

Accounting Policies (continued)

Interest

Revenue arising from the use by others of entity assets yielding interest is recognised when:

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

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

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

1.16 Revenue from non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

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

Recognition

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

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

Measurement

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

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

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

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

1.17 Fruitless and wasteful expenditure

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

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.18 Irregular expenditure

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

(a) this Act; or
(b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
(c) any provincial legislation providing for procurement procedures in that provincial government.

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

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

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

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

The National Treasury further issued instruction note 2 of 2018/19 with the following requirements:
Irregular expenditure incurred by provincial departments and their entities listed in schedule 3C and 3D should be submitted to the Provincial Treasury for condonation.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the Provincial Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt

Accounting Policies (continued)

impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.19 Events after reporting date

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

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

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

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

1.20 Budget information

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

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

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2020/04/01 to 2021/03/31.

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

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

1.21 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.22 Related parties

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

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

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

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

1.23 Comparative figures

No comparative figures have been presented as these are the first annual financial statements of the entity.

1.24 Segment information

A segment is an activity of an entity:

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

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

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment.

PART E FINANCIAL INFORMATION

Accounting Policies (continued)

If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

1.25 Accounting by principals and agents Recognition

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

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

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

1.26 Tax

Current tax assets and liabilities

No provision for Income Tax is made, currently the entity is not listed. The entity is in the process of apply for exemption in terms of S 10 (1) (cA) (ii) of the Income Tax Act (Act No. 58 of 1962).

1.27 Transfer of functions between entities under common control

Identifying the acquirer and transferor

For each transfer of functions between entities under common control an acquirer and transferor are identified. All relevant facts and circumstances are considered in identifying the acquirer and transferor. The terms and conditions of a transfer of functions undertaken between entities under common control are set out in a binding arrangement.

Determining the transfer date

The acquirer and the transferor identify the transfer date, which is the date on which the acquirer obtains control and the transferor loses control of that function. All relevant facts and circumstances are considered in identifying the transfer date. The recognition of assets acquired, and liabilities assumed, is agreed in terms of the binding arrangement.

Determining what is part of the transfer of functions transaction

The assets acquired and liabilities assumed are set out in the binding arrangement.

Accounting by the entity as acquirer

Initial recognition and measurement

As of the transfer date, the entity recognises the purchase consideration paid to the transferor and all the assets acquired and liabilities assumed in a transfer of functions. The assets acquired and liabilities assumed are measured at their carrying amounts.

Subsequent measurement

The entity subsequently measures any assets acquired and any liabilities assumed in a transfer of functions in accordance with the applicable Standards of GRAP. At the transfer date, the entity classifies or designates the assets acquired and liabilities assumed as necessary to apply other Standards of GRAP subsequently. The entity makes those classifications or designations based on the terms of the binding arrangement, economic conditions, its operating or accounting policies and other relevant conditions that exist at the transfer date.

PART E FINANCIAL INFORMATION

Notes to the Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2021 or later periods:

GRAP 104 (amended): Financial Instruments

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

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

The most significant changes to the Standard affect:
- Financial guarantee contracts issued
- Loan commitments issued
- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

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

Directive 14: The application of Standards of GRAP by Public Entities that apply IFRS® Standards

Objective of this directive: The Board has approved the application of International Financial Reporting Standards (IFRS® Standards) issued by the International Accounting Standards Board (IASB®) for public entities (hereafter referred to as "an entity") that meet the criteria to apply IFRS Standards as outlined in the Directive on The Selection of an Appropriate Reporting Framework by Public Entities (Directive 12).

Entities that apply IFRS Standards and operate in the public sector may need to formulate an accounting policy in the absence of an IFRS Standard that specifically applies to a transaction, other event or condition (hereafter referred to as "formulating an accounting policy") using other sources. When formulating an accounting policy in the absence of an IFRS Standard, the entity needs to consider its users and their information needs. Users of financial statements prepared using the IFRS Standards are interested in information on the return on their investments, and/or the return of their investments, and to make decisions about providing resources to the entity.

The objective of this Directive is to explain when, and in what circumstances, an entity may consider the principles in a Standard of GRAP when formulating such an accounting policy.

It covers: Scope, Formulating an accounting policy in the absence of a specific IFRS® Standard, and Basis for conclusions. The effective date of the standard is 01 April 2021.

3. Receivables from exchange transactions

Deposits	266 423
Sundry	2 279
	268 702

Deposits relates to office and parking rental of the entity and is refundable upon vacation of the premises. No interest receivable on deposit.

4. Prepayments

Equipment	136 034
Rentals	81 039
Parking	21 551
Software	93 342
Utilities	22 701
	354 667

Prepayment consist mainly of operating leases, software and contractual agreements to provide equipment.

5. Other financial assets

At amortised cost	3 283 341
Wesgro	

The ASEZ Board has applied via the Western Cape Department of Economic Development and Tourism (DEDAT) and Provincial Treasury to National Treasury to be listed as a public entity. This registration is still pending. Given this start-up phase and unlisted entity status the ASEZ is unable to obtain a bank account in the name of the ASEZ.

In order to receive funding and make any payments, the ASEZ has signed a Service Level Agreement (SLA) with Wesgro (Western Cape Tourism Trade & Investment Promotion Agency) to use its bank account.

Current assets	
At amortised cost	3 283 341

Notes to the Annual Financial Statements (continued)

6. Property, plant and equipment

2021	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Leasehold property	2 176 469	(621 848)	1 554 621
Furniture and fittings	797 872	(89 413)	708 459
Office equipment	383 192	(29 706)	353 486
IT equipment	860 405	(298 945)	561 460
Work in progress (Leasehold property)	356 630	-	356 630
Total	**4 574 568**	**(1 039 912)**	**3 534 656**

Reconciliation of property, plant and equipment

2021	Opening balance	Additions	Transfers received	Depreciation	Total
Leasehold property	-	154 106	2 022 363	(621 848)	1 554 621
Furniture and fittings	-	59 863	738 009	(89 413)	708 459
Office equipment	-	377 895	5 297	(29 706)	353 486
IT equipment	-	412 771	447 634	(298 945)	561 460
Work in progress (Leasehold property)	-	356 630	-	-	356 630
	-	**1 361 265**	**3 213 303**	**(1 039 912)**	**3 534 656**

Pledged as security

No assets were pledged as security.

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

General expenses (external suppliers)	8 501

Transfers received from WESGRO refer to note 20.

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

PART E FINANCIAL INFORMATION

7. Intangible assets

2021	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	308 031	(94 120)	213 911

Reconciliation of intangible assets

2021	Opening balance	Additions	Amortisation	Total
Computer software	-	308 031	(94 120)	213 911

Pledged as security

No intangible assets were pledged as security.

8. Payables from exchange transactions

Trade payables	949 093
Accruals	1 269 596
	2 218 689

9. Operating lease liability (accrual)

Current liabilities	**51 771**

The operating lease relates to premises utilised for the entity's offices. The entity entered into an operating lease with the SARB during January 2020. The contract was ceded by WESGRO to ASEZ as part of the exchange transactions. The agreement is for 3 years and has a fixed annual escalation. SARB duly appointed Ryden International Property Consultants to manage the leases within the SARB. Included in the above rentals are operating lease rentals at straight-lined amounts.

Refer to note 15 - Operating lease rental.
Refer to note 21 - Commitments.

10. Employee benefit obligations

Leave pay	981 742
Bonus	-
Directors and members remuneration	31 140
	1 012 882

PART E FINANCIAL INFORMATION

Notes to the Annual Financial Statements (continued)

Reconciliation of employee benefits

March 2021

	Opening balance	Additions	Transfers received	Utilised during the year	Total
Leave pay	-	1 250 048	405 264	(673 570)	981 742
Bonus	-	130 218	199 313	(329 531)	-
Directors and members remuneration	-	31 140	-	-	31 140
	-	**1 411 406**	**604 577**	**(1 003 101)**	**1 012 882**

Transfers received from WESGRO refer to note 20

Bonuses was paid out as part of the Section 197 transfers from WESGRO. The entity has made no provision for bonuses in this financial year.

Leave pay during the year has increased due to the lock downs caused by COVID-19 pandemic, staff are encouraged to take their leave.

11. Share capital

Authorised

1000 No par value shares	-

Reconciliation of number of shares issued:

100 No par value shares	100

Issued

100 No par value shares held by Western Cape Government by the Department of Economic Development and Tourism	100

Transfers received from WESGRO refer to note 20.

12. Revenue

Other revenue	26 000
Government grants & subsidies	27 881 266
Donations	374 240
	28 281 506

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

Other revenue	26 000

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

Transfer revenue	
Government grants & subsidies	27 881 266
Donations	374 240
	28 255 506

13. Government grants and subsidies

Operating grants

Government grant - DEDAT	27 881 266

Government grant - DEDAT

Current-year receipts	27 881 266
Transferred to revenue	(27 881 266)
	-

The Department of DEDAT allocated R29 161 000 to the entity exclusively for the utilisation of operating costs, interest amounting to R419 910 was earned on the allocation. An amount of R1 699 644 was unspent at year end. The remaining funds are held at WESGRO.

14. Donations

Donation	374 240

Donations relate to deposits for SARB lease and Karabo parking.

15. Lease rentals on operating lease

Premises	
Contractual amounts	719 539
Equipment	
Contractual amounts	55 186
	774 725

The entity has an operating lease with Ryden Property for letting of space in the South African Reserve Bank building and with Atlantis Foundries for space in Atlantis, This agreements are 3 years and have fixed escalations.

Photocopying machines and telephones are leased for a 3 year period and fixed rentals for the duration of the lease.

PART E FINANCIAL INFORMATION

Notes to the Annual Financial Statements (continued)

16. Employee related costs

Basic	13 407 689
Bonus*	130 218
Medical aid	24 000
UIF	28 041
Leave pay provision charge	576 478
Provident fund	230 156
Other allowance	36 300
Directors and members remuneration	31 140
	14 464 022

Remuneration of Chief Executive Officer

Annual Remuneration	1 810 500
Bonus*	91 932
Contributions to UIF	1 785
Other	2 400
	1 906 617

Remuneration of Chief Finance Officer

Annual Remuneration	1 687 000
Bonus*	65 332
Contributions to UIF	1 785
Other	2 400
	1 756 517

** Bonuses was paid out as part of the Section 197 transfers from WESGRO. The entity has made no provision for bonuses in this financial year.*

17. Depreciation and amortisation

Property, plant and equipment	6	1 039 912
Intangible assets	7	94 121
		1 134 033

18. General expenses

Advertising	968 740
Catering	34 567
Cleaning	32 895
Community stakeholder network	310 400
Community skills development	1 015 988
Computer expenses	26 636
Consulting and professional fees*	5 684 742
Hire	26 700
Insurance	21 981
IT expenses	389 807
Legal fees	535 903
Parking	161 625
Placement fees	115 068
Postage and courier	761
Printing and stationery	74 215
Repairs and maintenance	8 501
Shared services	530 713
Staff welfare	5 529
Subscriptions and membership fees	19 690
Supplier development programme	318 500
Telephone and fax	302 979
Training - staff	4 739
Travel - local	85 639
Utilities	296 905
	10 973 223

Consulting and professional fees - Consultants were appointed in project management capacity whilst the entity was in the process of appointing the executive team and the other key operational staff. These costs will reduce as the staff compliment increases. Also included in these costs are the professional services for the Urban Regeneration plan for the entity.

Notes to the Annual Financial Statements (continued)

19. Cash generated from operations

Surplus		935 503
Adjustments for:		
Depreciation and amortisation	17	1 134 033
Movements in operating lease liability	9	51 771
Movements in employee benefit obligation	10	1 012 882
Employee benefits obligation - transfer of function	20	(604 577)
Payables from exchange transaction - transfer of function	20	(590 043)
Receivables from exchange transactions - transfer of function	20	10 695
Changes in working capital:		
Receivables from exchange transactions	3	(268 602)
Prepayments	4	(354 667)
Payables from exchange transactions	8	2 218 685
Movement in Other financial asset	5	(3 283 339)
Transfer of functions between entities under common control	20	1 406 955
		1 669 296

20. Transfer of functions between entities under common control

Transfer of functions between entities under common control occurring during the current reporting period

The Atlantis Special Economic Zone (ASEZ) development is a collaboration between the Department of Trade and Industry and Competition (DTIC) and Western Cape Government (WCG)'s Department of Economic Development and Tourism (DEDAT), Wesgro, and the City of Cape Town (CoCT) to facilitate the development of the SEZ in Atlantis. The SEZ was launched in December 2018, when the licence was handed over to the Western Cape Minster of Economic Development and Tourism. The Atlantis Special Economic Zone (SEZ) was incubated under WESGRO until the Atlantis SEZ entity was formally established.

Entities involved in the transfer of functions were :
WESGRO and Atlantis SEZ

The following functions were transferred :
Establishment of SEZ
The transfer was due to the establishment of SEZ.
The transfer of function took place during the 2021 financial year.
The transfer was effective Wednesday, 01 April 2020.

PART E FINANCIAL INFORMATION

Value of the assets acquired and liabilities assumed

Assets acquired	
Property, plant and equipment	3 213 302
Receivables from exchange transactions	10 695
Other financial assets	1 406 955
	4 630 952
Liabilities assumed	
Employee benefit obligation	604 577
Payables from exchange transactions	590 043
	1 194 620
Residual interest - Assets acquired and liabilities assumed	**3 436 332**
Net asset inflow (outflow) on transfer of function	
Other financial asset acquired	1 406 955

The residual interest (assets acquired and liabilities assumed) of R 3 436 332 in respect of the accumulated surplus towards the establishment of the ASEZ.

21. Commitments

Authorised capital expenditure

Already contracted for but not provided for	
• Property, plant and equipment	942 386
Total capital commitments	
Already contracted for but not provided for	942 386

These capital commitments is financed from the operational grant.

Operating leases - as lessee (expense)

Minimum lease payments due	
- within one year	1 173 388
- in second to fifth year inclusive	1 344 094
	2 517 482

Operating lease payments represent rentals payable by the entity for certain of its office properties. Leases are negotiated for an average term of 3 years and rentals are fixed for the duration of the lease term. No contingent rent is payable.

PART E FINANCIAL INFORMATION

Notes to the Annual Financial Statements (continued)

22. Contingencies Contingent liabilities

No contingent liabilities identified.

Contingent assets

Cabinet approved the transfer of City of Cape Town owned land to the entity in exchange for shareholding in the entity. This is contingent on the ASEZ entity being listed. As at 31 March the value of the land under consideration is R 59 325 000 excluding VAT.

23. Related parties

Relationships

Shareholder with significant influence	Department of Economic Development and Tourism
Other Related Parties with significant influence	WESGRO
Non-executive directors	Johnston, Jo-Ann Deidre
	Greyling, Lance William
	Kimani, Zukiswa
	Roman, Leon Jonathan
	Kenosi, Selane
Members of key management	Voges, Pierre
	Saib, Waheeda
	Hassen, Iemrahn

The detail of the remuneration of the members of key management and non executive directors is included in note 16 and 24 to the financial statements.

Related party balances

Loan accounts - Owing (to) by related parties

WESGRO	3 283 341

Related party transactions

WESGRO	
Shared services	530 713
DEDAT	
Grants received	(27 881 266)

24. Directors and members remuneration

Non-executive
2021

	Members' fees	Total
Roman, Leon Jonathan	21 585	21 585
Selane, Kenosi	-	-
	21 585	**21 585**

The remaining non-executive directors are employees of National, Provincial and Local Government or Institutions, Agencies and Entities of Government serving as office-bearers on Public Entities/Institutions are not entitled to additional remuneration.

Independent Audit Committee (Fees for services – Audit, IT and Risk Committee)
2021

	Members' fees	Total
Selane, Kenosi	4 317	4 317
Bartes, Ian	2 619	2 619
Slack, Paul	2 619	2 619
	9 555	**9 555**

Member fees are not paid but provided for. Refer to note 10 Employee benefit obligation.

25. Comparative figures

No comparative figures have been presented as this is the first annual financial statements of the entity.

26. Financial instruments

Categories of financial instruments
2021

Financial assets

		At amortised cost	Total
Other financial assets	5	3 283 341	3 283 341
Receivables from exchange transactions	3	268 702	268 702
		3 552 043	**3 552 043**

Financial liabilities

		At amortised cost	Total
Payables from exchange transactions	8	2 218 689	2 218 689

PART E FINANCIAL INFORMATION

Notes to the Annual Financial Statements (continued)

27. Risk management

Financial risk management

The entity's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

The entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the entity's financial performance.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, entity treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 March 2021	Not later than one month	Later than one month and not not later than three months	Later than three months and not later than one year
Trade and other payables	949 089	97 538	1 172 062

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	31 March
Other financial assets	3 283 341
Receivables from exchange transactions	268 702

Interest rate risk

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

28. Going concern

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. At the reporting date , the ASEZ entity 3 D application with National Treasury was at an advanced stage of evaluation and conclusion. This listing confirmation will enable the entity to access infrastructure and other grant funding.

29. Segment information

General information

Identification of segments

The entity is organised and reports to management on the basis of 2 major functional areas: Administration and Operational. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

The Operating function includes the following functions :
- Business Development
- Commercial
- Infrastructure
- Integrated Eco-system

The Administration function includes the following function :
- Corporate services

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Aggregated segments

The entity operates throughout the Western Cape. Segments were aggregated on the basis of management functions.

Notes to the Annual Financial Statements (continued)

Segment surplus or deficit
2021

	Administration	Operations	Total
Revenue			
Grant funding	10 364 714	17 516 552	27 881 266
Other revenue	26 000	-	26 000
Donations	374 240	-	374 240
Total segment revenue	**10 764 954**	**17 516 552**	**28 281 506**
Entity's revenue			**28 281 506**
Expenditure			
Employee related cost	4 972 497	9 491 525	14 464 022
Depreciation	1 134 033	-	1 134 033
Lease rentals	774 725	-	774 725
General expenses	3 437 828	7 535 395	10 973 223
Total segment expenditure	**10 319 083**	**17 026 920**	**27 346 003**
Total segmental surplus			**935 503**

30. Accounting by principals and agents

The entity is a party to a principal-agent arrangement.

Parties to this arrangement is ASEZ (principal) and WESGRO (agent).

Entity as principal

Resources (including assets and liabilities) of the entity under the custodianship of the agent

The ASEZ Board has applied via the Western Cape Department of Economic Development and Tourism (DEDAT) and Provincial Treasury to National Treasury to be listed as a public entity. This registration is still pending. Given this start-up phase and unlisted entity status the ASEZ is unable to obtain a bank account in the name of the ASEZ. In order to receive funding and make any payments, the ASEZ has signed a Service Level Agreement (SLA) with Wesgro (Western Cape Tourism Trade & Investment Promotion Agency) to use its bank account. THE ASEZ pays Wesgro 1% of the funds received for this service.

Fee paid

WESGRO receives 1% of amount received for overhead costs associated with receiving and managing funds on behalf of ASEZ. Refer to note 18 General expenses - Shared services.

Notes

atlantis
special economic zone
cape town