EASTERN CAPE
ECDC
DEVELOPMENT CORPORATION

ANNUAL REPORT
2020/2021

JOURNEY TOWARDS ECONOMIC PROSPERITY

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Enquiries:
Marketing and Communications Department
Eastern Cape Development Corporation
T: +27 43 704 5600 | F: +27 43 704 5700 info@ecdc.co.za | www.ecdc.co.za

EASTERN CAPE
DEVELOPMENT
CORPORATION

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2020/21 HIGHLIGHTS

R93,783 million
Rental income

R24,05 million
Loan disbursements

86
SMMES received funding

R140 million
Investments facilitated

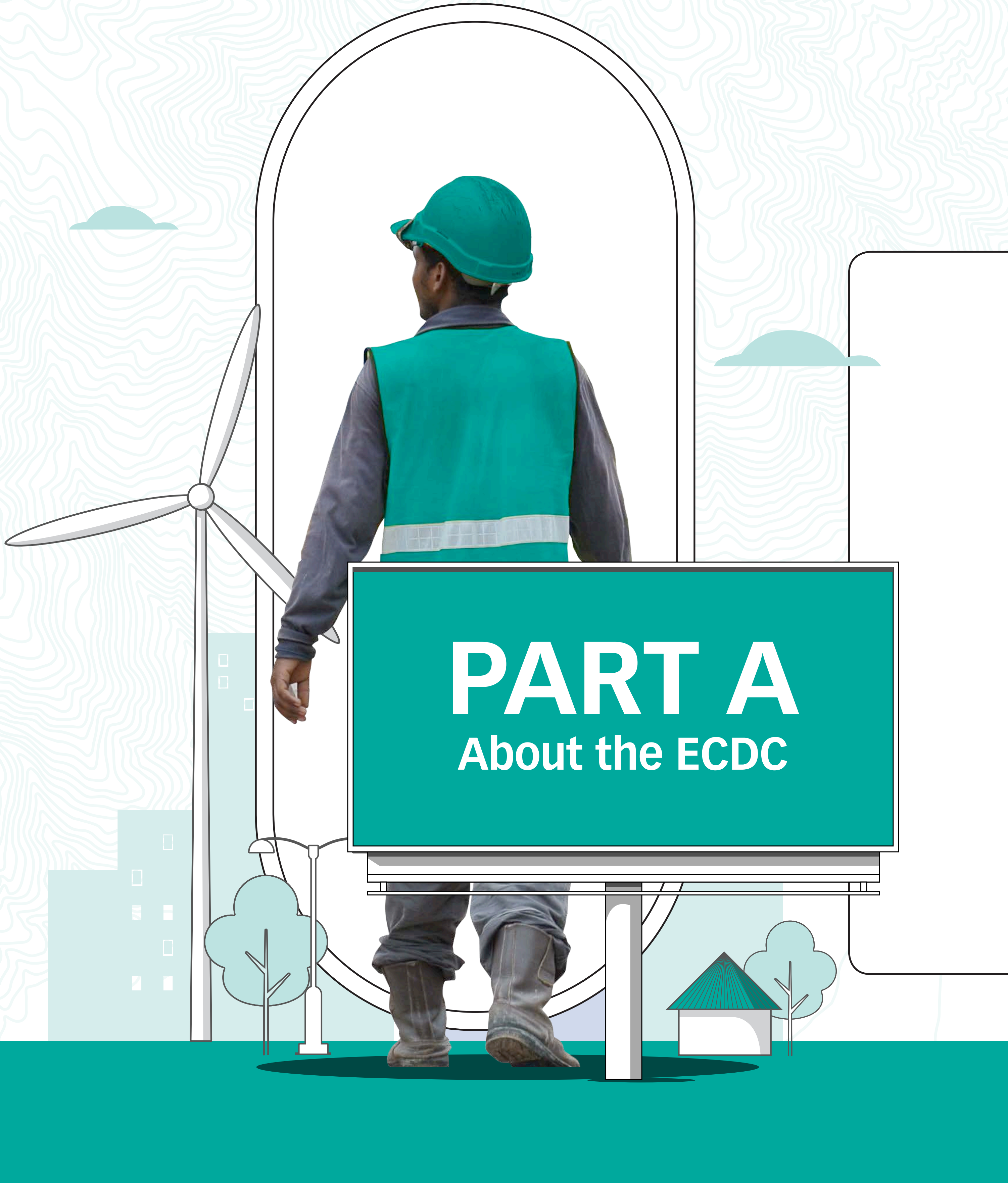
256
SMMEs received non-financial support

5
No. of development projects facilitated

R7,565 million
Co-operatives fund disbursed

R11,130 million
Jobs Fund disbursed amount

1,130
No. of jobs saved via the Jobs Fund



PART A
About the ECDC

1. VISION, MISSION AND CORPORATE VALUES

Vision

The new vision of the ECDC as revised during the strategy review for 2020 to 2024 is:
"A leader in facilitating inclusive sustainable economic growth".

Mission

"To promote and coordinate inclusive economic development through innovative finance and investment solutions".

The theory of change and strategic goals, outcomes objectives and key focus areas

In the 2020-24 strategy planning cycle, the ECDC Theory of Change is based on the fundamental principle that economic development depends on the existence of conditions that are conducive for domestic and foreign investment. It is premised on the understanding that it is through collective efforts of all role-players in the economic transformation sector that we can improve the standards of living and the quality of life of the people of the province. This is achieved by leveraging the Eastern Cape's natural resources to create a diversified and inclusive economy that benefits all the people of the Eastern Cape. The ECDC Theory of Change is only plausible if the following assumptions are present:

a. Alignment of economic development initiatives across all spheres of government.
b. Continuous and deliberate skilling of economic active citizens in key Provincial Economic Development Strategy (PEDS) sectors.
c. Policy and regulatory flexibility that adapts to changing global environment.
d. Good governance and accountability across all spheres of government.
e. Increased investment in innovation and research.
f. Improvement in the credit ratings of South Africa and key SOEs.
g. Strong lobbying and advocacy capabilities from the political and administrative leadership of the province.
h. Strong monitoring and evaluation capabilities in the province.
i. Capitalisation of the entity to enhance its leveraging capability.

The ECDC has adopted a revised short and medium-term strategy which flows from reviews on progress and lessons learnt from the implementation of the previous organisational strategies and plans. The ECDC subscribes to the government planning cycle which dictates that there be a five-year strategy planning cycle built around the term of office of the ruling party and a three-year medium-term annual performance planning framework. Being a Schedule 3D business entity, the ECDC develops a one-year corporate plan with three-year or medium-term targeting that relates to the shareholder's annual performance plans, the transfer payments and the budgeting process.

ECDC strategic outcomes

1. Competitive and sustainable SMME sector that contributes to the socio-economic development of the Eastern Cape.
2. A growing, diversified and inclusive economy.
3. A viable ECDC that offers competitive products and services.

In addition to subscribing to the eight Batho Pele Principles, the ECDC has adopted six values and related statements that are meant to cultivate the desired organisational culture and requisite behaviour in all the people that represent the Corporation. These values are captured in the phrase "iPACTi" and they are further explained on the right:

ECDC VALUES (iPACTi)

Integrity

In all our dealings with people, we are known for our spirit of honour, reliability, ethical and moral standards.

Professionalism

We are defined by our positive, presentable demeanour and our quest for continuous improvement.

Accountability

We are answerable for our actions.

Customer centrism

We place maximum value on the centrality of customers in delivering our mandate.

Teamwork

None of us is as productive as all of us when we complement each other to achieve a common goal.

Innovation

We reflect and embrace innovation in all we say, do and think. We also endeavour to develop new services and products.

2. COMPANY PROFILE

Legislative mandate

The ECDC draws its mandate from the Eastern Cape Development Corporation Act, 1997 (Act No. 2 of 1997) with its focus informed by the economic development priorities of the Eastern Cape Provincial Government, as detailed in the Provincial Growth and Development Plan (PGDP), the Eastern Cape Provincial Industrial Development Strategy (PIDS) and the Provincial Economic Development Strategy (PEDS), the policy statements and budget speech of the Member of the Executive Council (MEC) for Economic Development, Environment Affairs and Tourism (DEDEAT).

The ECDC Act preamble states that the Corporation will:

plan, finance, co-ordinate, market, promote and implement development of the Province and its people in the fields of industry, commerce, agriculture, transport and finance".

2.1 CORE BUSINESS AREAS

There are four core service delivery units:
a. Development Finance and Business Support.
b. Trade, Investment and Innovation.
c. Properties and Strategic Projects.
d. Support Services.

These units have guiding principles, key drivers and core priorities and over the medium-term, these are articulated in the predetermined objectives and projects. Each business unit has its own service delivery model and it is dependent on different actors and partnerships.

The ECDC's Head Office is in East London and it implements its work through regional offices in the following regions:
a. East London (satellite offices in King Williams Town and Mdantsane).
b. Butterworth.
c. Mthatha (satellite office in Mount Alyliff).
d. Queenstown (satellite office in Aliwal North).
e. Gqeberha (Port Elizabeth).

Mr Vuyani Jarana
Chairperson of the Board

Committees:
Governance & Nominations

Mr Simpiwe Somdyala
Deputy Chairperson

Committees:
Funding & Investment,
Governance & Nominations

ECDC BOARD MEMBERS

A permanent Board was appointed on 22 February 2021. The permanent Board was preceded by an interim Board which was appointed on 29 October 2020. Its tenure ended on 26 February 2021. The old Board was retired on 26 October 2020 and was succeeded by an interim Board. Details of the interim and former Board are outlined in the Corporate Governance Report on page 68.

Ms Pumeza Bono

Committees:
HR & Remco and Social & Ethics

Ms Nolitha Pietersen CA (SA)

Committees:
Audit, Risk & Compliance
Funding & Investment

Dr Makaziwe Makamba

Committees:
HR & Remco and Social & Ethics

Ms Tracy Cumming CA (SA)

Committees:
Audit, Risk & Compliance

Ms Thobile Buthelezi

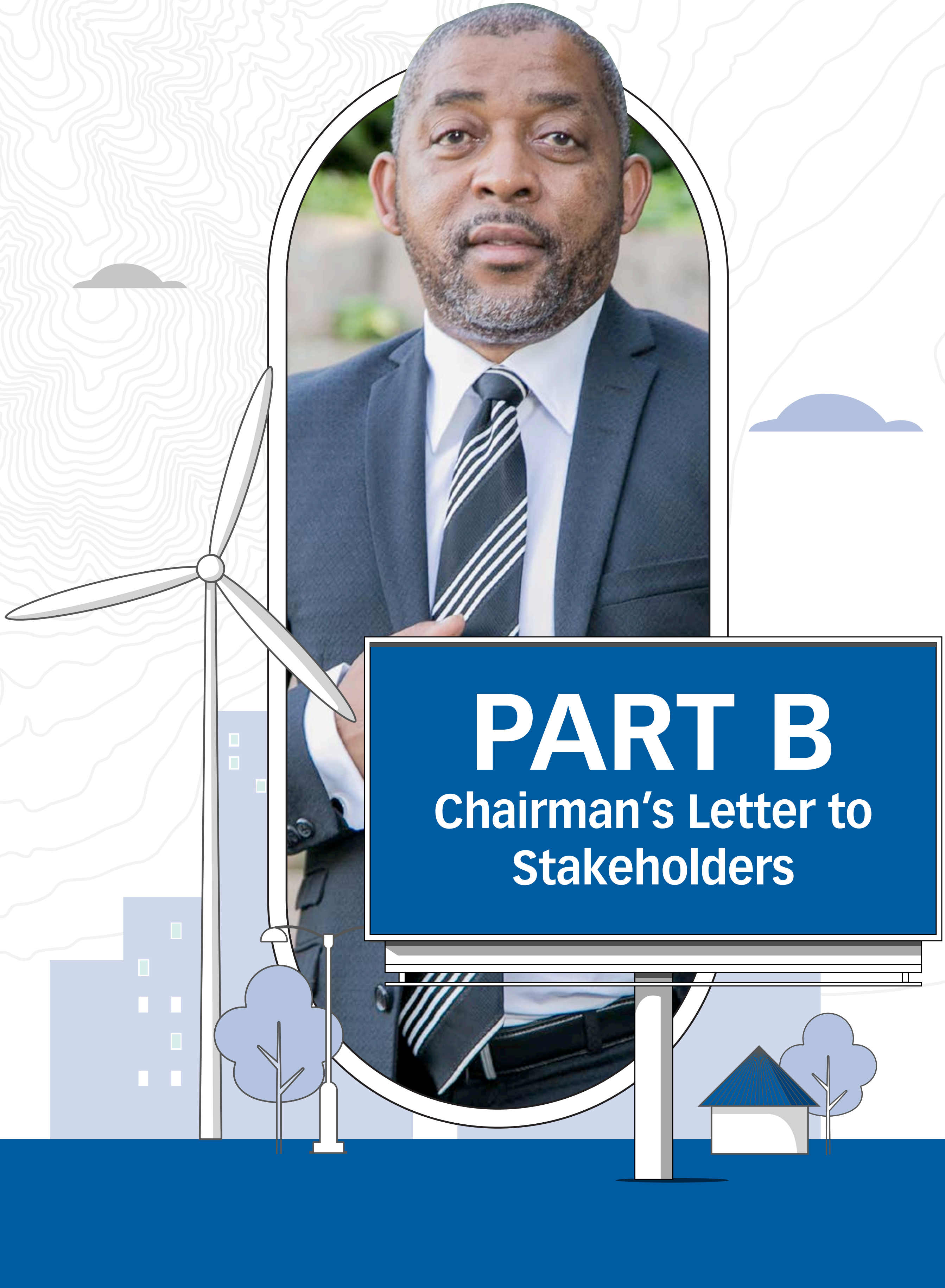
Committees:
HR & Remco and Social & Ethics
Funding & Investment
Governance & Nominations

Ms Siyabuka Siko CA (SA)

Committees:
HR & Remco and Social & Ethics
Funding & Investment

Ms Boniswa Koneti

Committees:
HR & Remco and Social & Ethics
Funding & Investment



PART B
Chairman's Letter to Stakeholders

We publish this report to provide feedback to our stakeholders about the activities of the Eastern Cape Development Corporation (ECDC) for the period commencing in April 2020 ending in March 2021. This is the period in which the ECDC experienced a perfect storm in its business operations. This was caused by a systemic deterioration in its revenue streams because of challenges in its property portfolio, a COVID-19 pandemic that has not only restricted the ECDC's business activities, but also created major disruptions in the ECDC clients' business cycles.

The COVID-19 pandemic has negatively impacted economic projects leading to unprecedented increases in joblessness. The entire business and economic value chain has been significantly impacted, leading to thousands of small businesses closing shop and shedding a substantial number of jobs in the process. Most businesses have had to cut salaries and wages or impose a freeze on increases in order to survive.

Our immediate response to the pandemic was to support our clients which are the small, medium, and micro enterprises in the Eastern Cape. Together with our shareholder department, the Department of Economic Development. Environmental Affairs and Tourism (DEDEAT), we were able implement special initiatives such as the Jobs Stimulus Fund Programme, the Imvaba Co-operative Fund Programme, Supply Chain Financing initiatives as well as business support services to keep some our clients' businesses trading.

We publish this report during a time in which the ECDC is undergoing a major renewal to address some of the systemic challenges facing the Corporation. We have identified the turnaround of our real estate business as one of the most pressing priorities alongside building a fit-for-purpose rural financial services operation in the Eastern Cape.

The Board has developed a clear real estate strategy that will see the ECDC divesting from residential property while investing and renewing its commercial and industrial portfolio. This should improve tenancy and bring yields back to industry benchmarks thus addressing the revenue erosion challenge.

We are equally convinced that as we reinvest in our real estate business, whilst taking appropriate legal steps to deal with the illegal occupation of our properties, the ECDC will regain control of its properties. Work is underway to improve and expand our commercial and industrial portfolio.

As part of the ECDC's renewal, we will build capacity to drive the reindustrialisation strategy of the province with a special focus on the automotive sector as well as on small scale manufacturing. These are some of the focus areas in which the ECDC is looking to build capacity. We will build a capable ECDC that is fit to co-ordinate economic development in the Eastern Cape. Notwithstanding our current challenges, the ECDC has obtained an unqualified audit opinion for the sixth consecutive year. Good governance is an important aspect of building trust between the ECDC and its capital partners.

To our shareholders, thank you for your support and commitment to the renewal of the ECDC. The Board and Management of the ECDC are hard at work developing the renewal blueprint that will see a fit-for-purpose ECDC emerging.

My gratitude goes to the people of the Eastern Cape, especially its business communities and SMMEs. Thank you for your patience, understanding and for placing your trust in the ECDC. Our sincere gratitude goes to the executive team and all the people of the ECDC for their resilience, commitment, and dedication to serve the province. We are building a better ECDC which will enable you to better serve the community.

Vuyani Jarana
Chairperson of the Board

Ayanda Wakaba
Chief Executive Officer

ECDC EXECUTIVE MANAGEMENT

Nielesh Ravgee

Interim Chief Financial Officer

Mandla Mpikashe

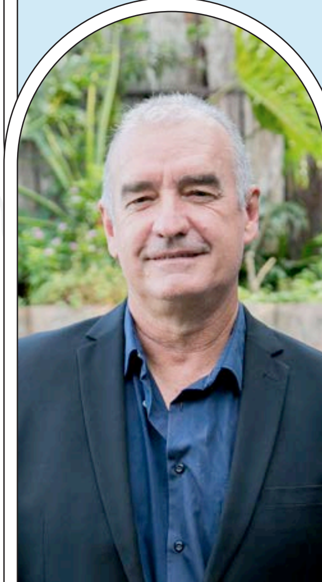
Executive Manager: Legal, Compliance and Governance

Dr Lesley Govender

Executive Manager: Corporate Services

Tandeka Rozani

Head: Development Finance and Business Support



Craig Thompson

Head: Properties and Strategic Projects

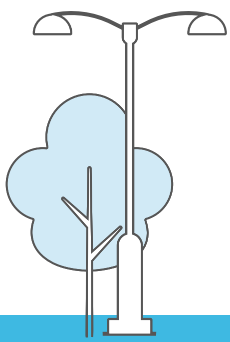
Phakamisa George

Acting Head: Trade, Investment and Innovation

PART C
Chief Executive Officer's Report

The 2020/21 financial year provided a stern challenge to the Eastern Cape Development Corporation (ECDC) as it sought to navigate the socio-economic challenges presented by the COVID-19 pandemic. The devastating effects of the pandemic on the global economy threatened to derail the Corporation's work in removing inhibitors to improved and robust economic growth. The ECDC operates in an environment characterised by structural socio-economic challenges in the Eastern Cape economy. These challenges require the strengthening and maintenance of viable and sustainable state institutions such as the ECDC in order to attain the requisite development returns.

There remain numerous challenges which limit the province's ability to redraw its socio-economic architecture. Confronting these challenges requires a collaborative effort between public and private sector partners in order to return an economic dividend to the Eastern Cape citizenry. Declining budget allocations and decreasing government expenditure pose a significant challenge to economic growth, particularly in a provincial SMME ecosystem that is heavily reliant on government spend for survival. Through its various financial, non-financial, trade, investment, innovation and strategic projects interventions, the ECDC continues to deliver on its mandate which is premised on the facilitation of inclusive and sustainable economic growth.



STRATEGIC ALLIANCES

Development institutions of the state such as the ECDC are required to dig into their arsenal to provide innovative solutions to these pressing challenges. The advent of the COVID-19 pandemic further demonstrated that state resources are limited and strategic partnerships lie at the epicentre of energised and revived economic growth prospects. As such, the ECDC continues to leverage the collective efforts of its various partners and strategic alliances in order to confront the plethora of challenges which present themselves in the form of growing inequality, declining economic growth, weak business and consumer sentiment, unemployment, poverty, as well as fiscal and budgetary constraints. In this regard, the ECDC will continue to embrace the collective efforts of these partners by strengthening access to their human, social, economic and financial resources in order to improve the efficacy of the Corporation in discharging its wide and varied development mandate.

STRATEGIC POSTURE

During the 2020/21 financial year, the Corporation premised its strategic posture on the need to stimulate economic growth through focused investment and development of strategic economic sectors. In addition, the ECDC is working on attaining financial viability through the efficient and effective use of resources. The judicious and prudent use of public financial resources is crucial to building and maintaining public trust in an environment characterised by a trust deficit in relation to public entities.

Capitalisation conversations with the shareholder are underway and the ECDC is confident that its responsible financial management posture will encourage the government to entrust the Corporation with additional financial resources which are needed to effect an improved development impact.

The organisation's strategic thrust fosters advocacy work which is meant to promote economic transformation, inclusive growth and competitiveness, customer-focussed solutions, pioneering innovation in key growth sectors, operational efficiency and financial sustainability.

The organisational strategy entails the promotion of investor attraction and trade promotion activities which possess attractive value chains and they encourage the development of the small business sector. The Corporation is already giving effect to this approach through equity investment in various innovation and development projects.

The organisation further premises its core business offering on the provision of development finance support interventions which build competitiveness and productivity in the SMME sector in the province. These support interventions build the institutional fundamentals of small businesses to ensure that they are able to face the challenging period of low growth and declining revenues. They equip SMMEs with the skills set that allows them to provide quality products and services in a highly competitive global business landscape. Furthermore, the ECDC strategy utilises development finance to stimulate business growth which helps to facilitate the creation and retention of sustainable jobs.

In addition, the ECDC strategy incorporates the remodelling of the Corporation's property portfolio into a sustainable business which contributes to the general financial efficacy of the organisation and its overall viability. In this regard, the strategy promotes commercial joint venture leases for those properties which hold a significant potential for growth.

The Corporation is also committed to the disposal of its non-performing and non-core assets which have been a cash drag on the organisation. The idea is to use the revenues generated from such sales to shore up the balance sheet and to support the development mandate.

OPERATIONAL ENVIRONMENT

The COVID-19 related restrictions on people movement meant that physical interaction with the small business community could not be realised. This forced the Corporation to rely on digital tools in order to maintain and spread the reach of its financial and non-financial instruments.

I am pleased that the use of digital and virtual platforms allowed the Corporation to achieve its targets in areas such as business support and trade promotion. This also resulted in functions such as trade promotion exceeding targets and reach through a series of webinars and seminars which exposed Eastern Cape companies to opportunities in the export market.

Areas such as development finance and investment promotion were adversely affected by the onset of the pandemic. The global lockdown and restrictions on travel and mobility meant that investment promotion missions planned for the Scandinavian region to promote the oceans economy could not be realised.

The pandemic severely limited the ability of small businesses to honour their loan repayment obligations which led to growing loan impairments and low disbursements. When small businesses do not pay their loans, the ECDC has less to money to advance to other entrepreneurs. This resulted in the Corporation focusing its energies on the approval and disbursement of invoice-based loans. These loans are easier to recover as companies sign cessions with the ECDC which obligate contracting departments and state-owned entities to pay the Corporation its loan funds before paying their service providers.

The effects of the pandemic also took a toll on human life. The ECDC's human resources placed their lives at risk on numerous occasions to ensure that the development agenda was pursued despite the ever-present danger posed by the pandemic. Several staff members where infected and affected by the pandemic which had an effect on operations. The ECDC sadly lost its former chief financial officer during this review period, Mr Sivu Bulube, due to the pandemic. I am indebted to the ECDC's personnel for remaining resolute on ensuring that the organisation delivers on its mandate.

HUMAN CAPITAL DEVELOPMENT

The organisation is continuously engaged in a process which ensures that its people possess the skills and acumen to deliver on complex development phenomena. The Corporation is concerned with the development of a cadre of employee which is fully-versed on the technical expertise that is required effective project implementation. As such, various human development programmes are in place which are customised to respond to the individual needs of employees and their respective portfolios. The ECDC's human resources ethos places its people at the centre of its development trajectory and growth strategy. In its strategy development and organisational reconfiguration processes, the Corporation is mindful of the fact that it is people that will ensure that its aspirations are realised. As a result, the ECDC is continuously engaged with its people in search of inventive solutions that will help shape an ECDC of the future which possesses the technical capacity and acumen to deliver on complex catalytic projects.

Part of the ECDC strategy, is therefore, premised on the attraction and retention of the best talent in the sector. For the ECDC to deliver on its strategy, as well as to provide superior service to customers, it is critical to continuously transform its human resources into a more productive asset, and to plan and match people to the Corporation's strategic needs. The ECDC aims to prioritise investment in human capital and to build a differential people strategy based on its core business areas and transversal services. The ECDC is placing special emphasis on the retention of critical skills within the organisation. It is doing this through succession planning to retain and maintain internal excellence, by allowing career pathing for top talent within the organisation, optimising resources to maximise investment returns by consolidating vacant positions and thus reducing the high labour costs.

OPERATIONAL PERFORMANCE

The ECDC performed well in delivering on its set targets despite immense challenges during the period under review. This is despite the development finance function being adversely impacted by the organisation's liquidity limitations. The liquidity challenges resulted in the Corporation shifting its focus to the disbursement of invoice-based loans in the 2020/21 financial year. As a result, in 2020/21, the ECDC disbursed R24,05 million to 86 SMMEs. At R14,9 million, the supply and delivery component of the services sector accounted for the bulk of the disbursements. Of the 86 businesses, 54 were youth-owned. Youth-owned businesses accounted for R9,2 million of the disbursements. The disbursement figure facilitated the creation of 302 jobs. Of this number, 148 were youth jobs.

R24,05m
worth of loans disbursed to 86 SMMEs

R14,9m
accounted for the bulk of the loans which went to the supply and delivery component of the service industry

54 of 86
of the businesses were yout-owned accounting for R9,2 million of the disbursements

302 jobs created
by the full disbursement of which 148 were youth jobs

Declining revenues and the resultant job losses as part of the fallout from the COVID-19 pandemic led to a marked reduction in loan repayments. The increased defaults resulted in increased impairments. Impairments increased by 17% from 57% in 2019/20 to 74% in 2020/21. Total loan repayments were R37 million in the 2020/21 financial year.

During the 2020/21 financial year, the ECDC provided non-financial support to 256 businesses versus 249 in 2019/20. Of this figure, 139 were women-owned businesses and 101 were youth-owned. The compulsory non-financial support interventions were in the form of accreditation (3), business plan development (44), feasibility study (1), financial management support (12), incubation (15), mentorship (62), product development (1) as well as marketing support (118).

In 2020/21, the ECDC facilitated training for 914 businesses. A total of 1,012 people were trained. A total of 444 women participated in the training programmes, 410 youth and two were people living with disabilities. The training topics ranged from costing and pricing, business exposure, mobile digital literacy, Fourth Industrial Revolution, co-operative governance, financial management, business skills, tender advice as well as bookkeeping.

256 businesses
were provided with non-financial support

139 (54%)
of these businesses are women-owned

101 (39%)
of these businesses are youth-owned

914 businesses
had training facilitated by the ECDC in 2020/21

1,012 people
were trained of which women accounted for 444 (43%)

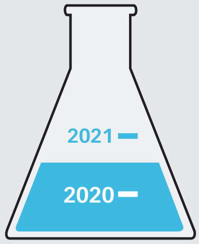
410 (40%)
youth and two people with disabilities

A total of 488 people from 404 SMMEs attended seminars in 2020/21. Of this number, 223 were women and 142 were youth. These seminars covered topics such as women in business, business and tax compliance, marketing on a shoe-string, entrepreneurial seminar and kick-off mentoring.

In 2020/21, the ECDC extended financial support to chemical industry incubator, CHEMIN, which saw a total of 61 incubated enterprises being supported. The ECDC provided R2,8 million in financial support to CHEMIN in the period under review. Further to this amount, in-kind support was also provided. The ECDC's investment in the incubator resulted in the incubated enterprises employing a total of 45 individuals. Total revenue generated by enterprises at CHEMIN was R9,8 million in the 2020/21 financial year. Revenue generated by SMMEs incubated at CHEMIN is evidence of what the incubation programme is able to achieve.

Informed by the challenges presented by the COVID-19 pandemic, the Department of Economic Development, Environmental Affairs and Tourism (DEDEAT) revised the terms of the Jobs Stimulus Fund to reflect business needs. A review of the Jobs Stimulus Fund included the adjustment of the requirement to save a minimum of 10 jobs in order to qualify for the incentive to five. A working capital component was also added to the Jobs Stimulus Fund over a three-month period for business resuscitation and recovery. During 2020/21, 60 businesses were approved for the Jobs Stimulus Fund incentive. A total of R41,2 million was committed to disbursements for saving jobs and for working capital.

Of the committed R41,2 million, R21,5 million was approved for disbursement to 60 companies in order to save 2,156 jobs in 2020/21. A total of R11,130 million was disbursed, saving 1,113 jobs. Fourteen of the beneficiary businesses are in manufacturing, five in agro-processing, eight in business process and outsourcing, eight in tourism, one in retail, one in pharmaceutical, one in petroleum and one in services. A total of R20,1 million was approved for disbursement to 38 companies as working capital. Of this amount, a total of R7,5 million in working capital was disbursed during the period under review.



ECDC supported chemical industry incubator, CHEMIN

R2,8m

in financial support was provided to Chemin by the ECDC

61 enterprises

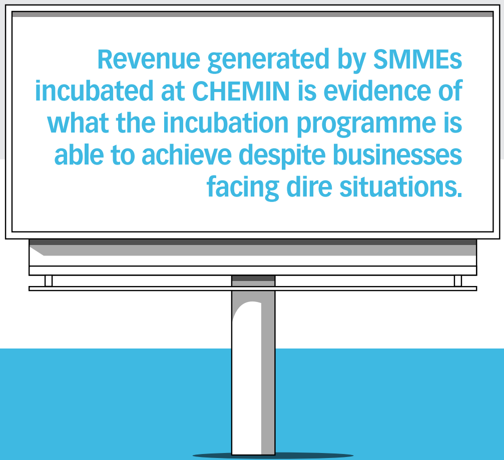
were supported as a result

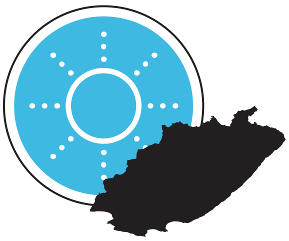
45 jobs

were created by the enterprises as a result of the support

R9,8m revenue

was generated by the 61 businesses





In 2020/21, the ECDC-administered Imvaba Co-operative Fund

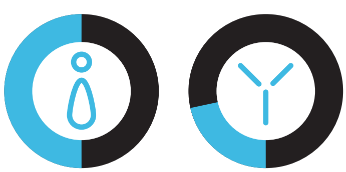
In 2020/21, the ECDC administered the Imvaba Co-operative Fund which provides grant funding through an incentive and institutional-building support to co-operatives of the Eastern Cape. A total of R12,3 million was approved for disbursement to 26 co-operatives. Of this amount, R7,565 million was disbursed during the period under review. The 26 co-operatives are made up of 141 members of which 73 are women and 45 are youth. The co-operatives operate in the agriculture, apiculture, manufacturing, retail and services sectors.

R12,3m

approved for disbursement by the Imvaba Co-operative Fund

26 co-ops

approved to receive the disbursement. These co-ops consist of 141 members (73 women and 45 youth).



In 2020/21, the ECDC facilitated investments valued at R140 million into the province. The rand value of investments generated was significantly affected by the pandemic because of uncertainty in the environment. This comprised a R61 million investment in the film sector through the Survivor production. Six development projects were also supported during the period under review.

In 2020/21, the ECDC facilitated exports from the province valued at R352 million. A total of 404 SMMEs were supported with integrated export support.

During the period under review, the Department of Small Business Development (DSBD) and the Department of Sport, Arts and Culture (DSAC) made available relief funds of R23 million to help individual practitioners and SMMEs in the visual arts, craft and design sector.

The property business is still under stress although there are improvements in key areas. Rental income increased from R83,016 million in 2019/20 to R93,783 million in 2020/21. Total expenses decreased from R124 million in 2019/20 to R103,272 million in 2020/21. The net loss posted decreased from R33 million in 2019/20 to R9,489 million in 2020/21. Debtors increased from R311 million in 2019/20 to R364,277 million in 2020/21.

A property modernisation and development strategy was at an advanced stage as at 31 March 2021. This strategy is premised on the ECDC releasing non-core and non-strategic assets defined as standalone residential units and vacant residential land under 2,000 square metres. Resources generated from these disposals are to be used to improve the state of the commercial and industrial sites whenever the ECDC plans to secure commercial joint ventures for high potential commercial property.

FUTURE OUTLOOK

Moving forward, the Corporation will continue with a business review of the entity to ensure that it adopts the most appropriate model in order to effectively respond to the prevailing socio-economic development challenges. The ECDC will continue to reconfigure its human resource pool in a manner that ensures that its people are appropriately skilled and powered to respond to the needs of the organisation. The development and attainment of a world-class organisation rests on empowered human resources with the technical acumen to deliver on catalytic high impact projects. There will be a continuous review and monitoring of the property business so that it is primed to positively impact the ECDC balance sheet and to use its assets as a platform and channel for revitalised economic activity.

APPRECIATION

I am grateful to the ECDC Board of Directors for its wise counsel and oversight which has helped the Corporation navigate an extremely challenging operating environment. I am thankful to the Honourable MEC for Economic Development, Environmental Affairs and Tourism, Mlungisi Mvoko, for empowering shareholder support. I extend my appreciation to the ECDC executive team for their continuing support in executing a formidable mandate. My heartfelt gratitude goes to all ECDC employees who have showed remarkable resilience under an extremely challenging period owing to the COVID-19 pandemic. Lastly, many thanks to the partners and stakeholders who extend their financial and other resources to support the attainment of the ECDC's vision.

Ayanda Wakaba
Chief Executive Officer

Cotti Chocolate

PART D
Interim Chief Financial Officer

The ECDC has once again displayed its implementation of sound governance and effective administration by obtaining its sixth successive unqualified audit opinion from the Office of the Auditor-General for the 2020/21 financial year. The adherence to a sound governance architecture is pivotal for the effective discharge and delivery of the ECDC's mandate. As a Schedule 3D entity with a developmental mandate to plan, finance, co-ordinate, market and implement catalytic development programmes, the ECDC is duty-bound to maintain a solid posture of fiscal discipline.

In support of this developmental commission and assignment, the corporate finance division at the ECDC provides critical support and administrative infrastructure which supports inspired and inventive mandate delivery. The litmus test of corporate finance's efficacy is expressed by the external auditors through their independent audit opinion. The audit opinion is an indication of the fair presentation of the information in the Annual Financial Statements as well as quality of the systems, processes and controls in place at the Corporation.

Since 2015/16, the Corporation has witnessed the progressive improvement in its management of public assets. The ECDC has reduced irregular expenditure from R44 million in 2015/16 to R22 000 in 2020/21. This indicates the Corporation's ongoing commitment to assume and entrench a posture of a capable agent of public resources. The ECDC is in a state of continuous improvement and it has for the last six years obtained an unqualified audit opinion from the Auditor-General.

The 2020/21 financial year audit was conducted during the COVID-19 pandemic and related levels of lockdown. Despite the lockdown levels easing to level 3, it was still extremely challenging for the Corporation as well as the auditors to conduct a "traditional" audit. Experiences from the prior year enabled the current audit to run a lot smoother. The teams also went the extra mile to ensure that the required information is submitted and audited without compromising the quality and credibility of the audit process.

In the hierarchy of good governance, the next step for the ECDC is to obtain a "clean audit" outcome. This outcome is characterised by an unqualified opinion with no matters of emphasis on the financial statements, an unqualified opinion on performance objectives and by having no findings on compliance matters. The attainment of a clean audit outcome is possible through the application of consistent controls and good governance practices throughout the year. This consistency in application should ensure that the ECDC complies with all applicable policies, laws and regulations. It should also improve on the manner in which the Corporation conducts its business, thereby minimising the extent of the impairment of assets and receivables. The process requires the ECDC to marshal its collective resources toward this stated objective.

R44m
irregular expenditure in 2015/16

2015

2018

R22,000
irregular expenditure in 2020/21

2021

This indicates the Corporation's ongoing commitment to assume and entrench a posture as a capable agent of public resources.

FINANCIAL SUSTAINABILITY

The focus is on maintaining the delicate balance between financial sustainability and the developmental mandate. In this regard, the ECDC continues to engage the shareholder for the required recapitalisation which is crucial for the Corporation's envisaged sustainability and viability. The liquidity position of the Corporation has been highlighted in many forums and it has been escalated to the shareholder and the Provincial Treasury. A new Board has been appointed and its first priority is the review of the ECDC strategy with the intention of redesigning the properties, development finance and business support as well as the trade investment and innovation divisions. The review of the strategy is aimed at improving the ECDC's liquidity and its overall impact. The key to this strategy should be an injection of funds for the recapitalisation of the three divisions. Aligned to this expectation would be a strategy to enable the leveraging of funds from the private sector and other funding institutions as well as the conclusion of business arrangements where the private sector works with us to rebuild the Corporation.

Currently, the ECDC's major source of income is government grants. Most of these grants are ring-fenced for specific projects as determined by the shareholder or the grantors. The ECDC benefits through the administration fees which it levies against such projects. The other sources of income are rental income from investment properties, investment income and interest on outstanding debts.

The Corporation continues to face a significant challenge with the illegal invasion of several of its properties. The resultant effect of these invasions is the non-payment of rent for these properties. The slow pace of the litigation process further exacerbates the situation and prolongs this untenable position. This places a significant burden on the cash flow of the Corporation as it reduces the yield on investment property. Significant progress has been made in rooting out these criminal elements and the Corporation expects to have this matter resolved within the next financial year. A further challenge in relation to the investment properties is the ECDC's inability to effectively maintain such investments. The maintenance backlog has a direct impact on the Corporation's ability to charge market-related rentals. The strategy review process is intended to address these challenges in a piecemeal manner so that a sustainable solution is obtained which would prevent future lapses and place these properties back to its current state.

FINANCIAL POSITION

Assets

The statement of financial performance is reflective of a healthy balance sheet. The statement of financial performance reflects total assets of R1,652 billion (2020: R1,620 billion) with a net asset value of R1,322 billion (2020: R1,366 billion). This is mainly due to the value of the ECDC's investment property, which is disclosed at R1,307 billion (2019: R1,334 billion). Investment property consists of a number of commercial and residential properties which are situated throughout the Eastern Cape Province. The majority of these properties are concentrated in the areas in and surrounding the King Sabatha Dalindyebo, Mnquma, Buffalo City and Chris Hani municipalities.

In order to optimise its large investment property holdings, the ECDC is disposing of non-core properties. This should allow the ECDC to focus on its core business. The ECDC's non-core properties disposal strategy is on-going but it has been hampered by administrative delays at municipal level, specifically on the sub-division of properties built on one erf. The ECDC's balance sheet is not reflective of its developmental goals in that the loan book value compared to investment properties value is disproportionate considering ECDC's role as a development financier.

Financial Position - Total Asset Composition for the last 5 years

Values in Rand million	2017	2018	2019	2020	2021
Investment Property	1171	1234	1404	1335	1307
Property, Plant & Equipment	26	26	26	36	37
Investments & Loans in Group entities	50	43	52	53	55
Investments	25	25	24	9	13
Loans Advances	80	65	53	59	35
Trade & Other Receivables	55	21	25	15	23
Cash & Cash Equivalents	155	172	165	113	182

The ECDC's state of affairs has necessitated the Corporation to formally request the shareholder to resuscitate the business review of the entity with the goal of recapitalising the Corporation.

R1,652 billion (2021)
total assets as reflected by the statement of financial performance

R1,322 billion (2021)
net asset value which is a result of the ECDC's investment property value

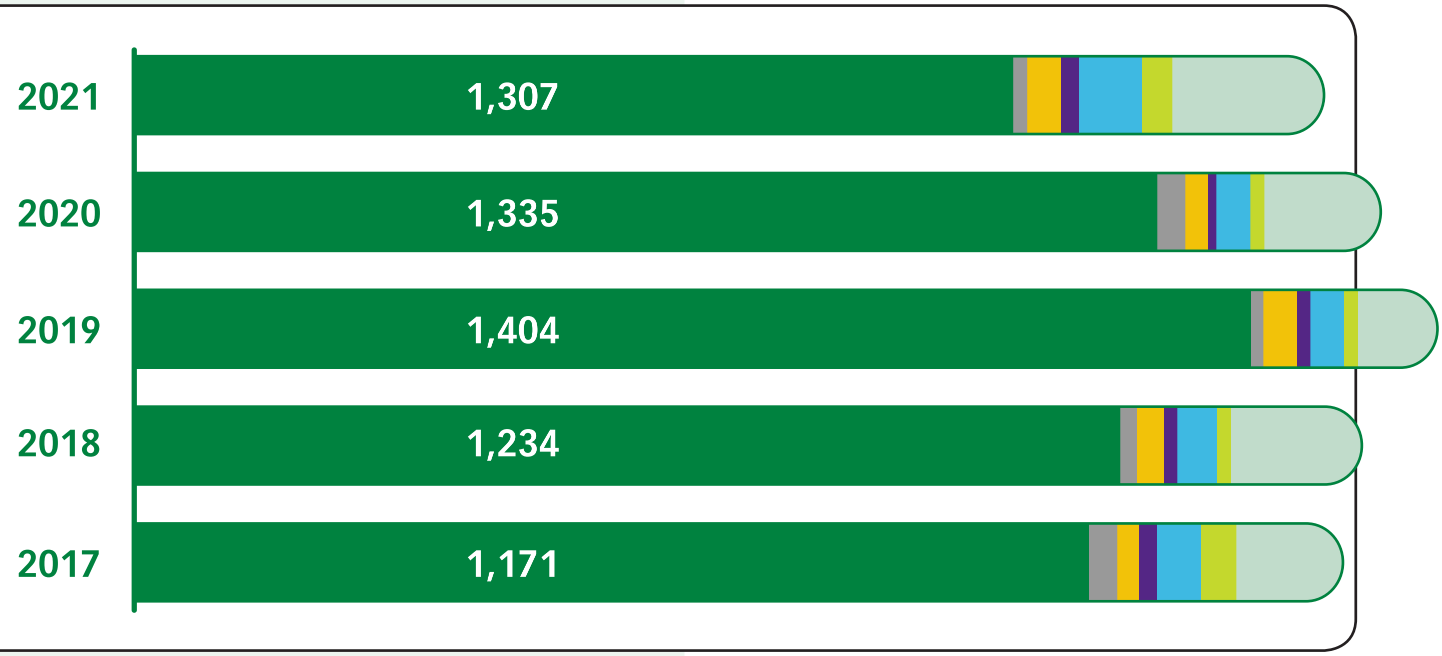
R1,307 billion (2020)
value of ECDC's investment property (commerical and residential)

Liabilities

Total liabilities of the Corporation for the financial year are R330 million (2020: R253 million). The two items which make up more than 55% of the value is deferred income, trade and other payables. Deferred income is R130 million (2020: R81 million) and it relates to funds which were received for specific projects but have not yet been spent at year end. Trade and other payables amount to R95 million (2020: R69 million) of which approximately 30% relate to commitments which have been incurred as a result of the projects being implemented with grant funds.

Deferred income is R130 million (40%) (2020: R81 million)

Trade and other payables is R95 million (28%) (2020: R69 million)



Reserves

Reserves are disclosed at R1,322 billion (2020: R1,366 billion). The items which make up this figure is share capital of R427 million (2020: R427million), pre-incorporation reserves of R394 million (2020: R394 million) and the balance being retained income. Although the asset and reserve base reflect a healthy position, the liquidity of the Corporation is a challenge. Strategies will be developed over the MTEF period to address this challenge.

FINANCIAL PERFORMANCE

Overall, the financial performance of the ECDC reflects a deficit of R45 million compared to a deficit of R129 million in the previous year. The improvement is as a result of the increase in grant allocations during the 2020/21 year.

During the current year, there was a fair value gain of R4 million compared to the loss of R27 million in the previous year. The under-recovery of rent from investment property requires a strategic approach to be developed in order to improve the current financial performance. The outstanding rent is also impaired at over 90% due to the poor collection rate, age of the debts and low recoverability rate through litigation. The comparative sources of income for the last two years are:

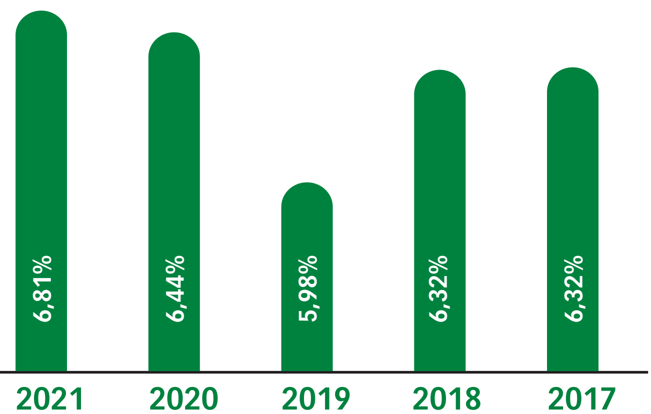
Source of income - 2021

Government grants	193
Rental Income	89
Interest Income	25
Other Income	21

Source of income - 2020

Government grants	147
Rental Income	86
Interest Income	32
Other Income	24

There was a marginal increase in rental revenue but there were decreases in both the interest revenue and the investment income. An increase in the government grants assisted the ECDC to reduce the deficit. The yield on investment property shows an improvement over prior years and the strategy is to continue to improve this yield over the MTEF period.



FOCAL AREAS

The ECDC intends to focus on the resolution of the stated challenges over the MTEF period through:

Governance

An improvement in governance will assist the ECDC to achieve a “clean audit”, thereby providing assurance to the shareholder and to other potential donors that it is able to effectively manage projects and the related funding which it receives. This will increase its capacity to generate more revenue.

Revenue collection

The current yield on investment property is due to the low recoverability rate. Two factors need to be addressed in order to improve this ratio. The first is to ensure that efforts to collect revenue are stepped up and actions put in place to ensure that the Corporation achieves sustainable collection rates of at least 80% to 90%. The second is to secure adequate funding to undertake comprehensive maintenance of the property portfolio. This will reduce the impairment and improve overall cash flow. A request to our shareholder for recapitalisation of the investment portfolio is being developed.

Loan recovery

The low recovery of loans also impacts on the cash flow of the Corporation. The loan portfolio must be recapitalised and at the same time, stringent approval processes must be developed and implemented to ensure the recovery of such loans. A further focus on business development and a period of business support must be considered in order to ensure that the businesses which are supported, get off the ground, become sustainable, successful and are then able to repay the loans within the agreed terms and conditions. There is an option to leverage current loan capital in order to generate additional funding. The additional funding which may be issued to clients in terms of a blended finance arrangement, is being investigated.

Reporting and business process automation

The lack of adequate resources to capacitate the Corporation forces it to review its deployed processes and systems. An improvement in the ECDC's reporting capability will enhance the actions taken by divisions. It will also result in savings due to some positions no longer being regarded as critical. Duties can be shifted in order to operate effectively. Directly linked to reporting is the tool to create such reports. The reporting module is being reviewed in an attempt to generate more credible and informative reports which will allow management to make strategic decisions.

Expenditure management

This is a general concern across most organisations. Basic efficiencies have been implemented over the last few years but the ECDC now requires creative thinking and unusual initiatives to improve the way it uses technology in order to achieve more. The concept of achieving more with less is more critical now than ever.

Going concern

The auditors have expressed reservations about the ECDC's ability to continue as a going concern in the foreseeable future.
Management has conducted a comprehensive assessment and is comfortable that the ECDC will be able to continue as a going concern despite the negative indicators which have been noted. The factors in favour of the ECDC are:

- It continues to carry out various mandates on behalf of the government
- Government sees the ECDC as a critical vehicle to assist in addressing initiatives to improve the economy of the Eastern Cape as well as to provide support to SMMEs within identified sectors.
- Despite liquidity challenges, the ECDC has managed its finances exceptionally well and has ensured that operations are contained within its available funding constraints.
- The ECDC continues to play a vital role in issuing loans and providing business support to SMMEs who would not be able to secure such loans from traditional financial institutions.

Subsidiaries and associates

The subsidiaries which are included in the Group disclosures are the Transdev Properties (SOC) Ltd, the Centre for Investment and Marketing in the Eastern Cape (NPC), Cimvest (Pty) Ltd and the Automotive Industry Development Centre (Eastern Cape) in which ECDC holds a 100% shareholding. The ECDC also holds shares in the Transkei Share Investments Company (SOC) Ltd with a 98% shareholding.

The financial statements of all its subsidiaries have been prepared on the going concern basis and are disclosed in the related parties disclosure note in the annual financial statements.

Nielesh Ravgee
Interim Chief Financial Officer

PART E
Operational overview

The ECDC continues to deploy its development finance and business support tools in order to help inject the necessary buoyancy in the Eastern Cape's business sector. The ECDC extends its finance and support instruments with the express intent of revitalising economic activity while improving the productivity and competitiveness of the SMME sector which forms the bedrock of the economy. The focus on the SMME sector is by design as it holds the greatest potential for job creation in an increasingly competitive global business environment. SMMEs across the globe are the central cog in the machinery deployed to address a skewed socio-economic architecture which results in the deterioration in the material conditions of the general populace.

The significant contribution of development finance and the business support services became more acutely pronounced in the 2020/21 financial year. The advent of the COVID-19 pandemic placed the economic trajectory of the South African and Eastern Cape economies in a precarious position which called for increased government intervention. The pandemic also came at a time when the fiscus and related budgetary constraints are under increasing pressure. The debilitating effects of the pandemic on the economy and the SMME sector in particular called for stronger development finance and support instruments. Thus, the SMME environment is severely affected by a situation that is plagued by volatility, unpredictability, complexity and ambiguity. This situation has worsened with the advent of the COVID-19 pandemic. For the most part, it led to a paralysis in the operations of SMMEs. This paralysis is aptly demonstrated by the shutdown of SMME operations due to lockdown prescripts. Revenue generation was significantly curtailed due to the lockdown regulations imposed to stop the spread of the virus. This led to a loss of jobs and increased unemployment as well as declining profits.

Despite these challenges, the ECDC continued to provide services to SMMEs across all functions of its development finance and business support offering. In this regard, it is worth noting that the loan funding component is an unfunded mandate which has remained the case since the ECDC's inception. Over time, the loan portfolio has eroded due to the inadequate allocation of financial resources to sustain this function. The ECDC depends on loan repayments in order to sustain its ability to extend further loan funding to other deserving entrepreneurs. The lack of new financial injections and funds for new term loans and a reduction in collections all pose a challenge to the ability of the loan portfolio to sustain itself. As in all financial environments, revenue injection is critical to sustain loan businesses and the servicing of the market. in the absence of this, the ECDC is unable to effectively operate the finance mandate.

In addition, the development finance function has been adversely affected by the ECDC's liquidity constraints which led to it limiting its loan disbursements to only invoice-based loans during the period under review. The other term loan products had to be put on moratorium due to financial constraints. A total of 86 SMMEs were supported with R24,05 million in loan disbursements. The supply and delivery function under the services sector accounted for the bulk of the disbursements at R14,9 million.

Reduced turnovers and loss of jobs resulted in SMMEs not being able to meet their financial obligations including loan repayments of ECDC loans. The increased defaults resulted in increased impairments. Impairments increased by 17% from 57% on 31 March 2020 in 2019/20 to 74% on 31 March 2021 in 2020/21. Total loan repayments were R37 million in 2020/21.

More importantly, the repayment rate is a reflection of the co-operation by other government departments that engage the services of the SMMEs which apply for the ECDC loans. The Corporation is pleased that the contracting departments have studiously honoured the cession agreements which the ECDC has signed with small business loan beneficiaries. Treasury continues to provide support in the LOGIS environment. LOGIS is a payment system which ensures that the ECDC's repayments are adhered to by all role players including government departments. The ECDC is also grateful to the Eastern Cape Provincial Treasury for its support in ensuring that these cession agreements are enforced.

Understanding the challenges exacerbated by the pandemic, DEDEAT extended resources which are managed by the ECDC to support SMMEs during this period. A policy review of the Eastern Cape Jobs Stimulus Fund was approved in July 2020 to relax one of its minimum requirements that SMMEs save a minimum of 10 jobs to five jobs in order to qualify for the incentive. An element making provision for the disbursement of working capital to qualifying companies was added. This component is disbursed over three months for business resuscitation and recovery. During 2020/21, 60 businesses were approved for the Jobs Stimulus Fund incentive. A total of R41,2 million was committed for disbursement for saving jobs and for working capital.

R12,3m

approved for the Jobs Stimulus Fund incentive

R41,2m

was committed for disbursements for the saving of jobs and for working capital

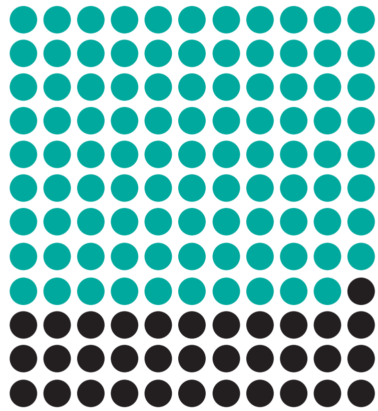
The Imvaba Co-operative Fund provides high-value support to co-operative enterprises by assisting with the acquisition of operational equipment and mechanisation to ensure improved revenue and income generation. Although it is limited by available resources, the Imvaba Co-operative Fund continues to perform extremely well.

Due to the paralysis of SMMEs as a result of the pandemic, non-financial support instruments played an important role by providing interventions that contribute to enterprise development and growth. Latest statistics from the quarterly report of the Small Enterprise Development Agency (SEDA) indicate that there are more than 231, 000 SMMEs in the Eastern Cape. Of this number, 70% are in the informal sector and 22% in the formal sector. However, there is a challenge of high non-compliance by SMMEs leading them no qualifying for some services and relief funds provided by the government. Compliance issues not adhered to include tax compliance, labour-related compliance issues and inconsistency in financial statements.

231,000
SMMEs in the Eastern Cape

70%
are in the informal sector

22%
are in the formal sector



Operational performance

During the 2020/21 financial year, the ECDC disbursed R24,05 million to 86 SMMEs. The majority of disbursements, R14,9 million, went to businesses in the services sector particularly those involved in supply and delivery. Total loan repayments were R37 million in 2020/21.

This loan disbursement figure facilitated the creation of 302 jobs. Of this number, 148 were youth jobs. Youth-owned businesses accounted for R9 275 602 of the disbursements. Of the 86 businesses which received loan funding, 54 were youth-owned.

R24,05m
worth of loans disbursed to 86 SMMEs

R14,9m
accounted for the bulk of the loans which went to the supply and delivery component of the service industry

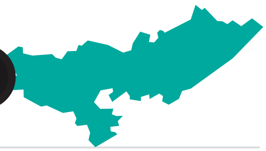
For example, the ECDC disbursed R3,8 million to Queenstown-based Agritrade and Invest which secured a R4,2 million contract from the Department of Rural Development and Agrarian Reform (DRDAR) to supply and deliver food production packs to 2,011 households in the Engcobo, Intsika Yethu and Emalahleni local municipalities in the Chris Hani District Municipality. The company is owned by Kuthele Bovu, who supplied household food production packs to 800 households in Engcobo, 840 in Intsika Yethu and 470 in Emalahleni.

DISBURSEMENTS BY REGION

The Amathole district accounted for R6,7 million, OR Tambo accounted for R6,5 million, Joe Gqabi accounted for R4,1 million, Chris Hani accounted for R2,9 million, Nelson Mandela Bay accounted for R1,8 million, R1,2 million went to the Sarah Baartman and R444, 662 went to Alfred Nzo.

Amathole
R6,7 million

1



OR Tambo
R6,5 million

2

Joe Gqabi
R4,1 million

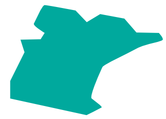
3

Chris Hani
R2,9 million

4

NMB
R1,8 million

5



Sarah Baartman
R1,2 million

6

Alfred Nzo
R444,662

7

DISBURSEMENTS BY SECTOR

Services
R14,969 million
75 SMMEs

Construction
R3,521 million
7 SMMEs

Agriculture
R2,915 million
2 SMMEs

Manufacturing
R1,373 million
1 SMMEs

Retail
R1,273 million
1 SMMEs

DISBURSEMENTS BY LOAN PRODUCT

R18,5 million
Nexus
77 SMMEs

R3,1 million
TermCap
7 SMMEs

R2,4 million
Workflow
2 SMMEs

R24m
worth of loans disbursed to 86 SMMEs

EASTERN CAPE JOBS STIMULUS FUND

The Corporation administers the Eastern Cape Jobs Stimulus Fund on behalf of the Department of Economic Development, Environmental Affairs and Tourism (DEDEAT). The Jobs Fund is intended to advance incentives to companies in distress in order to maintain existing jobs. The Corporation determines whether the applying company is indeed in distress before the incentive is advanced. Businesses can access the incentive through DEDEAT's online system which is advertising throughout the year and which markets the initiative to deserving businesses. The Jobs Fund allocates to an approved business a R10, 000 incentive for every job saved.

Understanding the challenges exacerbated by the pandemic, DEDEAT revised the requirements of the Jobs Stimulus Fund in line with the needs of businesses as dictated by the adverse effects of the COVID-19 pandemic. The Jobs Stimulus Fund thus went through a policy review in 2020/21 which was approved in July 2020. Per the review, one of its minimum requirements that SMMEs save a minimum of 10 jobs was relaxed to five jobs in order for companies to qualify for the incentive. The disbursement of working capital was added to the Jobs Stimulus Fund over a three-month period for business resuscitation and recovery. During 2020/21, 60 businesses were approved for the Jobs Stimulus Fund incentive. A total of R41,2 million was committed for disbursements for saving of jobs and for working capital.

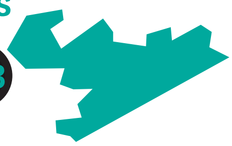
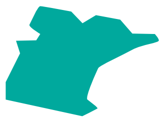
In the main, the incentive targets businesses in the manufacturing, agro-processing, green economy, petrochemicals, ICT and electronics, capital goods, tourism as well as the business process and outsourcing sectors.

OPERATIONAL PERFORMANCE

A total of R21,5 million was approved for disbursement to 60 companies in order to save 2,156 jobs in 2020/21. Of the 21,5 million, a total of R11,130 million was disbursed during 2020/21 saving 1,113 jobs. A total of 14 of the businesses are in manufacturing, five in agro-processing, eight in business process and outsourcing, eight in tourism, one in retail, one in pharmaceutical, one in petroleum and one in services.

A total of R20,1 million was approved for disbursement to 38 companies for working capital. Of this amount, R7,5 million was disbursed during the period under review.

Geographic spread of Jobs Stimulus Fund disbursements

Disbursed	Jobs	
Buffalo City Metro R6 430 000	643	
Nelson Mandela Bay R2 070 000	207	
OR Tambo R860 000	86	
King Sabata Dalindyebo R710 000	71	
Chris Hani R550 000	55	
Alfred Nzo R260 000	26	
Amathole R160 000	16	
Sarah Baartman R90 000	9	

In 2020/21, the ECDC approved for disbursement R1,2 million to Queenstown's Mans Buy and Braai. The approved amount is comprised of a R290 000 incentive to save 29 jobs. A total of R946, 034.28 was approved for working capital. In the period under review, R290 000 was disbursed which led to 29 jobs being saved. A total of R605,344.76 was disbursed in working capital. The business has an in-house butchery for red meat, chicken, boerewors and it sells fast food which includes African cuisine. It also has a liquor store and car wash on site.

R1,2m

disbursed to Mans Buy and Braai in Queenstown

29 jobs

were saved using R290 000 from the loan

R946 034.28

of the R1,2m was approved for working capital

In 2020/21, Mthatha-based youth-owned towing business, Mayekiso Towing Services' Yonela Mpengesi approached the ECDC for assistance to retain the company's nine employees in order to ensure the retention of skills. Following the restrictions imposed as a result of the COVID-19 pandemic, the company suffered losses due to declining revenues. Subsequently, the ECDC approved a R215, 411.60 incentive to Mayekiso Towing Services. The amount is made up of R173, 429.74 for working capital and R90, 000 to save nine jobs. Of this figure, R90, 000 was disbursed in the period under review resulting in nine saved jobs and R83,429.74 was disbursed for working capital.

The ECDC also approved R1,059 million for disbursement to Zwembesi Farm which specialises in freshly cultivated oysters produced in the cool clean waters of Algoa Bay. As part of the Knysna Oyster Company group, the company shares the rich history of oyster cultivation that started way back in 1949. Their land base is located on the North Harbour Wall of the Port of Gqeberha and they sell oysters directly from the farm to their customers which include private customers, restaurants and specialist wholesalers.

With the COVID-19 regulations imposed in March 2020 and the subsequent closure of exports, the company suffered a significant drop in revenue, threatening the jobs of the long-standing staff complement of 35.

The company applied to the Job Stimulus Fund and it was subsequently approved for a R350, 000 incentive to save 35 jobs and an additional R709, 793.18 for working capital. In 2020/21, R566, 729.83 was disbursed to Zwembesi which includes R236, 729.83 of working capital and R330, 000 to save 33 jobs.

R1,059m

disbursed to Zwembesi Farm in Algoa Bay

35 jobs

were saved using R350 000 from the loan

R709 793.18

of the R1,2m was approved for working capital

Lastly, the ECDC also approved R422, 542 for disbursement to a self-funded restaurant, Elahleni Food and Braai which is based in Quigney in East London. The business is owned by Lwandy Ngebe and it commenced operations in 2018. The restaurant is intent on implementing innovative ideas to create a perfect atmosphere for its clients. Apart from serving freshly-braaied meat and alcoholic beverages, Elahleni manages small events such as birthday parties and baby showers. The directive from the government to close doors due to the COVID-19 pandemic meant that no income could be generated. As a result, the restaurant approached the ECDC for assistance which resulted in her company being approved for the Jobs Stimulus Fund incentive. The R422, 542 incentive comprises R100, 000 to save 10 jobs and R322, 542 for working capital. In 2020/21, R207, 542 was disbursed which includes R100, 000 which led to 10 jobs being saved and R107, 542 for working capital.

IMVABA CO-OPERATIVE FUND

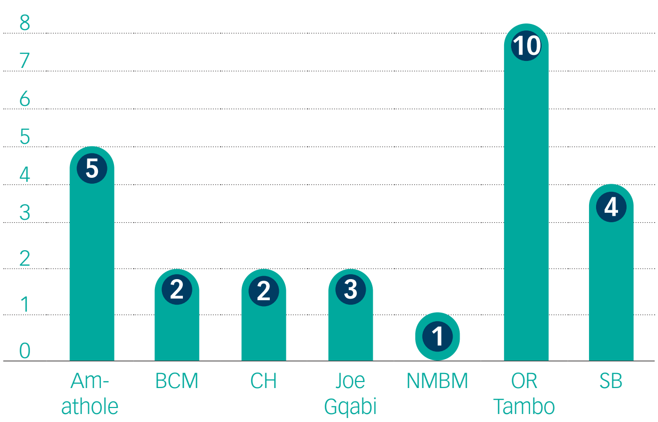
The Corporation administers the Imvaba Co-operative Fund on behalf of the government. The fund provides grant funding through incentive and institutional-building support to co-operatives of the Eastern Cape in order to bring them into the mainstream economy, to enhance self-employment creation opportunities in the province as well as to contribute to poverty relief efforts through enterprise development.

OPERATIONAL PERFORMANCE

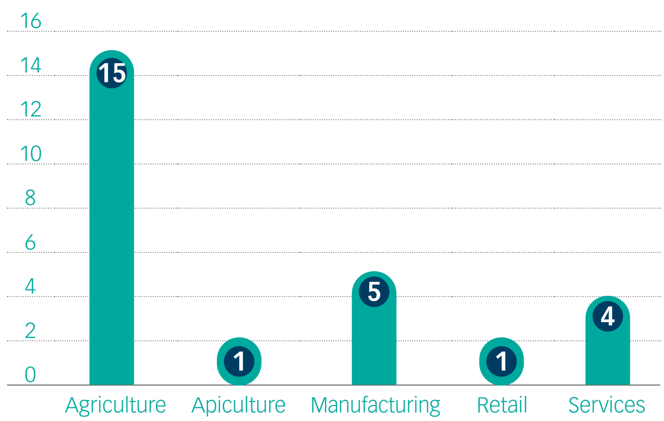
In 2020/21, the ECDC committed a total of R12,3 million for disbursement to 26 co-operatives. Of this amount, R7,565 million was disbursed during the period under review. The 26 co-operatives are made up of 141 members of which 73 is women and 45 youth. The co-operatives operate in the agriculture, apiculture, manufacturing, retail and services sectors.

R12,3m
disbursed to 26 co-operatives

Number of co-operative incentive approvals by region



Number of Incentives by sector



In 2020/21, the ECDC approved R500, 000 for disbursement to Burgersdorp's Kaizen Primary Co-operative which manufactures personal protective equipment. The funds were used to buy industrial machines just in time for Kaizen to participate in the business opportunities presented by the COVID-19 pandemic. During the COVID-19 pandemic peak - March to September - Kaizen became a leading manufacturer of personal protective equipment in the Joe Gqabi district. The co-operative received orders from two local hospitals, five schools, funeral parlours as well as government institutions in the region. Kaizen produced more than 34, 000 masks and 700 sets of coveralls with head and shoe covers during this period. As a result, the co-operative has created 14 jobs.

BUSINESS SUPPORT

A total of R500, 000 in Imvaba funding assisted Uhuru At Last Primary Co-operative which trades as Eyesrite Optometrist in Port Alfred to purchase the full suite of necessary equipment such as optometry instruments and equipment, optical fixtures and fittings. It also allowed the optometry practice to buy the initial stock such as frames and lenses and it covered the initial rental costs. The practice provides a comprehensive and professional optical health service. This family-owned co-operative is led by Zocchia Mthimkhulu who is a qualified optometrist and Vuyani Mthimkhulu who is an accountant. Their children offer administrative services and backup support to the family business.

The ECDC also disbursed R500,000 to the Sinqunqa Umthi MultiPurpose Primary Co-operative in Makhanda. The funds were used for purchasing two vehicles – a five-ton truck and a bakkie for the operations of the business as well as chainsaws, bush-cutters and personal protective equipment. The funds were also used to cover some labour and operational costs. Sinqunqa Umthi Multi-Purpose Primary Co-operative was formed by a local family after identifying the opportunity for delivering cut logs to Makana Brick. The cooperative has access to over 500 hectares of pine plantations and wattle trees as raw material for their business. Whilst they are the biggest supplier of the logs, they rely on local truck owners to deliver just under 100 tons per week. They have to hire chainsaws at exorbitant rates thus reducing their profit margins. In securing their own chainsaws, they will reduce the cost of hiring and increase their ability to leverage the available raw material. Securing their own transport will also reduce the cost of operations. They will now be able to deliver close to 200 tons per week of dry logs.

The need for high-value and inspired non-financial support interventions became more pronounced during the 2020/21 financial year. The advent of the COVID-19 pandemic led widespread economic devastation which threatened the survival of even the most resilient of Eastern Cape enterprises. The pandemic led to the closure of thousands of small businesses and massive job losses. The sustainability of Eastern Cape enterprises continues to be under severe strain as the effects of the pandemic continue to take its toll.

The pandemic has led to reduced spending in the public and private sectors which has meant less work for the SMME sector. This is especially prevalent in the Eastern Cape where government services form the backbone of economic activity. When government expenditure falls in the Eastern Cape, small businesses are most affected.

As such, the ECDC's non-financial support offering provides business support tools which encourage growth, competitiveness, productivity and sustainability. The Corporation uses these support instruments to support revenue growth and the retention of existing jobs. It also encourages the creation of new jobs by ensuring that the fundamentals of small businesses are affirmed so that they are able to weather the storm during extremely challenging periods as characterised by the COVID-19 pandemic. The resilience of the SMME sector is to be encouraged and supported as it remains the driving force behind the global economy.

When small businesses receive responsive non-financial interventions, they develop resilience and become part of a quality pipeline of SMMEs which are well-positioned to contribute to government's socio-economic aspirations whose main objectives is to create jobs, alleviate poverty and grow a sustainable economy.

Therefore, the ECDC provides pre and post investment business support programmes which are structured to the individual needs of participating enterprises. Furthermore, the Corporation supports various incubation programmes which seek to support business growth. The ECDC's efficacy in the business support function is given impetus by the various collaborations and partnerships it has formed with public and private sector stakeholders which harness the collective energy for a greater development impact.

NELSON MANDELA BAY ENTERPRISE DEVELOPMENT PROGRAMME

The programme is a partnership between the ECDC and the Nelson Mandela Bay Business Chamber. It is now in its seventh phase of implementation in which 35 enterprises registered for the programme in the 2020/21 financial year of which 31 completed. Only four failed to complete the programme. All the activities of the programme were concluded in the fourth quarter of 2020/21. These activities include training, networking sessions, business seminars as well as mentorship. The soft skills training provided was delivered by the Nelson Mandela Business School and it covered various aspects of business management skills such as marketing, tendering and tax workshops. These training sessions were complemented by mentorship and coaching sessions. The mentorship method is based on the International Labour Organisation (ILO) model. The total revenue generated by the 31 businesses that completed the programme was R23,190 million with an average or R539, 000 per business. The total number of employees in the participating businesses was 147. The ECDC invested R748, 247.00 towards the implementation of the programme.

R23,19 million

total revenue generated by the 31 businesses that completed the programme

MDANTSANE MOTOR MECHANICAL ENTERPRISE DEVELOPMENT PROGRAMME

In 2020/21, 74 enterprises participated in the training on the use and upkeep of mechanical tools and other soft skills training as part of the Mdantsane Motor Mechanical Enterprise Development Programme. It is a training, coaching and mentorship programme for backyard mechanics in the townships. It is now in its second year of implementation. There were delays in its implementation due to COVID-19 and as such it will continue for another year. Mechanics continue to receive coaching in their places of operation. Some of the mechanics have started formalising their businesses. As part of the programme, mechanics were supported with toolboxes. These toolboxes are equipped with relevant tools that contribute towards improved operational efficiency.

MBIZANA ENTERPRISE DEVELOPMENT PROGRAMME

The Mbizana Enterprise Development Programme was completed in the 2020/21 financial year after being disrupted by COVID-19. The activities that formed part of the programme included training, business seminars, mentorship and coaching. During the period under review, the programme continued with the financial management module, coaching and mentorship. Earlier modules and mentorship focused on strategy and business plan development. The programme also exposed participants to long-term thinking about their businesses, developing a vision, undertaking a SWOT analysis, developing an appropriate business model and setting targets, including strategies for attaining those targets. The programme is aligned to the South African Qualifications Authority accreditation framework. The programme also guided participants on how to apply the respective strategies to their businesses. Nineteen of 26 enterprises began completed the programme.

BUSINESS EXPOSURE WORKSHOPS, REPLICATOR EXPOSER WORKSHOP AND STARTER TRAINING

The Business Exposure Workshop, Replicable Business Exposure programme and the Starter programmes were implemented in partnership with Indalo Inclusive. Indalo Inclusive is an enterprise development not-for-profit company that supports climate smart enterprise development as well socially-conscious businesses. This progamme was partly funded by the Government of Flanders through Indalo Inclusive. The theme of the programme was "Reaping the Potential of Entrepreneurship for a Climate-Smart Inclusive Green Economy in South Africa" (ECSIGE). The Replicable Business Exposure workshops were implemented in Aliwal North, Queenstown, Mthatha, King William's Town, Makhanda and Hamburg. Due to the COVID-19 pandemic, these workshops were held online via the Indalo e-learning platform. It was also supplemented by temporary digital centres in the above-mentioned towns with the exception of Makhanda. Forty-four people participated in the digital centre. Another 30 individuals connected via the online platforms.

REPLICATOR EXPOSURE WORKSHOP AND STARTER PROGRAMME

ECDC continued its relationship with Indalo Inclusive in the implementation of an eco-inclusive enterprise development programme. Furthermore, during the period under review, the Starter Programme was implemented which resulted in 18 businesses benefitting from training and mentorship. The programme culminated in 11 entrepreneurs pitching their business concepts to adjudicators. Five enterprises won prize money from the pitching of eco-inclusive business concepts. These enterprises received a prize of R16,000 each from Indalo Inclusive. The funding support was made available through funds received by Indalo Inclusive from the Government of Flanders in Belgium.

OPERATIONAL PERFORMANCE

During the 2020/21 financial year, the ECDC provided compulsory non-financial support to 256 businesses. Of this group, 139 were women-owned businesses and 101 were youth-owned. The compulsory non-financial support interventions took the form of accreditation (3), business plan development (44), feasibility study (1), financial management support (12), incubation (15), mentorship (62), product development (1) as well as marketing support (118).

For example, in 2020/21, the ECDC developed a business plan to the value of R9,850 for SD Link Farm which is a 100% youth and black-owned enterprise formed in 2018 by Sinethemba Dleke. Located in Flagstaff in the Ingquza Hill Local Municipality, the business produces crops such as spinach, cabbage and potatoes on five hectares of land. The farm also farms broiler chickens and egg layers. A total of seven people are employed permanently at the farm as well as 13 temporary employees. Furthermore, SD Link Farm also won a R16,000 grant to buy equipment for the business through the ECDC partnership with SEED. SD Link Farm was one of the participants in the SEED starter workshop and it won the grant after pitching its business concept to a panel of experts. This was a welcome injection as the business had negotiated supply contracts with Bar Chix restaurant, Holy Cross Hospital and the Nkantolo retail shop. However, the business lacked the funding that would assist them to meet demand.

In 2020/21, Agri-liner Farm, which is based in Mbizana, was assisted by the ECDC to develop a business plan valued at R10, 000. The company has also received grant funding of R40, 000 for animal branding equipment from the National Youth Development Agency (NYDA). The business was established in 2019 and began operations in December of that year. The business is 100% black, youth and female-owned. The business has opened a branch in Mount Ayliff. It sells animal medicine, provides animal vaccinations, feed and supplements, animal identification, branding as well as the supply of agricultural inputs. They also offer training on animal nutrition and health. The company employs five permanent employees.

During the period under review, Zukiseka Landscaping Trading Enterprise received marketing material at a cost of R9,450. The material consisted of logo design, double-sided signage, a pull-up banner, a letterhead, tri-fold brochures and business cards. The youth and black-owned Mthatha business provides landscaping, grass-cutting trimming and clean-ups. In June 2019, the ECDC assisted the business with the development of a bankable business plan at a cost of R7,500. With the business plan, the company successfully applied for the Isiqalo Youth Fund to the value of R164, 578. Zukiseka Landscaping Trading Enterprise has since received a contract for grass-cutting for a period of five years at Ngqeleni. The enterprise has employed seven employees.

TYPES OF INTERVENTIONS

In 2020/21, support interventions came in the form of accreditation, business plan development, feasibility study, financial management support, incubation, mentorship, product development as well as marketing support.

Marketing Support
46%

Mentorship
24%

Business Plan
17%

Financial Management
12,5%

Feasibility Study
1,1%

Accreditation
1%

Product Development
0%

INTERVENTION BY DISTRICT

In terms of geographic spread, 31% are in Buffalo City Metro, 26% in Nelson Mandela Metro, 20% in OR Tambo, 13% in Chris Hani, 4% in Amathole, 4% in Alfred Nzo and 2% in Joe Gqabi.

Buffalo City Metro
46 SMMEs

Nelson Mandela Metro
59 SMMEs

OR Tambo District
55 SMMEs

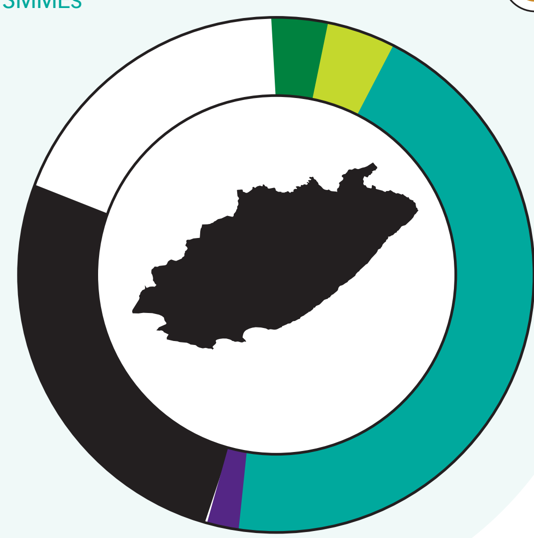
Chris Hani District
49 SMMEs

Amathole District
14 SMMEs

Alfred Nzo District
23 SMMEs

Joe Gqabi District
8 SMMEs

Sarah Baartman
2 SMMEs



INTERVENTION BY SECTOR

In terms of the sector spread, these businesses operate in the following industries:

Services	44% (112 SMMEs)
Manufacturing	18% (45 SMMEs)
Agriculture	13% (34 SMMEs)
Retail	8% (20 SMMEs)
Construction	6% (15 SMMEs)
Tourism	4% (10 SMMEs)
Creative Industry	4% (10 SMMEs)
Automotive	1% (4 SMME)
Aquaculture	0% (1 SMME)
Green Economy	0% (1 SMME)

GENDER DISTRIBUTION

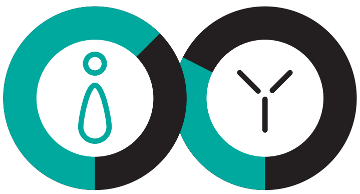
Of the 256 enterprises supported, 139 are female-owned (54%) and 117 are owned by males (46%).

54%
are female-owned enterprises

AGE DISTRIBUTION

A total of 101 youth-owned businesses benefitted from direct business development services.

39%
of business are youth-owned



INCUBATION SUPPORT

There is a need for dedicated funding to support incubation programmes. The incubators that were previously supported by the ECDC are currently struggling due to a lack of funding. The incubation programme is crucial as a direct response to SMME challenges which include the negative impact of the COVID-19 pandemic. Incubation aims to assist resuscitate SMMEs so that they can return to pre-COVID-19 operational levels. In 2020/21, the ECDC supported chemical industry incubator, CHEMIN, which resulted in 61 incubated enterprises being supported. The ECDC provided R2,8 million in financial support to CHEMIN in the period under review. Further to this amount, in-kind support was also provided. The ECDC's investment in the incubator resulted in 45 individuals being employed by the incubated enterprises. Total revenue generated by enterprises at CHEMIN was R9,8 million in the 2020/21 financial year.

The revenue generated by SMMEs incubated at CHEMIN is evidence of what the incubation programme is able to achieve under the dire circumstances faced by businesses. The reason for supporting one business incubator is due to limited funding.

The ECDC continues to provide in-kind support to the furniture industry incubator, Furntech, in the form of premises where they are currently operating in the OR Tambo region.

TRAINING

In 2020/21, the ECDC facilitated training for 914 businesses and 1,012 people. A total of 444 women participated in the training programmes, 410 youth and two were people living with disabilities. The training topics ranged from costing and pricing, business exposure, mobile digital literacy, Fourth Industrial Revolution training, co-operative governance, financial management, business skills training, tender advice training as well as bookkeeping.

SEMINARS

A total of 404 SMMEs with 488 delegates attended seminars. Of these delegates, 223 were women and 142 were youth. These seminars covered topics such as women in business, business and tax compliance, marketing on a shoe-string, entrepreneurship and mentoring.

SMMEs trained	914
Women trained	444
Youth trained	410
Number of Disabled	2

1,012
Total number of people trained

SMMEs that attended	404
Women attended	223
Youth attended	142
Number of Disabled	0

488
Total number of people attended

SD Farmlink

TRADE INVESTMENT AND INNOVATION

The Eastern Cape Development Corporation places emphasis on the implementation of trade, investment and innovation programmes which intend to exploit the inherent economic potential of the province. These activities encourage trade and investment in the priority sectors of the Eastern Cape economy which have a high potential for job creation, beneficiation and opportunities for the development of the local SMME sector. The ECDC's trade and investment activities ensure that foreign and domestic investment as well as trade result in skills transfer which boosts the global competitiveness and productivity of the SMME sector.

The ECDC's trade and investment posture is informed by the broader economic development strategic thrust of the Eastern Cape as envisaged in the Provincial Economic Development Strategy (PEDS) and the Provincial Industrial Development Strategy (PIDS). Linked to these development imperatives, every year, the ECDC provides critical inputs into the Department of Economic Development, Environmental Affairs and Tourism's policy statement which ensures that the Corporation's strategic intent is translated into policy.

The Corporation also provides valuable aftercare support in order to retain existing investors in the province, the bulk of whom come from the traditional markets. This aftercare support comes in the form of assistance to meet licensing requirements, regulatory support in the form of Environmental Impact Assessments (EIAs), access to visa services for their travel and work permits from the Department of Employment and Labour. These are services which are required on a regular basis. The Corporation also assists investors to find suitable premises for those who wish to expand to bigger production facilities and the ECDC links them with its strategic partners.

The Corporation is equally pleased that its partnership with the Department of Trade Industry and Competition (the dtic) led to the establishment in East London of the fourth InvestSA One Stop Shop in South Africa. The One Stop Shop provides consolidated and streamlined services to investors. The establishment of the office resulted in the ECDC's trade, investment and innovation personnel moving into the facility in September 2020 where the consolidated investor services are being rendered.

The Corporation is equally pleased that its partnership with the Department of Trade Industry and Competition (the dtic) has led to the establishment in East London of the fourth InvestSA One Stop Shop in South Africa. The One Stop Shop provides consolidated and streamlined services to investors. The establishment of the office resulted in the ECDC's trade, investment and innovation personnel moving into the facility in September 2020 from which the consolidated investor services are being rendered. As such, during the period under review, the Corporation channelled its resources toward the retention of its traditional trading partners such as Europe, Britain and Germany. In addition, emphasis was placed on the promotion of stronger partnerships with agencies in the Brazil, Russia, China, India and South Africa (BRICS) bloc. The ECDC is working toward optimising its access to the BRICS market by securing more investment from the BRICS bloc while intensifying the provincial reach into the African market.

The Corporation is expanding the Eastern Cape's access to the African market. The foray into the African market has been given further impetus by the conclusion of the African Continental Free Trade Agreement (AfCFTA) which targets goods and services and the simplification of tariff and non-tariff barriers between countries on the continent. It is often easier to export from South Africa to other continents than to other African states. AfCFTA means to resolve these issues and to make it easier to create trade opportunities on the African continent.

As a result, the onset of the COVID-19 pandemic provided an opportunity for the ECDC to find innovative ways to increase trade and market access opportunities for entrepreneurs from the Eastern Cape. The use of online digital platforms resulted in the Corporation expanding access to these opportunities by giving more businesses an opportunity to engage with their African counterparts.

This was made possible through various webinar sessions in which African countries expressed their intention to import engineering goods such as machines and equipment from South Africa. They are now looking to South Africa to help improve their value addition and processing capacity by purchasing processing equipment from the country. Countries within the Southern African Development Community (SADC) also expressed interest in expanded trade relations with South Africa as they identify the country as the manufacturing hub of Africa. However, South Africa imports the inputs into its manufacturing processes from other continents. SADC member states are saying they are prepared to provide these inputs into South Africa's processing activities at a cheaper price with shorter delivery lead times.

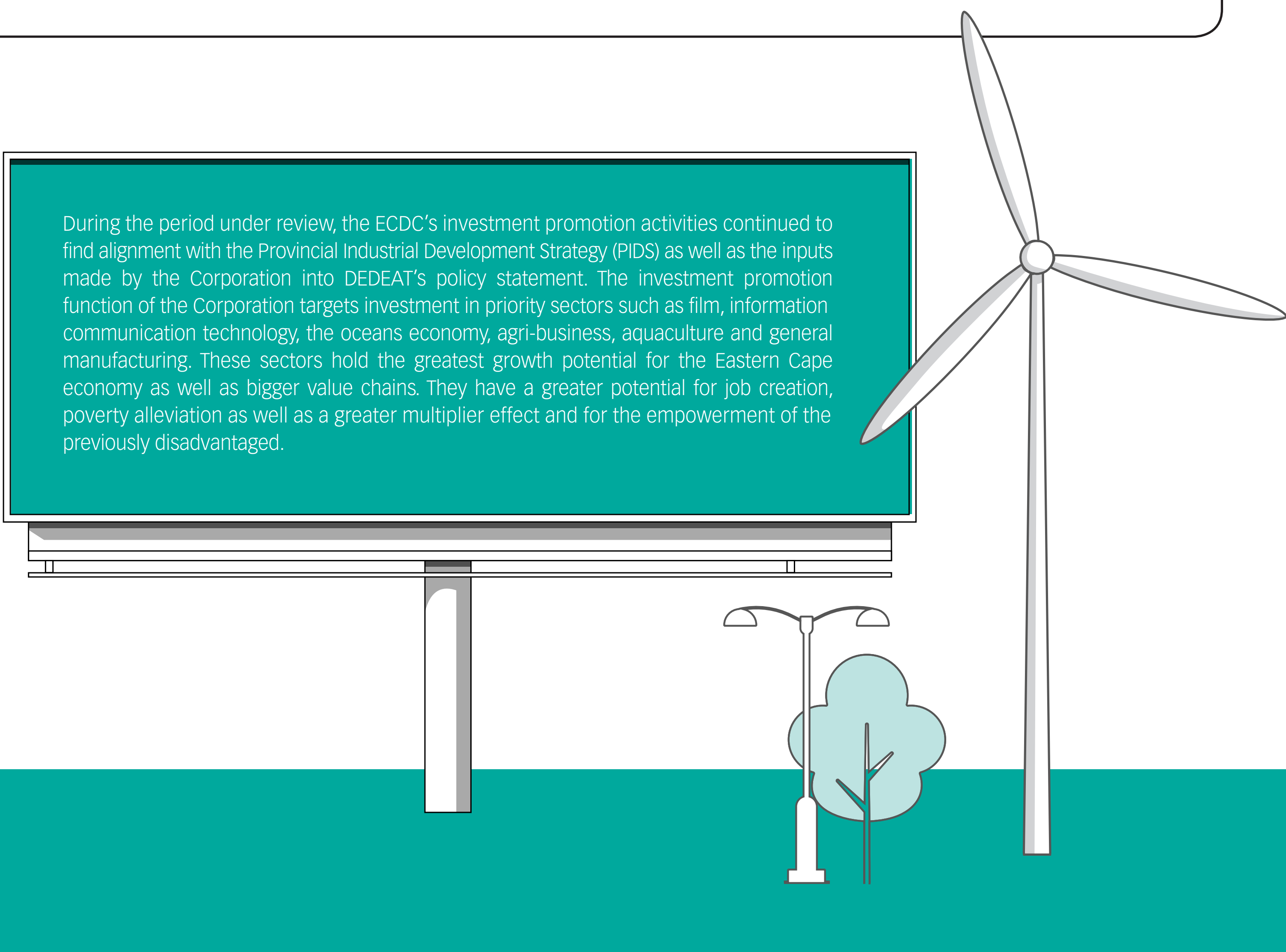
In 2020/21, the ECDC was nominated to convene the Trade and Investment Promotion Agency (TIPA) Forum of SADC. All trade and investment agencies within SADC participate in this forum which is intended to promote stronger regional economic integration. Through TIPA, a presentation on an online platform of sellers and buyers, used by buyers, was delivered at the annual Eastern Cape Export Symposium. The trade and investment agencies provided high value inputs at the symposium by sharing details of companies from their countries that seek trade opportunities with the Eastern Cape.

In terms of the South African strategy for trade and investment, Trade and Invest South Africa (TISA) has encouraged all provincial agencies to follow an integrated approach to trade and investment promotion by introducing an investment component when promoting trade in Africa.

In terms of investment promotion, the Corporation's ability to conduct investment promotion missions was curtailed by the COVID-19 pandemic which placed restrictions on movement and international travel. As a result, the planned missions to Scandinavia to unearth investment in the oceans economy did not materialise.

The targets set for trade and investment promotion at the beginning of the 2020/21 financial year were revised downwards during the medium-term review because it was clear that the targets would not be achieved because of the coronavirus restrictions. The trade promotion function was innovative in how it approached its activities because of the COVID-19 restrictions. It took advantage of online digital platforms which allowed the Corporation to make an impact despite these travel and physical restrictions.

During the period under review, the ECDC's investment promotion activities continued to find alignment with the Provincial Industrial Development Strategy (PIDS) as well as the inputs made by the Corporation into DEDEAT's policy statement. The investment promotion function of the Corporation targets investment in priority sectors such as film, information communication technology, the oceans economy, agri-business, aquaculture and general manufacturing. These sectors hold the greatest growth potential for the Eastern Cape economy as well as bigger value chains. They have a greater potential for job creation, poverty alleviation as well as a greater multiplier effect and for the empowerment of the previously disadvantaged.



In 2020/21, the ECDC facilitated investments valued at R140 million into the province. The rand value of investments attracted into the province was significantly affected by the pandemic as it is easier to attract investment through physical missions than online. During the review period, investment missions were cancelled or pushed to the new financial year. This includes the oceans economy investment missions planned to the Scandinavian countries which did not materialise. The entire investment environment was paralysed by the COVID-19 restrictions because of uncertainty in the environment. Investors were also uncomfortable investing resources in an uncertain investment environment.

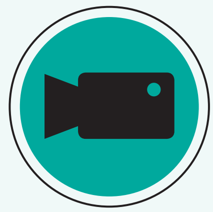
A R61 million investment was made into the film sector through the Survivor production which was produced on the Wild Coast in the Eastern Cape. It was the first production on the African continent for global Survivor franchise. The ECDC's financial contribution together with its significant development return, the Corporation secured the production for the Eastern Cape. This development return came in the form of jobs created, skills transfer, tourism site exposure, SMME benefit and the marketing of the Eastern Cape as a tourist destination.

Two small businesses benefitted in the accommodation and location phase and 103 jobs were created. The province benefited through advertising provided by MNET. Sixteen 30 second advert slots were offered during the 16-episode series valued at R1 million. In addition, exposure, valued at R50,000, was offered through the MNET website and social media platforms. In terms of the agreement, the ECDC also has the right to use Survivor assets on its social media platforms. These marketing platforms are an opportunity to promote the province as a film, tourism and investment destination.

In 2020/21, the ECDC facilitated a R10 million investment from EDF Renewables for the implementation of their development projects in the Eastern Cape. EDF Renewables is located in multiple districts in the province with a head office in Gqeberha. The ECDC facilitated a R9,8 million investment into EDF's Dorper Wind Farm in Molteno in the Chris Hani District Municipality. The Corporation played a role in the initial investment.

R140m

in investments facilitated by the ECDC in 2020/21



R61m

investment into the film sector through the Survivor production

R10m

investment from EDF Renewables for the implementation of their development projects

The Corporation also supported six development projects in the period under review. Development projects are investments which are co-funded by the ECDC.

ECDC also supported the Dam film production

R2m

Investment in the TV series

668 jobs

created as a result of the production

11 SMMEs

benefitted from providing services such as accommodation, security, catering, property hire and personal protective equipment

The Corporation also supported six development projects in the period under review. Development projects are investments which are co-funded by the ECDC. This is an incentive the ECDC provides to new investment into the province. Development projects act as an investment hatchery for the Eastern Cape.

As such, the ECDC signed a three-year Service Level Agreement (SLA) with the Buffalo Regatta in the tourism sector. This annual event, usually held in February of every year, was cancelled for the first time since World War 2 because of the uncertainty caused by the COVID-19 alert levels. The ECDC has been supporting the regatta since the 2018/19 financial year.

The Corporation also supported The Dam film production with a R2 million investment in the film sector. The total production cost was R17 million. This project was commissioned by Multichoice and it was shot in Adelaide and Bedford in the Eastern Cape. The return on investment was the 668 jobs created by the film project. These people were employed as heads of department, creative personnel, crew, cast and extras. Eleven SMMEs beneffited by providing services such as accommodation, security, catering, property hire and personal protective equipment.

The ECDC also invested R109, 000 into Gqeberha-based Coti Chocolates. The funds were used to assist the company with the cost of market entry into the United States. The money funded the cost of packaging, labelling, nutritional requirement information and website development. The funding returned R501, 000 in exports to the United States market by Coti Chocolates.

TRADE PROMOTION

The Corporation's trade promotion activities are guided by the integrated national export strategy and the Eastern Cape Export Strategy. The two strategies operate from the premise that traders are faced with significant market access challenges, the high cost of exports, strong global competitiveness as well as language, tariff and non-tariff barriers to entry. The ECDC plays its part in addressing these challenges by providing export promotion and development services to Eastern Cape traders.

Export promotion

In 2020/21, the ECDC facilitated exports from the province valued at R352 million versus a target of R60 million. The target sectors for trade promotion are mainly agro-processing, creative industry products, manufactured goods, textiles and renewable energy. The Eastern Cape has a competitive advantage in these sectors. The province is the biggest exporter of red meat and dairy in South Africa as well as the biggest producer of wool and mohair in the country which are inputs for the textile industry. More than 90% of mohair products from the Eastern Cape are exported to Europe. In agriculture, food and beverages are a focus for exports.

90%

of mohair products from the Eastern Cape are exported to Europe

While COVID-19 presented challenges for export promotion and development activities, opportunities to broaden the impact and the participation of the SMME sector were exploited. During the period under review, the trade promotion function used a number of online virtual platforms to assist Eastern Cape companies to reach more markets than previously possible. The opportunities which arose during the review period, include engagements with countries which are not ordinarily trading destinations for the province such as Canada, United States and Australia.

As a result, 404 SMMEs were supported with integrated export support. The utilisation of the online platforms proved to be cost-effective and allowed more companies to connect with potential markets as opposed to physical trade missions. These are more time-consuming, costly and can only accommodate a limited number of companies.

Initiatives linked to the AfCFTA opened more channels for trade between South Africa and other regional economic blocs. Numerous webinars were held between the Eastern Cape and a number of African countries. A partnership was concluded between the ECDC and USAID Trade Hub which opened more opportunities for Eastern Cape companies to enter the United States market so that they can exploit the opportunities provided by the African Growth and Opportunity Act. Webinar sessions were also held between the province and United States agencies organised under the USAID Trade Hub partnership.

In 2020/21, the flagship Eastern Cape Export Symposium and Exhibition which was into its third year was held in a hybrid format which involved virtual and physical engagements. This year's edition brought together role players which highlighted new opportunities presented by the United States-China trade war, Brexit and AfCFTA. On the conference side of the symposium, there more than 200 delegates who participated physically and through virtual platforms. Presentations were made by countries such as Guinea, Ethiopia and Hong Kong as well as by the USAID Trade Hub and Dubai. At the exhibition component of the symposium, 33 Eastern Cape companies exhibited their products physically and virtually. These companies also received an opportunity to engage with their Ghanaian and Rwandan counterparts in business-to-business meetings.

In May 2020, the Eastern Cape Development Corporation (ECDC) participated in the Guinea Online Selling Mission in partnership with Wesgro. The ECDC's planned Outward Selling Mission to Guinea, in collaboration with Wesgro, was held as a virtual mission. This was due to the current lockdown and travel restrictions.

The Online Trade mission comprised two-hour sessions daily for three days. Four Eastern Cape companies joined the virtual trade mission alongside six companies from the Western Cape and 10 companies from Guinea. The SA Embassy in Guinea played a pivotal role in the preparations of the mission and it coordinated all meetings with Guinea businesses and with the Guinea Agency for Promotion of Private Investment (APIP).

Trade and investment opportunities webinars were held during the review period in which Eastern Cape companies had an opportunity to identify and explore trade and investment opportunities available in the Australian market. The ECDC is conducting the webinars in partnership with the Australia-Africa Chamber of Commerce, the Nelson Mandela Bay Chamber and the Border Kei Chamber of Business. On 6 October 2020, a webinar, focusing on investment opportunities for Australians, was presented to the companies. The second part of the webinar focused on business-to-business arrangements for companies who participated in the webinar. A total of 48 companies participated in the webinar series.

The Online Trade mission comprised two hours daily for three days.

A trade and investment opportunities webinar was held in which Eastern Cape companies had an opportunity to identify and explore trade and investment opportunities available in the Chinese market. These two sessions are part of the three-part virtual webinar series that the ECDC is conducting in partnership with the South African Embassy in Beijing, the South African Embassy in Hong Kong and the South African Consulate-General in Shanghai. Speakers from China, Hong Kong and South Africa had an opportunity to present various trade and investment opportunities between these countries. A total of 220 companies participated in the webinar.

The partnership between the ECDC and the South African Footwear, Leather and Export Council (SAFLEC) has started to bear fruit. Through this partnership, a number of new markets such as Rwanda were accessed by Eastern Cape footwear, leather and textile companies. The ECDC, in partnership with SAFLEC, hosted a virtual outward selling mission to Rwanda. The virtual mission consisted of 11 South African companies in the footwear, leather and clothing sector with three companies coming from the Eastern Cape. The mission provided a platform for companies to showcase their products and to participate in business-to-business meetings with Rwandan buyers. The virtual trade mission had over 20 Rwandan buyers in attendance. The three Eastern Cape companies that participated in the mission were Fred Footwear, Ivili Loboya and Little Slipper.

In January 2021, the South African Consulate-General in New York, working with the ECDC, Wesgro and Trade and Invest KZN, hosted an artisan master class on how to sell to the USA home market. The master class focused on the new trends in USA retail, how to pitch products to potential USA buyers and how to source new buyers. A total of three Eastern Cape companies participated in the master class.

Export development

The ECDC also plays a pivotal role in developing the skills and technical capacity of businesses and civil servants who conduct business in various trading environments. The export development component of the ECDC's trade promotion function therefore targets businesses or civil servants who have a skills gap as informed by company and industry research. This includes out-of-school youth, unemployed graduates, semi-qualified individuals and young professionals across all key priority sectors as outlined in the National Development Plan (NDP), PEDS and the provincial skills strategy, amongst others. This also includes skills development for emerging entrepreneurs, in particular, those wanting to venture into or expand their footprint in the export market. Another element involves providing skills and capacity-building to officials in local economic development, sector development and investment promotion.

Skills development and improvement is extended to priority sectors such as renewable energy, information communication technology, manufacturing, agroprocessing, innovation, oceans economy, tourism and business process services. The aim is to unleash economic growth by fully exploiting local talent, retaining skills for the province, promoting skills transfer, improving employability and providing support to struggling industries with the aim of rejuvenating them.

As such, during the period under review, the ECDC implemented the Exporters Development Programme in partnership with the Nelson Mandela Bay Business Chamber. The training is done by the International Trade Institute of Southern Africa. A group of 18 companies in the Exporters Development Programme participated in the training sessions held online due to the COVID-19 pandemic. The training is done in phases and encompasses real interactions with all the trainees. The training covered topics such as understanding of costing, procedures and calculations, export documentation, trade agreements and rules of origin and understanding the role of customs in international trade. The companies also participated in an online mentorship session organised with the Propella Business Incubator and Rubber Nano Products. The session was aimed at empowering the participants. It gave guidance to exporters during this pandemic.

The Department of Trade, Industry and Competition (the dtic) in partnership with the ECDC hosted the four-phase Global Exporters Passport Programme (GEPP) in the 2020/21 financial year. The first phase was an introduction to exports. Phase two included planning for exports training. Phase three involved succeeding in exporting. The last phase covered global exporting. The purpose of the programme was to train and prepare SMMEs for the successful expansion of their businesses in international markets. In total, 49 companies attended the training. The ECDC has been actively involved in the GEPP over a number of years as training is essential for global exporters and start-up exporters.

In 2020/21, the ECDC also held an eight-day E-Business training course in response to the COVID-19 pandemic conditions. The training was held to ensure that international trade continues during the pandemic. The training focused on exporting virtually, international online business and social media as tools for international trade amongst others. The companies also had an opportunity to be mentored and guided in the creation and use of online platforms for exporting.

CREATIVE INDUSTRY

During the period under review, the Department of Small Business Development (DSBD) and the Department of Sport, Arts and Culture (DSAC) made available relief funds of R23 million to help individual practitioners and SMMEs in the visual arts, craft and design sector throughout South Africa.

The ECDC also entered into a Memorandum of Agreement (MoA) with the DSBD to facilitate access to the Eastern Cape portion of the fund in the stipulated sub-sectors. The MoA was signed on 30 October 2020. An amount of R2,4 million was approved for the Eastern Cape. The companies had to demonstrate that they were generating a revenue before COVID-19, and to produce financial statements indicating a decline in revenues because of the restrictions necessitated by the pandemic. A total of 92 companies received the relief funds which ranged from a minimum of R15,000 to R30,000. Of the 92, 63 were registered companies and 29 were individual applicants. The breakdown per sector was 20 for audio visual, 34 for craft, 33 for design and five for visual arts.

During the review period, the Eastern Cape Craft Collection shop moved to the Beacon Bay Crossing lifestyle centre. In 2020/21, the Eastern Cape Craft Collection shop supported 102 craft enterprises. The companies generated sales of R475, 729.07.

For example, the ECDC provided market access support to Gqey at the Eastern Cape Craft Collection store. Owned by Zimbabwean-born artist Lookout Sibanda, the business received the ECDC's assistance to attend the SARDCA March Trade Show. The ECDC provided transportation, accommodation and courier costs for Lookout Ceramics. The company makes decorative, colourful and textured handcrafted forms which are inspired by nature and fashion patterns. The award winning Gqeberha artist participated in many exhibitions throughout the country, majority of which were through special invitations based on his unique style.

92 companies

received the relief funds which ranged from a minimum of R15,000 to R30,000

Relief fund sector breakdown

20 audio visual companies
34 craft companies
33 design companies
5 visual arts

During the review period, the Eastern Cape Craft Collection shop moved to the Beacon Bay Crossing lifestyle centre. In 2020/21, the Eastern Cape Craft Collection shop supported 102 craft enterprises. The companies generated sales of R475,729.07

PROPERTIES AND STRATEGIC PROJECTS

The Corporation maintains a property portfolio which serves as a platform and channel for revitalised economic activity. It plays a complimentary role to the ECDC's business offering, particularly in investor attraction by providing affordable commercial and industrial properties for the investor community. The portfolio consists of residential, commercial, leisure, large and light industrial and retail properties. The property holdings extend to vacant industrial, commercial and residential plots. The portfolio's geographic spread straddles the entire province with key nodes in Mthatha, Butterworth, Queenstown and the Buffalo City Metropolitan Municipality. The property business comprises a significant portion of the Corporation's balance sheet which reinforces the need for continuous improvement in the portfolio for improved productivity, greater efficiency and investment for future growth opportunities.

The ECDC is committed to operating these property holdings in a manner that promotes sustainability and the responsible use of public assets. Through its work, the ECDC ensures that these properties derive economic value for the province through prudent asset management, leasehold, project management and facilities management. In particular, the Corporation is driving the renewal and streamlining of these economic assets for the benefit of industry and commerce. The provision and judicious management of this property infrastructure lays the foundation for revitalised and energised economic activity in key nodes of the province. The net effect of this work is increased investment into the areas of industry that can deliver sustainable job creation and economic growth.

As such, there is ongoing revitalisation of the industrial parks component of the ECDC's property portfolio. It is doing so using a collaborative approach with various strategic partners who are better equipped and resourced to attract the desired investment opportunities. Similarly, the Corporation is following a similar approach which is based on leveraging private sector investment in relation to its commercial portfolio. The idea is to use private sector investment to revive and develop this portfolio through triple net lease arrangements. In addition, the Corporation is offloading its non-core property assets to the market such as the stand-alone residential property component and small tracts of land under 2,000m².

The asset value of the property portfolio is estimated at R1,3 billion, making the ECDC one of the largest property holders in the Eastern Cape. Therefore, the ECDC is well-placed to provide a broad property rental service offering to the business community.

The Leaseholds Unit is tasked with leasing out properties and marketing all properties in the portfolio including vacant land. The Asset Management Unit is responsible for maintaining the fixed asset register, property valuations, disposals, sub-divisions and municipal utility reconciliations. The Facilities Management Unit is responsible for ad-hoc repairs, planned maintenance, soft services, security and cleaning. The Project Management Unit is responsible for the planning, implementation and delivery of infrastructure projects for both the ECDC and its clients through project implementation agency services.

R1,307 billion (2020)

value of ECDC's investment property, making the ECDC one of the largest property holders in the Eastern Cape

Operational performance

The property portfolio's performance in the period under review is indicative of a portfolio experiencing distress although improvements are being achieved in key areas. The property business has continued to operate under severe pressure during the review period due to numerous challenges including the subdued economic climate and the COVID-19 pandemic. Key performance Indicators, compared to the previous financial year, indicate the following:

Rental income increased from R83,016m in 2019/20 to **R93,783m** in 2020/21

Total expenses decreased from R124m in 2019/20 to **R103,272m** in 2020/21*

Net loss posted decreased from R33m in 2019/20 to **R9,489m** in 2020/21*

Debtors increased from R311m in 2019/20 to **R364,277m** in 2020/21

Maintenance decreased from R 5,355m in 2019/20 to **R1,184m in 2020/21**

*(The total expenses and net loss positions are further exacerbated by an additional R39,922m of outstanding unpaid municipal rates and utility costs still under dispute discussions)

The property business posted a loss of more than R9,489 million for the year and while this is significantly less than the previous year, it is still an undesirable result. This reduction in the annual year-on-year loss position is driven by improved rental income and reduced annual expenses.

Outstanding rental debt and interest has grown significantly over the financial year. The impact of the subdued economy and the compounded effect of the COVID-19 pandemic have been contributing factors. The COVID-19 pandemic in particular has frustrated the legal process of obtaining evictions and court orders against debtors. The lag in these processes is expected to continue into the next financial years as courts clear backlogs caused by the pandemic regulations that restricted evictions in particular.

The spend on repairs and maintenance was significantly lower than the 2019/20 financial year due to cashflow constraints within the organisation. The continued poor state of ECDC buildings is becoming increasingly concerning and the direct impact thereof is the devaluation in the property portfolio for the first time whereas property values should normally increase on a year-on-year basis when maintained adequately. This makes the ECDC efforts in obtaining funding for the refurbishment of key strategic properties critical, along with the sell-off of non-key assets to supplement the cash flow shortfall on these capital projects.

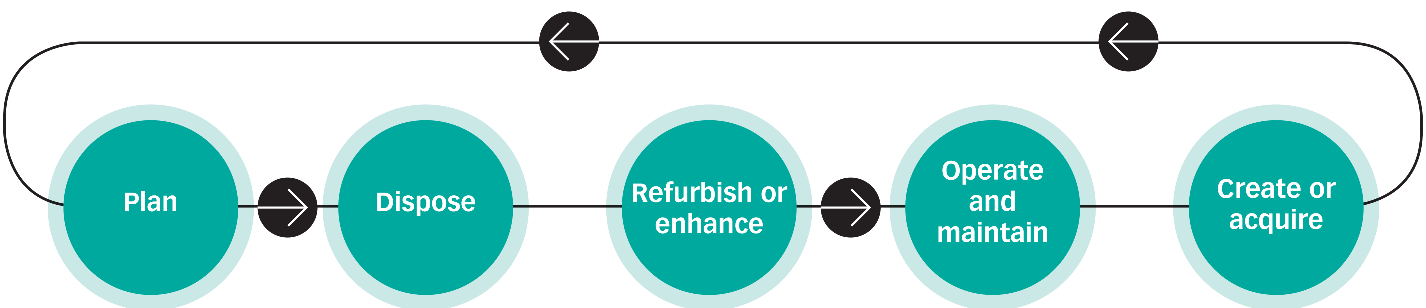
Properties Repositioning Strategy

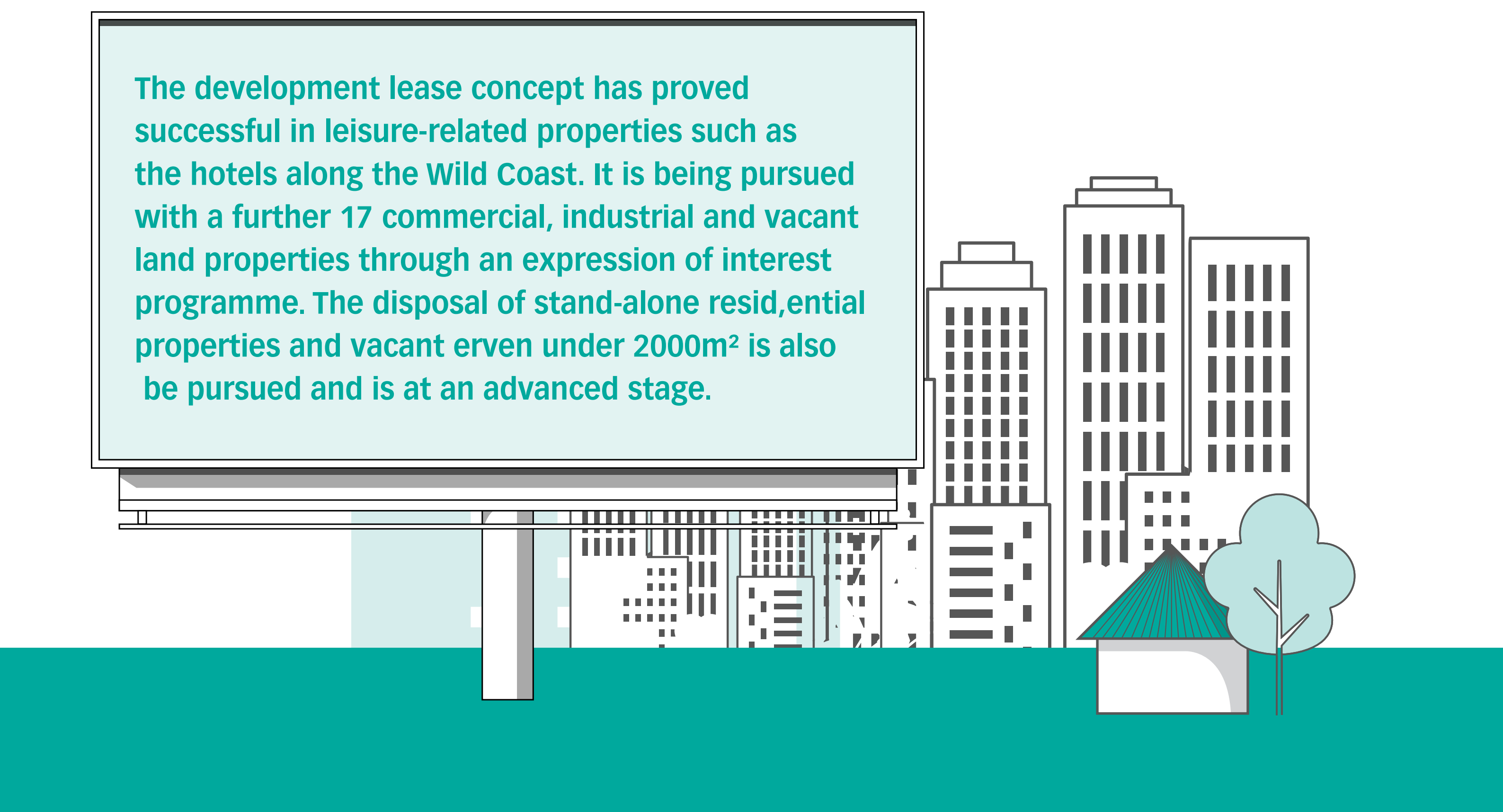
During the 2020/21 financial year, the Corporation continued with the implementation of its repositioning strategy which was designed to assist in improving operational and functional performance. The strategy was focused on ensuring the following key deliverables:

- An improvement on financial performance.
- The optimisation of the value of the investment portfolio.
- The capitalisation for the investment portfolio through the private sector.
- The positioning of the business to take advantage of growth opportunities.

The implementation of this strategy has, however, been hampered due to severe financial constraints and inadequate human resources in the Property Division. Several key posts in the property unit were vacant and were only filled towards the end of the financial year. A new Head of Properties was recruited in August 2020. This appointment assisted in stabilising the leadership in the division. However, critical vacancies in middle to senior management continue to place severe strain on the under-staffed division. This resulted in the strategy not realising its intended outcomes for the ECDC from a financial perspective.

The sale of the ECDC's non-core assets remains a key driver for improving the robustness of the property business' balance sheet. The ECDC continues to investigate and support new growth opportunities. In the process of introducing new streams, the asset management function is a capital light strategy for the properties business. It follows a business model that is prevalent in Australia where the bulk of non-performing assets are disposed of outright or leased to the private sector in the form of long-term development leases.



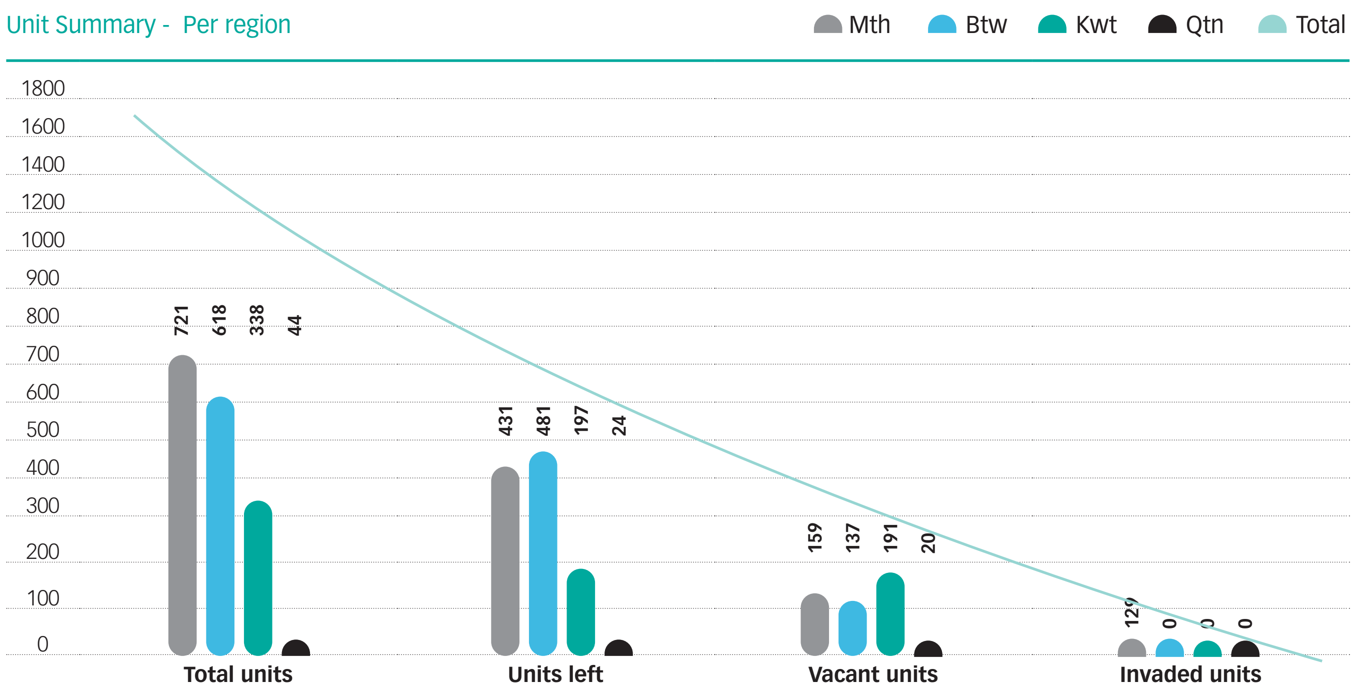


Leasehold Performance

The flow of income on rentals has improved from the previous year but is still below target for the period under review. The increase in rental income was largely due to the improved management of the property portfolio. Property invasions experienced mostly in the Mthatha region remain a concern with law enforcement processes underway albeit at a slow pace. Ongoing tenant resistance to payment for rental escalation and utility costs has also resulted in tenants with holding rental payments. The continuing depressed economic climate and ongoing recession is also placing increasing pressure on household and business disposable income.

The retention of tenants in good standing was a key focus during the year. However, this is becoming increasingly difficult as the impact of little to no planned maintenance activities due to budget constraints results in the deterioration of the condition of the property portfolio. The inclusion of automatic annual escalation in rentals despite the general deterioration of property conditions is also as source of resistance by tenants to remain in good standing or renew lease agreements. This is demonstrated by the stubbornly high vacant unit rate of 29% and that a further 7% of the portfolio has experienced invasions in Mthatha.

Unit Summary - Per region



The cost of vacancies to the ECDC is considerable, and in the order of R2,5 million per month in lost revenue opportunities. Invaded properties in Mthatha have been handed over to law enforcement agencies and are at an advanced stage in terms of legal prosecution. The remaining property vacancies are marketed but demand has been subdued due to the current economic climate.

During the review period, the ECDC managed to renew nine leases and enter into 26 new leases. However, there were also 79 units vacated during the year, again indicating the impact of affordability and the poor condition of some of the ECDC properties. The current property policy does not allow for new leases to be entered into if an account is in arrears. Due to the slow rate of judgments received and evictions, new tenants cannot be allocated to the units, and this has contributed to the poor performance in this aspect of the property business. A total of 751 units are currently at debt collection awaiting legal action and eviction orders. Staff performance in this area also requires further attention and investigation for possible negligence and/or collusion to defraud the organisation.

9 Renewals

26 New leases

79 Units vacated

Between April 2020 - till March 2021

STRATEGIC PROJECTS

The ECDC has developed in-house capacity for the planning, implementation and project management of large capital projects. This service is offered internally to the Corporation and externally to prospective clients. Internal projects are funded using the ECDC's and donor funding received from various government departments. External projects are funded by the ECDC's clients.

Economic Infrastructure

The implementation of the R112 million Dimbaza Industrial Park upgrades continued during review period while funding was sought for the remaining phases of the project. Package 1 includes the construction of a new access road into Dimbaza Industrial Park, the rehabilitation of internal roads and stormwater and the upgrade and maintenance of existing bulk services. This package is under construction. Package 2 includes the installation of high mast lights and street lighting, a new mini sub-station upgrade and a new MV cabling installation. This package is at the tender stage. Package 3 includes the upgrade of the waste-water treatment works including mechanical, electrical and telemetry upgrades. The works will also be supplied with a back-up generator to cope with power outages. Package 3 is also at tender stage. Further funding will be sought through the submission of applications for the Budget Facility for Infrastructure during the current financial year.

The Vulindlela Heights Industrial Park upgrade also continued throughout the year. Refurbishment to the value of R29,178 million has focused on the replacement of damaged asbestos roofing, the construction of concrete paved access roads and the improvement of stormwater management infrastructure. This project is under construction at present.

The Queenindustria Park has also received R 31,965 million for the upgrade of its bulk electrical supply system. Currently, the refurbishment of the sub-station and electrical reticulation is in progress. The Mount Ayliff Informal Trading infrastructure project has been allocated R23 million for the upgrade of ablution facilities, civil works, paving and road works, mechanical and electrical works. Currently, the bid adjudication process is underway with this project.

Agricultural Infrastructure

The Department of Agriculture, Land Reform and Rural Development (DALRRD) has appointed the ECDC project management unit to implement four projects to the value of R67,4 million. These include the Zanyokwe Agricultural Co-op Upgrade, the Keiskammahoek Hydroponics Project, the Mbodla Heritage Site and the Mnqumashe Abattoir. The Zanyokwe and Keiskammahoek projects are at design stage while the Mbodla and Mnqumashe projects are both at the bid evaluation stage. .

Municipal Infrastructure

The Enoch Mgijima Local Municipality (EMLM) has appointed the ECDC to implement the upgrade of the Ebden Sub-Station in Komani. This portion of the Komani electrical bulk supply system had reached the end of its design life and has suffered increasing failures. Currently, the project is under construction with an estimated value of R 14,5 million.

Industry Economics

The economic outlook for the Eastern Cape continues to follow the national trajectory of a continued decline in economic growth.

The continued low growth rates are well below the targeted 5% which is required to achieve significant employment creation as outlined in the National Development Plan (NDP) and the Provincial Development Plan (PDP).

This indicates continuing challenges in terms of addressing poverty, unemployment, inequality and other pressing socio-economic challenges that are facing the Eastern Cape. The prevailing poor economic environment and negative growth rate places continued pressure on the portfolio, resulting in the following risks:
- Increasing business failure, resulting in high vacancy levels.
- Increased rentals defaults resulting in high bad debt levels.
- Pressure on rentals, resulting in reducing yields.

The Property Division Prospects

Moving forward, the implementation of the ECDC's turnaround strategy will be focused on

- Stabilising revenue streams through improved customer service to tenants.
- Reducing property operational expenditure through strategic cost reduction interventions.
- Reducing property vacancies by proactively marketing the property portfolio.
- Accelerated eviction processes and debt collection of arrears through outsourcing legal services.
- Disposal of non-core residential assets and vacant land under 2000m² to improve the portfolio productivity.
- Transforming the property portfolio to improve efficiencies in the industrial and commercial properties to optimise yields.
- Investing for growth in industrial parks through securing further public and private sector funding.
- Obtaining additional external capital funding for the recapitalisation programme through the successful submission of well-crafted funding applications.
- Review of the properties policy to respond more effectively to the current economic climate while providing more robust guidance to manage the property portfolio.
- Improving and extending the use of existing management systems to enable property staff to perform more efficiently and effectively

Looking ahead, the 2021/22 financial year has the potential to consolidate the current position and to use that as a platform for enhanced returns from the 2022/23 financial year, provided that the economic conditions do not deteriorate further.

Queendustria

PART F

Performance of the Corporation Against Predetermined Objectives

The ECDC set itself predetermined objectives which were reviewed at mid-year with no changes recommended.

Adjustment of targets

On 15 March 2020, President Cyril Ramaphosa declared a national state of disaster and announced measures like immediate travel restrictions and the closure of schools from 18 March. On 23 March, President Ramaphosa issued a national lockdown starting on 26 March 2020 to 17 April 2020. Subsequently on 23 April, President Ramaphosa announced that there will be gradual and phased easing of lockdown restrictions, lowering the national alert level to 4 from 1 May 2020.

The economic impact of COVID-19 is already being felt around the world. Specifically, to South Africa, the country is also dealing with a downgrade by Moody's to junk status on top of having to deal with the outbreak of COVID-19. This downgrade leaves South Africa
without an investment grade for the first time in 25 years. In addition to a declining economy, this will also prompt significant cash outflows, raise borrowing costs and complicate efforts to narrow the budget gap.

This is the environment that the ECDC will need to overcome to promote investments going forward. Unfortunately, most or all plans, with the best of intentions, will change considering recent world events.

On 24 April 2020, DEDEAT (Shareholder department) issued a notice requesting that any Department or entity requesting any changes to the strategies and plans submitted have until 15 May 2020 to adjust the targets which is the basis of this submission. There were no changes to targets in the development finance and business support and properties unit. However, the trade, investment and innovation unit adjusted targets due to the unit's operational model relies heavily on client interaction, foreign and local travel, especially with investors and exporters and networking events, missions, shows and exhibitions. The submission was tabled to the various governance committees and was subsequently approved by the MEC in October 2020 and was tabled at the Portfolio Committee on 23 October 2020. This implies that the original targets will be adjusted for the 2020/21 financial year.

The adjustment is as follows:

Table 7: Adjusted targets at mid-term

Output Indicators	Status	Adjusted targets for 2020/21	Q1	Q2	Q3	Q4
Rand aalue of investments facilitated	Original	R300 million	R50 million	R50 million	R50 million	R150 million
	Revised	R200 million	R0	R50 million	R50 million	R100 million
Rand value of exports facilitated	Original	R80 million	R20 million	R20 million	R20 million	R20 million
	Revised	R60 million	R15 million	R15 million	R15 million	R15 million
No. of SMMEs /local entrepreneurs provided with integrated export support	Original	75	20	15	20	20
	Revised	50	0	10	10	30
Number of people trained in various sectors	Original	200	50	50	50	50
	Revised	50	0	20	10	20
Number of jobs facilitated	Original	600	100	150	150	200
	Revised	300	0	100	100	100
Number of development projects in potential sectors secured	No change	5	0	2	1	2

Strategic outcome 1: Competitive and sustainable SMME sector that contributes to the socio-economic development of EC
Table 8: Strategic outcome 1

Output	Key performance Indicator	Annual target	Total achievement	Deviation	Comments
Loan applications received and processed	Number of SMMEs received development finance	150	87	-42%	Due to COVID-19's impact on lending and also availability of capital lower
SMMEs applications received and processed for non-financial support	Number of SMMEs assisted with non- financial support services	250	256	2%	Increased collaboration and partnerships increased support to SMMEs'
Co-operatives applications received and processed	Number of co-operatives supported with finance	20	26	30%	Demand for support increase the number supported
Local & foreign direct investments	Rand value of investments realised	R 200 000 000	R128,291,053	-36%	COVID-19, travel restrictions and the attractiveness of the Province resulted in weaker flows
Exports facilitated	Rand value of exports facilitated	R 60 000 000	R352,719,962	488%	Demand for the province's agriculture and especially meat resulted in increased export to the Middle East
Risk capital	Number of economic projects that attract investments and jobs in the EC	5	6	20%	Additional film projects resulted in more projects facilitated.

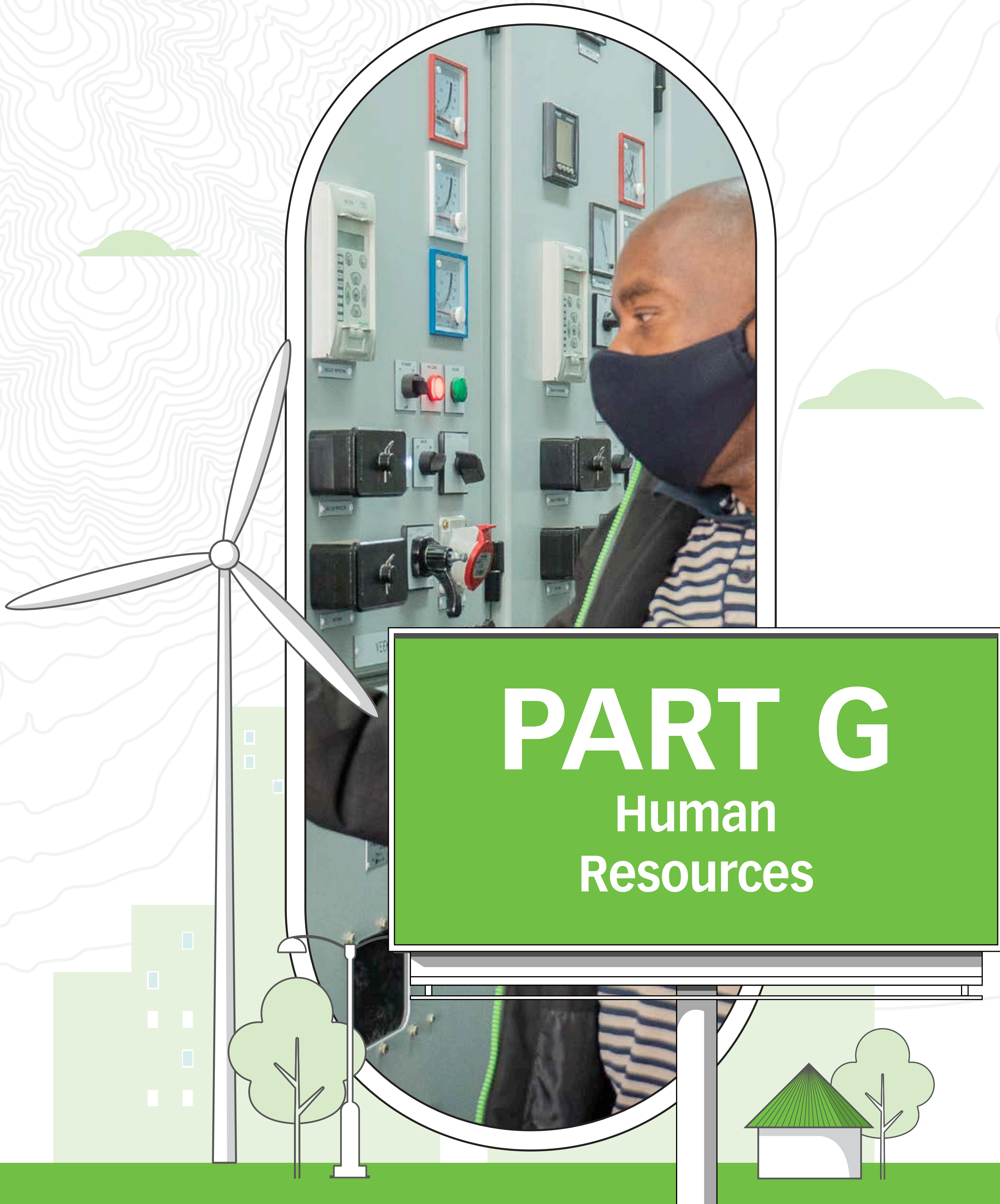
Strategic outcome 2: A growing diversified and inclusive economy
Table 9: Strategic outcome 2

Output	Key performance Indicator	Annual target	Total achievement	Deviation	Comments
SMME's provided with export support	Number of SMME's provided with export support	50	404	708%	Use of digital platforms resulted in more exporters supported
Critical skills training	Critical skills training	50	171	242%	Use of digital platforms resulted in more SMME's trained
Jobs facilitation	Number of jobs facilitated	450	1,644	265%	Jobs from the various investments improved the overall number of jobs facilitated
	DF&FS	150	437		
	TII	300	1,207		
Jobs saved	Numbers of jobs saved through the intervention of the jobs fund	900	1,343	49%	COVID-19 increased the need for support to SMME's resulting in more SMME's supported

Strategic outcome 3: A viable ECDC that offers competitive product and services.
Table 10: Strategic outcome 3

Output	Key performance Indicator	Annual target	Total achievement	Deviation	Comments
Optimise cash return on property portfolio	Cash collections/billings	65%	57%	-8%	Rentals were lower due to a moratorium on evictions and illegal invasions
Efficient and effective use of resources	Total gross operating expenditure/ rental billings	90%	100%	-10%	Budgeted operating costs divided by under recovery of rentals has negatively impacted the performance
Optimise use of assets	Percentage planned maintenance projects completed	Maintenance plan	75%	-25%	The maintanence plan project is 75% complete due to severe staff shortages
	Major property development projects implemented	1	2	100%	2 major projects were finalised during the year
Efficienct use of project management resources	Project management fees	80% of budgeted PM fees (R4,105,068)	123%	43%	Fees earned were high due to projects being finalised and fees for project management
Cost optimisation	Cost-to-income ratio (excluding impairment)	1 is to 1	1 is to 0.94	-6%	Due to a decline in revenue from properties and grant funding and increases in municipal costs and litigation over the period
Efficient use of resources	Audit opinion	Unqualified	Unqualified	0%	Target met.


Man Buy an Braai



PART G
Human Resources

The purpose of the Human Resources function is to continuously provide integrated Human Capital solutions to the ECDC with a passion for quality and customer service excellence. It is also to ensure organisational development, consultation, transformation and innovation by promoting good governance and transparent processes. Most of the processes, systems and compliance forms are completed and signed off as evidence that employees have read and understood them. These will be achieved through partnerships with business and managing the spend with available resources to meet current and future business needs. To deliver on its strategy and provide superior customer service, it is crucial for the ECDC to create a cadre of competent, informed and motivated employees infused with execution-based values.

PERFORMANCE MANAGEMENT

In the period under review, the human resources division has enhanced some innovative improvements in its focus system to enforce maximum compliance, on the other hand improve turnaround times and business processes for efficiency and effectiveness. Employees will continuously be orientated/trained on the HR Focus system improvements to ensure that everybody is on board and constant interaction with the service provider of the system to provide the necessary support as implementation commences with effect from the 2020/21 financial year. The human resources division will constantly provide the required support to employees and managers to improve the embedment of performance culture whilst closely monitoring business unit compliance, impact on performance trends and the realisation of organisational objectives. There is 99% performance contracting in the organisation and the variance in contracting is objectively being handled by management.

During the period under review, the human resources division also embarked on individual performance management training to junior, middle and senior managers. This included sessions on management of poor performance based on the national legislation and ECDC policies.

TALENT MANAGEMENT

The process of reviewing and implementing the ECDC's human resources policies was completed in the year under review when the amendments to these policies was approved. All the reviewed policies were approved by the Board for implementation from 1 of April 2020. The policies aim to increase employee effectiveness in their work. It includes embedding the performance management policy and ensuring employee wellbeing and succession planning is given a high priority in the organisation.

In the year under review, the process of implementing new Trade Investment and Innovation (TII), Properties, and Development Finance and Business Support structure is underway. A Transition Committee was established to undertake the smooth running of the process with the prevailing Labour representation which was in flux during the year under review.

STAFF PROFILE AS AT 31 MARCH 2021

126
Permanent employees at the start of the period

5 recruitments
8 resignations

0 dismissals
5 retirements

117
Total permanent employees at the end of March 2021
-9

22 contract employees

139
Total employees at the end of period
+13

11.3% Permanent staff turnover rate
8.23% Management (Grades 16-25)
3.29% Bargaining unit (Grades 2-15)

TOTAL STAFF ESTABLISHMENT **203**

Less: Actual positions filled **139**
Vacant positions **64**

31.05% vacancy rate

MANPOWER PROVISION

TOTAL STAFF ESTABLISHMENT **177**

Less: Actual positions filled **117**
Vacant positions **60**

31.05% vacancy rate

TALENT MANAGEMENT

In the period under review, the ECDC's workforce was made up of 117 employees. The vacancy rate is at 31.05%, based on the budgeted number of positions of 177 which is above the ECDC annual target vacancy rate of 12%. The vacancy rate is high when compared to the national government departments and entities of 6.2 - 7.6%, it is also still above the Eastern Cape vacancy rate of 21%.

EMPLOYMENT EQUITY STRATEGY

The purpose of the Act is to achieve equity in the workplace by promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination. The key intent of employment equity within the ECDC is to ensure that there is equitable consideration of all groupings within the population taking into account the demographic character of the Eastern Cape. A comparison of the ECDC's employment equity components is performed on a regular basis. The new Employment Equity and Skills Development Committee continued to review its current Employment Equity Plan for recommendations for target setting and implementation within the recruitment process. The ECDC Employment Equity plan is a long-term strategy with short and long-term objectives which will be implemented to address the identified gaps as measured against the employment equity targets of the Eastern Cape's economically active population profile. As a guiding principle to the strategy, the following reflect the ECDC targets, which will be reported on an annual basis.

EMPLOYMENT EQUITY

	Male				Female				Foreign nationals		Total
Occupational level	A	C	I	W	A	C	I	W	Male	Female	
PROVINCIAL EAP	42.3%	4.8%	0.5%	3.7%	40.1%	4.7%	0.3%	3.6%	0	0	100%
NATIONAL EAP	42.7%	5.2%	1.7%	5.1%	35.8%	4.4%	1.1%	4.0%	0	0	
GRAND TOTAL	34	3	3	3	69	2	0	3	0	0	117
ECDC	29%	2.5%	2.5%	2.5%	58.9%	1.7%	0	2.5%	0	0	100%
Provincial variance	13. 3%	2.3%	-2. %	1.2%	-18.8%	3%	0.3%	1.1%	0	0	0

Source: Statistics South Africa (December 2017)

A: African C: Coloured I: Indian W: White

The table above reflects the status of the ECDC compared to national and provincial stats or Economically Active Population (EAP). The broad picture reflected by the above table indicates that African males & Coloured males plus Indian and White females are under-represented at the ECDC, when compared to the Provincial EAP. The attraction and retention of the under-represented groups remains a barrier in achieving our EE targets. The table further reflects an over-representation of African females across the board by 18.8 % and a slight over-representation of Indian males by 2%.

ECDC EMPLOYMENT EQUITY BY EMPLOYMENT CATEGORIES

Occupational categories	Male				Female				Total
	A	C	I	W	A	C	I	W	
Unskilled and defined decision making (Grade 2-6)									
Target	1	0	0	0	6	0	0	0	7
Actual	1	0	0	0	5	0	0	0	6
Variance	0	0	0	0	1	0	0	0	1
% Variance	0	0	0	0	16%	0	0	0	14%
Semi-skilled and discretionary decision making (Grade 7-9)									
Target	15	2	0	1	28	1	1	1	49
Actual	1	0	0	0	0	0	0	0	1
Variance	14	2	0	1	28	1	1	1	48
% Variance	93.3%	-100%	0	100%	100%	100%	100%	100%	97.9%
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Grade 10-13)									
Target	28	3	1	6	35	2	1	4	80
Actual	16	0	0	1	39	1	0	1	58
Variance	12	3	1	5	-4	1	1	3	22
% Variance	43%	100%	100%	83%	-11.4%	50%	100%	75%	27.5
Professionally qualified and experienced specialists and mid-management (14 -16)									
Target	18	1	3	4	11	1	1	1	40
Actual	10	2	1	1	19	1	0	1	35
Variance	8	-1	2	3	-8	0	1	0	5
% Variance	44.4%	-100%	66.6%	75%	-72%	0%	100%	0%	12.5%
Senior top management (Grade 17-19)									
Target	6	2	2	3	3	1	1	1	19
Actual	4	1	1	1	5	0	0	1	12
Variance	2	1	1	2	-2	1	1	0	7
% Variance	33.3%	50%	50%	66.6%	-66.6%	100%	100%	0%	36.8%

Occupational categories	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top management (Grade 20-25)									
Target	2	0	0	1	3	0	0	0	6
Actual	2	0	1	1	1	0	0	0	5
Variance	0	0	0	0	2	0	0	0	-1
% Variance	0%	0%	-100%	0%	66.6%	0%	0%	0%	-16.6%
TOTAL									
Target	72	8	6	15	86	5	4	7	203
Actual	34	3	3	3	69	2	0	3	117
Variance	38	5	3	12	17	3	4	4	86
% Variance	52%	62.5%	50%	80%	19.7%	60%	100%	57%	42.3%
Employees with disabilities	0	0	0	0	0	1	0	0	1
Grand total (Est)	72	8	6	15	86	5	4	7	203
Interns	0	0	0	0	0	0	0	0	0

The table above illustrates the equity targets against the actuals at the end of the quarter. The comparison is as per the occupational categories and further indicates the variance per category.

OCCUPATIONAL EQUITY CATEGORIES AND GRADES

Occupational categories	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top management (20-25)	2	0	1	1	1	0	0	0	5
Senior management (17-19)	4	1	1	0	5	0	0	1	12
Professionally qualified and experienced specialists and mid-management (14 -16)	10	2	1	1	19	1	0	1	35
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (10-13)	16	0	0	1	39	1	0	1	58
Semi-skilled and discretionary decision-making (7-9)	1	0	0	0	0	0	0	0	1
Unskilled and defined decision making (2-6)	1	0	0	0	5	0	0	0	6
TOTAL PERMANENT	34	3	3	3	69	2	0	3	117
Persons with disabilities	0	0	0	0	0	1	0	0	1
Fixed term contracts	8	0	1	0	13	0	0	0	22
TOTAL EMPLOYEES	42	3	4	3	82	2	0	3	139

The table above illustrates the actual number of employees in each occupational category across the board. The table further illustrates which employees are permanent and those who are on fixed term contracts. It further demonstrates under-representation in the employment of persons with disabilities.

Training and development

Nine staff members were trained on job evaluation on the below dates:
Tuesday – Wednesday (26-27 January 2021) training

Langa Kleen Dry Cleaning and Car Wash

PART H
Corporate Governance

STATEMENT OF RESPONSIBILITIES AND APPROVAL

The external auditors are engaged to express an independent opinion on the annual financial statements. The annual financial statements of the Corporation are prepared in accordance with South African Statements of International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors place considerable importance on maintaining a strong control environment. To this end, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. These standards include proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. During the year under review such controls were monitored as far as reasonably possible throughout the Corporation and all employees are required to maintain high ethical standards in ensuring the Corporation's business is conducted in a manner that is above reproach in all reasonable circumstances. The risk management focus in the Corporation is on identifying, assessing, managing and monitoring all known forms of risk across the Corporation. While it is acknowledged that operating risk cannot be fully eliminated, the Corporation however, endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied within predetermined procedures and constraints. The Directors are of the opinion that the system of internal control provides reasonable assurance that the financial records can be relied upon for the preparation of annual financial statements. Any system of internal control can, however, provide only reasonable, and not absolute, assurance against material misstatement or loss.

....	....	....
Vuyani Jarana	Ayanda Wakaba	Nielesh Ravgee
Chairperson	**Chief Executive Officer**	**Interim Chief Financial Officer**

Introduction

The ECDC endorses the code of good corporate governance practices and conduct as contained in the King Reports on Corporate Governance and affirms its commitment to comply in all material respects with the principles incorporated in these reports. The Corporation further subscribes to the corporate governance principles set out in the Public Finance Management Act (the PFMA).

The ECDC is committed to good corporate citizenship and organisational integrity in the running of its affairs. This commitment provides the shareholder, customers and stakeholders with the comfort that the ECDC's affairs are being managed in an ethical and disciplined manner. The ECDC's philosophy is founded on principles of service delivery, trust, integrity, transparency, accessibility, redress and ethics.

Corporate Governance Framework

The Board continued to implement the Corporate Governance Framework, which consolidates the corporate governance procedures, practices and rules applied by the Corporation. These are in line with best practice guidelines as contained in the King Reports on Corporate Governance and other good governance prescripts and guidelines.

Conflict of Interests

The Corporation's values are entrenched through an approved Code of Ethics (Code) which guides employee behaviour in all internal and external stakeholder relations. In instances where a non-executive director has any direct or indirect personal or private business interest, he/she must withdraw from the proceedings when the matter is considered by the Board or any of its Committees, unless the Board or any of its Committees determines that a member's interest in the matter is trivial or irrelevant.

The Corporation requires all employees to sign 'declaration of interest' forms on an annual basis prior to the commencement of the financial year. The annual declaration of interests register for the Board is noted at the beginning of the financial year or as and when a revised declaration of interest is submitted to the Company Secretary.

Company Secretarial function

It is the responsibility of the Company Secretary to:

a. Ensure that Board procedures are followed and reviewed regularly and that applicable rules and regulations for the conduct of the affairs of the Board are complied with.
b. Guiding Board members as to how their responsibilities should be properly discharged in the best interests of the Corporation;
c. Keeping abreast of, and informing, the Board of current and new developments regarding corporate governance thinking and practice; and
d. Maintaining statutory records in accordance with legal requirements.

The Board has access to the services and advice of the Company Secretary. In addition to various statutory functions, the Company Secretary provides individual non-executive directors and the Board with guidance on duties, responsibilities and powers, and the impact of regulatory developments. The Board has empowered the Company Secretary with the responsibility for advising the Board, through the Board Chairperson, on all governance matters. The Company Secretary acts as the primary point of contact between the Board and the Corporation. The Company Secretary is qualified to perform the duties in accordance with the applicable legislation and is considered by the Board to be fit and proper for the position.

Board composition

The Member of the Executive Council responsible for the Department of Economic Development, Environmental Affairs and Tourism, appoints the Board of Directors in terms of section 7(3) of the Eastern Cape Development Corporation Act, 1997 (Act No.2 of 1997). The Eastern Cape Development Corporation Act 7(2) provides that there shall not be less than five and not more than 18 directors. As at 31 March 2021, the Board is comprised of 10 directors of whom the majority (9), are non-executive, including the Board Chairperson.

The Board Chairperson and the Chief Executive's roles and responsibilities are separate.

Board induction and information

The Company Secretary is tasked with assisting the Board with the induction of new non-executive directors and directors' orientation. A formal induction programme introduces non-executive directors to the Corporation's business environment, risk management, regulatory environment, governance framework, sustainability issues and fiduciary duties. Non-executive directors are regularly kept abreast of relevant Corporation matters and regulatory developments.

Succession planning

The Board Chairperson is in constant engagement with the Shareholder Representative on the Corporation's needs and requirements as far as the Board matters are concerned. In terms of section 11(2) of the ECDC Act, the annual general meeting in every subsequent year one-third of the directors for the time being, or if the number is not three or a multiple of three, the number nearest to one third, shall retire from office. This statutory arrangement provides for succession at Board level.

Board and committees' membership and meeting attendance

The Board has delegated some of its responsibilities to Committees in accordance with the approved delegation of authority. Each Committee acts within the ambit of clearly defined terms of reference approved by the Board. These mandates are periodically reviewed and updated to address the recommendations of King IV and the requirements of the Public Finance Management Act including Protocol on Corporate Governance in the Public Sector.

From 1 April 2020 to 26 October 2020 the Board had five Committees to assist it in discharging its role and responsibilities, namely:

a. Audit, Risk and Compliance Committee.
b. Human Resources and Remuneration Committee.
c. Funding and Investment Committee.
d. Social and Ethics Committee.
e. Governance and Nominations Committee.

As of 29 October 2020 to 25 March 2021, during the tenure of the Interim Board, there were no Committees established. However, on 26 March 2021, the new Board established the following Committees:

a. Audit, Risk and Compliance Committee;
b. Human Resources & Remuneration and Social & Ethics Committee;
c. Funding and Investment Committee;
d. Governance and Nominations Committee.

Appropriate Committee structures have been established in line with legislative requirements and business imperatives. These Committees continue to operate appropriately and assist the Corporation with comprehensive control improvement and sound governance.

Board Committee structure

Committee Structure Changed on 27 January 2020 and was as follows:

	Audit, Risk & Compliance	HR & REMCO*	Funding & Investment	Social & Ethics*	Governance & Nomination
Ms N Madiba (Chairperson)		●		●	●
Mr S Somdyala (Dep. Chairperson)			●	●	●
Mr T Jordan	●		●		
Mr S Thobela		●	●		●
Mr M Damane		●		●	●
Adv M Sishuba		●		●	
Mr A Ncobo	●	●			
Ms N Pietersen	●		●		●
Ms T Buthelezi	●		●		
Mr R Nicholls	●				

[1] External Audit Committee Member and appointed ARC Chairperson on 12 August 2017

* The HRREMCO and Social & Ethic Committees were combined on 28 January 2019

Interim Board and Committee structure

The Interim Board was appointed by the Shareholder on 29 October 2020, after the retirement of the previous Board. During the tenure of the Interim Board there were no sub-committees established and there was no committee structure.

The interim Board was comprised of:

Mr S. Somdyala	Chairperson of the board
Ms. T Buthelezi	Member
Ms. M Mama	Member
Mr Majeke	Member
Ms. B Koneti	Member

New board and committee structure

Committee Structure Changed on 26 March 2021 and is currently as follows:

	Audit, Risk & Compliance	HR & REMCO and Social & Ethics	Funding & Investment	Governance & Nomination
Mr V Jarana (Chairperson)				●
Mr S Somdyala (Dep. Chairperson)			●	●
Ms. P Bono		●		
Ms. N Pietersen	●		●	
Dr. M Makamba		●		
Ms. T Cumming	●			
Ms. T Buthelezi		●	●	●
Ms. S Siko		●	●	
Ms. B Koneti		●	●	
Mr R Nicholls	●			●

Kaizen Printing and Clothing

Board and committee meeting attendance

	Ms Madiba	Mr Somdyala	Mr Thobela	Mr Ncobo	Mr Damane	Prof Jordan	Ms Pietersen	Adv Sishuba	Mr Nicholls	Ms Buthelezi
BOARD	2	4	3	3	3	2	3	2	0	4
SPECIAL BOARD	1	2	1	1	1	1	1	1	1	2
HR/REMCO	2	0	2	2	2	0	0	2	0	0
SPECIAL HR/REMCO	0	0	0	0	0	0	0	0	0	0
FINCO	0	2	2	0	0	2	2	0	0	2
SPECIAL FINCO	0	1	1	0	0	1	0	0	0	1
ARC	0	0	0	3	0	2	3	0	3	3
SPECIAL ARC	0	0	0	0	0	0	0	0	0	0
GOV & NOM	1	1	1	0	1	0	1	0	0	0
SPECIAL GOV & NOM	0	0	0	0	0	0	0	0	0	0
SOCIAL & ETHICS	2	2	0	0	2	0	0	2	0	0
SPECIAL SOC & ETHICS	0	0	0	0	0	0	0	0	0	0
ADHOC	3	3	2	3	3	1	3	3	0	3
SUMMARY										
Board meetings	3	6	4	4	4	3	4	3	1	6
Sub-com meetings	5	6	5	5	5	5	6	4	3	6
Adhoc meetings	3	3	2	3	3	1	3	3	0	3
TOTAL	**11**	**15**	**11**	**12**	**12**	**9**	**13**	**10**	**4**	**15**

New board and committee structure

Committee structure changed on 26 March 2021 and is currently as follows:

	Mr Somdyala	Mr Majeke	Ms Buthelezi	Ms Koneti	Ms Mama
BOARD	1	1	1	1	1
SPECIAL BOARD	1	1	1	1	1
ADHOC	1	1	1	1	1
Board meetings	2	2	2	2	2
Sub-com meetings	0	0	0	0	0
Adhoc meetings	1	1	1	1	1
TOTAL	3	3	3	3	3

New board and committee meetings attendance

The information below pertains to the month of March 2021 only.

	Mr Jarana	Mr Somdyala	Ms Bono	Ms Pietersen	Ms Siko	Ms Cumming	Dr Makamba	Ms Koneti	Mr Nicholls	Ms Buthelezi
BOARD	0	0	0	0	0	0	0	0	0	0
SPECIAL BOARD	1	1	1	1	1	1	0	1	0	1
HRSEC	0	0	0	0	0	0	0	0	0	0
SPECIAL HRSEC	0	0	0	0	0	0	0	0	0	0
FINCO	0	0	0	0	0	0	0	0	0	0
SPECIAL FINCO										
ARC	0	0	0	0	0	0	0	0	0	0
SPECIAL ARC	0	0	0	0	0	0	0	0	0	0
GOV & NOM	0	0	0	0	0	0	0	0	0	0
SPECIAL GOV & NOM	0	0	0	0	0	0	0	0	0	0
ADHOC	1	1	0	0	0	0	0	0	0	0
SUMMARY										
Board meetings	1	1	1	1	1	1	0	1	0	1
Sub-com meetings	0	0	0	0	0	0	0	0	0	0
Adhoc meetings	1	1	0	0	0	0	0	0	0	0
TOTAL	2	2	1	1	1	1	0	1	0	1

Delegation of Authority

The Board has delegated to the Chief Executive, the day-to-day running of the business within the approved Delegation of Authority Framework. The Delegation of Authority Framework applies to all employees of the Corporation.

Matters reserved for Board decision

a. Approving the Corporate Plan, annual budgets and any subsequent material changes in strategic direction.
b. Approving annual financial statements, as well as the declaration of dividends;
c. Approving any significant changes in accounting policies or practices.
d. Recommending the acquisition or disposal of a significant shareholding in the Corporation for the Shareholder's approval.
e. Recommending the acquisition or disposal of a significant asset for the Shareholder's approval.
f. Entering into a Compact with the Shareholder.
g. Approving terms and conditions of the Corporation's rights issues, public officers, capital issues or issues of convertible securities, including shares or convertible securities issued for acquisitions.
h. Recommending the approval of any ordinary or special resolutions in respect of the Corporation to the Shareholder.
i. Appointments and changes in the composition of the Board Committees, as the Board may elect from time to time.
j. Effecting any changes in directors' fees and benefits as recommended by the Human Resources and Remuneration Committee and approved by the Shareholder.
k. Any amendment to such rules as recommended by the Human Resources and Remuneration Committee.

AUDIT, RISK AND COMPLIANCE COMMITTEE REPORT

Mandate

This report is provided by the Audit Risk and Compliance Committee (ARC) in respect of the 2020/21 financial year of Eastern Cape Development Corporation (ECDC). The ARC's function is guided by a detailed charter which is informed by the relevant governance prescript and aligned to the business.

Purpose

The purpose of the ARC is to assist the Board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control and reporting processes, and the preparation of accurate reporting and financial statements in compliance with the applicable legal requirements and accounting standards.

Overview

We are pleased to present our report for the financial year ended 31 March 2021. The 2020/21 financial year was a challenging period dues to a poor economic climate, COVID-19 conditions and civil unrest in Mthatha which negatively affected the property portfolio. Despite these challenges, the Audit Risk and Compliance Committee reports that supervisory and substantive controls remained effective.

Audit, Risk and Compliance Committee Members

The Audit, Risk and Compliance Committee consists of the members listed hereunder. As per its terms of reference, the committee is required to meet at least four times a year. During the year under review, four ordinary meetings were held.

Name	Position 2020
Ms N. Pietersen	Chairperson
Mr Nicholls	Member
Prof. Jordan	Member
Mr Ncobo	Member
Ms Buthelezi	Member

The above Committee membership structure changed on 26 March 2021 with the appointment of the new board by the Shareholder.

Name	Position 2021
Mr R Nicholls	Chairperson
Ms N Pietersen	Member
Ms T Cumming	Member

Audit, Risk and Compliance Committee's Role and Responsibilities

The Audit, Risk and Compliance Committee is a committee of the Board and has discharged its responsibilities as they relate to the group's accounting, internal auditing, internal control and financial reporting practices. The Audit, Risk and Compliance Committee has formal terms of reference; has regulated its affairs in compliance with these terms of reference; and has discharged its responsibilities contained therein.

Effectiveness of Internal Control

During the year various reports of the Internal Auditor as well as the Audit Report on the Annual Financial Statements and Management Letter of the Auditor General were reviewed by the Audit Risk and Compliance Committee. The Audit, Risk and Compliance Committee has noted these and based on the outcome of such reviews and the information provided by Management, the Committee is of the opinion that the internal controls of the Corporation were effective throughout the year under review.

Quarterly Performance Information

The Audit, Risk and Compliance Committee is of the view that the content and quality of quarterly reports prepared and issued by the Corporation during the year under review have been above standard and notes the continued improvement from the previous year.

Internal Audit

The Audit, Risk and Compliance Committee reviewed the activities of the internal audit function and has concluded the following:

a. the function is effective and that there were no unjustified restrictions or limitations.
b. the internal audit reports were reviewed at quarterly meetings, including its annual work programme, co ordination with the external auditors, the reports of significant investigations and the responses of management to issues raised therein.

In respect of the co-ordination of assurance activities, the Audit, Risk and Compliance Committee reviewed the plans and work outputs of the external and internal auditors and concluded that these were adequate to address all significant financial risks facing the business. The Head of Internal Audit has direct access to the Audit, Risk and Compliance Committee Chairperson and other members. The Audit, Risk and Compliance Committee is also responsible for the assessment of the performance of the Head of Internal Audit, and the internal audit function.

Legal and Compliance

In respect of legal and regulatory requirements to the extent that it may have an impact on the financial statements, the Audit, Risk and Compliance Committee received quarterly reports to ensure that the Corporation operates within the legal framework.

The Audit, Risk and Compliance Committee confirms that its meetings were attended by the internal Legal Resource who provided the feedback necessary to questions of compliance or legal nature. This especially related to legal proceedings which include but not limited to contingent liabilities during this financial year.

Risk Management and Information Technology

In respect of risk management and information technology, the Audit, Risk and Compliance Committee, insofar as relevant to its functions:

a. Reviewed the policies on risk assessment and risk management, including IT risks as they pertain to financial reporting and the going concern assessment, and found them to be adequate.
b. Considered and reviewed the findings and recommendations of the Internal Audit.
c. Monitored and evaluated significant IT investments, delivery of services, IT governance and the management of IT.

External auditors

The Auditor-General acted as the external auditors throughout the year. The Audit, Risk and Compliance Committee reviewed the external auditors' scope and work plan to ensure that key risk areas of the business were being addressed during the audit process. The audit outcomes, were discussed with the committee and the committee concurs with the findings of the Auditor-General. Management has made every effort to respond to the Auditor's findings despite the difficult constraints being realised.

Evaluation of Annual Financial Statements

The Audit, Risk and Compliance Committee has reviewed the draft annual financial statements for approval by the Board prior to submission for auditing.

Rob Nicholls
Chairperson of the Audit, Risk and Compliance Committee

Elahleni Food and Braai

DIRECTORS' REPORT

The directors are pleased to present their report and the audited financial statements for the year ended 31 March 2021. The Corporation is established by the Eastern Cape Development Corporation Act, 1997 (Act No. 2 of 1997) (ECDC Act). It is listed in Schedule 3 D of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (the PFMA) as a Provincial Government Business Enterprise.

Shareholding

The Provincial Government of the Eastern Cape is the sole shareholder represented by the Member of the Executive Council of the Department of Economic Affairs and Tourism.

Directors

The composition of the Board, together with summary curricula vitae of each Director is set out in the Corporate Governance Report.

Accounting policies

The accounting policies used in the preparation of the annual financial statements for the year ended 31 March 2021 are in accordance with International Financial Reporting Standards (IFRIS) and consistent with those applied in the prior year.

Critical judgments and estimations made in applying the accounting policies

Judgements made by management and supported by the Board in the application of IFRIS that have a significant impact on the annual financial statements are disclosed in the accounting policies.

Authorised and issued share capital

The authorised share capital of the Corporation remained unchanged at R1 billion rand worth of Ordinary Shares. Of this the Corporation issued R427 589 674 million worth of ordinary shares to the Provincial Government of the Eastern Cape (Department of Economic Development and Environmental Affairs). The issued share capital is made up of 213 794 837 million "A" shares of R1 each and 213 794 837 million "B" shares of R1 each.

Divisions, subsidiaries and associate companies

A detailed list of subsidiaries and associate companies are contained in the supplementary information to the annual financial statements.

Dividends

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

Judicial proceedings

The annual financial statements include the best estimate of expected settlement costs for judicial proceedings entered into by the ECDC, as either defendant or plaintiff, where the outcome can be assessed with reasonable certainty. These estimates take into account the legal opinions obtained for the corporation and the group. The contingent liabilities of the group have been disclosed in note 37 of the annual financial statements.

Post balance sheet events review

There are no post balance sheet events relating to the year under review.

Going Concern

Having reviewed the Corporation's cash flow forecast for the year to 31 March 2021 and, in the light of this review and current financial position, the Directors are satisfied that the Corporation has, or has access to, adequate resources to continue its operational existence for the future however particular note must be taken of note 44 of the financial statements.

Executive Remuneration

The ECDC continues to regard its employees as the most valued asset of the business and the Human Resources strategy remains one of the pillars of the ECDC strategy and provides the framework for addressing HR challenges. The HR strategy remains focused on providing the right skills in the right place at the right time to support delivery of business objectives.

The ECDC recognised that remuneration is a business issue, not purely a human resources issue, as it has a direct impact on operational expenditure, organisational culture, employee behaviour and ultimately the financial sustainability of the Corporation. As such the Eastern Cape Development Corporation's approach to reward is consistent with its objectives and strategic value drivers. Accordingly, the objective of the ECDC remuneration philosophy is to:

a. Increase productivity by ensuring that individuals, teams are recognised and rewarded for sustained superior performance, whilst managing the total cost of employment;
b. Compete effectively in the labour market and to recruit and retain high calibre staff;
c. Established reward as a strategic driver of performance, to encourage and promote continuous improvement both at a personal, corporate and unit level;
d. Attract, motivate and retain skilled personnel to enable the corporation to retain a competitive edge over its competitors;
e. Commensurate pay to performance.

Director's fees

Fees were paid to directors for the Board, sub-committee and ad-hoc attendance during the financial year under review.

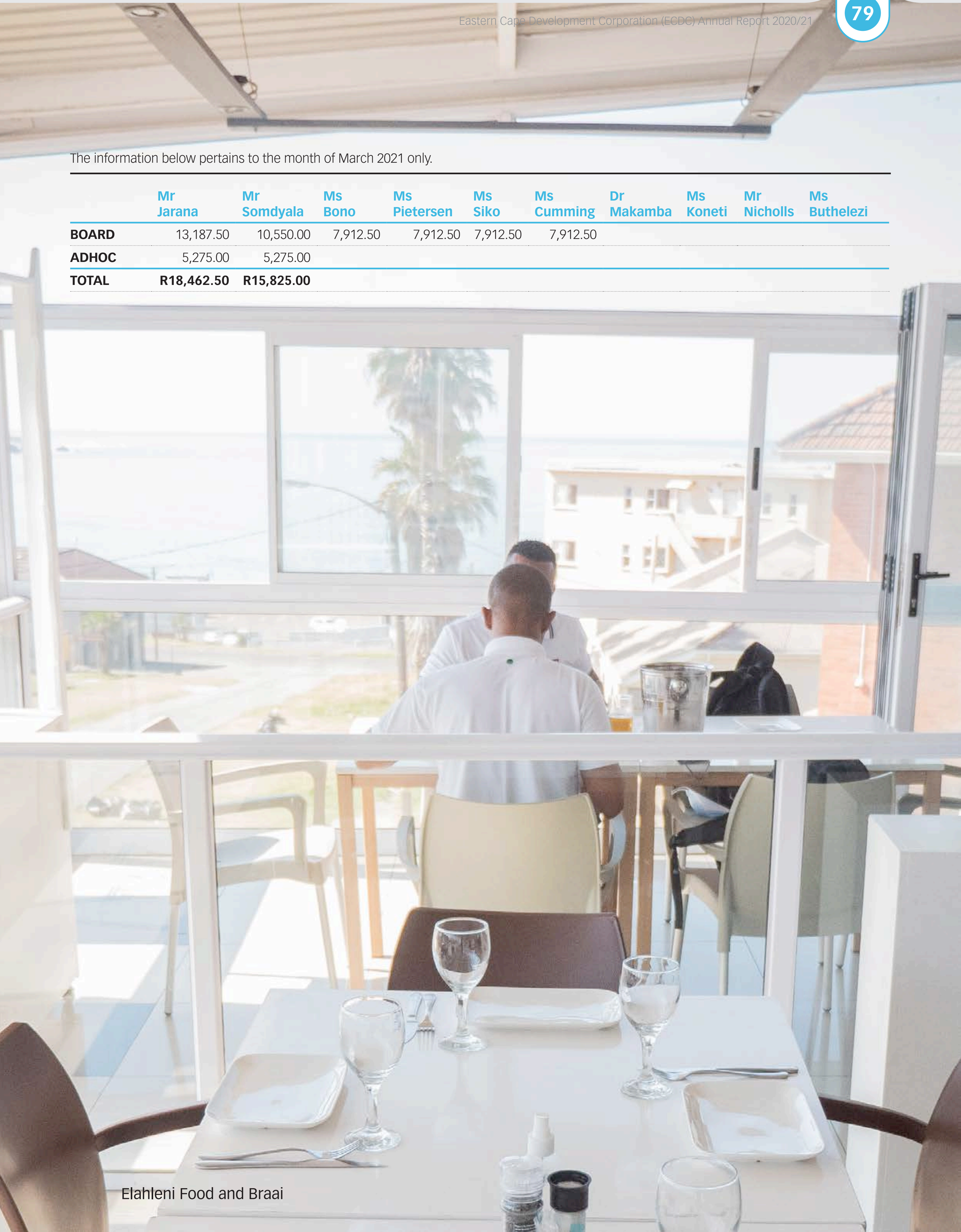
Name	Board	Audit,Risk & Compliance Committee	Social & Ethics Committee	HR & REMCO	FINCO	Governance & Nominations Committee	Ad-Hoc	Total
Ms N Madiba (Chairperson)	R39,562.50		R10,550.00	R10,550.00		R7,912.50	R15,825.00	R84,400.00
S Somdyala (Dep. Chairperson)	R31,650.00		R15,825.00	R10,550.00		R5,275.00	R15,825.00	R79,125.00
S Thobela	R42,200.00		R10,550.00		R23737.50	R5,275.00	R15,825.00	R97,587.50
A Ncobo	R31,650.00			R15,825.00	R15825.00	R5,275.00	R10,550.00	R79,125.00
M Damane	R23,737.50		R10,550.00	R10,550.00			R15,825.00	R60,662.50
T Jordan	R31,650.00	R21,100.00			R10,550.00	R5,275.00	R15,825.00	R84,400.00
N Pietersen	R31,650.00	R5,275.00	R10,550.00	R10,550.00			R15,825.00	R73,850.00
M Sishuba	R23,737.50	R10,550.00			R15,825.00		R5,275.00	R55,387.50
R Nicholls		R15,825.00						R15,825.00
T Buthelezi	0	0	0	0	0	0	0	0

Interim board fees

Name	Board	Audit,Risk & Compliance Committee	Social & Ethics Committee	HR & REMCO	FINCO	Governance & Nominations Committee	Ad-Hoc	Total
Mr S Somdyala	R26,375.00						R5,275.00	R31,650.00
Ms T Buthelezi								
Ms M Mama								
Mr M Majeke								
Ms B Koneti								

The information below pertains to the month of March 2021 only.

	Mr Jarana	Mr Somdyala	Ms Bono	Ms Pietersen	Ms Siko	Ms Cumming	Dr Makamba	Ms Koneti	Mr Nicholls	Ms Buthelezi
BOARD	13,187.50	10,550.00	7,912.50	7,912.50	7,912.50	7,912.50				
ADHOC	5,275.00	5,275.00								
TOTAL	**R18,462.50**	**R15,825.00**								



Elahleni Food and Braai

PART I
Annual Financial Information

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Legal Form	Government Business Enterprise
Registered office	Ocean Terrace Park Moore Street Quigney East London
Nature of business and principal activities	The ECDC is a provincial Development Finance Institution. Its main business is to provide financial and non-financial support to small, medium and micro enterprises.
Postal address	PO Box 11197 Southernwood East London 5213
Holding Entity	Department of Economic Development, Environmental Affairs and Tourism
Auditors	Office of the Auditor-General South Africa

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REPORT OF THE AUDITOR-GENERAL TO THE EASTERN CAPE PROVINCIAL LEGISLATURE ON THE EASTERN CAPE DEVELOPMENT CORPORATION

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

1. I have audited the consolidated and separate financial statements of the Eastern Cape Development Corporation and its subsidiaries (the group) set out on pages 88 to 172, which comprise the consolidated and separate statement of financial position as at 31 March 2021, the consolidated and separate statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, as well as notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

2. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Eastern Cape Development Corporation as at 31 March 2021, and their financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards(IFRS) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Eastern Cape Development Corporation Act 2 of 1997 (ECDC 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 consolidated and separate financial statements section of my report.

4. I am independent of the group 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.

Material uncertainty relating to going concern

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

7. As disclosed in note 44 to the financial statements, the group experienced operating losses for the last two financial years, its net current liabilities exceeded net current assets and had adverse key ratios in relation to the liquidity ratio's, rental and loan collection rates and debt impairment. Stringent cash flow management was applied due to the liquidity challenges experienced by the group. These events or conditions, along with the other matters as set forth in note 44, indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern.

Responsibilities of the accounting authority for the financial statements

8. The board of directors, which constitutes the accounting authority, is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the IFRS and the requirements of the PFMA and the ECDC Act, and for such internal control as the accounting authority determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

9. In preparing the consolidated and separate financial statements, the accounting authority is responsible for assessing the group'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 group or to cease operations, or has no realistic alternative but to do so.

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

10. My objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.

11. A further description of my responsibilities for the audit of the consolidated and separate 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 strategic objectives 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 group'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 group 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.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

Introduction and scope

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 strategic objectives presented in the group's annual performance report for the year ended 31 March 2021:

Strategic objectives	Pages in the annual performance report
Strategic objective 1 — competitive and sustainable SMME sector that contributes to the socio-economic development of EC	60
Strategic objective 2 — a growing and diversified and inclusive economy	60

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 these strategic objectives:
    - Strategic objective 1 — competitive and sustainable SMME sector that contributes to the socio-economic development of EC
    - Strategic objective 2 — a growing and diversified and inclusive economy

Other matter

17. I draw attention to the matter below.

Achievement of planned targets

18. Refer to the annual performance report on pages 59 to 61 for information on the achievement of planned targets for the year.

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 group's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

20. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements

21. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1)(a) and (b) of the PFMA. Material misstatements of revenue and expenditure items identified by the auditors in the submitted financial statements were corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

OTHER INFORMATION

22. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the chairperson's foreword, chief executive officer's report, financial review, human resources report, operational review, and corporate governance. The other information does not include the consolidated and separate financial statements, the auditor's report and those selected strategic objectives presented in the annual performance report that have been specifically reported in this auditor's report.

23. 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.

24. 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 consolidated and separate financial statements and the selected strategic objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

INTERNAL CONTROL DEFICIENCIES

26. I considered internal control relevant to my audit of the consolidated and separate financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

27. Material misstatements were identified on the annual financial statements submitted for audit and these material misstatements constitute material non-compliance with the provisions of the PFMA. The material misstatements on the financial statements were not identified by the internal controls that management implemented or by the review processes of the governance structures.

OTHER REPORTS

28. I draw attention to the following engagements conducted by an external party which had, or could have, an impact on the matters reported in the group's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

29. An independent consultant investigated possible irregularities reported at the entity and the group's liquidity position at the request of another organ of the state. The investigation was concluded on 24 September 2020 and the investigation report was tabled to the board of directors on 27 May 2021.

Auditor-General

East London
02 August 2021

AUDITOR-GENERAL
SOUTH AFRICA
Auditing to build public confidence

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 consolidated and separate financial statements and the procedures performed on reported performance information for selected strategic objectives 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 consolidated and separate financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors, which constitutes the accounting authority
- conclude on the appropriateness of the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Eastern Cape Development Corporation and its subsidiaries 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
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

Communication with those charged with governance

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

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

Statement of Financial Position as at 31 March 2021

Figures in Rand thousand	Note(s)	Group 2021	Group 2020 Restated *	Group 2019	Company 2021	Company 2020 Restated *	Company 2019
Assets							
Non-Current Assets							
Property, plant and equipment	3	67 242	63 676	56 328	36 486	35 877	25 511
Investment property	5	1 389 769	1 417 312	1 483 858	1 307 025	1 334 568	1 404 058
Intangible assets	6	121	96	60	-	-	14
Investments in subsidiaries	7	-	-	-	23 012	23 012	23 012
Investments in associates	8	14 762	15 182	17 130	-	-	-
Loans to group companies	9	-	-	-	31 487	29 963	29 012
Loans receivable	10	25 950	36 252	29 471	25 950	36 252	29 471
Investments at fair value	11	13 767	8 880	24 024	13 340	8 774	24 265
		1 511 611	**1 541 398**	**1 610 871**	**1 437 300**	**1 468 446**	**1 535 343**
Current Assets							
Loans receivable	10	9 378	22 866	23 716	9 378	22 866	23 716
Trade and other receivables	12	30 540	21 675	32 011	23 395	14 805	25 079
Operating lease asset		-	-	11	-	-	-
Current tax receivable		178	-	-	-	-	-
Cash and cash equivalents	14	231 461	144 889	195 728	181 753	113 466	164 754
		271 557	**189 430**	**251 466**	**214 526**	**151 137**	**213 549**
Total Assets		**1 783 168**	**1 730 828**	**1 862 337**	**1 651 826**	**1 619 583**	**1 748 892**
Equity and Liabilities							
Equity							
Equity Attributable to Equity Holders of Parent							
Share capital	15	427 590	427 590	427 590	427 590	427 590	427 590
Reserves	16	398 331	398 331	404 984	394 601	394 601	401 254
Retained income		610 874	655 492	779 115	499 551	544 067	672 883
		1 436 795	1 481 413	1 611 689	1 321 742	1 366 258	1 501 727
Non-controlling interest		969	959	977	-	-	-
		1 437 764	**1 482 372**	**1 612 666**	**1 321 742**	**1 366 258**	**1 501 727**
Liabilities							
Non-Current Liabilities							
Loans from group companies	17	-	-	-	25 095	25 129	25 163
Lease liabilities	4	35	35	63	1 983	4 403	-
Retirement benefit obligation	18	27 864	24 720	31 787	27 864	24 720	31 787
Deferred income	20	1 105	423	134	-	-	-
Other financial liabilities	19	-	15 873	31 746	-	15 873	31 746
		29 004	**41 051**	**63 730**	**54 942**	**70 125**	**88 696**
Current Liabilities							
Trade and other payables	21	122 548	83 853	63 365	95 314	68 614	46 732
Lease liabilities	4	-	28	26	2 419	2 184	-
Deferred income	20	146 167	91 638	106 457	129 790	80 656	95 864
Current tax payable		66	140	220	-	-	-
Other financial liabilities	19	47 619	31 746	15 873	47 619	31 746	15 873
		316 400	**207 405**	**185 941**	**275 142**	**183 200**	**158 469**
Total Liabilities		**345 404**	**248 456**	**249 671**	**330 084**	**253 325**	**247 165**
Total Equity and Liabilities		**1 783 168**	**1 730 828**	**1 862 337**	**1 651 826**	**1 619 583**	**1 748 892**

Statement of Profit or Loss and Other Comprehensive Income for the year ended 31March 2021

Figures in Rand thousand	Note(s)	Group 2021	Group 2020 Restated *	Company 2021	Company 2020 Restated *
Revenue	22	93 542	96 527	90 388	86 194
Interest revenue	22	24 800	32 348	24 800	32 348
Total revenue		**118 342**	**128 875**	**115 188**	**118 542**
Government grants and operating income	24	217 825	170 494	205 355	157 122
Other operating losses		(27 316)	(43 361)	(27 320)	(43 362)
Other operating expenses		(364 492)	(362 967)	(350 202)	(346 984)
Operating (loss) profit	25	**(55 641)**	**(106 959)**	**(56 979)**	**(114 682)**
Investment income	28	6 784	12 296	8 695	13 787
Finance costs	29	(3)	(25)	(574)	(713)
Share of profit (loss) from equity accounted investments		(420)	(421)	-	-
Fair value gains/ (losses)	30	4 662	(28 386)	4 342	(27 207)
(Loss) profit before taxation		**(44 618)**	**(123 495)**	**(44 516)**	**(128 815)**
Taxation	31	-	(144)	-	-
(Loss) profit for the year		**(44 618)**	**(123 639)**	**(44 516)**	**(128 815)**
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Gains on property revaluation		-	3 700	-	3 700
Items that may be reclassified to profit or loss:					
Loss on fair value of investments		-	(10 353)	-	(10 353)
Other comprehensive income for the year net of taxation	32	**-**	**(6 653)**	**-**	**(6 653)**
Total comprehensive (loss) income for the year		**(44 618)**	**(130 292)**	**(44 516)**	**(135 468)**
Total comprehensive (loss) income attributable to:					
Owners of the parent		(44 628)	(130 275)	(44 516)	(135 468)
Non-controlling interest		10	(17)	-	-
		(44 618)	**(130 292)**	**(44 516)**	**(135 468)**

Statement of Changes in Equity for the year ended 31 March 2021

Figures in Rand thousand	Share capital	Revaluation reserve	Fair value adjustment through comprehensive income	Other NDR	Total reserves	Retained income	Total attributable to equity holders of the group / company	Non-controlling interest	Total equity
Group									
Balance at 01 April 2019	**427 590**	**8 539**	**12 180**	**384 265**	**404 984**	**779 115**	**1 611 689**	**977**	**1 612 666**
Restated* Loss for the year	-	-	-	-	-	(123 622)	(123 622)	(17)	(123 639)
Other comprehensive income	-	3 700	(10 353)	-	(6 653)	-	(6 653)	-	(6 653)
Total comprehensive Loss for the year	**-**	**3 700**	**(10 353)**	**-**	**(6 653)**	**(123 622)**	**(130 275)**	**(17)**	**(130 292)**
Opening balance as previously reported Adjustments	427 590	12 239	1 827	384 265	398 331	661 163	1 487 084	959	1 488 043
Prior period errors	-	-	-	-	-	(5 671)	(5 671)	-	(5 671)
Balance at 01 April 2020 as restated	**427 590**	**12 239**	**1 827**	**384 265**	**398 331**	**655 492**	**1 481 413**	**959**	**1 482 372**
Loss for the year	-	-	-	-	-	(44 618)	(44 618)	10	(44 608)
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive Loss for the year	-	-	-	-	-	(44 618)	(44 618)	10	(44 608)
Balance at 01 April 2019	**427 590**	**12 239**	**1 827**	**384 265**	**398 331**	**610 874**	**1 436 795**	**969**	**1 437 764**
Notes	15	32	32	16					

Statement of Changes in Equity for the year ended 31 March 2021 (continued)

Figures in Rand thousand	Share capital	Revaluation reserve	Fair value adjustment through comprehensive income	Other NDR	Total reserves	Retained income	Total attributable to equity holders of the group / company	Non-controlling interest	Total equity
Company									
Balance at 01 April 2019	**427 590**	**4 809**	**12 180**	**384 265**		**672 883**	**1 501 727**	**-**	**1 501 727**
Restated* Loss for the year	-	-	-	-		(128 815)	(128 815)	-	(128 815)
Other comprehensive income	-	3 700	(10 353)	-		-	(6 653)	-	(6 653)
Total comprehensive Loss for the year	**-**	**3 700**	**(10 353)**	**-**		**(128 815)**	**(135 468)**	**-**	**(135 468)**
Opening balance as previously reported Adjustments	427 590	8 509	1 827	384 265		549 738	1 371 929	-	1 371 929
Prior period errors	-	-	-	-		(5 671)	(5 671)	-	(5 671)
Balance at 01 April 2020 as restated	**427 590**	**8 509**	**1 827**	**384 265**		**544 067**	**1 366 258**	**-**	**1 366 258**
Loss for the year	-	-	-	-		(44 516)	(44 516)	-	(44 516)
Other comprehensive income	-	-	-	-		-	-	-	-
Total comprehensive Loss for the year	-	-	-	-		(44 516)	(44 516)	-	(44 516)
Balance at 01 April 2019	**427 590**	**8 509**	**1 827**	**384 265**		**499 551**	**1 321 742**	**-**	**1 321 742**
Notes	15	32	32	16					

Statement of Cash Flows for the year ended 31 March 2021

Figures in Rand thousand	Note(s)	Group 2021	Group 2020 Restated *	Company 2021	Company 2020 Restated *
Cash flows from operating activities					
Cash (used) in/ generated from operations	33	61 873	(57 227)	48 358	(62 060)
Interest income		6 676	12 213	5 079	10 384
Dividends received (trading)		108	83	-	-
Finance costs		(3)	(25)	(574)	(713)
Tax paid	34	(252)	(224)	-	-
Net cash generated/ (used) in operating activities		**68 402**	**(45 180)**	**52 863**	**(52 389)**
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(5 449)	(2 078)	(4 621)	(10 358)
Sale of property, plant and equipment	3	6	3	-	-
Purchase of investment property	5	-	(2 944)	-	-
Sale of investment property	5	-	4 058	-	4 058
Purchase of other intangible assets	6	(146)	(138)	-	-
Loans to group companies repaid		-	-	-	5 348
Net movement in loans to group companies		-	-	(1 524)	-
Sale of investments at fair value		(2)	3 930	(1)	3 930
Advances of loans receivable at amortised cost		(23 930)	(58 763)	(23 930)	(58 763)
Receipts from loans receivable at amortised cost		47 719	50 299	47 719	50 299
Net cash (used) in/ generated from investing activities		**18 198**	**(5 633)**	**17 643**	**(5 486)**
Cash flows from financing activities					
Net movement in loans from group companies		-	-	(34)	-
Payment on lease liabilities		(28)	(26)	(2 185)	(2 046)
Lease liabilities raised		-	-	-	8 633
Net cash from financing activities		**(28)**	**(26)**	**(2 219)**	**6 587**
Total cash movement for the year		**86 572**	**(50 839)**	**68 287**	**(51 288)**
Cash at the beginning of the year		144 889	195 728	113 466	164 754
Total cash at end of the year	14	**231 461**	**144 889**	**181 753**	**113 466**

1. Presentation of Consolidated Annual Financial Statements

The principal accounting policies applied in the preparation of these consolidated and separate annual financial statements are set out below.

1.1 Basis of preparation

The consolidated annual financial statements of the Eastern Cape Development Corporation have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these consolidated annual financial statements and the Public Finance Management Act (Act No.1 of 1999), as amended.

These consolidated annual financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

Functional and presentation currency

These consolidated annual financial statements are presented in Rand, which is the Group's functional currency. All amounts are rounded to the nearest thousand, unless otherwise indicated.

Underlying assumptions

The consolidated annual financial statements are prepared on the going concern basis, which assumes that the Corporation will continue in operation for the foreseeable future. The consolidated annual financial statements are prepared using accrual accounting whereby the effects of transactions and other events are recognised when they occur rather than when the cash is received or paid. The owners of the group or others do not have the power to amend the audited financial statements after they have been published.

Assets and liabilities and income and expenses are not offset unless specifically permitted by an accounting standard. Financial assets and financial liabilities are offset and the net amount reported only when a current legally enforceable right to set off the amounts exists and the intention is either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Changes in accounting policies are accounted for in accordance with the transitional provisions in the applicable standard. If no such guidance is given, they are applied retrospectively unless it is impracticable to do so, in which case the change is applied prospectively. Changes in accounting estimates are recognised in profit or loss in the period they occur. Prior period errors are retrospectively restated unless it is impracticable to do so, in which case they are applied prospectively.

Recognition of assets and liabilities

An asset, being a resource controlled by the corporation as a result of a past event from which future economic benefits are expected to flow, is recognised when it is probable that the future economic benefits associated with it will flow to the Group and its cost or fair value can be measured reliably. A liability, being a present obligation of the Group arising from a past event the settlement of which is expected to result in an outflow of resources embodying economic resources from the Group, is recognised when it is probable that future economic benefits associated with it will flow from the Group and its cost or fair value can be measured reliably.

Derecognition of assets and liabilities

Financial assets or parts thereof are derecognised, i.e. removed from the balance sheet, when the contractual rights to receive the cash flows have been transferred or have expired or if substantially all the risks and rewards of ownership have passed. Where substantially all the risks and rewards of ownership have not been transferred or retained, the financial assets are derecognised if they are no longer controlled by the Group. However, if control is retained, financial assets are recognised only to the extent of the Group's continuing involvement in those assets.
All other assets are derecognised on disposal or when no future economic benefits are expected to flow to the Group from their use or disposal. Financial liabilities are derecognised when the relevant obligation has either been discharged or cancelled or has expired.

Post-balance sheet events

Recognised amounts in the consolidated annual financial statements are adjusted to reflect events arising after the balancesheet date that provide evidence of conditions that existed at the balance sheet date. Events after the balance sheet date that are indicative of conditions that arose after the balance sheet date are dealt with by way of a note.

1.1 Basis of preparation (continued)

These accounting policies are consistent with the previous period.

1.2 Consoliation

Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the company and all subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the group.

The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use its power over the entity.

The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the consolidated annual financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions and are recognised directly in the Statement of Changes in Equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the company.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

1.3 Investments in associates

An associate is an entity over which the group has significant influence and which is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. It generally accompanies a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method, except when the investment is classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the Statement of Financial Position at cost adjusted for post-acquisition changes in the group's share of net assets of the associate, less any impairment losses.

The group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. Losses in an associate in excess of the group's interest in that associate, including any other unsecured receivables, are recognised only to the extent that the group has incurred a legal or constructive obligation to make payments on behalf of the associate.

Distributions received from the associate reduce the carrying amount of the investment.

Any goodwill on acquisition of an associate is included in the carrying amount of the investment, however, a gain onacquisition is recognised immediately in profit or loss.

1.3 Investments in associates (continued)

Profits or losses on transactions between the group and an associate are eliminated to the extent of the group's interest therein. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

When the group reduces its level of significant influence or loses significant influence, the group proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

1.4 Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is held for long-term rental yields or for capital appreciation or both and comprises properties not occupied by the Group. Hotel buildings held by the Group are classified as investment property as the group is not involvedin the hotel operations.

Investment properties are initially recognised at cost, including transaction costs, and are subsequently stated at fair value determined by an independent sworn appraiser, every third year. Management reviews these valuations for reasonability and adjustments are made where it is deemed to be necessary.

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

Fair value

Subsequent to initial measurement investment property is measured at fair value, determined by an independent sworn appraiser, every third year. Management reviews these valuations for reasonability and adjustments are made where it is deemed to be necessary.

A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

1.5 Property, plant and equipment

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

Owner-occupied properties are held for administrative purposes and are recognised and measured as property, plant and equipment.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the group, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

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

Subsequent to initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses, except for land and buildings which are stated at revalued amounts. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

When an item of property, plant and equipment is revalued, the gross carrying amount is adjusted consistently with the revaluation of the carrying amount. The accumulated depreciation at that date is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

1.5 Property, plant and equipment (continued)

Any increase in an asset's carrying amount, as a result of a revaluation, is recognised in other comprehensive income and accumulated in the revaluation reserve in equity. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in profit or loss in the current year. The decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in the revaluation reserve in equity.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the group. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

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

Item	Depreciation method	Average useful life
Land	Straight line	Indefinite
Buildings	Straight line	25-50 years
Right-of-use-assets	Straight line	3-5 years
Furniture and fixtures	Straight line	6-10 years
Office equipment	Straight line	4-6 years
IT equipment	Straight line	3 years
Other property, plant and equipment	Straight line	5-6 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

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

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

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

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

1.6 Intangible assets

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

Intangible assets are initially recognised at cost.
Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.

1.6 Intangible assets (continued)

- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. 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 every period-end.

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.

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

Item	Depreciation method	Average useful life
Computer software, other	Straight line	1-5 years

Investments in subsidiaries are carried at cost less any accumulated impairment losses. This excludes investments which are held for sale and are consequently accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

1.7 Investments in subsidiaries

Investments in subsidiaries are carried at carried at cost less any accumulated impairment losses. This excludes investments which are held for sale and are consequently accounted for in accordance with IFRS 5 Non-current AssetsHeld for Sale and Discontinued Operations.

Subsidiaries are entities, including unincorporated partnerships and companies without a share capital, that are controlled by the Group. Control exists where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Consolidated annual financial statements

The consolidated annual financial statements incorporate the assets, liabilities, income, expenses and cash flows of the Corporation and its subsidiaries. The results of the subsidiaries acquired or disposed during the year are included from the date of acquisition or up to the date of disposal. Inter-company transactions and balances are eliminated on consolidation.

Corporation annual financial statements

The cost of an investment in a subsidiary is the aggregate of:
the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Corporation; plus any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

1.8 Investments in associates

Associates are entities, including unincorporated partnerships and companies without a share capital, over which the Group exercises significant influence.

Consolidated annual financial statements

An investment in an associate is accounted for using the equity method, except when the asset is classified as held-for-sale in accordance with IFRS 5: Non-current assets held for sale and discontinued operations. Under the equity method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the group's share of the profits or losses of the investee after acquisition date. The use of the equity method is discontinued from the date the group ceases to have significant influence over an associate.

Any impairment losses are deducted from the carrying amount of the investment in associate.
Distributions received from the associate reduce the carrying amount of the investment.
Profits and losses resulting from transactions with associates are recognised only to the extent of unrelated investors' interests in the associate.

The excess of cost of acquisition over the group's interest in the net fair value of an associate's identifiable assets, liabilities and contingent liabilities is accounted for as goodwill, and is included in the carrying amount of the associate.
The excess of the group's share of the net fair value of an associate's identifiable assets, liabilities and contingent liabilities over the cost is excluded from the carrying amount of the investment and is instead included as income in the period in which the investment is acquired.

Corporation annual financial statements

Associate companies are those companies in which the Corporation holds a long-term equity interest and over which it exercises a significant influence over its financial and operating policies, other than investments in companies acquired to protect advances or as a conduit for advances.

The investments in associate companies are initially recorded at cost. Subsequent to initial recognition, the investment in the associate is carried at fair value as an available for sale financial asset in accordance with the accounting policy on financial assets. If fair value cannot be measured reliably, the investment is carried at cost. An appropriate provision is made where there is considered to be a permanent diminution in the value of the investment.

1.9 Financial instruments

Financial instruments held by the group are classified in accordance with the provisions of IFRS 9 Financial Instruments.
Broadly, the classification possibilities, which are adopted by the group, as applicable, are as follows:

Financial assets which are debt instruments

Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or

Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or

Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or

Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Financial assets which are equity instruments

- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

1.9 Financial instruments (continued)

Financial liabilities

- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Note 41 Financial instruments and risk management presents the financial instruments held by the group based on their specific classifications.

Loans receivable at amortised cost
Classification

Loans advanced and trade receivables are classified as financial assets and are subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on these loans.

Recognition and measurement

Loans receivable are recognised when the group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the effective interest method

Interest income is calculated using the effective interest method, and is included in profit or loss in investment income (note 28).

The application of the effective interest method to calculate interest income on a loan receivable is dependent on the credit risk of the loan as follows:

- The effective interest rate is applied to the gross carrying amount of the loan, provided the loan is not creditimpaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a loan is purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the loan, even if it is no longer credit-impaired.
- If a loan was not purchased or originally credit-impaired, however it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the loan in the determination of interest. If, in subsequent periods, the loan is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

1.9 Financial instruments (continued)

Impairment

The group recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The group measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the group considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

Definition of default

For purposes of internal credit risk management purposes, the group consider that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account).

Irrespective of the above analysis, the group considers that default has occurred when a loan instalment is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write off policy

The group writes off a loan when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Loans written off may still be subject to enforcement activities under the group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure at default is the gross carrying amount of the loan at the reporting date.

Lifetime ECL is measured on a collective basis in cases where evidence of significant increases in credit risk are not yet available at the individual instrument level. Loans are then grouped in such a manner that they share similar credit risk characteristics, such as nature of the loan, external credit ratings (if available), industry of counterparty etc.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the group measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, and visa versa.

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance.

1.9 Financial instruments (continued)

Credit risk

Details of credit risk related to loans receivable are included in the specific notes and the financial instruments and risk management (note 41).

Trade and other receivablesClassification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 12).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the group becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the effective interest method

For receivables which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in investment income (note 28).

The application of the effective interest method to calculate interest income on trade receivables is dependent on the credit risk of the receivable as follows:

- The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is notcredit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a receivable is a purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the receivable, even if it is no longer credit-impaired.
- If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Impairment

The group recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The group measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of expected credit losses

The group makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 12.

1.9 Financial instruments (continued)

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 25).

Write off policy

The group writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Credit risk

Details of credit risk are included in the trade and other receivables note (note 12) and the financial instruments and risk management note (note 41).

Investments at fair value

Classification

Investments in equity instruments are presented in note 11.The Group has elected to measure certain investments in equity instruments as at fair value through other comprehensive income.

Other unlisted investments are stated at fair value through profit or loss. Fair value gains or losses recognised on investments at fair value through profit or loss are included in other non-operating gains (losses).

The classification as investment is determined by the intention to keep the investment on a long term basis.

Recognition and measurement

Investments in equity instruments are recognised when the group becomes a party to the contractual provisions of the instrument. The investments are measured, at initial recognition, at cost. Transaction costs are added to the initial carrying amount for those investments which have been designated as at fair value through other comprehensive income. All other transaction costs are recognised in profit or loss.

Investments in equity instruments are subsequently measured at fair value with changes in fair value recognised either in profit or loss or in other comprehensive income (and accumulated in equity in the reserve for valuation of investments) , depending on their classification. The valuation method of unlisted investments is based on either discounted free cash flows or earning before interest, tax, depreciation and amortisation.

Fair value gains or losses recognised on investments at fair value through profit or loss are included in other non-operating gains (losses) (note 30).

Dividends received on equity investments are recognised in profit or loss when the group's right to received the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in investment income (note 28).

Impairment

Certain investments in equity instruments are not subject to impairment provisions.

1.9 Financial instruments (continued)

Investments in debt instruments at fair value through profit or loss

Borrowings and loans from related parties

Classification

Loans from group companies, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Borrowings and loans from related parties are recognised when the group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note 29.)

Borrowings expose the group to liquidity risk and interest rate risk. Refer to note 41 for details of risk exposure andmanagement thereof.

Trade and other payables
Classification

Trade and other payables, excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 29).

Trade and other payables expose the group to liquidity risk and possibly to interest rate risk. Refer to note 41 for details of risk exposure and management thereof.

1.9 Financial instruments (continued)

Financial liabilities at amortised cost

Classification

Financial liabilities which are held for trading are classified as financial liabilities mandatorily at fair value through profit or loss.

When a financial liability is contingent consideration in a business combination, the group classifies it as a financial liability at fair value through profit or loss.

The group, does, from time to time, designate certain financial liabilities as at fair value through profit or loss. The reason for the designation is to reduce or significantly eliminate an accounting mismatch which would occur if the instruments were not classified as such; or if the instrument forms part of a group of financial instruments which are managed and evaluated on a fair value basis in accordance with a documented management strategy; or in cases where it forms part of a contract containing an embedded derivative and IFRS 9 permits the entire contract to be measured at fair value through profit or loss.

Recognition and measurement

Financial liabilities at fair value through profit or loss are recognised when the group becomes a party to the contractual provisions of the instrument. They are measured, at initial recognition and subsequently, at fair value. Transaction costs are recognised in profit or loss.

For financial liabilities designated at fair value through profit or loss, the portion of fair value adjustments which are attributable to changes in the group's own credit risk, are recognised in other comprehensive income and accumulated in equity in the reserve for valuation of liabilities, rather than in profit or loss. However, if this treatment would create or enlarge an accounting mismatch in profit or loss, then that portion is also recognised in profit or loss.

Interest paid on financial liabilities at fair value through profit or loss is included in finance costs.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Reclassification

Financial assets

The group only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities

Financial liabilities are not reclassified.

1.10 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

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

Deferred tax assets and liabilities

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

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:
- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

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

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

1.11 Leases

The corporation assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the corporation has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

1.11 Leases (continued)

Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the group recognises the lease payments as an operating expense (note 25) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However as an exception to the preceding paragraph, the group has elected not to separate the non-lease components for leases of land and buildings.

Details of leasing arrangements where the group is a lessee are presented in note 4 Leases (group as lessee).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:
- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the group under residual value guarantees;
- the exercise price of purchase options, if the group is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option;and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate thelease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of- use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 4).

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 29).

The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:
- there has been a change to the lease term, in which case the lease liability is remeasured by discounting therevised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the group will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liabilityis remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right- of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

1.11 Leases (continued)

Lease payments included in the measurement of the lease liability comprise the following:
- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the group incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.
Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Group as lessor

Leases for which the group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

When the group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the group applies the exemption described previously, then it classifies the sub-lease as an operating lease.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated by applying IFRS 15.

Operating leases

Lease payments from operating leases are recognised on a straight-line basis over the term of the relevant lease, or on another systematic basis if that basis is more representative of the pattern in which the benefits form the use of the underlying asset are diminished. Operating lease income is included in other operating income (note 24).

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

Modifications made to operating leases are accounted for as a new lease from the effective date of the modification. Any prepaid or accrued lease payments relating to the original lease are treated as part of the lease payments of the new lease.

1.12 Non-current assets (disposal groups) held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

1.12 Non-current assets (disposal groups) held for sale (continued)

Non-current assets and disposal groups are classified as held for distribution to owners when the entity is committed to distribute the asset or disposal group to the owners. This condition is regarded as met only when the distribution is highly probable and the asset (or disposal group) is available for immediate distribution in its present condition, provided the distribution is expected to be completed within one year from the classification date.

Non-current assets (or disposal groups) held for sale (distribution to owners) are measured at the lower of their carrying amount and fair value less costs to sell (distribute).

A non-current asset is not depreciated (or amortised) while it is classified as held for sale (held for distribution to owners), or while it is part of a disposal group classified as such.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale (distribution to owners) are recognised in profit or loss.

1.13 Impairment of assets

An impairment loss on an asset or cash-generating unit is the amount by which the carrying amount, i.e. the amount recognised on the balance sheet after deducting any accumulated depreciation and accumulated impairment losses, exceeds its recoverable amount. The recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. Value in use is the present value of future cash flows expected to be derived from anasset or cash-generating unit.

At each reporting date the carrying amount of the tangible and intangible assets are assessed to determine whether there is any indication that those assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the cash-generating unit to which the asset belongs is estimated. Value in use is estimated taking into account future cash flows, forecast market conditions and the expected useful lives of the assets.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount is reduced to the higher of its recoverable amount and zero. Impairment losses are recognised in profit or loss. The loss is first allocated to reduce the carrying amount of goodwill and then to the other assets of the cash-generating unit.
Subsequent to the recognition of an impairment loss, the depreciation or amortisation charge for the asset is adjusted to allocate its remaining carrying value, less any residual value, over its remaining useful life.

If an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, limited to the carrying amount that would have been recognised had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised in profit or loss. Impairments to goodwill are not reversed in subsequent accounting periods.

1.14 Share capital and equity

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

Ordinary share capital, preference share capital or any financial instrument issued by the group is classified as equity when:
- Payment of cash, in the form of a dividend or redemption, is at the discretion of the group;
- The instrument does not provide for the exchange of financial instruments under conditions that arepotentially unfavourable to the group;
- Settlement in the group's own equity instruments is for a fixed number of equity instruments at a fixed price; and
- The instrument represents a residual interest in the assets of the group after deducting all of its liabilities.

The group's ordinary share capital is classified as equity.

Consideration paid or received for equity instruments is recognized directly in equity. Equity instruments are initially measured at the proceeds received less incremental directly attributable issue costs. No gain is recognised in profit or loss on the purchase, sale, issue or cancellation of the group's equity instruments.

When the group issues a compound instrument, i.e. an instrument that contains both a liability and equity component, the equity component is initially measured at the residual amount after deducting from the fair value of the compound instrument the amount separately determined for the liability component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds.

Distributions to holders of equity instruments are recognised as dividends within equity in the period in which they are payable. Dividends for the year that are declared after the balance sheet date are disclosed in the notes.

1.15 Employee benefits

Short-term employee benefits

Employee benefits cost include all forms of consideration given in exchange for services rendered by employees. The cost of providing employee benefits is recognised in profit or loss in the period they are earned by employees. The cost of short term employee benefits is recognised in the period in which the service is rendered and is not discounted.

The expected cost of short-term accumulating compensated absences is recognised as an expense as the employees render service that increases their entitlement or, in the case of non-accumulating absences, when the absences occur. The expected cost of performance bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Post-employment benefit obligations

The cost of providing defined benefits is determined using the projected unit credit method. Valuations are conducted annually. The amount recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses.

Defined contribution plans

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

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

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected unit credit method.
Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.
Consideration is given to any event that could impact the funds up to the end of the reporting period where the interimvaluation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial year, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in profit or loss over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Actuarial gains and losses are recognised in the year in which they arise, in other comprehensive income.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the group is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In profit or loss, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

1.16 Government grants and deferred income

Government includes government agencies and similar bodies whether local, national or international. Government assistance is action by government designed to provide an economic benefit specific to an entity or range of entities qualifying under certain criteria. A government grant is assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. They exclude those forms of government assistance which cannot reasonably have a value placed upon them and transactions with government which cannot be distinguished from normal trading transactions of the entity.

When the conditions attaching to government grants have been met and the grants have been received, they are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related costs. When they are for expenses or losses already incurred, they are recognised in profit or loss immediately. The unrecognised portion of project spend at the balance sheet date is presented as deferred income. No value is recognised for other government assistance.

Government grants are recognised when there is reasonable assurance that:
- the group will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or surplus already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

1.17 Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods, services provided in the normal course of business, net of value added tax. Interest is recognised, in profit or loss, using the effective interest rate method.

The group recognises revenue from the following major sources:
- Interest on loans
- Administration and other fees

Revenue from operating leases

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods, services and operating lease income provided in the normal course of business, net of value added tax.
Interest is recognised, in profit or loss, using the effective interest rate method.

Operating lease income is recognised as income on a straight-line basis over the lease term or another systematic basis, if more representative of the time pattern of the user’s benefit.

1.18 Key assumptions concerning the future and key sources of estimation

The consolidated annual financial statements are prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and its interpretations adopted by the Accounting Practices Board. In the preparation of the consolidated annual financial statements, management has made judgements and estimates that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses, as set out below.

Credit impairment of loans and advances

The group recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The group measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there hasbeen a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the group considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

Provisions, contingent liabilities and contingent assets

Provisions

Provisions are recognised when:
The Corporation has a present legal or constructive obligation as a resuly of past events. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. A reliable estimate of the obligation can be made.

Provisions are measured at the present value of expenditure expected to be required to settle the obligation using pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Provisions are not recognised for future operating losses. The increase in the provision due to passage of time is recognised as interest expense.

Contingent liabilities

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurence or non-occurence of one or more uncertain future events not wholly within the control of the Group. The group, in the ordinary course of business, enters into transactions that expose the group to tax, legal and business risks. Contingent liabilitie are not recognised in the Statement of Financial Position but are disclosed in the notes to achieve fair presentation.

Contingent assets

Contingent assets are disclosed where an inflow of economic benefits is probable. When the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

1.19 Interest bearing borrowing and borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less anytemporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.20 Related Parties

The ECDC operates in an economic environment together with other entities directly or indirectly owned by the Eastern Cape government. Only parties within the provincial sphere of government will be considered to be related parties.
Key management is defined as individuals with the authority and responsibility for planning, directing and controlling the activities of the entity. All individuals from the level of executive management up to the Board of Directors are regarded as key management per the definition of the standard.

Other related party transactions are also disclosed in terms of the requirements of IAS 24.

1.21 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) PFMA, or
b) any provincial legislation providing for procurement procedures in that provincial government National Treasury practice note no. 2 of 2019/2020 requires the following (effective from 17 May 2019):

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.

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

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law.
Immediate steps must thereafter be taken to recover the amount from the person concerned. 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 expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Act or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.Contingent assets and contingent liabilities are not recognised.

1.22 Fruitless and wasteful expenditure

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

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

	Group			Company		
Figures in Rand thousand	2021	2020 Restated *	2019	2021	2020 Restated *	2019

2. New Standards and Interpretations

2.1 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 January 2021 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Date issued by IASB
• IAS 37 amendment - Onerous Contracts: Cost ofFulfilling a Contract	01 January 2022	Unlikely there will be a material impact
• IFRS 1, IFRS 9, IFRS 16 and IAS 41 amendments - Annual Improvements to IFRS Standards (2018 – 2020)	01 January 2022	Impact is beingassessed
• IAS 16 amendment - Property, Plant and Equipment:Proceeds before Intended Use	01 January 2022	Impact is beingassessed
• IFRS 3 amendment - Reference to the ConceptualFramework	01 January 2022	Unlikely there will be amaterial impact
• IFRS 17 Insurance Contracts	01 January 2023	Unlikely there will be a material impact
• IFRS 17 amendments - Insurance Contracts	01 January 2023	Unlikely there will be a material impact
• IAS 1 amendment - Classification of liabilities as current or non-current	01 January 2023	Unlikely there will be a material impact
• IFRS 10 and IAS 28 amendment - Sale or Contributionof Assets between an Investor and its Associate or Joint Venture	September (Deferred indefinitely by amendments made in December 2015)	Unlikely there will be a material impact

	Group			Company		
Figures in Rand thousand	2021	2020 Restated *	2019	2021	2020 Restated *	2019

3. Property, plant and equipment

Group	2021			2020		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land	4 565	-	4 565	4 565	-	4 565
Buildings	68 183	(12 468)	55 715	68 184	(11 860)	56 324
Right-of-use assets	1 653	(1 623)	30	1 653	(1 597)	56
Furniture and fixtures	4 775	(3 238)	1 537	4 891	(3 197)	1 694
Motor vehicles	184	(184)	-	184	(184)	-
Office equipment	3 271	(2 135)	1 136	2 176	(1 762)	414
IT equipment	15 119	(10 917)	4 202	11 284	(10 701)	583
Other property, plant and equipment	1 916	(1 859)	57	1 867	(1 827)	40
Total	**99 666**	**(32 424)**	**67 242**	**94 804**	**(31 128)**	**63 676**

Group	2019		
	Cost or revaluation	Accumulated depreciation	Carrying value
Land	4 565	-	4 565
Buildings	64 483	(14 301)	50 182
Right-of-use assets	1 653	(1 571)	82
Furniture and fixtures	3 393	(3 094)	299
Motor vehicles	184	(184)	-
Office equipment	2 070	(1 400)	670
IT equipment	10 886	(10 421)	465
Other property, plant and equipment	1 867	(1 802)	65
Total	**89 101**	**(32 773)**	**56 328**

Figures in Rand thousand	Group 2021	Group 2020 Restated *	Group 2019	Company 2021	Company 2020 Restated *	Company 2019

3. Property, plant and equipment (continued)

Company	2021			2020		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land	3 265	-	3 265	3 265	-	3 265
Buildings	35 833	(12 468)	23 365	44 466	(14 162)	30 304
Right-of-use-assets	10 156	(6 127)	4 029	1 523	(1 523)	-
Furniture and fixtures	4 668	(3 185)	1 483	4 593	(2 963)	1 630
Motor vehicles	184	(184)	-	184	(184)	-
Office equipment	3 089	(2 079)	1 010	2 019	(1 699)	320
IT equipment	14 017	(10 729)	3 288	10 587	(10 269)	318
Other property, plant and equipment	1 904	(1 858)	46	1 867	(1 827)	40
Total	**73 116**	**(36 630)**	**36 486**	**68 504**	**(32 627)**	**35 877**

Company	2019		
	Cost or revaluation	Accumulated depreciation	Carrying value
Land	3 265	-	3 265
Buildings	32 133	(11 252)	20 881
Right-of-use-assets	1 523	(1 523)	-
Furniture and fixtures	3 120	(2 848)	272
Motor vehicles	184	(184)	-
Office equipment	2 004	(1 345)	659
IT equipment	10 350	(9 981)	369
Other property, plant and equipment	1 867	(1 802)	65
Total	**54 446**	**(28 935)**	**25 511**

	Group			Company		
Figures in Rand thousand	2021	2020	2019	2021	2020	2019

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2021

	Opening balance	Additions	Disposals	Depreciation	Total
Land	4 565	-	-	-	4 565
Buildings	56 324	(3)	-	(609)	55 715
Right-of-use assets	56	-	-	(25)	30
Furniture and fixtures	1 694	76	(2)	(231)	1 537
Office equipment	414	1 388	-	(666)	1 136
IT equipment	583	3 941	-	(322)	4 202
Other property, plant and equipment	40	47	-	(30)	57
	63 676	**5 449**	**(2)**	**(1 883)**	**67 242**

Reconciliation of property, plant and equipment - Group - 2020

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Impairment reversal	Total
Land	4 565	-	-	-	-	-	4 565
Buildings	50 182	-	-	3 700	(2 910)	5 352	56 324
Right-of-use assets	82	-	-	-	(26)	-	56
Furniture and fixtures	299	1 520	(2)	-	(123)	-	1 694
Office equipment	670	106	-	-	(362)	-	414
IT equipment	465	452	-	-	(334)	-	583
Other property, plant and equipment	65	-	-	-	(25)	-	40
	56 328	**2 078**	**(2)**	**3 700**	**(3 780)**	**5 352**	**63 676**

	Group			Company		
Figures in Rand thousand	2021	2020	2019	2021	2020	2019

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2019

	Opening balance	Additions	Disposals	Transfers	Revaluations	Depreciation	Total
Land	4 465	-	-	-	100	-	4 565
Buildings	45 035	-	-	950	4 830	(633)	50 182
Right-of-use assets	108	-	-	-	-	(26)	82
Plant and machinery	153	-	(87)	-	-	(66)	-
Furniture and fixtures	510	6	(2)	-	-	(215)	299
Office equipment	996	52	(5)	-	-	(373)	670
IT equipment	851	138	(5)	-	-	(519)	465
Other property, plant and equipment	87	3	-	-	-	(25)	65
	52 205	**199**	**(99)**	**950**	**4 930**	**(1 857)**	**56 328**

Reconciliation of property, plant and equipment - Company - 2021

	Opening balance	Additions	Depreciation	Total
Land	3 265	-	-	3 265
Buildings	23 974	-	(609)	23 365
Right-of-use assets	6 330	-	(2 303)	4 029
Furniture and fixtures	1 630	75	(222)	1 483
Office equipment	320	1 349	(659)	1 010
IT equipment	318	3 162	(192)	3 288
Other property, plant and equipment	40	35	(28)	46
	35 877	**4 621**	**(4 013)**	**36 486**

	Group			Company		
Figures in Rand thousand	2021	2020 Restated *	2019	2021	2020 Restated *	2019

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Company - 2020

	Opening balance	Additions	Revaluations	Depreciation	Total
Land	3 265	-	-	-	3 265
Buildings	20 881	-	3 700	(607)	23 974
Right-of-use assets	-	8 633	-	(2 303)	6 330
Furniture and fixtures	272	1 473	-	(115)	1 630
Office equipment	659	15	-	(354)	320
IT equipment	369	237	-	(288)	318
Other property, plant and equipment	65	-	-	(25)	40
	25 511	**10 358**	**3 700**	**(3 692)**	**35 877**

Reconciliation of property, plant and equipment - Company - 2019

	Opening balance	Additions	Transfers	Depreciation	Total
Land	3 265	-	-	-	3 265
Buildings	20 564	-	950	(633)	20 881
Furniture and fixtures	472	6	-	(206)	272
Office equipment	979	45	-	(365)	659
IT equipment	791	47	-	(469)	369
Other property, plant and equipment	87	3	-	(25)	65
	26 158	**101**	**950**	**(1 698)**	**25 511**

Property, plant and equipment encumbered as security

The following assets have been encumbered as security for the secured long-term borrowings in note 4 :

Lease asset- Copier machine	30	56	82	-	-	-

Revaluations

The Group's land and buildings are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed every 3 years and in intervening years if the carrying amount of the land and buildings differs materially from their fair value.

The fair value measurements as of were performed by, independent valuers not related to the Group. The valuers utilised by the group are members of the Institute of Valuers and they have the appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations.

The carrying value of the revalued assets under the cost model would have been:

Office Buildings	13 743	14 160	14 577	13 743	14 160	14 577
	13 743	**14 160**	**14 577**	**13 743**	**14 160**	**14 577**

Other information

Fully depreciated property, plantand equipment still in use	4	184	787	4	184	184

	Group			Company		
Figures in Rand thousand	2021	2020 Restated *	2019	2021	2020 Restated *	2019

3. Property, plant and equipment (continued)

Details of property, plant and equipment

Registers with details of land and buildings are available for inspection by shareholders or their duly authorized representatives at the registered office of the company and its respective subsidiaries.

Refer to note 4 for details of right-of-use-assets which have been included in property, plant and equipment.

4. Leases (group and company as lessee)

The Eastern Cape Development Corporation (ECDC) leases a property owned by a subsidiary, Cimvest SOC Ltd. The property is situated in East London and is utlised as the ECDC Head Office building. TThe lease has a five year term, with a commencement date of 01January 2018. A lease liability related to this lease has been recognised and measured at the present value of future lease payments,discounted at an incremental borrowing rate of 10.25%. There is no significant option for an extension or early termination included inthe lease agreement, therefore this has not been included in the assessment of the lease term. The remaining term of the lease,without considering options to terminate or extend, is 45 months and therefore this was used for the recognition of the lease liability. The right-of-use asset has been depreciated over the remaining term of 45 months on the lease.

The ECDC also leases a section of a building that is utilised as the Port Elizabeth Regional office and the building is privately owned. The remaining term of the lease was less than twelve months. Subsequent to the financial year ended 31 March 2020 the lease came to an end and the building was vacated. The lease has therefore been accounted for as a short-term lease.

The Group also leases multi-purpose office machines (copiers/ printers). The terms for these leases range from three months to three years. These leases are short-term and/or leases of low-value items.

Details pertaining to leasing arrangements, where the company is lessee are presented below:

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are included in the following line items:

Buildings	-	-	-	4 029	6 331	-
Office equipment- Copier Machine	30	56	82	-	-	-
	30	**56**	**82**	**4 029**	**6 331**	**-**

Additions to right-of-use assets

Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 25), as well as depreciation which has been capitalised to the cost of other assets.

Buildings	-	-	-	2 302	2 302	-

	Group			Company		
Figures in Rand thousand	2021	2020 Restated *	2019	2021	2020 Restated *	2019

4. Leases (group and company as lessee) (continued)

Lease liabilities

The maturity analysis of lease liabilities is as follows:

Within one year	31	31	31	2 759	2 759	-
Two to five years	5	33	68	2 069	2 759	-
More than five years	-	-	-	-	2 069	-
	36	64	99	4 828	7 587	-
Less finance charges component	(1)	(1)	(10)	(426)	(1 000)	-
	35	**63**	**89**	**4 402**	**6 587**	**-**
Non-current liabilities	35	35	63	1 983	4 403	-
Current liabilities	-	28	26	2 419	2 184	-
	35	**63**	**89**	**4 402**	**6 587**	**-**

5. Investment property

Group	2021			2020		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Investment property	1 389 769	-	1 389 769	1 417 312	-	1 417 312

Group	2019		
	Cost / Valuation	Accumulated depreciation	Carrying value
Investment property	1 483 858	-	1 483 858

Company	2021			2020		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Investment property	1 307 025	-	1 307 025	1 334 568	-	1 334 568

Company	2019		
	Cost / Valuation	Accumulated depreciation	Carrying value
Investment property	1 404 058	-	1 404 058

Figures in Rand thousand	Group 2021	Group 2020 Restated *	Group 2019	Company 2021	Company 2020 Restated *	Company 2019

5. Investment property (continued)

Reconciliation of investment property - Group - 2021	Opening balance	Other changes, movements	Fair value adjustments	Total
Investment property	1 417 312	(27 320)	(223)	1 389 769

Reconciliation of investment property - Group - 2020	Opening balance	Additions	Disposals	Other changes, movements	Fair value adjustments	Total
Investment property	1 483 858	2 944	(4 561)	(42 860)	(22 069)	1 417 312

Reconciliation of investment property - Group - 2019

	Opening balance	Additions	Disposals	Transfers	Fair value adjustments	Total
Investment property	1 288 601	40 386	(17 743)	(950)	173 564	1 483 858

Reconciliation of investment property - Company - 2021

	Opening balance	Other changes, movements	Fair value adjustments	Total
Investment property	1 334 568	(27 320)	(223)	1 307 025

Reconciliation of investment property - Company - 2020

	Opening balance	Disposals	Other changes, movements	Fair value adjustments	Total
Investment property	1 404 058	(4 561)	(42 860)	(22 069)	1 334 568

Reconciliation of investment property - Company - 2019

	Opening balance	Additions	Disposals	Transfers	Fair value adjustments	Total
Investment property	1 233 944	6 900	(17 743)	(950)	181 907	1 404 058

Information on the Investment property portfolio

Investment properties are situated throughout the Eastern Cape Province, with the majority concentrated in the areas in and surrounding King Sabatha Dalindyebo, Mnquma, Buffalo City and Chris Hani Municipalities. The portfolio consists mainly of industrial, residential and commercial properties. Registers with details of each property are available for inspection at the registered office of the Corporation.

Tribal land

The Investment properties include properties that are located on Tribal Land, where the Group has assumed “Permission to Occupy”. The majority of these properties are situated on forestry estates and hotels on the Wild Coast.
The Group’s right to occupy properties to the value of R91.5 million (2020: R91.5 million) (2019: R77.5 million) above, has not been reduced to writing. However, the Group has occupied these properties for a number of years and derives economic benefits from their use and assumes the risks and rewards that are substantially incidental to ownership.

The valuation method used to value these properties assumes that the Group has the right to occupy these properties and will receive economic benefits in perpetuity.

	Group			Company		
Figures in Rand thousand	2021	2020 Restated *	2019	2021	2020 Restated *	2019

5. Investment property (continued)

Invaded Investment Properties

A number of Investment Properties owned by the Eastern Cape Development Corporation in Mthatha have been invaded due to illegal occupation. The combined fair value of the affected properties in the prior year was R110, 210 million and is now R123, 060 million. Management has deemed the increase to be reasonable based on the methodology used by a professional valuer in determining the fair values. The invaded properties have a total of 273 lettable units of which 138 are invaded. Consequently, the Corporation has lost potential income amounting to R11, 983 million based on the last rental billed on each unit.
The Eastern Cape Development Corporation promptly reported the matter to the relevant Law Enforcement Agencies where criminal cases were opened. A court order to evict the illegal invaders was awarded to ECDC however the execution of the court order was interdicted by the illegal occupants working collectively together.
Further developments: the matter is still pending at the Mthatha High Court, however there has been arrests made by the South African Police Services.

Disposals

There were no disposals of investment property for the year ended 31 March 2021. Investment Property with a combined fair value of R4,560million was disposed of in the 31 March 2020 financial year.

Derecognised

A number of investment properties have been derecognised as they are no longer controlled by the Group. Mainly these properties are sub-stations, railway reserves, public access roads and vacant land that is controlled by the Municipalities. These properties were previously held at a combined fair value of R27, 260 million (2020: 37,190 million) and have now been derecognised.

Other disclosures

The fair value of investment properties is determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the investment property being valued. The valuation company provides the fair value of the Group's investment portfolio every third year and at any time when suitable to dispose of a property.

The Group has considered the impact of COVID-19 pandemic on the valuation of its property portfolio. Due to the nature of the Group's property portfolio, which is mainly residential, commercial and industrial, the valuation is presumed to hold good in the foresseable future and therefore the value of property investments has remained unaffected at the reporting date.
18.3% (2020:33.7%) of the investment property portfolio were valued for the year ended 31 March 2021.

The remainder were all valued within the 3-year cycle for external valuations in line with our accounting policy. Valuations of investment properties are performed by the professional valuers using a combination of income capitalisation, depreciated cost method and comparable sales, depending on the existing use of each individual investment property.

Other disclosures

Registers with details of land and buildings are available for inspection by shareholders or their duly authorisedrepresentatives at the registered office of the company.

Amounts recognised in profit and loss for the year

Rental income from investment property	(89 615)	(88 618)	(90 410)	(87 929)	(79 642)	(83 549)
Direct operating expenses from rental generating property	30 427	32 859	45 744	30 427	30 662	45 744
Direct operating expenses from non-rental generating property	13 136	13 388	19 604	13 136	13 388	19 604
	(46 052)	**(42 371)**	**(25 062)**	**(44 366)**	**(35 592)**	**(18 201)**

	Group			Company		
Figures in Rand thousand	2021	2020 Restated *	2019	2021	2020 Restated *	2019

6. Intangible assets

Group	2021			2020		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost/ valuation	Accumulated amortisation	Carrying value
Computer software, other	4 425	(4 304)	121	4 412	(4 316)	96

Group	2019		
	Cost/ valuation	Accumulated amortisation	Carrying value
Computer software, other	4 332	(4 272)	60

Company	2021			2020		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost/ valuation	Accumulated amortisation	Carrying value
Computer software, other	4 274	(4 274)	-	4 274	(4 274)	-

Company	2019		
	Cost/ valuation	Accumulated amortisation	Carrying value
Computer software, other	4 274	(4 260)	14

Reconciliation of intangible assets - Group – 2021

	Opening balance	Additions	Amortisation	Total
Computer software, other	96	146	(121)	121

Reconciliation of intangible assets - Group – 2020

	Opening balance	Additions	Amortisation	Total
Computer software, other	60	138	(102)	96

Reconciliation of intangible assets - Group – 2019

	Opening balance	Additions	Amortisation	Total
Computer software, other	204	69	(213)	60

Reconciliation of intangible assets - Company – 2020

	Opening balance	Amortisation	Total
	14	(14)	-

Reconciliation of intangible assets - Company – 2019

	Opening balance	Amortisation	Total
Computer software, other	158	(144)	14

Other information

Some of the computer sotware utilised by the Group in its operations has been fully amortised and is still in use and the carrying value of such assets as at 31 March 2021 is R Nil (2020: R96; 2019: R60).

	Group			Company		
Figures in Rand thousand	2021	2020	2019	2021	2020	2019

7. Interests in subsidiaries

The following table lists the entities which are controlled directly by the company, and the carrying amounts of the investments in the company's separate financial statements.

Company

The following table lists the entities which are controlled directly by the company, and the carrying amounts of the investments in the company's separate financial statements.

Name of company	Held by	holding %	holding %	holding %	Carrying amount	Carrying amount	Carrying amount
		100,00%	100,00%	100,00%	23 012	23 012	24 342
Automotive Industry Development Centre (Eastern Cape)	Eastern Cape Development Corporation	100,00%	100,00%	100,00%	-	-	-
Centre for Investment and Marketing Authority in the Eastern Cape (NPC)	Eastern Cape Development Corporation	100,00%	100,00%	100,00%	-	-	-
Cimvest (Pty) Ltd	Centre for Investment and Marketing Authority in the Eastern Cape (NPC)	100,00%	100,00%	100,00%			-
Transdev Properties SOC Ltd	Eastern Cape Development Corporation	100,00%	100,00%	100,00%	2	2	2
Transkei Share Investments SOC Ltd		98,00%	98,00%	98,00%	23 010	23 010	24 340
Impairment of investment in subsidiaries					-	-	(1 330)
					23 012	23 012	23 012

	Group			Company		
Figures in Rand thousand	2021	2020 Restated *	2019	2021	2020 Restated *	2019

8. Investments in associates

The following table lists all of the associates in the group:

Group

Name of company	Held by	% ownership interest 2021	% ownership interest 2020	% ownership interest 2019	Carrying amount 2021	Carrying amount 2020	Carrying amount 2019
Mthatha Hotel (Pty) Ltd	Transkei Share Investment Company SOC Ltd	40,00 %	40,00 %	40,00 %	12 712	13 097	13 518
Mthatha Hotel (Pty) Ltd	Eastern Cape Development Corporation	9,95 %	9,95 %	9,95 %	2 050	2 085	3 612
					14 762	15 182	17 130

Summarised financial information of material associates

Summarised Statement of Profit or Loss and Other Comprehensive Income	Mthatha Hotel (Pty) Ltd		
	2021	2020	2019
Revenue	23 836	44 153	28 961
Other income and expenses	(24 181)	(45 825)	(32 944)
(Loss)/ profit for the year	(345)	(1 672)	(3 983)
Total comprehensive loss (income) for the year	(345)	(1 672)	(3 983)

Summarised Statement of Financial Position	Mthatha Hotel (Pty) Ltd		
	2021	2020	2019
Assets			
Non-current	18 890	21 069	20 763
Current	18 615	17 160	18 724
Total assets	37 505	38 229	39 487
Liabilities			
Current	5 612	5 991	5 577
Total liabilities	5 612	5 991	5 577
Total net assets	31 893	32 238	33 910

Reconciliation of the summarised financial information presented to the carrying amount	Mthatha Hotel (Pty) Ltd		
	2021	2020	2019
Opening carrying value	15 182	17 130	31 109
Share of OCI	(172)	(421)	(13 979)
Fair value adjustments	(248)	(1 527)	-
Carrying value of investment in associate	14 762	15 182	17 130

	Group			Company		
Figures in Rand thousand	2021	2020 Restated *	2019	2021	2020 Restated *	2019

9. Loans to group companies

Subsidiaries						
Centre for Investment and Marketing in the Eastern Cape (NPC) This loan is unsecured and bears interest at 13.85% per annum and has no fixed terms of repayment.	-	-	-	30 015	26 166	23 038
Transdev Properties (SOC) Limited This loan is unsecured, interest free and has no fixed terms of repayment.	-	-	-	1 472	3 797	5 974
	-	**-**	**-**	**31 487**	**29 963**	**29 012**

10. Loans receivable

Loans receivable are presented at amortised cost, which is net of loss allowance, as follows:

Loans Receivable	183 209	189 502	172 202	183 209	189 502	172 202
Loss Allowance	(147 881)	(130 384)	(119 015)	(147 881)	(130 384)	(119 015)
	35 328	**59 118**	**53 187**	**35 328**	**59 118**	**53 187**

Split between non-current and current portions

Non-current assets	25 950	36 252	29 471	25 950	36 252	29 471
Current assets	9 378	22 866	23 716	9 378	22 866	23 716
	35 328	**59 118**	**53 187**	**35 328**	**59 118**	**53 187**

Exposure to credit risk

Loans receivable inherently exposes the group to credit risk, being the risk that the group will incur financial loss if customers fail to make payments as they fall due.

There has been no significant changes in the credit risk management policies and processes since the prior reporting period.

A credit loss allowance is recognised for loans receivable, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the credit loss allowance, loans receivable are written off when there is no reasonable expectation of recovery.

Impact on equity reserves

The Group is sensitive to the movement in the market interest rate and a sensitivity analysis technique that measures the estimated change in profit or loss of an instantaneous increase or decrease of 1% (100 basis points) in market interest rates from the applicable rate as at 31 March 2021 has been used.

Market interest rate changes may affect equity (capital) in either higher or lower profit resulting from higher or lower net interest income.

	Group			Company		
Figures in Rand thousand	2021	2020 Restated *	2019	2021	2020 Restated *	2019

10. Loans receivable (continued)

Collateral value

The nature of the collateral available to the Group varies as it depends on the conditions of each loan, mainly it would be assets and liquid investments ceded to the Group. The estimated value of the collateral on loans advanced as at 31 March 2021 was R138, 026 million (2020: 170,530 million).

Loan commitments

The value of loans that were approved and taken up but not yet fully disbursed at 31 March 2021 was R3,438 million.

Contractual amounts that were written off

During the current financial year, no loans were written off.

COVID-19 impact

The Group has not added a separate COVID-19 overlay adjustment to the calculated March 2021 Expected Credit Loss for the Eastern Cape Development Corporation because of a miniscule upward change in the actual loss rates over the 12 months since lockdown was initiated. The effect of the pandemic on the payment patterns and defaults has been insignificant in the 12-month period.

The Expected Credit Loss allowance (ECL) is measured at an amount equal to 12-month expected credit losses. The balance of the credit allowances on the loans advanced as at 31 March 2021 is R147,881 million.

Impact on earnings

The table below shows the impact of earnings of a 100 bps up and down movement in market interest rates for the Group Loans receivable:

	100 basis point increase	**100 basis point decrease**
FY 2021	1 511	(1 511)
FY 2020	1 740	(1 740)
	3 251	**(3 251)**

The following tables show the movement in the loss allowances for loans receivable. The movement in the gross carrying amounts of the loans are also presented in order to assist in the explanation of movements in the loss allowance.

Opening balance	130 384	119 015	176 810	130 384	119 015	176 810
Increase (decrease in allowance	17 497	11 369	(5 702)	17 497	11 369	(5 702)
Write off	-	-	(52 093)	-	-	(52 093)
	147 881	**130 384**	**119 015**	**147 881**	**130 384**	**119 015**

	Group			Company		
Figures in Rand thousand	2021	2020 Restated *	2019	2021	2020 Restated *	2019

11. Investments at fair value

Investments held by the group which are measured at fair value, are as follows:

Mandatorily at fair value through profit or loss:						
Listed shares	2 512	2 191	3 371	-	-	-
Unlisted shares	8 608	4 042	7 653	10 693	6 127	11 265
Equity investments at fair value through other comprehensive income:						
Unlisted shares	2 647	2 647	13 000	2 647	2 647	13 000
	13 767	**8 880**	**24 024**	**13 340**	**8 774**	**24 265**

Equity instruments at fair value through other comprehensive income

Certain investments in equity instruments have been designated, at initial recognition, as at fair value through other comprehensive income. The reason for this designation as opposed to fair value through profit or loss, is to avoid the effect of volatilities in the fair values of the investments from impacting profit or loss.

The specific investments which are measured at fair value through other comprehensive income are as follows:

Investments held at reporting date - Group

	2021 Fair value	2021 Dividends received	2020 Fair value	2020 Dividends received	2019 Fair value	2019 Dividends received
Singisi Forest Products (Pty) Ltd	2 647	-	2 647	-	13 000	-

Investments held at reporting date - Company

	2021 Fair value	2021 Dividends received	2020 Fair value	2020 Dividends received	2019 Fair value	2019 Dividends received
Singisi Forest Products (Pty) Ltd	2 647	-	2 647	-	13 000	-

12. Trade and other receivables

Financial instruments:						
Rental receivables	364 909	313 255	385 934	364 263	313 055	385 650
Accrued income	636	502	626	-	-	-
Loss allowance	(358 080)	(311 665)	(374 263)	(358 080)	(311 630)	(374 237)
Rental receivables at amortised cost	7 465	2 092	12 297	6 183	1 425	11 413
Deposits	78	78	14	-	-	-
Other receivable	13 577	11 992	10 358	15 022	13 266	11 657
Non-financial instruments:						
VAT	9 394	7 381	7 264	2 190	114	-
Prepayments	26	132	2 078	-	-	2 009
Total rental and other receivables	**30 540**	**21 675**	**32 011**	**23 395**	**14 805**	**25 079**

	Group			Company		
Figures in Rand thousand	2021	2020 Restated *	2019	2021	2020 Restated *	2019

12. Trade and other receivables (continued)

Split between non-current and current portions

Non-current assets	-	-	-	-	-	-
Current assets	30 540	21 675	32 011	23 395	14 805	25 079
	30 540	**21 675**	**32 011**	**23 395**	**14 805**	**25 079**

Categorisation of rental and other receivables

At amortised cost	21 120	14 162	22 669	21 205	14 691	23 070
Non-financial instruments	9 420	7 513	9 342	2 190	114	2 009
	30 540	**21 675**	**32 011**	**23 395**	**14 805**	**25 079**

Summary of movement in credit loss allowances						
Opening balance	311 665	374 237	278 468	311 630	374 237	325 867
Increase (decrease) in allowance	46 415	60 499	47 588	46 450	60 464	58 869
Write off- prescribed	-	(41 838)	-	-	(41 838)	(10 499)
Reversal of induplum interest	-	(81 233)	-	-	(81 233)	-
	358 080	**311 665**	**326 056**	**358 080**	**311 630**	**374 237**

Exposure to credit risk

Trade receivables inherently expose the group to credit risk, being the risk that the group will incur financial loss if customers fail to make payments as they fall due.

There has been no significant changes in the credit risk management policies and processes since the prior reporting period.

A loss allowance is recognised for all rental receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, rental receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Rental receivables which have been written off are not subject to enforcement activities.

The group measures the loss allowance for rental receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on rental receivables is determined as the lifetime expectedcredit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the market as at the reporting date.

Expected Credit Loss

The Expected Credit Loss (ECL) for rental receivables as at 31 March 2021 is R 358 080 million.

The group's historical credit loss experience does not show significantly different loss patterns for different customer segments.

	Group			Company		
Figures in Rand thousand	2021	2020 Restated *	2019	2021	2020 Restated *	2019

12. Trade and other receivables (continued)

The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

The Group has not added a separate COVID-19 overlay adjustment to the calculated March 2021 Expected Credit Loss for the Eastern Cape Development Corporation because of a miniscule upward change in the actual loss rates over the 12 months since lockdown was initiated. The effect of the pandemic on the receivables payment patterns and defaults has been insignificant in the 12-month period.

Group	2021	2021	2020	2020	2019	2019
Expected credit loss rate:	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
Less than 3 months due: 0% (2020: 0%; 2019: 0%)	7 136	-	717	(2 892)	3 099	(804)
More than 3 months past due: 100% (2020: 100%, 2019:25%)	853	(524)	1 093	(1 093)	1 265	(18)
More than 4 months past due: 100% (2020: 100%; 2019:30%)	917	(917)	456	(456)	929	(7)
More than 5 months past due: 100% (2020: 100%; 2019:40%)	787	(787)	1 322	(1 322)	1 292	(67)
More than 6 months past due: 100% (2020: 100%; 2019: 50%)	1 272	(1 272)	1 627	(1 627)	638	(321)
More than 7 months past due: 100% (2020: 100%; 2019: 60%)	1 045	(1 045)	1 746	(1 746)	1 068	(108)
More than 8 months past due: 100% (2020: 100%; 2019:100%)	1 597	(1 597)	1 542	(1 542)	1 347	(375)
More than 9 months past due: 100% (2020: 100%; 2019: 100%)	351 938	(351 938)	305 254	(300 987)	376 922	(372 563)
Total	**365 545**	**(358 080)**	**313 757**	**(311 665)**	**386 560**	**(374 263)**

	Group			Company		
Figures in Rand thousand	2021	2020 Restated *	2019	2021	2020 Restated *	2019

12. Trade and other receivables (continued)

Company	2021	2021	2020	2020	2019	2019
Expected credit loss rate:	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
Less than 3 months due: 0% (2020: 0%; 2019: 0%)	5 854	-	3 653	(2 228)	-	-
More than 3 months past due: 100% (2020: 100%; 2019: 25%)	853	(524)	1 093	(1 093)	1 235	(13)
More than 4 months past due: 100% (2020: 100%; 2019: 30%)	917	(917)	456	(456)	830	(36)
More than 5 months past due: 100% (2020: 100%; 2019: 40%)	787	(787)	1 322	(1 322)	1 292	(219)
More than 6 months past due: 100% (2020: 100%; 2019: 50%)	1 272	(1 272)	1 627	(1 627)	638	(202)
More than 7 months past due: 100% (2020: 100%; 2019: 60%)	1 045	(1 045)	1 746	(1 746)	1 068	(486)
More than 8 months past due: 100% (2020: 100%; 2019:70%)	1 597	(1 597)	1 542	(1 542)	1 347	(815)
More than 9 months past due: 100% (2020: 100%; 2019: 100%)	351 938	(351 938)	301 616	(301 616)	376 922	(372 466)
Total	**364 263**	**(358 080)**	**313 055**	**(311 630)**	**383 332**	**(374 237)**

13. Deferred tax

Deferred tax asset	-	-	(361)	-	-	-

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Deferred tax liability	-	-	361	-	-	-
Deferred tax asset	-	-	(361)	-	-	-
Total net deferred tax asset	**-**	**-**	**-**	**-**	**-**	**-**

Reconciliation of deferred tax asset						
At beginning of year	-	-	307	-	-	-
Taxable / (deductible) temporary difference movement on tangible fixed assets	-	-	40	-	-	-
Taxable / (deductible) temporary difference on product development costs	-	-	(3)	-	-	-
Other (Specify)	-	-	(344)			
	-	**-**	**-**	**-**	**-**	**-**

Recognition of deferred tax asset

An entity shall disclose the amount of a deferred tax asset and the nature of the evidence supporting its recognition, when:

- the utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences; and
- the entity has suffered a loss in either the current or preceding period in the tax jurisdiction to which the deferred tax asset relates.

	Group			Company		
Figures in Rand thousand	2021	2020 Restated *	2019	2021	2020 Restated *	2019

13. Deferred tax (continued)

The mandate of a wholly - owned subsidiary, AIDC Development Centre Eastern Cape (SOC) Limited, is to deliver services to the automotive industry and is not focused on the generation of profits, therefore the company is not anticipating to utilise the deferred tax asset in the forseeable future.

14. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	166 509	82 181	48 341	116 801	50 758	17 367
Short-term deposits	64 952	62 708	147 387	64 952	62 708	147 387
	231 461	**144 889**	**195 728**	**181 753**	**113 466**	**164 754**
Cash and cash equivalents heldby the entity that are ring-fencedfor projects.	149 436	104 228	99 859	149 436	104 228	99 859

15. Share capital

Authorised						
50 billion Ordinary Type A shares of one cent each	500 000	500 000	500 000	500 000	500 000	500 000
50 billion Ordinary Type B shares of one cent each	500 000	500 000	500 000	500 000	500 000	500 000
	1 000 000	**1 000 000**	**1 000 000**	**1 000 000**	**1 000 000**	**1 000 000**
Reconciliation of number of shares issued:						
"A" ordinary shares of 1 cent each	213 975	213 975	213 975	213 975	213 975	213 975
"B" ordinary shares of 1 cent each	213 975	213 975	213 975	213 975	213 975	213 975
	427 950	**427 950**	**427 950**	**427 950**	**427 950**	**427 950**
Issued						
Reported as at 31 March 2021	427 590	427 590	427 590	427 590	427 590	427 590

16. Reserves

Balances as at 31 March 2021 are as follows:						
Pre-incorporation Reserve	384 265	384 265	384 265	384 265	384 265	384 265
Property, plant and equipment revaluation	12 239	12 239	8 539	8 509	8 509	4 809
Fair value adjustment on investments at fair value	1 827	1 827	12 180	1 827	1 827	12 180
	398 331	**398 331**	**404 984**	**394 601**	**394 601**	**401 254**

	Group			Company		
Figures in Rand thousand	2021	2020 Restated *	2019	2021	2020 Restated *	2019

17. Loans from group companies

Subsidiaries						
Transkei Share Investment CompanySOC Ltd The loan is unsecured, interest free andhas no fixed terms of repayment.	-	-	-	25 095	25 129	25 163

Split between non-current and current portions

Non-current liabilities	-	-	-	25 095	25 129	25 163

18. Retirement benefits

Defined benefit plan

The Company operates a medical aid defined benefit plan which provides post-employment medical benefits. The medical scheme provides retired employees with medical benefits. In terms of the plan, the Company is liable to the employees for specific payments on retirement for these benefits. The liabilities of these plans are reflected in the statement of financial position. The ECDC does not have specific assets set aside to prefund this liability.

Carrying value

Present value of the defined benefit obligation-wholly unfunded	(24 720)	(31 787)	(34 347)	(24 720)	(31 787)	(34 347)
Present value of the defined benefit obligation-partially or wholly funded	(850)	(1 257)	(1 536)	(850)	(1 257)	(1 536)
Fair value of plan assets	(2 739)	(2 967)	(2 967)	(2 739)	(2 967)	(2 967)
Net actuarial gains not recognised	956	1 278	1 229	956	1 278	1 229
Past service cost not recognised	(511)	10 013	5 834	(511)	10 013	5 834
	(27 864)	**(24 720)**	**(31 787)**	**(27 864)**	**(24 720)**	**(31 787)**

The fair value of plan assets includes:

Changes in present value

Opening balance	(24 720)	(31 787)	(34 347)	(24 720)	(31 787)	(34 347)
Contributions by members	956	1 278	1 229	956	1 278	1 229
Movement recognised in profit or loss	(4 100)	5 789	1 331	(4 100)	5 789	1 331
	(27 864)	**(24 720)**	**(31 787)**	**(27 864)**	**(24 720)**	**(31 787)**

Movement recognised in profit or loss

Current service cost	(850)	(1 257)	(1 536)	(850)	(1 257)	(1 536)
Interest cost	(2 739)	(2 967)	(2 967)	(2 739)	(2 967)	(2 967)
Actuarial (losses) gains	(511)	10 013	5 834	(511)	10 013	5 834
	(4 100)	**5 789**	**1 331**	**(4 100)**	**5 789**	**1 331**

	Group			Company		
Figures in Rand thousand	2021	2020 Restated *	2019	2021	2020 Restated *	2019

18. Retirement benefits (continued)

Past (accrued) and future service liability

Assumptions used are according to the valuation performed for the year ended 31 March 2021.

Health care cost inflation	7,74 %	7,05 %	6,96 %	7,74 %	7,05 %	6,96 %
Discount rate	10,82 %	11,33 %	9,54 %	10,82 %	11,33 %	9,54 %

Effect of 1% change in assumed medical cost trend rates

It is the policy of the group to provide retirement benefit to all its employees. Based on the actuarial valuation performed at 31 March 2021, assumptions used in the sensitivity analysis are one percentage variation in health care cost inflation, mortality and resignation rate.

The group is under no obligation to cover any unfunded benefits.

1% increase - effect on accumulated benefit obligation	3 918	3 172	4 351	3 918	3 172	4 351
1% decrease - effect on	(522)	(552)	(640)	(522)	(552)	(640)
current service cost & interest cost 1% decrease - effect on accumulated benefit obligation	(3 250)	(2 653)	(3 639)	(3 250)	(2 653)	(3 639)

Mortality Rate

Mortality during employment	SA 85-90 (Light)-3	SA 85-90 (Light)-3	SA 85-90 (Light)-3	SAB85-90 (Light)-3	SAB85-90 (Light)-3 3172	SAB85-90 (Light)-34351
Post-employment mortality Retirement age	PA(90) -1 with a 1% years mortality improvement p.a. from 2010	PA(90) -1 with a 1% mortality improvement p.a. from 2010	PA (90)-1 60 years	PA (90)-1 60 years	PA (90)-1 60 years	PA (90)-1 60 years

SA 85-90(Light) - 3: This reflects the mortality experience in South Africa rated down by three years for females.

PA (90) - 1: This refers to the standard actuarial mortality tables for current and prospective pensioners rated down by one year.

Five year forecast	2021	2022	2023	2024	2025	2026
Post retirement obligation at beginning of the period	24 720	27 864	30 780	34 097	37 856	42 350
Interest Cost	2 738	2 958	3 272	3 629	4 045	4 530
Service Cost	850	1 045	1 158	1 283	1 422	1 576
Expected benefit payments	(956)	(1 087)	(1 113)	(1 153)	(973)	(1 000)
Subtotal	27 352	30 780	34 097	37 856	42 350	47 456
Post retirement obligation at end of the period	**27 352**	**30 780**	**34 097**	**37 856**	**42 350**	**47 456**

	Group			Company		
Figures in Rand thousand	2021	2020 Restated *	2019	2021	2020 Restated *	2019

19. Other financial liabilities

Non-current liabilities	-	15 873	31 746	-	15 873	31 746
Current liabilities	47 619	31 746	15 873	47 619	31 746	15 873
	47 619	**47 619**	**47 619**	**47 619**	**47 619**	**47 619**

This relates to funds that were identified by the Eastern Cape Provincial Treasury and Planning as uncommitted as at 31 March 2018 and therefore should be surrendered. The terms agreed to are that the fund will be surrendered over a three year period as follows:

2020/21 - R31,746 million (to be effected on the 2021 Budget Adjustment Estimates)
2021/22 - R15,873 million (to be effected as a reduction on baseline allocations)

20. Deferred income

Non- Current liabilities	1 105	423	134	-	-	-
Current Liabilities	146 167	91 638	106 457	129 790	80 656	95 864
	147 272	**92 061**	**106 591**	**129 790**	**80 656**	**95 864**

Government grants are deferred to the extent that they are unspent. Funds that have been received for specific projects but not yet spent at 31 March are classified as deferred income and cash resources to fund deferred projetcs have been ring-fenced.

Analysis per entity

Eastern Cape Development Corporation	129 790	80 656	95 479	129 790	80 656	95 479
AIDC Development Centre Eastern Cape SOC Ltd	17 482	11 405	10 727	-	-	-
	147 272	**92 061**	**106 206**	**129 790**	**80 656**	**95 479**

Figures in Rand thousand	Group 2021	Group 2020 Restated *	Group 2019	Company 2021	Company 2020 Restated *	Company 2019

21. Trade and other payables

Financial instruments:						
Trade payables	213	2 020	1 191	-	1 925	671
Government Funds	19 640	25 074	5 498	19 640	23 566	3 989
Accrued leave	9 710	8 813	8 525	9 292	8 600	8 295
Accrued bonus	1 299	2 102	2 418	1 299	1 436	1 447
Accrued expense	50 222	19 365	11 782	49 799	18 604	10 456
Dividends payable	11 989	11 989	11 989	-	-	-
Deposits received	9 123	9 229	9 297	9 123	9 229	9 297
Other payables	20 304	5 212	11 963	6 161	5 254	11 931
Non-financial instruments:						
VAT	48	49	702	-	-	646
	122 548	**83 853**	**63 365**	**95 314**	**68 614**	**46 732**

Exposure to liquidity risk

Refer to note 41 Financial instruments and financial risk management for details of liquidity risk exposure and management.

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts.

22. Revenue

Revenue from contracts with customers				
Rendering of services	818	2 204	1 149	847
Revenue from operating leases				
Rental income	92 724	94 323	89 239	85 347
	93 542	**96 527**	**90 388**	**86 194**
Interest revenue				
Interest on loans	7 262	8 785	7 262	8 785
Interest on rental	17 538	23 563	17 538	23 563
	24 800	**32 348**	**24 800**	**32 348**

Disaggregation of revenue from contracts with customers

The group disaggregates revenue from customers as follows:

Rendering of services				
Rendering of services	818	2 204	1 149	847
Interest on loans				
Interest on loans	7 262	8 785	7 262	8 785
Total revenue from contracts with customers	**8 080**	**10 989**	**8 411**	**9 632**

Figures in Rand thousand	Note (s)	Group 2021	Group 2020 Restated *	Company 2021	Company 2020 Restated *

22. Revenue (continued)

Timing of revenue recognition

At a point in time				
Adminstration fees	(1 389)	(2 204)	(1 149)	(847)
Over time				
Interest on loans	(7 262)	(8 785)	(7 262)	(8 785)

23. Government Grants

Unconditional grants	161 998	139 939	149 577	128 147
Conditional grants	43 583	20 499	43 538	19 013
	205 581	**160 438**	**193 115**	**147 160**

24. Other operating income

Administration and management fees received		4 141	1 263	4 141	1 263
Commissions received		14	16	14	16
Bad debts recovered		1 336	1 943	1 336	1 943
Other recoveries		4 535	4 682	4 535	4 682
Other income		2 218	2 152	2 214	2 058
Government grants		205 581	160 438	193 115	147 160
		217 825	**170 494**	**205 355**	**157 122**
	Note (s)				
Gains (losses) on disposals, scrappings and settlements					
Investment property	5	-	(502)	-	(502)
Property, plant and equipment	3	4	1	-	-
		4	**(501)**	**-**	**(502)**
Gains (losses) on derecognition					
Investment property	5	(27 320)	(42 860)	(27 320)	(42 860)
Total other operating gains (losses)		**(27 316)**	**(43 361)**	**(27 320)**	**(43 362)**

25. Operating profit (loss)

Operating (loss) profit for the year is stated after charging (crediting) the following, amongst others:

Auditor's remuneration - external				
Audit fees	3 086	3 592	2 905	3 396
Remuneration, other than to employees				
Consulting and professional services	8 033	15 789	7 866	15 439
Secretarial services	5	10	-	-
	8 038	**15 799**	**7 866**	**15 439**

	Group		Company	
Figures in Rand thousand	2021	2020 Restated *	2021	2020 Restated *

25. Operating profit (loss) (continued)

Employees costs

As at 31 March 2021 the group had 118 permanent employees (2020: 126 ; 2019: 137). The total cost of employment of all employees, including executive directors, was as follows:

Salaries, wages, bonuses and other benefits	115 925	127 233	101 108	112 713
Retirement benefit plans: defined contribution expense	(445)	(11 291)	(445)	(11 291)
Long term service award	3	20	-	-
Total employee costs	**115 483**	**115 962**	**100 663**	**101 422**

Leases

Operating lease charges				
Premises	1 088	4 151	293	638
Equipment	782	1 163	782	1 163
	1 870	**5 314**	**1 075**	**1 801**

Depreciation and amortisation				
Depreciation of property, plant and equipment	1 883	3 780	4 013	3 692
Amortisation of intangible assets	121	102	-	14
Total depreciation and amortisation	**2 004**	**3 882**	**4 013**	**3 706**

Other				
Research costs	-	375	-	375

Expenses by nature

The total cost of sales, selling and distribution expenses, marketing expenses, general and administrative expenses, research and development expenses, maintenance expenses and other operating expenses are analysed by nature as follows:

Employee costs	115 483	115 962	100 663	101 422
Lease expenses	1 870	5 314	1 075	1 801
Depreciation and amortisation	2 004	3 882	4 013	3 706
Other expenses	75 380	82 024	75 772	85 598
Debt impairments recognised in profit or loss	64 714	67 959	64 547	67 897
Assessment rates & municipal charges	33 450	30 842	33 450	30 842
Projects implemented	71 591	56 984	70 682	55 718
	-	-	-	-
	364 492	**362 967**	**350 202**	**346 984**

Net gains (losses) on financial instruments

Financial assets at fair value through profit (loss) – designated	-	(1 179)	-	(5 137)

	Group		Company	
Figures in Rand thousand	2021	2020 Restated *	2021	2020 Restated *

26. Employee costs

Employees costs

Basic	115 399	125 526	100 258	111 456
Bonus	(666)	297	-	-
Medical aid - company contributions	850	1 257	850	1 257
UIF	37	37	-	-
WCA	33	24	-	-
SDL	65	94	-	-
Leave pay provision charge	207	(2)	-	-
Retirement benefit plans	(445)	(11 291)	(445)	(11 291)
Long-term benefits - incentive scheme	3	20	-	-
	115 483	**115 962**	**100 663**	**101 422**

27. Depreciation and amortisation

Depreciation				
Property, plant and equipment	1 883	3 780	4 013	3 692
Amortisation				
Intangible assets	121	102	-	14
Total depreciation, amortisation and impairment				
Depreciation	1 883	3 780	4 013	3 692
Amortisation	121	102	-	14
	2 004	**3 882**	**4 013**	**3 706**

Figures in Rand thousand	Group 2021	Group 2020 Restated *	Company 2021	Company 2020 Restated *

28. Investment income

Figures in Rand thousand	Group 2021	Group 2020 Restated *	Company 2021	Company 2020 Restated *
Dividend income				
Equity instruments at fair value through profit orloss:				
Unlisted investments - Local		108	83	-
Interest income				
Investments in financial assets:				
Bank and other cash	6 676	12 213	5 079	10 384
Loans to group companies:				
Subsidiaries	-	-	3 616	3 403
Total interest income	**6 676**	**12 213**	**8 695**	**13 787**
Total investment income	**6 784**	**12 296**	**8 695**	**13 787**

29. Finance costs

Figures in Rand thousand	Group 2021	Group 2020 Restated *	Company 2021	Company 2020 Restated *
Finance leases	3	25	574	713

30. Fair value gain/ (loss)

Figures in Rand thousand	Note	Group 2021	Group 2020 Restated *	Company 2021	Company 2020 Restated *
Fair value gains (losses)					
Investment property	5	(223)	(22 070)	(223)	(22 070)
Financial assets designated as at fair value through profit or loss		4 885	(6 316)	4 565	(5 137)
Total other non-operating gains (losses)		**4 662**	**(28 386)**	**4 342**	**(27 207)**

31. Taxation

Figures in Rand thousand	Group 2021	Group 2020 Restated *	Company 2021	Company 2020 Restated *
Major components of the tax expense				
Current				
Local income tax - current period	-	144	-	-

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Figures in Rand thousand	Group 2021	Group 2020 Restated *	Company 2021	Company 2020 Restated *
Accounting profit	28	887	-	-
Tax at the applicable tax rate of 28%	8	248	-	-
Tax effect of adjustments on taxable income				
Charitable donations income	(8)	(109)	-	-
Deferred tax effect income	-	-	-	-
Fines income	-	5	-	-
	-	**144**	**-**	**-**

The Eastern Cape Development Corporation (ECDC) is exempt from Income Tax in terms of Section 10 of the Income Tax Act. The taxation expense tabulated above relates to the AIDC Development Centre Eastern Cape SOC Ltd, a subsidiary of the ECDC.

Figures in Rand thousand	Group 2021	Group 2020 Restated *	Company 2021	Company 2020 Restated *

32. Other comprehensive income

Components of other comprehensive income - Group – 2021

	Gross	Tax	Net
Movements on revaluation			
Gains (losses) on property revaluation	-	-	-
Available-for-sale financial assets adjustments			
Gains (losses) arising during the year	-	-	-

Components of other comprehensive income - Group - 2020

	Gross	Tax	Net
Movements on revaluation			
Gains (losses) on property revaluation	3 700	-	3 700
Items that may be reclassified to profit (loss)			
Available-for-sale financial assets adjustments			
Gains (losses) arising during the year	(10 353)	-	(10 353)
Total	**(6 653)**	-	**(6 653)**

Components of other comprehensive income - Group - 2019

	Gross	Tax	Net
Items that may be reclassified to profit (loss)			
Investments at fair value adjustment			
Gains (losses) arising during the year	(3 500)	-	(3 500)

	Group		Company	
Figures in Rand thousand	2021	2020 Restated *	2021	2020 Restated *

32. Other comprehensive income (continued)

Components of other comprehensive income -Company - 2021

	Gross	Tax	Net
Movements on revaluation			
Gains (losses) on property revaluation	-	-	-
Available-for-sale financial assets adjustments			
Gains (losses) arising during the year	-	-	-

Components of other comprehensive income - Company – 2020

	Gross	Tax	Net
Items that will not be reclassified to profit (loss)			
Movements on revaluation			
Gains (losses) on property revaluation	3 700	-	3700
Items that may be reclassified to profit (loss)			
Available-for-sale financial assets adjustments			
Gains (losses) arising during the year	(10 353)	-	(10 353)
Total	**(6 653)**	**-**	**(6 653)**

	Group		Company	
Figures in Rand thousand	2021	2020 Restated *	2021	2020 Restated *

32. Other comprehensive income (continued)

Components of other comprehensive income - Company – 2019

	Gross	Tax	Net
Items that may be reclassified to profit (loss)			
Available-for-sale financial assets adjustments			
Gains (losses) arising during the year	(3 500)	-	(3 500)

33. Cash (used in)/generated from operations

(Loss) profit before taxation	(44 618)	(123 495)	(44 516)	(128 815)
Adjustments for:				
Depreciation and amortisation	1 883	1 477	4 013	3 692
(Gains) losses on disposals, scrappings and settlements	(4)	500	-	502
Income from equity accounted investments	420	421	-	-
Dividends received (trading)	(108)	(83)	-	-
Interest income	(6 676)	(12 213)	(5 079)	(10 384)
Finance costs	3	25	574	713
Fair value (gains) losses	(4 662)	28 388	(4 342)	27 207
Amortisation of intangible assets	121	102	-	14
Net impairments and movements in credit loss allowances	-	(63 962)	-	(63 964)
Rent debtors written off - prescribed	-	41 838	-	41 838
Movements in retirement benefit assets and liabilities	3 144	(7 067)	3 144	(7 067)
Reversal of induplum interest	-	81 233	-	81 233
Other non-cash items	7	11	-	(1)
Derecognised assets	27 320	42 860	27 320	42 860
Changes in working capital:				
Trade and other receivables	(8 865)	(53 221)	(8 590)	(56 563)
Trade and other payables	38 697	20 489	26 700	21 883
Deferred income	55 211	(14 530)	49 134	(15 208)
	61 873	**(57 227)**	**48 358**	**(62 060)**

34. Tax paid

Balance at beginning of the year	(140)	(154)	-	-
Current tax for the year recognised in profit or loss	-	(151)	-	-
Balance at end of the year	(112)	81	-	-
	(252)	**(224)**	**-**	**-**

35. Dividends paid

Dividends are from capital profits.

	Group		Company	
Figures in Rand thousand	2021	2020 Restated *	2021	2020 Restated *

36. Commitments

Authorised capital expenditure

Already contracted for but not provided for

• Project expenditure contracted for at the end ofthe reporting period but not yet recognised as expenditure	15 498	28 682	15 498	28 682

Operating leases – as lessor (income)

Minimum lease payments due

Less than 1 year	28 905	37 988	28 905	37 988
1 - 2 years	22 590	26 811	22 590	26 811
2 - 3 years	17 191	20 687	17 191	20 687
3 - 4 years	11 067	16 049	11 067	16 049
4 - 5 years	8 423	10 827	8 423	10 827
More than 5 years	38 422	46 473	38 422	46 473
	126 598	**158 835**	**126 598**	**158 835**

The Group leases out its investment properties and the leases have been classified as operating leases, as they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

A number of leases have expired and they automatically become month to month agreements until the lease is renewed.

Rental income recognised by the Group during the year ending 31 March 2021 was R 89 615 million (2020: R94 323 million).

	Group		Company	
Figures in Rand thousand	2021	2020 Restated *	2021	2020 Restated *

37. Contingent asses and liabilities

Contingent assets

The Group has contingent assets of R 29,320 million (2020: R21,972 million).

On an annual basis, the Corporation undertakes a process of ensuring the completeness of investment properties in the register. Investment properties worth R29,320 million were identified as being registered in the name of the ECDC. However, management deemed it prudent to investigate these properties to confirm control over them.

Contingent liabilities

The Group has exposure to litigation of R 86,3 million (2020: R18,2 million).
The matters under litigation is as follows:

2021 Financial Year

EASTERN CAPE DEVELOPMENT CORPORATION

1. Claim for payment of damages – Nenga Lodge

Approximate potential liability: R2,169,850
Status of matter:
The matter is pending at the Mthatha High Court.

2. Claim for payment damages - Rem Development (Pty) Ltd t/a Phambili Property Developments and fourOthers

Approximate liability: R3,122,109
Status of the matter:
The matter is pending at the East London High Court.

3. Claim for payment of damages - Telesure Group

Approximate liability: R2,565,006
Status of the matter:
The matter is pending at the Grahamstown High Court.

4. Claim for services rendered - Bondvantage t/a Consulting CC vs ECDC

Approximate liability: R139,789
Status of the matter:
The matter was set-down for hearing on 31 March 2021 and the judgement was reserved.

5. Overcharges on Municipal Costs

BCM - Fort Jackson - R21,614,533
BCM (Dimbaza) - R31,515,240
Mnquma - R6,752 167

	Group		Company	
Figures in Rand thousand	2021	2020 Restated *	2021	2020 Restated *

37. Contingent asses and liabilities (continued)

OR Tambo - R18,440,356

These matters are currently pending.

2020 Financial Year

EASTERN CAPE DEVELOPMENT CORPORATION

1. Claim for payment of damages – Nenga Lodge

Approximate potential liability: R2,169,850
Status of matter:
The matter is pending at the Mthatha High Court.

2. Claim for damages - Madodebhunga Nkubungu

Approximate liability: R371, 855
Status of matter:
The matter is pending at the Mthatha High Court.

3. Claim for payment damages - Rem Development (Pty) Ltd t/a Phambili Property Developments and fourOthers

Approximate liability: R3,122,109
Status of the matter:
The matter is pending at the East London High Court.

4. Claim for payment of damages - Telesure Group

Approximate liability: R2,565,006
Status of the matter:
The matter is pending at the Grahamstown High Court.

38. Related parties

Relationships	
Holding company	Department of Economic Development, Environmental Affairs and Tourism (DEDEAT)
Subsidiaries	Refer to note 7
Associates	Refer to note 8
Minority shareholding held to safeguard interest against loans advanced	Border Copiers (Pty) Ltd Cross-med Health Care (Pty) Ltd Ndlambe Natural Industrial Products (Pty) Ltd

Figures in Rand thousand	Group 2021	Group 2020 Restated *	Company 2021	Company 2020 Restated *

38. Related parties (continued)

Members of key management

Mr A Wakaba (Chief Executive Officer from 1 July2021)
Mr N Dlulane (Chief Executive Officer up to 31 May2021)
Mr N Ravgee (Chief Financial Officer)
Dr L Govender (Executive Manager: CorporateServices)
Mr T Shenxane (Head: Trade, Investment andInnovation- up to Decenber 2020))
Ms T Rozani (Head: Development Finance andBusiness Support)
Mr M Mpikashe (Executive Manager: Legal, Governance and Compliance)
Mr C Thompson (Head: Properties) - AppointedAugust 2020
Ms N Van Dyk (Acting Head: Properties) - Actingfrom October 2019

Related party balances

	Group 2021	Group 2020 Restated *	Company 2021	Company 2020 Restated *
Loan accounts - Owing (to) by related parties				
Border Copiers Proprietary Limited	-	-	5 845	5 787
Cross-med Health Care Proprietary Limited	-	-	3 503	3 503
Ndlambe Natural Industrial Products Proprietary Limited	-	-	7 346	6 975
Centre for Investment and Marketing in the Eastern Cape (NPC)	-	-	30 015	26 166
Transdev Properties SOC Ltd	-	-	1 472	3 797
Transkei Share Investments Company SOC Ltd	-	-	(25 095)	(25 129)
Amounts included in Trade receivable (TradePayable) regarding related parties				
Non-Executive director - retired		-	-	30
Non-Executive director	-	-	920	887
Eastern Cape Provincial Arts and Culture	-	-	16	-

	Group		Company	
Figures in Rand thousand	2021	2020 Restated *	2021	2020 Restated *

38. Related parties (continued)

Related party transactions

Interest paid to (received from) related parties				
Centre for Investment and Marketing Authority in the Eastern Cape (NPC)	-	-	(3 615)	(3 403)
Ndlambe Natural Industry Products (Pty) Ltd	-	-	-	784
Rent paid to (received from) related parties				
Cimvest SOC Ltd	-	-	2 758	2 964
Administration fees paid to (received from) related parties				
Cimvest SOC Ltd	-	-	(414)	(414)
Transdev Properties SOC Ltd	-	-	(523)	(933)
Rent revenue paid to (received from) related parties				
Non-Executive director - rent revenue billed with interest	-	-	(34)	(103)
Eastern Cape Liquor Board	-	-	(944)	(861)
Eastern Cape Provincial Arts and Culture	-	-	(330)	(257)
Government Grants paid to related parties				
AIDC Development Centre Eastern Cape SOC Ltd	-	-	36 469	18 235

39. Directors' and prescribed officer's emoluments

Non-executive

2021

	Board	Total
Chairperson of the Board - Mr V Jarana	18	18
Deputy Chairperson of the Board - Mr Simpiwe Somdyala	145	145
Ms Siyabuka Siko	8	8
Ms Pumeza Bono	8	8
Ms Tracy Cumming	8	8
Ms Nolitha Pietersen	103	103
Prof. T M Jordan	55	55
Mr A Ncobo	74	74
Mr M Damane	79	79
Mr S Thobela	79	79
Advocate M Sishuba	61	61
Ms N Siwahla-Madiba (Chairperson of the board up to January 2021)	84	84
Mr R Nicholls - External Audit Committee Member	16	16
	738	**738**

	Group		Company	
Figures in Rand thousand	2021	2020 Restated *	2021	2020 Restated *

39. Directors' and prescribed officer's emoluments(continued)

2020

	Board	Sub-Committees	Ad-hoc	Total
Ms N Siwahla-Madiba (Chairperson)	216	76	174	l466
Mr S Somdyala (Deputy Chairperson)	169	63	42	274
Mr M Damane	129	116	116	361
Mr S Thobela	127	66	63	256
Advocate M Sishuba	124	42	53	219
Mr A Ncobo	140	37	74	251
Ms N Pietersen	124	95	63	282
Prof. T M Jordan	140	106	58	304
Mr R Nicholls - External Audit Committee member	16	37	16	69
	1 185	**638**	**659**	**2 482**

Compensation to ECDC executive management

2021

	Earnings	Contributions to Medical Aid& Pension	Total
Mr Dlulane (Chief Executive Officer)	2 521	317	2 838
Mr S Bulube (Chief Financial Officer) -until 13 July 2021	805	67	872
Mr N Ravgee (Chief Financial Officer) -Appointed September 2020	985	-	985
Mr M Mpikashe (Executive: Legal, Governance and Compliance)	1 484	205	1 689
Mrs N Van Dyk (Acting Head: Properties) - acting up to May 2020	172	22	194
Mr C Thompson (Head: Properties) - Appointed August 2020	1 032	99	1 131
Dr L Govender (Executive: Corporate Services) s)	1 569	120	1 689
Ms T Rozani (Head: Development Finance and Business Support)	1 463	150	1 613
Mr T Shenxane (Head: Trade, Investment and Innovation)	1 297	78	1 375
Mr R Govender (Acting Head: Trade, Investment and Innovation)- Appointed January 2021	301	18	319
	11 629	**1 076**	**12 705**

2020

	Earnings	Contributions to Medical Aid& Pension	Total
Mr Dlulane (Chief Executive Officer)	2 526	310	2 836
Mr S Bulube (Chief Financial Officer)	1 802	223	2 025
Mr M Mpikashe (Executive: Legal, Governance and Compliance)	1 486	200	1 686
Mrs N Van Dyk (Acting Head: Properties) - acting from October 2019	57	-	57
Dr L Govender (Executive: Corporate Services)	929	70	999
Ms T Rozani (Head: Development Finance and Business Support)	1 470	146	1 616
Mr T Shenxane (Head: Trade, Investment and Innovation)	1 513	104	1 617
Ms P Mfingwana (Head: Properties) - until September 2019	1 055	62	1 117
	10 838	**1 115**	**11 953**

	Group		Company	
Figures in Rand thousand	2021	2020 Restated *	2021	2020 Restated *

40. Prior year errors

Duplicated Investment Property identified within the Investments Register applicable to the 2020 financial year has been derecognised and the prior year figures have been restated accordingly.

The correction of the error(s) results in adjustments as follows:

Statement of financial position	As previously reported	Adjustments	As restated	As previously reported	Adjustments	As restated
Investment property	1 422 983	(5 671)	1 417 312	1 340 239	(5 671)	1 334 568
	-	-	-	-	-	-
Subtotal	1 422 983	(5 671)	1 417 312	1 340 239	(5 671)	1 334 568
	-	-	-	-	-	-
	1 422 983	**(5 671)**	**1 417 312**	**1 340 239**	**(5 671)**	**1 334 568**

Statement of profit or loss and other comprehensive income	As previously reported	Adjustments	As restated	As previously reported	Adjustments	As restated
Other operating gains/losses	37 190	5 671	42 860	37 190	5 671	42 860
Subtotal	37 190	5 671	42 860	37 190	5 671	42 860

Statement of Cash Flows	As previously reported	Adjustments	As restated	As previously reported	Adjustments	As restated
Cash Generated from operations	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
	-	-	-	-	-	-

41. Financial instruments and risk management

Categories of financial instruments
Categories of financial assets

Group - 2021

	Note(s)	Fair value through other comprehensive income – equity instruments	Fair value through profit or loss - Mandatory	Amortised cost	Total	Fair value
Loans receivable	10	-	-	35 328	35 328	-
Investments at fair value	11	2 647	11 120	-	13 767	13 767
Trade and other receivables	12	-	-	30 540	30 540	-
Cash and cash equivalents	14	-	-	231 461	231 461	-
		2 647	**11 120**	**297 329**	**311 096**	**13 767**

Figures in Rand thousand	Group 2021	Group 2020 Restated *	Company 2021	Company 2020 Restated *

41. Financial instruments and risk management (continued)

Group - 2020

	Note(s)	Fair value through other comprehensive income - equity instruments	Fair value through profit or loss - Mandatory	Amortised cost	Total	Fair value
Loans receivable	10	-	-	59 118	59 118	-
Investments at fair value	11	2 647	6 233	-	8 880	8 880
Trade and other receivables	12	-	-	21 675	21 675	-
Cash and cash equivalents	14	-	-	144 889	144 889	-
		2 647	**6 233**	**225 682**	**234 562**	**8 880**

Group - 2019

	Note(s)	Fair value through other comprehensive income - equity instruments	Fair value through profit or loss - Mandatory	Amortised cost	Total	Fair value
Loans receivable	10	-	-	53 187	53 187	-
Investments at fair value	11	13 000	11 024	-	24 024	24 024
Trade and other receivables	12	-	-	32 011	32 011	22 669
Cash and cash equivalents	14	-	-	195 728	195 728	195 728
		13 000	**11 024**	**280 926**	**304 950**	**242 421**

Company - 2021

	Note(s)	Fair value through other comprehensive income - equity instruments	Fair value through profit or loss - Mandatory	Amortised cost	Total	Fair value
Loans to group companies	9	-	-	31 487	31 487	-
Loans receivable	10	-	-	35 328	35 328	-
Investments at fair value	11	2 647	10 693	-	13 340	13 340
Trade and other receivables	12	-	-	23 395	23 395	-
Cash and cash equivalents	14	-	-	181 753	181 753	-
		2 647	**10 693**	**271 963**	**285 303**	**13 340**

	Group		Company	
Figures in Rand thousand	2021	2020 Restated *	2021	2020 Restated *

41. Financial instruments and risk management (continued)

Company - 2020

	Note(s)	Fair value through other comprehen- sive income - equity instruments	Fair value through profitor loss - Mandatory	Amortied cost	Total	Fair value
Loans to group companies	9	-	-	29 963	29 963	-
Loans receivable	10	-	-	59 118	59 118	-
Investments at fair value	11	2 647	6 127	-	8 774	8 774
Trade and other receivables	12	-	-	14 805	14 805	-
Cash and cash equivalents	14	-	-	113 466	113 466	-
		2 647	**6 127**	**217 352**	**226 126**	**8 774**

Company - 2019

	Note(s)	Fair value through other comprehen- sive income - equity instruments	Fair value through profit or loss - Mandatory	Amortised cost	Total	Fair value
Loans to group companies	9	-	-	29 012	29 012	-
Loans receivable	10	-	-	53 187	53 187	-
Investments at fair value	11	13 000	11 265	-	24 265	24 265
Trade and other receivables	12	-	-	25 079	25 079	25 079
Cash and cash equivalents	14	-	-	164 754	164 754	164 754
		13 000	**11 265**	**272 032**	**296 297**	**214 098**

Categories of financial liabilities

Group - 2021

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	21	122 550	-	122 550	-
Lease liabilities	4	-	35	35	-
		122 550	**35**	**122 585**	**-**

Group - 2020

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	21	84 239	-	84 239	-
Finance lease obligations	4	-	63	63	-
		84 239	**63**	**84 302**	**-**

	Group		Company	
Figures in Rand thousand	2021	2020 Restated *	2021	2020 Restated *

41. Financial instruments and risk management (continued)

Group - 2019

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	21	63 750	-	63 750	-
Finance lease obligations	4	-	89	89	-
		63 750	**89**	**63 839**	-

Company - 2021

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	21	95 314	-	95 314	-
Loans from group companies	17	25 095	-	25 095	-
Lease liabilities	4	-	4 402	4 402	-
		120 409	**4 402**	**124 811**	-

Company - 2020

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	21	69 000	-	69 000	-
Loans from group companies	17	25 129	-	25 129	-
Lease liabilities	4	-	6 587	6 587	-
		94 129	**6 587**	**100 716**	-

Company - 2019

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	21	47 117	47 117	-
Loans from group companies	17	25 163	25 163	-
		72 280	**72 280**	-

Pre tax gains and losses on financial instruments

Gains and losses on financial assets

Group - 2021

	Note(s)	Fair value through profit or loss - Mandatory	Fair value through profit or loss - Designated	Amortised cost	Total
Recognised in profit or loss:					
Interest income	28	-	-	6 713	6 713
Dividend income	28	71	-	-	71
Gains (losses) on valuation adjustments	30	-	4 885	-	4 885
Net gains (losses)		**71**	**4 885**	**6 713**	**11 669**

	Group		Company	
Figures in Rand thousand	2021	2020 Restated *	2021	2020 Restated *

41. Financial instruments and risk management (continued)

Group - 2020

	Note(s)	Fair value through profit or loss - Mandatory	Fair value through profit or loss - Designated	Amortised cost	Total
Recognised in profit or loss:					
Interest income	28	-	-	12 213	12 213
Dividend income	28	83	-	-	83
Gains (losses) on valuation adjustments	30	-	(6 316)	-	(6 316)
Net gains (losses)		**83**	**(6 316)**	**12 213**	**5 980**

Group - 2019

	Note(s)	Fair value through profit or loss - Mandatory	Fair value through profit or loss - Designated	Amortised cost	Total
Recognised in profit or loss:					
Interest income	28	-	-	11 743	11 743
Dividend income	28	142	-	-	142
Gains (losses) on valuation adjustments	30	-	(1 062)	-	(1 062)
Net gains (losses)		**142**	**(1 062)**	**11 743**	**10 823**

Company - 2021

	Note(s)	Fair value through profit or loss - Designated	Amortised cost	Total
Recognised in profit or loss:				
Interest income	28	-	8 695	8 695
Gains (losses) on valuation adjustments	30	4 565	-	4 565
Net gains (losses)		**4 565**	**8 695**	**13 260**

Company - 2020

	Note(s)	Fair value through profit or loss - Designated	Amortised cost	Total
Recognised in profit or loss:				
Interest income	28	-	13 787	13 787
Gains (losses) on valuation adjustments	30	(5 137)	-	(5 137)
Net gains (losses)		**(5 137)**	**13 787**	**8 650**

	Group		Company	
Figures in Rand thousand	2021	2020 Restated *	2021	2020 Restated *

41. Financial instruments and risk management (continued)

Company - 2019

	Note(s)	Fair value through profitor loss - Mandatory	Fair value through profit or loss - Designated	Amortised cost	Total
Recognised in profit or loss:					
Interest income	28	-	-	12 700	12 700
Dividend income	28	3 878	-	-	3 878
Gains (losses) on valuation adjustments	30	-	(705)	-	(705)
Net gains (losses)		**3 878**	**(705)**	**12 700**	**15 873**

Gains and losses on financial liabilities

Group - 2021

	Note(s)	Leases	Total
Recognised in profit or loss:			
Interest on leases	29	(3)	(3)

Group - 2020

	Note(s)	Leases	Total
Recognised in profit or loss:			
Finance costs	29	(25)	(25)

Group - 2019

	Note(s)	Amortised cost	Total
Recognised in profit or loss:			
Finance costs	29	(7)	(7)

Company - 2021

	Note(s)	Leases	Total
Recognised in profit or loss:			
Interest on leases	29	(574)	(574)

Company - 2020

	Note(s)	Leases	Total
Recognised in profit or loss:			
Interest on leases	29	(713)	(713)

Figures in Rand thousand

41. Financial instruments and risk management (continued)

Company – 2019

	Note(s)	Leases	Total
Recognised in profit or loss:			
Interest on leases	29	-	(1)

Capital risk management

The group's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the group's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The capital structure and gearing ratio of the group at the reporting date was as follows:

		Group			Company		
		2021	2020	2019	2021	2020	2019
Loans from group companies	17	-	-	-	25 095	25 129	25 163
Lease liabilities	4	35	63	89	4 402	6 587	-
Trade and other payables	21	122 550	84 239	63 750	95 314	69 000	47 117
Other financial liabilities	19	47 619	47 619	47 619	47 619	47 619	47 619
Total borrowings		**170 204**	**131 921**	**111 458**	**172 430**	**148 335**	**119 899**
Cash and cash equivalents	14	(231 461)	(144 889)	(195 728)	(181 753)	(113 466)	(164 754)
Net borrowings		**(61 257)**	**(12 968)**	**(84 270)**	**(9 323)**	**34 869**	**(44 855)**
Equity		1 437 762	1 482 372	1 612 666	1 321 742	1 366 258	1 501 727
Gearing ratio		(4)%	(1)%	(5)%	(1)%	3 %	(3)%

	Group		Company	
Figures in Rand thousand	2021	2020 Restated *	2021	2020 Restated *

41. Financial instruments and risk management (continued)

Financial risk management

Overview

Risk management is fundamental to the Group's business and plays a fundamental role in enabling management to operate more effectively in an ever-changing environment.

The approach followed by the Group to manage risk is to ensure that all significant risks are identified and managed.

This note describes the Group's overall risk management. Information has been disaggregated relative to the characteristics of the various financial instruments used by the Group. Further, quantitative information in respect of these risks is presented throughout these Group consolidated annual financial statements.

The group is exposed to the following risks from its financial instruments:
- Credit risk related to the potential for counterparty default;
- Liquidity and/or funding risk relating to the cost of maintaining various financial positions, financial compliance risk and the dependency in relation to income from grant funding;
- Market risk related to the volatility in interest rates and inappropriate pricing relative to the cost of funding and risk assumed;
- Concentration risk of investments in certain asset classes, industries and/or regions; and
- Dependency in relation to income on a limited number of exposures or counterparties and/or financial products.The board of directors has overall responsibility for the establishment and oversight of the group's risk management framework. The board has established the risk committee, which is responsible for developing and monitoring the group's risk management policies. The committee reports quarterly to the board of directors on its activities.

	Group		Company	
Figures in Rand thousand	2021	2020 Restated *	2021	2020 Restated *

41. Financial instruments and risk management (continued)

The Board of Directors has overall responsibility for the determination of the Group's risk management objectives and policies and for the establishment and oversight of the Group's risk mangement framework. The board has established the Audit, Risk and Compliance Committee, which is responsible for developing and monitoring the group's risk management policies and framework. The committee reports regularly to the Board of Directors on its activities.

The overall objective of the Board is to set policies that reduce the risk that they are exposed to as far as possible without unduly affecting the Group's general business operations. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group has established an Enterprise Risk Management Framework (ERM) that is organisationally embedded and is reviewed on a regular basis by the Audit, Risk and Compliance Committee. ERM is considered from an enterprise wide portfolio perspective, namely, integration (spanning all lines of business), comprehensive (covering all types of risk) and strategic (aligned with the overall business strategy).

The objective of ERM is to continuously provide and update risk identification, validation, management and review of the risks.

One of the key practices of risk management is the determination and quantification of an organisation's risk appetite based on what is of strategic importance. The risk appetite forms the basis of the extent to which the Group tolerates risks as identified by performance indicators, operational parameters and process controls to increase shareholder value.

The Group audit committee oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit and the risk committee and followed up through their internal audit findings review..

Credit risk refers to the risk that a counterparty to a financial instrument fails to meet its obligations in accordance with the agreed terms and conditions of the underlying contract, thereby causing the asset holder to suffer a financial loss.

Credit risk comprises the potential loss on loans receivable, advances, operating lease receivables, equity instruments at fair value through other comprehensive income, investments and the placement of cash and cash equivalents (deposits) with financial institutions. Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring.

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Operating Leases (rental receivables)

At initial recognition of an operating lease the credit risk of default of the tenant is assessed on an individual basis taking into account historic, current and forward looking information. Tenant collateral in the form of deposits and/or guarantees are obtained. When determining the risk of default, management considers information such as payment history to date.

Cash and cash equivalents

Credit risk exposure arising on cash and cash equivalents is managed by the group through dealing with well-established financial institutions with high credit ratings.

Loans receivable

At initial recognition the credit risk of loans receivable is evaluated with reference to available historical, forward looking financial information and external bureau data (where available) of each transaction on its own merit before terms and conditions of the loan is offered.

	Group		Company	
Figures in Rand thousand	2021	2020 Restated *	2021	2020 Restated *

41. Financial instruments and risk management (continued)

Collateral is also obtained when necessary. Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Credit loss allowances

Credit loss allowances for expected credit losses are recognised for all debt instruments, but excluding those measured at fair value through profit or loss. Credit loss allowances are also recognised for loan commitments and financial guarantee contracts.

In order to calculate credit loss allowances, management determines whether the loss allowances should be calculated on a 12 month or on a lifetime expected credit loss basis. This determination depends on whether there has been a significant increase in the credit risk since initial recognition. If there has been a significant increase in credit risk, then the loss allowance is calculated based on lifetime expected credit losses. If not, then the loss allowance is based on 12 month expected credit losses. This determination is made at the end of each financial period. Thus the basis of the loss allowance for a specific financial asset could change year on year.

Management applies the principle that if a financial asset's credit risk is low at year end, then, by implication, the credit risk has not increased significantly since initial recognition. In all such cases, the loss allowance is based on 12 month expected credit losses. Credit risk is assessed as low if there is a low risk of default (where default is defined as occurring when amounts are 90 days past due).

In any event, if amounts are 30 days past due, then the credit risk is assumed to have increased significantly since initial recognition. Credit risk is not assessed to be low simply because of the value of collateral associated with a financial instrument. If the instrument would not have a low credit risk in the absence of collateral, then the credit risk is not considered low when taking the collateral into account. Rental receivables and loans which do not contain a significant financing component are the exceptions and are discussed below.

The methodology and assumptions used for estimating future cash flows are reviewed on a regular basis to reduce any differences between loss estimates and actual loss experience. A measurement of Expected Credit Loss (ECL) allowances has been done, taking into account the forward looking information, time value of money. Based on the regression analysis performed, there was no correlation between the loss rates and the macroeconomic factors. However, no adjustment factor for the impact of Covid-19 has been applied to the allowances for loans advanced and rent receivables as the impact has been insignificant.

The Group's internal rating is applied on rental receivables and loans advanced based on the national or local economic conditions that correlate with defaults on the receivables. Objective reasons may further result in an exposure being classified manually based on covenant breaches and payment arrangements made.

The credit rating categories are assigned to the rent receivables and loans advanced, on an individual basis.

The exposure of the Group to credit risk at the end of the reporting period, without taking into account any collateral held, would increase to the full balances of gross carrying amounts indicated in the table below.Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The group only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained when necessary. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available). Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

The maximum exposure to credit risk is presented in the table below:

Figures in Rand thousand

41. Financial instruments and risk management (continued)

Group		2021			2020			2019		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Loans receivable	10	183 209	(147 881)	35 328	166 636	(130 384)	36 252	148 486	(119 015)	29 471
Operating lease asset		-	-	-	-	-	-	11	-	11
Rental receivables	12	364 845	(358 080)	6 765	313 757	(311 665)	2 092	386 560	(374 263)	12 297
Cash and cash equivalents	14	231 684	-	231 684	144 889	-	144 889	195 728	-	195 728
		779 738	**(505 961)**	**273 777**	**625 282**	**(442 049)**	**183 233**	**730 785**	**(493 278)**	**237 507**

Company		2021			2020			2019		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Loans to group companies	9	31 487	-	31 487	29 963	-	29 963	29 012	-	29 012
Loans receivable	10	183 209	(147 881)	35 328	166 636	(130 384)	36 252	148 486	(119 015)	29 471
Rental and other receivables	12	364 263	(358 080)	6 183	313 055	(311 630)	1 425	385 650	(374 237)	11 413
Cash and cash equivalents	14	181 976	-	181 976	113 466	-	113 466	164 754	-	164 754
		760 935	**(505 961)**	**254 974**	**623 120**	**(442 014)**	**181 106**	**727 902**	**(493 252)**	**234 650**

Concentration Risk

Risk concentrations can arise in a financial organisation's assets, liabilities or off-balance sheet items, through the execution or processing of transactions (either product or service), or through a combination of exposures across these broad categories. The potential for loss reflects the size of the position and the extent of loss given a particular adverse circumstance.

The Group can be exposed to various forms of credit risk concentration which, if not properly managed, may cause significant losses that could threaten its financial health. Accordingly, the group considers the management (including measurement and control) of its credit concentrations to be of vital importance. In this instance, due to ECDC's business model, ECDC is exposed to the economic conditions affecting the Eastern Cape.

However, despite the recognition of credit concentration as important sources of risk for portfolios, there is no generally accepted approach or methodology for dealing with the issue (including measurement) of concentration particularly with respect to sector or industry concentration. The Group's risk appetite and tolerance framework, sets concentration limits which are monitored on an individual and asset level.

	Group		Company	
Figures in Rand thousand	2021	2020 Restated *	2021	2020 Restated *

41. Financial instruments and risk management (continued)

Liquidity risk

The ECDC is accountable to its sole shareholder, the Department of Economic Development Department (DEDEAT). The performance as well as management of ECDC's capital is supported by the agreement between the Corporation and the shareholder in a form of the Shareholder's Compact which outlines the agreements between the two parties.

The Group is exposed to liquidity risk, which is the risk that the Group will encounter difficulties in meeting its obligations as they become due.

The Group manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through cash generated from operations and deposits are held at central banking institutions.

The ECDC's risk appetite and tolerance framework, sets the liquidity requirement which is monitored by management and the Board on a regular basis.

Further, a twelve month cash flow forecast is prepared to identify and manage liquidity risk. Where necessary, additional resources are secured from the shareholder to shore up liquidity. In addition to these measures, management constantly assesses the most liquid assets for liquidation should the need arise to mitigate the liquidity risk.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

Group - 2021

		Less than1 year	2 to 5 years	Total	Carrying amount
Non-current liabilities					
Lease liabilities		-	35	35	35
Current liabilities					
Trade and other payables	21	124 190	-	124 190	124 190
Bank overdraft	14	-	-	-	223
		(124 190)	**(35)**	**(124 225)**	**(124 448)**

Group - 2020

	Less than1 year	2 to 5 years	Total	Carrying amount
Non-current liabilities				
Lease liabilities	-	35	35	35
Current liabilities				
Trade and other payables	84 239	-	84 239	84 239
Lease liabilities	28	-	28	28
	(84 267)	**(35)**	**(84 302)**	**(84 302)**

Figures in Rand thousand	Group 2021	Group 2020 Restated *	Company 2021	Company 2020 Restated *

41. Financial instruments and risk management (continued)

Group - 2019

		Less than1 year	2 to 5 years	Total	Carrying amount
Non-current liabilities					
Lease liabilities		-	63	63	63
Current liabilities					
Trade and other payables	21	63 750	-	63 750	63 750
lease liabilities		26	-	26	26
		(63 776)	**(63)**	**(63 839)**	**(63 839)**

Company - 2021

		Less than1 year	2 to 5 years	Over 5 years	Total	Carrying amount
Non-current liabilities						
Loans from group companies	17	-	-	25 095	25 095	25 095
Lease liabilities		-	1 983	-	1 983	1 983
Current liabilities						
Trade and other payables		96 057	-	-	96 057	96 057
Lease liabilities		2 419	-	-	2 419	2 419
Bank overdraft	14	-	-	-	-	223
		(98 476)	**(1 983)**	**(25 095)**	**(125 554)**	**(125 777)**

Company - 2020

		Less than1 year	2 to 5 years	Over 5 years	Total	Carrying amount
Non-current liabilities						
Loans from group companies	17	-	-	25 129	25 129	25 129
Lease liabilities		-	4 403	-	4 403	4 403
Current liabilities						
Trade and other payables	21	69 000	-	-	69 000	69 000
Lease liabilities		2 184	-	-	2 184	2 184
		(71 184)	**(4 403)**	**(25 129)**	**(100 716)**	**(100 716)**

	Group		Company	
Figures in Rand thousand	2021	2020 Restated *	2021	2020 Restated *

41. Financial instruments and risk management (continued)

Company - 2019

		Less than1 year	Over 5 years	Total	Carrying amount
Non-current liabilities					
Loans from group companies	17	-	25 163	25 163	25 163
Current liabilities					
Trade and other payables	21	47 117	-	47 117	47 117
		(47 117)	**(25 163)**	**(72 280)**	**(72 280)**

The maturity profile of contractual cash flows of derivative financial liabilities are as follows:

Market risk

Interest rate risk

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk.

Interest rate risk is the potential negative impact on Interest income and it refers to the vulnerability of the Group's financial condition to the movement in interest rates. Changes in interest rates affect earnings, value of assets, liabilities and cash flow.

The group policy with regards to financial assets, is to invest cash at floating rates of interest and to maintain cash reserves in short-term investments in order to maintain liquidity, while also achieving a satisfactory return for shareholders.

The Group is exposed to interest rate risk arising mainly from the investment in development loans, rent receivables and investment in surplus operational cash. The changes in prime lending rate throughout the financial year ending 31 March 2020 has reduced the interest earned on loans advanced, rent receivables and investment income earned on surplus operational cash.

There has been no significant changes in the interest rate risk management policies and processes since the prior reporting period.

Details of interest rate risk exposure are contained in the relevant notes throughout these financial statements.

Figures in Rand thousand

42. Fair value information

	Note(s)	Opening balance	Gains (losses) recognised in profit (loss)	Gains (losses) recognised in other comprehensive income	balance Closing
Group - 2021					
Assets					
Equity investments at fair value through other comprehensive income	11				
Unlisted shares		2 647	-	-	2 647
Financial assets mandatorily at fair value through profit or loss	11				
Listed shares		2 191	321	-	2 512
Unlisted shares		4 042	4 566	-	8 608
Total financial assets mandatorily at fair value through profit or loss		**6 233**	**4 887**	**-**	**11 120**
Total		**8 880**	**4 887**	**-**	**13 767**
Group - 2020					
Assets					
Equity investments at fair value through other comprehensive income	11				
Unlisted shares		13 000	(10 353)	-	2 647
Financial assets mandatorily at fair value through profit or loss	11				
Listed shares		3 371	(1 180)	-	2 191
Unlisted shares		7 653	(3 611)	-	4 042
Total financial assets mandatorily at fair value through profit or loss		**11 024**	**(4 791)**	**-**	**6 233**
Total		**24 024**	**(15 144)**	**-**	**8 880**
Group - 2019					
Assets					
Equity investments at fair value through other comprehensive income	11				
Unlisted shares		16 500	(3 500)	-	13 000
Financial assets mandatorily at fair valuethrough profit or loss					
Listed shares	11	3 728	-	-	3 371
Unlisted shares		8 699	-	-	7 653
Total financial assets mandatorily at fair value through profit or loss		**12 427**	**-**	**-**	**11 024**
Total		**28 927**	**(3 500)**	**-**	**24 024**

		Group		Company	
Figures in Rand thousand		2021	2020 Restated *	2021	2020 Restated *

42. Fair value information (continued)

Company - 2021

Assets					
Equity investments at fair value through othercomprehensive income	11				
Unlisted shares		2 647	-	-	2 647
Financial assets mandatorily at fair valuethrough profit or loss	11				
Unlisted shares		6 127	4 566	-	10 693
Total		**8 774**	**4 566**	**-**	**13 340**

Company - 2020

Assets					
Equity investments at fair value through othercomprehensive income	11				
Unlisted shares		13 000	-	(10 353)	2 647
Financial assets mandatorily at fair valuethrough profit or loss	11				
Unlisted shares		11 265	(5 138)	-	6 127
Total		**24 265**	**(5 138)**	**(10 353)**	**8 774**

Company - 2019

Assets					
Equity investments at fair value through othercomprehensive income	11				
Unlisted shares		16 500	(3 500)	-	13 000
Financial assets mandatorily at fair valuethrough profit or loss	11			-	
Unlisted shares		8 699	2 566		11 265
Total		**25 199**	**(934)**	**-**	**24 265**

Valuation processes applied by the Group

The fair value of unlisted investments is performed by the Group's finance department , every third year and at any time when suitable to dispose of the investment.

The fair value of investment properties is determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The valuation company provides the fair value of the Group's investment portfolio every third year and at any time when suitable to dispose of a property.

	Group			Company		
Figures in Rand thousand	2021	2020 Restated *	2019	2021	2020 Restated *	2019

43. Changes in liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities- Group - 2021

	Opening balance	Cash flows	Closing balance
Other financial liabilities: current	47 619	-	47 619
Lease liabilities	63	(28)	35
	47 682	**(28)**	**47 654**
Total liabilities from financing activities	**47 682**	**(28)**	**47 654**

Reconciliation of liabilities arising from financing activities - Group - 2020

	Opening balance	Cash flows	Closing balance
Other financial liabilities	47 619	-	47 619
Finance lease liabilities	89	(26)	63
	47 708	**(26)**	**47 682**
Total liabilities from financing activities	**47 708**	**(26)**	**47 682**

Reconciliation of liabilities arising from financing activities - Group - 2019

	Opening balance	Other non-cash movements	Total non-cash movements	Cash flows	Closing balance
Other financial liabilities	-	47 619	47 619	-	47 619
Finance lease liabilities	112	-	-	(23)	89
	112	**47 619**	**47 619**	**(23)**	**47 708**
Total liabilities from financing activities	**112**	**47 619**	**47 619**	**(23)**	**47 708**

Reconciliation of liabilities arising from financing activities - Company - 2021

	Opening balance	Cash flows	Closing balance
Other financial liabilities: current	47 619	-	47 619
Lease liabilities	6 587	(2 185)	4 402
	54 206	**(2 185)**	**52 021**
Total liabilities from financing activities	**54 206**	**(2 185)**	**52 021**

Reconciliation of liabilities arising from financing activities - Company - 2020

	Opening balance	New leases	Total non-cash movements	Cash flows	Closing balance
Other financial liabilities: current	47 619	-	-	-	47 619
Finance lease liabilities	-	8 633	8 633	(2 046)	6 587
	47 619	**8 633**	**8 633**	**(2 046)**	**54 206**
Total liabilities from financing activities	**47 619**	**8 633**	**8 633**	**(2 046)**	**54 206**

	Group			Company		
Figures in Rand thousand	2021	2020 Restated *	2019	2021	2020 Restated *	2019

43. Changes in liabilities arising from financing activities (continued)

Reconciliation of liabilities arising from financing activities - Company - 2019

	Opening balance	Other non-cash movements	Total non-cash movements	Closing balance
Other financial liabilities	-	47 619	47 619	47 619
	-	**47 619**	**47 619**	**47 619**
Total liabilities from financing activities	**-**	**47 619**	**47 619**	**47 619**

44. Going concern

We draw attention to the fact that at 31 March 2021, the company had accumulated surplus of R 499 551 (thousands) and that the company's total assets exceeded its liabilities by R 1 321 742 (thousands).

We also draw attention to the following factors:

- The Group experienced operating losses for the last two financial years
- Net current liabilities exceed net current assets
- Stringent cash flow management was applied due to the liquidity challenges experienced by the Group
- Adverse key ratios exist in relation to the liquidity ratio’s, rental and loan collection rates and debt impairment.

Management have mitigated the impact of these factors through effective cash flow management, cost reduction initiatives and have embarked on a comprehensive strategy review process.

On the basis of the mitigation, the consolidated 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.

45. Events after the reporting period

The directors are not aware of any other matters or circumstances arising since the end of the financial year which significantly affect the financial position of the group or the results of its operations.

	Group			Company		
Figures in Rand thousand	2021	2020 Restated *	2019	2021	2020 Restated *	2019

46. Irregular expenditure

The Eastern Cape Development Corporation incurred irregular expenditure of R 21, (2020: R1,746) and (2019: R351).

The employees concerned were issued with written warnings and others subsequently resigned from the employ of ECDC.

The AIDC incurred irregular expenditure of R1,001 million(2020: R1,157million), this is in respect of the lease agreement with the current landlord responsible for the irregular expenditure as no procurement process was followed on renewal of the lease agreement. The expenditure has been recorded in the relevant accounts.
The organisation has implemented the following in terms of the consequence management on the identified irregular expenditure:

- A disciplinary process was completed with the identified employees and letters of warnings were issued
- The company has completed the advertising for office space and is in the process of evaluating the bidders.

An application to Provincial Treasury to condone the irregular expenditure as identified was made in September 2019.

	Group			Company		
Irregular expenditure	2021	2020	2019	2021	2020	2019
Opening balance	21 201	18 297	18 860	15 946	14 200	14 763
Incurred in the current year	1 024	2 904	2 455	22	1 746	351
Condoned by the board	-	-	(3 018)	-	-	(914)
Subtotal	22 225	21 201	18 297	15 968	15 946	14 200
	22 225	**21 201**	**18 297**	**15 968**	**15 946**	**14 200**

47. Fruitless and wasteful expenditure

The AIDC incurred fruitless and wasteful expenditure of R216 thousand (2020: R96 thousand) . This relates to an automoble accident by a staff member in a hired car and negligence was proven by the hire company. Further wasteful expenditure was incurred through cyber fraud.

The staff member involved in the accident is deceased (not through the accident but an unrelated cause) and no negligence could be attributed to a staff member in relation to the cyber fraud.

48. Compliance with Broad Based Economic Empowerment Act

In terms of section 13G(1) all spheres of government, public entities and organs of state must report on their compliance with the Broad Based Black Economic empowerment in their annual financial statements and annual reports. The Corporation did submit the Form BBBEE 1 to the B-BBEE Commission.

HEAD OFFICE
ECDC House
Ocean Terrace Park, Moore Street
Quigney, East London
PO Box 11197, Southernwood, 5213
Tel: +27 (0) 43 704 5600 • Fax: +27 (0) 43 704 5700