EASTERN CAPE PROVINCIAL
ARTS & CULTURE COUNCIL

ECPACC ANNUAL REPORT 2025/26

FOR THE YEAR ENDED 31 MARCH 2026

Province of the
EASTERN CAPE
SPORT, RECREATION,
ARTS & CULTURE

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SPORT, RECREATION, ARTS & CULTURE

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EASTERN CAPE PROVINCIAL ARTS & CULTURE COUNCIL

PART A

GENERAL INFORMATION

Province of the EASTERN CAPE
SPORT, RECREATION, ARTS & CULTURE

1.1 Public entity's general information

PHYSICAL ADDRESS:	Eastern Cape Provincial Arts and Culture Council
	No. 16 Commissioner Street
	KuGompo City
	5200
POSTAL ADDRESS:	Eastern Cape Provincial Arts and Culture Council
	P O Box 18372
	KuGompo City
	5211
CONTACT DETAILS:	Telephone: (043) 743 6187
	Facsimile: (043) 742 0109
	E-mail: info@ecpacc.co.za
	Website: www.ecpacc.co.za
EXTERNAL AUDITORS:	Auditor-General South Africa
	14 St Helena Road
	Beacon Bay North
	KuGompo City
INTERNAL AUDITORS:	Mayile SST JV
	Double Delight Road
	KuGompo City
	5257
BANK:	First National Bank
	Bhisho
	Eastern Cape
COMPANY SECRETARY:	Taleni Godi Kupiso Attorneys Inc.

1.2 List of Abbreviations

ABBREVIATION	MEANING
ABCD	Asset-Based Community Development
ACT	Arts and Culture Trust
ADM	Amathole District Municipality
AFS	Annual Financial Statements
AG	Auditor-General South Africa
AO	Accounting Officer
APP	Annual Performance Plan
BCMM	Buffalo City Metropolitan Municipality
B Proc	Baccalaureus Procurationis
CA (SA)	Chartered Accountant (South Africa)
CEAP	Creative Entrepreneurship Accelerator Programme
CEO	Chief Executive Officer
CIPC	Companies and Intellectual Property Commission
DTIC	Department of Trade, Industry and Competition
DSRAC	Department of Sport, Recreation, Arts and Culture
EC	Eastern Cape
ECAVC	Eastern Cape Audio Visual Centre
ECCACA	Eastern Cape Community Art Centre Association
ECCCI	Eastern Cape Cultural and Creative Industries
ECCI	Eastern Cape Craft Institute
ECDC	Eastern Cape Development Corporation
ECDP	Eastern Cape Development Vision 2030
ECITI	Eastern Cape Information Technology Institute
ECPACC	Eastern Cape Provincial Arts and Culture Council
EL	East London
EXCO	Executive Committee

1.3 Foreword by the Chairperson

Chairperson: Accounting Authority
MDUDUZI MZANYWA

I am pleased to present the 2025/26 Annual Report of the Eastern Cape Provincial Arts and Culture Council (ECPACC), covering the period from 1 April 2025 to 31 March 2026. The year under review reflects continued progress in strengthening the institution, enhancing operational effectiveness, and supporting the growth and development of the cultural and creative industries in the Eastern Cape Province.

Building on the achievements of the 2024/25 financial year, ECPACC entered the reporting period with a stronger foundation for effective governance, improved organizational coordination, and a clearer strategic focus. The clean audit outcome achieved in the previous year reinforced the importance of maintaining sound systems, promoting accountability, and ensuring the responsible management of public resources.

A key lesson from the previous financial year was the value of institutional stability, integrated planning, and effective oversight in enabling the organization to respond more effectively to opportunities and challenges within the sector. The governance reforms introduced during 2024/25, including strengthened committee oversight, enhanced reporting mechanisms, policy reviews, and organizational development initiatives, continued to support improved strategic alignment, operational coordination, and overall institutional performance during the year under review.

During the period under review, ECPACC received grant funding of **R23 239 000** from the Department of Sport, Recreation, Arts and Culture (DSRAC). These transfers are reflected in the Eastern Cape Estimates for Public Entities Revenue and Expenditure 2025/26 issued by the Eastern Cape Provincial Treasury, which confirms a multi-year funding commitment to ECPACC, enabling the entity to sustain its operations through to the 2028/29 financial year.

The entity recorded total expenditure of **R23 936 155** during the period under review, compared to (2024/2025 **R29 032 747**.)

Notwithstanding this support, ECPACC continues to face increasing demand for financial support from the creative and cultural sector, while limited resources constrain the entity's ability to respond to the full scale of these needs. Strengthening the effectiveness of the **Fundraising Strategy**, broadening resource mobilization, and increasing ECPACC's equity share will therefore remain important priorities in ensuring the entity is financially sustainable and better positioned to fulfil its mandate.

Looking ahead, the Council remains committed to strengthening ECPACC's institutional and financial sustainability, improving the impact of its programmes, and deepening partnerships with government, the private sector and other stakeholders. These efforts will be critical in positioning ECPACC as a stronger and more responsive institution that can meaningfully contribute to the development of the creative and cultural industries in the Eastern Cape.

Despite this progress, ECPACC continues to face challenges arising from the growing demand for financial and developmental support from artists and creatives, against limited resources, which constrain the Council's ability to fully respond to the needs of the sector. Going forward, the Council will prioritise the effective implementation of its Fundraising and Investment Strategy, strengthen strategic partnerships and pursue engagements aimed at motivating for an increased equity share for ECPACC, thereby enhancing its capacity to fulfil its mandate and provide meaningful and sustainable support to the cultural and creative sector.

In response, the Council and its Committees maintained a strong focus on performance monitoring, financial stewardship, audit oversight, and risk management. These interventions contributed to improved accountability, strengthened organizational resilience, and supported the achievement of key strategic objectives.

The organizational design process initiated during the previous financial year also progressed during the reporting period. This initiative remains critical to aligning the organizational structure with ECPACC's evolving mandate and operational requirements, while strengthening institutional capacity and improving efficiency.

Notwithstanding prevailing challenges, ECPACC continued to implement programmes that supported artists and creatives through funding opportunities, skills development initiatives, creative entrepreneurship programmes, market access interventions, and social cohesion projects. These initiatives contributed to growth across the visual arts, crafts, design, film, and audio-visual sectors while creating opportunities for emerging practitioners to participate more meaningfully in the creative economy.

The entity also strengthened partnerships with public institutions, industry stakeholders, and sector organizations to expand access to development opportunities, promote local content creation, and enhance participation within the cultural and creative industries. Through these collaborative efforts, artists and practitioners benefited from transformative support aimed at building sustainable careers and increasing their contribution to the province's social and economic development.
This report demonstrates ECPACC's continued commitment to institutional excellence, effective service delivery, and the advancement of a vibrant, inclusive, and sustainable cultural and creative sector in Eastern Cape Province.

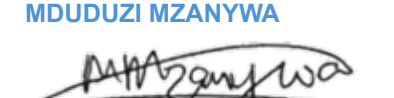
The Council remains appreciative of the continued support provided by the Department of Sport, Recreation, Arts and Culture (DSRAC), particularly within the broader fiscal constraints facing the sector and government institutions.

In closing, I commend the Council's oversight structures, management, and staff for their dedication and professionalism throughout the 2025/26 financial year. Their commitment contributed significantly to maintain organizational stability, strengthening performance, and sustaining the delivery of programmes that continue to benefit artists, creatives, and communities across the province.

On behalf of the Council, I extend my sincere appreciation to the Honorable MEC for Sport, Recreation, Arts and Culture, the Head of Department, Council Members, management, staff, artists, creatives, stakeholders, and sector partners for their continued support and contribution throughout the reporting period.

The Council remains committed to providing strategic leadership and ensuring that ECPACC continues to play a meaningful role in advancing the growth, transformation, and sustainability of the cultural and creative industries in the Eastern Cape. Through sound stewardship, collaborative partnerships, and a developmental approach, the entity will continue to support the sector while contributing to social cohesion, cultural preservation, and economic development across the province.

MDUDUZI MZANYWA



Chairperson: Accounting Authority
31 August 2026

1.4 Chief Executive Officer's Overview

Chief Executive Officer
MONDE NKASAWE

ECPACC maintained its unqualified audit outcome without findings (clean audit) for the 2025/26 financial year, sustaining the positive audit outcome achieved in the previous financial year.

It is with great pleasure that I present the 2025/26 Annual Report of the Eastern Cape Provincial Arts and Culture Council (ECPACC), reflecting on the entity's performance, achievements and progress during the period 1 April 2025 to 31 March 2026.

The year under review represented an important period of consolidation and institutional strengthening for ECPACC. Building on the governance improvements achieved during the previous financial year, the entity continued to strengthen internal controls, improve governance systems, enhance institutional coordination and refine implementation approaches to increase its impact within the cultural and creative industries sector.

ECPACC maintained its **unqualified audit outcome without findings (clean audit)** for the 2025/26 financial year, demonstrating the entity's continued commitment to sound governance, accountability, credible reporting and responsible management of public resources. The outcome also reflects the collective efforts of Council, management and staff to strengthen the organisation's control environment and reporting practices.

During the period under review, ECPACC received **R23 239 000 in grant funding from the Department of Sport, Recreation, Arts and Culture (DSRAC).** The transfers are reflected in the Eastern Cape Estimates for Public Entities Revenue and Expenditure 2025/26 issued by the Eastern Cape Provincial Treasury, confirming a multi-year funding commitment that supports ECPACC's operations through to the **2028/29 financial year.**

Total expenditure for the period under review amounted to **R23 936 155**, compared to **R29 032 747 in 2024/25.** This funding enabled ECPACC to continue implementing programmes in support of the arts, culture, heritage and creative industries sectors while maintaining its core institutional operations.

At the same time, the growing demand for financial support from the creative and cultural sector continues to place pressure on available resources. ECPACC will therefore strengthen the implementation and effectiveness of **its Fundraising Strategy, expand resource mobilization efforts and explore opportunities to increase its equity share**, with the aim of improving financial sustainability and increasing the entity's capacity to respond to the needs of artists, creatives and cultural practitioners across the province.

Performance results remained positive with an overall organisational performance achievement rate of **89.29%**. In **Programme 2: Building a Vibrant Cultural and Creative Industry, 94.74% of the targeted performance indicators were achieved.** One material indicator relating to the proportion of funding distributed to beneficiaries giving priority to previously disadvantaged individuals and marginalized communities achieved 89% against a target of 100%. Going forward, ECPACC will strengthen beneficiary monitoring, reporting requirements and verification mechanisms to improve the completeness and reliability of programme performance information.

Notwithstanding these challenges, ECPACC continued implementing programmes aimed at developing, promoting, preserving and supporting the arts, culture, heritage and

KEY AREAS OF SUPPORT

- Transformative funding support
- Skills and capacity development initiatives
- Market access programmes
- Public art and social cohesion initiatives
- Creative entrepreneurship interventions
- Audio-visual and film sector development programmes

Particular emphasis was placed on strengthening support for emerging and developing artists within the visual arts, crafts, design and audio-visual sectors. Through strategic partnerships and sector collaborations, the entity continued implementing programmes aimed at improving creative capabilities, entrepreneurship, digital participation and access to economic opportunities.

The year under review also highlighted the growing importance of digital transformation and technology within the creative economy. In response, the entity continued exploring opportunities to strengthen digital platforms, improve the online visibility of creatives and enhance institutional ICT governance and operational systems. The Auditor-General did not identify significant deficiencies in the entity's IT security controls, while noting opportunities for continued improvement.

The organisational design and institutional strengthening processes initiated during the previous financial year also continued during the reporting period. These interventions remain critical to improving organisational effectiveness, addressing capacity constraints, aligning institutional resources with operational demands and positioning ECPACC as a more capable, responsive and developmental institution. The final audit report further recognised the positive

contribution of the Audit Committee and Internal Audit function. The Audit Committee was found to have fully discharged its responsibilities, while Internal Audit work contributed to risk identification during the audit. Management will continue to strengthen the accountability ecosystem by ensuring that audit recommendations are implemented timeously and that corrective actions are monitored to completion.

Management recognises that sustaining a clean audit outcome requires more than achieving a favourable audit opinion; it requires a culture of continuous improvement, consequence management, ethical conduct and effective internal control. The entity will therefore focus on addressing the root causes identified through the audit process and improving the implementation of audit recommendations.

Looking ahead, ECPACC remains committed to strengthening governance, improving institutional sustainability, expanding strategic partnerships and deepening support for artists, creatives and cultural practitioners throughout the province. Continued focus will be placed on creative sector development, youth empowerment, market access, institutional strengthening and enhancing the contribution of the cultural and creative industries to economic growth, employment opportunities and social cohesion.

As we move forward, the entity will continue seeking innovative and sustainable approaches to strengthen the cultural and creative industries ecosystem in the Eastern Cape, while ensuring that public resources are managed responsibly and that programmes deliver measurable value to the communities and beneficiaries we serve.

In closing, I would like to express my sincere appreciation to the Honourable MEC for the Department of Sport, Recreation, Arts and Culture, the Head of Department, the Council, management and staff of ECPACC, artists, creatives, sector stakeholders and development partners for their continued support, commitment and contribution throughout the reporting period.

ECPACC remains committed to strengthening institutional sustainability, supporting transformation within the sector and enhancing the contribution of the cultural and creative industries to economic growth, social cohesion and cultural development in the Eastern Cape Province.

MONDE NKASAWE

Chief Executive Officer
31 August 2026

1.5 Statement of responsibility and confirmation of accuracy of the Annual Report

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

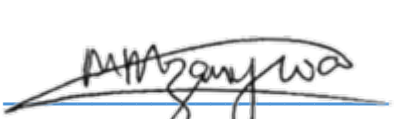
- All information and amounts disclosed in the annual report is consistent with the annual financial statements submitted to the Auditor General.
- The annual report is complete, accurate and is free from any omissions.
- The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.
- The Annual Financial Statements (Part E) have been prepared in accordance with the effective Standards of Generally Recognized Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.
- The accounting authority is responsible for the preparation of the annual financial statements and for the judgments made in this information.
- The accounting authority is responsible for establishing and implementing a system of internal control which has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.
- The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2026.

Monde Nkasawe:

Chief Executive Officer
31 August 2026

Mduduzi Mzanywa:



Chairperson: Accounting Authority
31 August 2026

1.6 Strategic Overview

VISION

A globally competitive cultural and creative economy underpinned by the principles of social cohesion and influenced by the rich culture and heritage of the Eastern Cape Province.

MISSION

Developing, preserving and promoting arts, culture and heritage and facilitate growth and excellence through the provision of high impact support services to the creative and cultural sectors of the Eastern Cape Province

VALUES

The values that underpin the vision and mission of ECPACC include:

Value	Description
Integrity	We strive to remain consistent, trustworthy and demonstrate respect and commitment in our intentions by setting an example of true professionalism and ethical propriety in our dealings.
Transparency	We undertake to embrace openness and transparency in conducting our business, through honest and meaningful consultation with stakeholders and communication of reliable information.
Responsive	We will seek to find innovative solutions and with the aim of improving efficiency and effectiveness, by timeously responding to fast-changing needs with limited resources.
Transformative	We will prioritize support to previously disadvantaged individuals and groups, as well as marginalized ethnic communities,
Resilience	We will be flexible and supple in delivering services to the sector

1.7 Legislative and Other Mandates

The Eastern Cape Provincial Arts and Culture Council (ECPACC) was established by means of Act No.6 of 2000 (Eastern Cape) and is listed in the PFMA as a schedule 3C public entity of the Department of Sport, Recreation, Arts and Culture.

ECPACC is entrusted with the responsibility of fostering the arts and promoting the culture of the Eastern Cape, to allow for the expression of the unique identity of the province and enable its artists to realise their potential through their expression of the arts to build an improved quality of life for themselves and their communities.

Accordingly, the main legislative and policy frameworks that guide ECPACC's mandate include:

NATIONAL AND PROVINCIAL LEGISLATION	IMPLICATIONS FOR ECPACC
Public Finance Management Act No 1 of 1999	The act sets out procedures for efficient and effective management of revenue, expenditure, assets and liabilities. It further makes provisions for the promotion of good corporate governance.
Public Service Amendment Act No Act 30 of 2007	The Act makes provision for the organization and administration of the Department, the regulation of the conditions of employment, terms of office, discipline, retirement and discharge of members of the public service, and related matters.
Division of Revenue Act	The Department receives conditional grants in terms of the Division of Revenue Act (DoRA) and is responsible for the management of these funds, including the annual allocation and transfer to ECPACC.
The Cultural Promotion Act 35, 1983	The Department is responsible for meeting the National norms and standards set in the legislation.

National Arts Council Act No 56, 1997	The Department is responsible for the nomination of an Eastern Cape provincial representative to serve in the National Arts Council, and that is mostly the Chairperson of the Provincial Arts Council.
National Heritage Council Act 11, 1999	The Department is responsible for the nomination of an Eastern Cape provincial representative to serve on the National Heritage Council (NHC), and for coordinating activities related to funding and projects that the NHC is conducting in the Eastern Cape through its entity, ECPACC.
National Heritage Resources Act 25, 1999	The ECPACC Act provides for the support and promotion of arts, culture and heritage and the promotion of the unique identity of the province.
National White Paper on Arts, Culture and Heritage (1996)	The policy paper provides a national framework for the preservation, promotion and advancement of arts, culture and heritage in all nine provinces for policy
National Film and Video Foundation Act (Act No. 73 of 1997)	The act establishes the National Film and Video Foundation, a public entity of the National Department of Arts and Culture that is responsible for the promotion of the audio-visual sector. As ECPACC was given the mandate to establish a Film Office, collaborating with NFVF is encouraged for the promotion of the film and television industry in the Eastern Cape Province towards the packaging and telling of local legendary stories through the medium of film.
Eastern Cape Use of Official Languages Act 2016	Meant to regulate and monitor the use of official languages in terms of Section 6(3) and (4) of the Constitution.
Eastern Cape Provincial Library and information services Act No 6 of 2003	This is the provincial Act that regulates the rendering of library services. ECPACC provides funding support to language and literature practitioners, whose products would be sold to the provincial libraries.
Eastern Cape Provincial Heritage Resources Act, 2000	Establishes the Eastern Cape Provincial Heritage Resources Agency (ECPHRA) and its Council to co-ordinate and promote the management of heritage resources at provincial level. It further introduces an integrated system for the identification, assessment and management of the heritage resources of the Eastern Cape Province.
Cultural Institutions Act 119 of 1998, as amended	This Act provides for the payment of subsidies to certain cultural institutions. It also provides for the establishment of certain institutions as declared cultural institutions under the control of Councils.

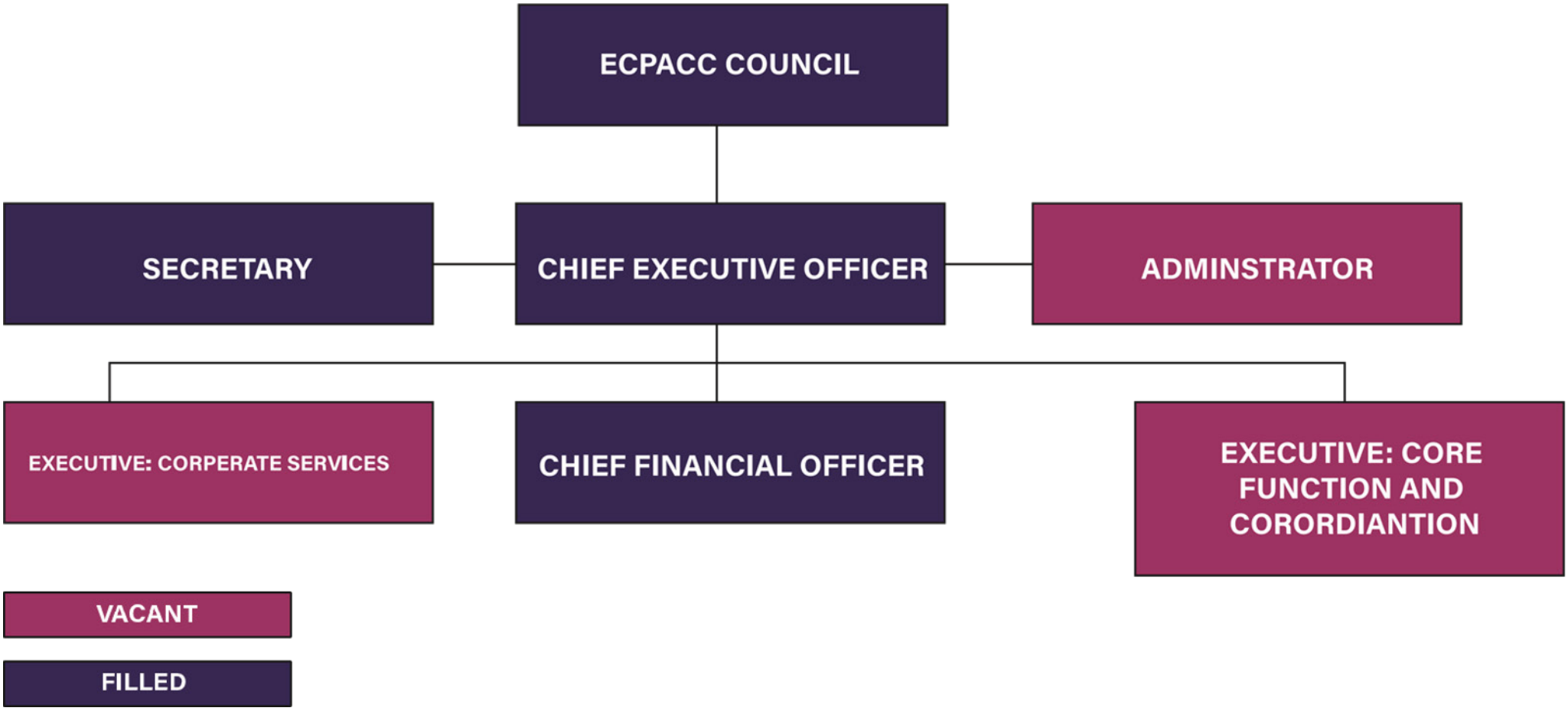
Organisational Structure

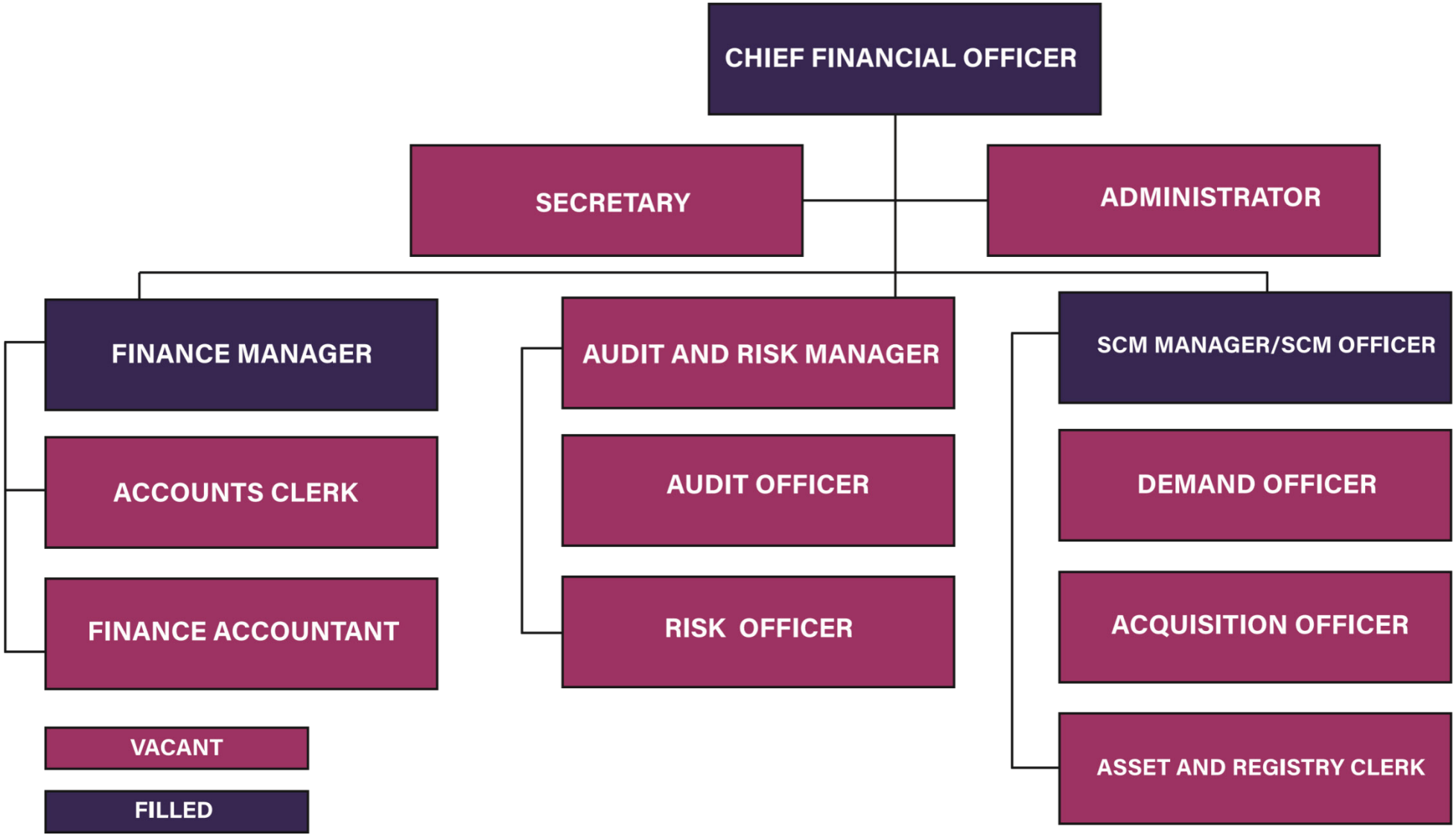
HON. MEC of Department of Sports Recreation, Arts and Culture: Ms Sibulele Ngongo

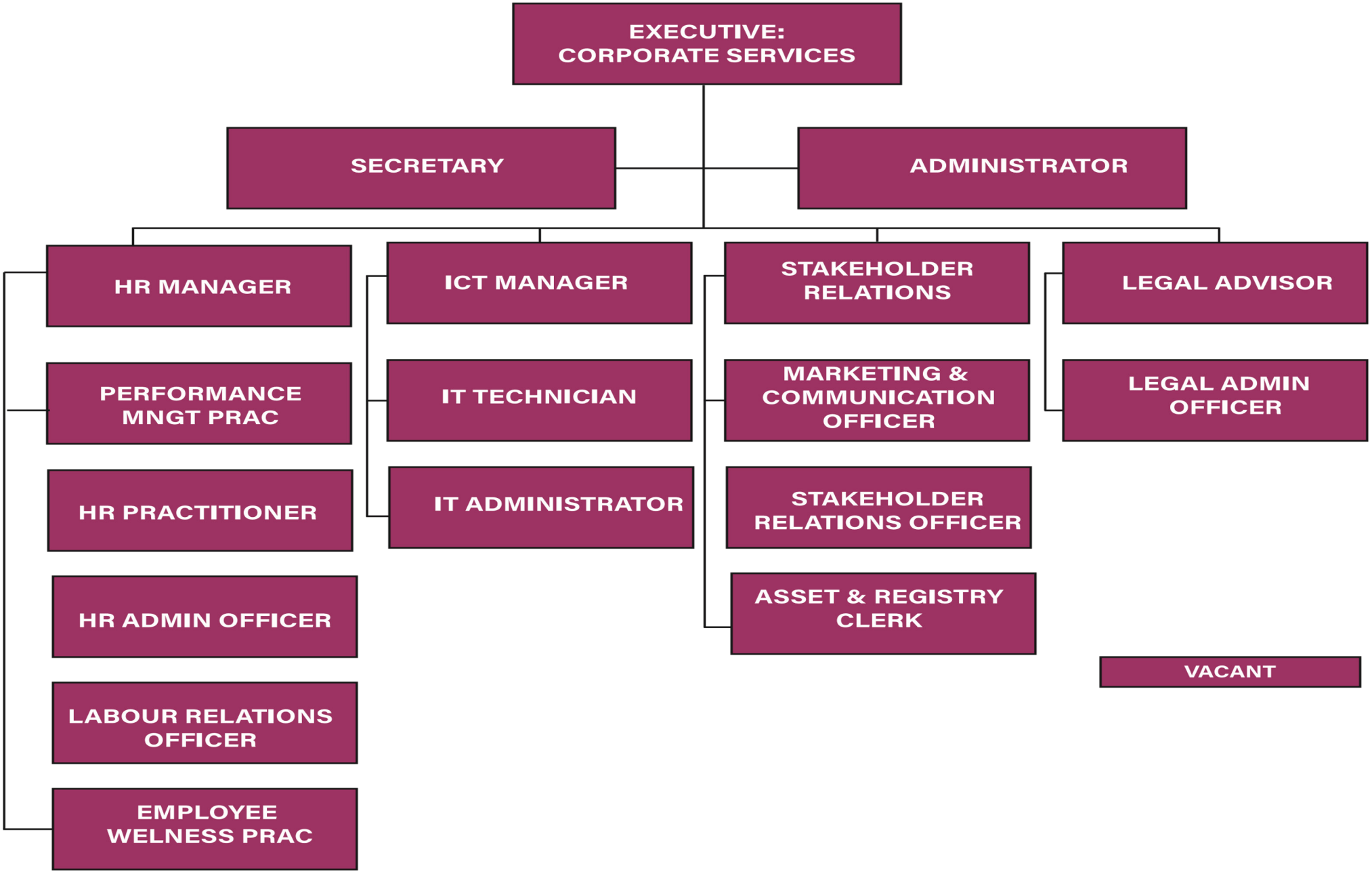
Chairperson of ECPACC Council Mr. Mduduzi Mzanywa

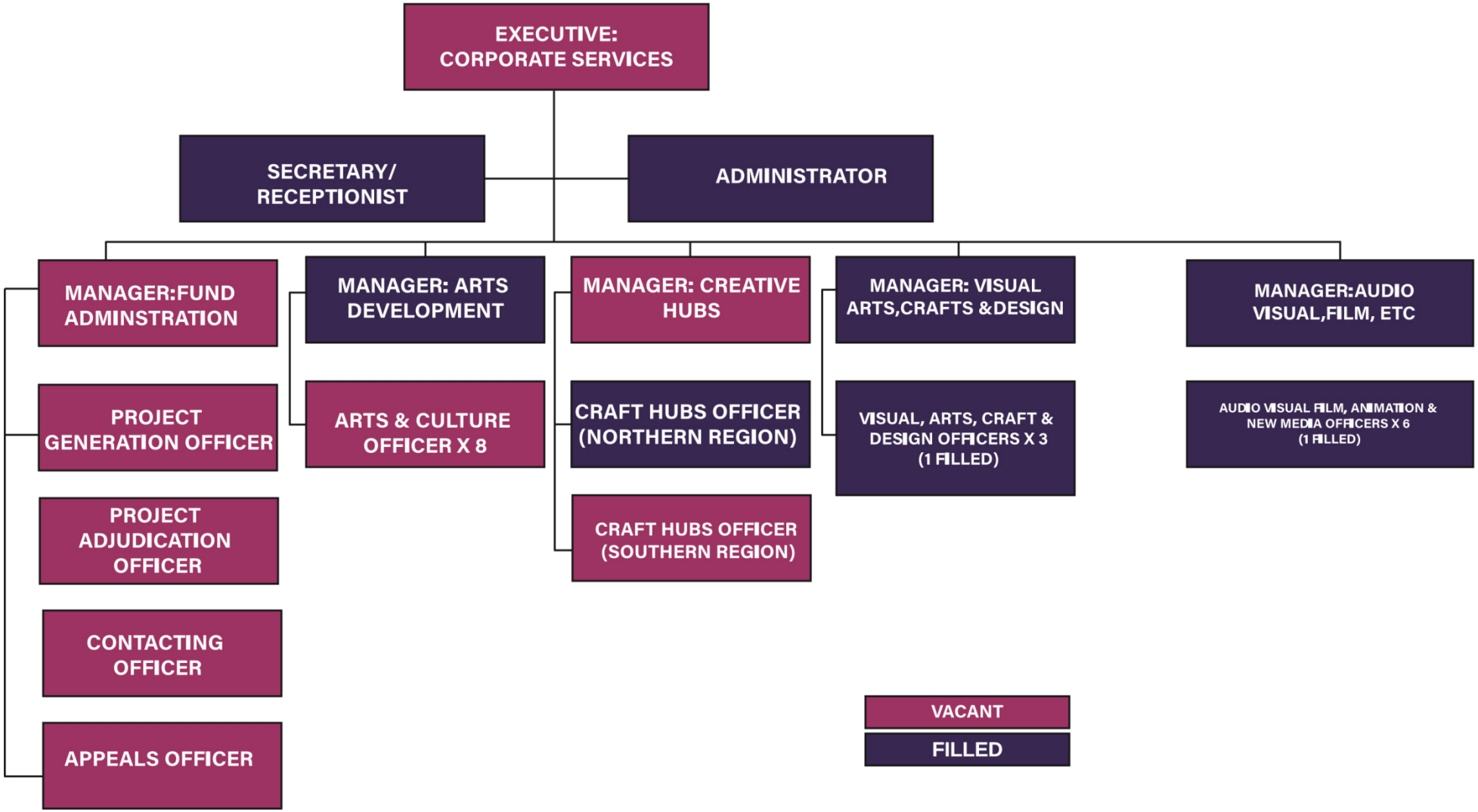
Chief Executive Officer: Mr Monde Nkasawe

Chief Financial Officer: Mr Silas Mtintso


ECPACC COUNCIL
SECRETARY
CHIEF EXECUTIVE OFFICER
ADMINSTRATOR
EXECUTIVE: CORPERATE SERVICES
CHIEF FINANCIAL OFFICER
EXECUTIVE: CORE FUNCTION AND CORORDIANTION
VACANT
FILLED


CHIEF FINANCIAL OFFICER
SECRETARY
ADMINISTRATOR
FINANCE MANAGER
ACCOUNTS CLERK
FINANCE ACCOUNTANT
AUDIT AND RISK MANAGER
AUDIT OFFICER
RISK OFFICER
SCM MANAGER/SCM OFFICER
DEMAND OFFICER
ACQUISITION OFFICER
ASSET AND REGISTRY CLERK
VACANT
FILLED


EXECUTIVE: CORPORATE SERVICES
SECRETARY
ADMINISTRATOR
HR MANAGER
PERFORMANCE MNGT PRAC
HR PRACTITIONER
HR ADMIN OFFICER
LABOUR RELATIONS OFFICER
EMPLOYEE WELNESS PRAC
ICT MANAGER
IT TECHNICIAN
IT ADMINISTRATOR
STAKEHOLDER RELATIONS
MARKETING & COMMUNICATION OFFICER
STAKEHOLDER RELATIONS OFFICER
ASSET & REGISTRY CLERK
LEGAL ADVISOR
LEGAL ADMIN OFFICER
VACANT


EXECUTIVE: CORPORATE SERVICES
SECRETARY/ RECEPTIONIST
ADMINISTRATOR
MANAGER:FUND ADMINSTRATION
PROJECT GENERATION OFFICER
PROJECT ADJUDICATION OFFICER
CONTACTING OFFICER
APPEALS OFFICER
MANAGER: ARTS DEVELOPMENT
ARTS & CULTURE OFFICER X 8
MANAGER: CREATIVE HUBS
CRAFT HUBS OFFICER (NORTHERN REGION)
CRAFT HUBS OFFICER (SOUTHERN REGION)
MANAGER: VISUAL ARTS,CRAFTS &DESIGN
VISUAL, ARTS, CRAFT & DESIGN OFFICERS X 3 (1 FILLED)
MANAGER:AUDIO VISUAL,FILM, ETC
AUDIO VISUAL FILM, ANIMATION & NEW MEDIA OFFICERS X 6 (1 FILLED)
VACANT
FILLED

Performance Management

Mr. M Nkasawe
Chief Executive Officer

Mr. S Mtintso
Chief Financial Officer

CORPORATE SERVICES
(ENABLING & SUPPORT)

Ms. Ayanda Gili
Acting Human Resource, Planning and Administration Manager

Ms. V Tshandu
Finance Manager

CORE SERVICES
(PROGRAMME DELIVERY)

Mr. B Marala
Film Development Manager

Mr V. Ndwandwa
Eastern Cape Arts,Crafts Hub Manager

Ms. S Besengile
Arts Development Manager

EASTERN CAPE PROVINCIAL ARTS & CULTURE COUNCIL

PART B

PERFORMANCE INFORMATION

Province of the EASTERN CAPE SPORT, RECREATION, ARTS & CULTURE

2.1 Auditor General's Report: Predetermined Objectives

The Auditor General currently performs the necessary audit procedures on the performance information to provide limited assurance in the form of an audit conclusion. The report on the audit of the annual performance report is included in the Report of the Auditor General, published under Part E: Financial Information.

2.2 Situation Analysis

The situation analysis consists of an external and internal environmental analysis as illustrated below.

External Environment Analysis

From a macroeconomic perspective, both South Africa and the Eastern Cape Province continued to experience a period of slow economic recovery and constrained fiscal growth during the 2025/26 financial year. The Eastern Cape economy remained under pressure due to persistent unemployment, low economic growth, infrastructure challenges, and limited private sector investment, which continued to affect the overall socioeconomic environment within which ECPACC operates.

The province continued to experience economic conditions characterized by high unemployment levels, poverty, inequality, and increasing demand for government support services. These conditions placed significant pressure on government resources and contributed towards fiscal constraints affecting departments and public entities across the province.

The constrained fiscal environment continued to affect the cultural and creative industries sector, particularly emerging artists, creatives, and cultural practitioners who remain heavily dependent on public funding support, developmental programme, and market access opportunities. The reduction in available resources within the broader public sector also continued to impact the ability of institutions to fully respond to the increasing developmental needs of the sector.

The Eastern Cape Province continues to experience the migration of skilled and talented creatives to other provinces in search of broader economic and professional opportunities. This trend negatively affects the growth and sustainability of the province's cultural and creative industries and highlights the need for strengthened sector support, increased investment, and expanded economic opportunities within the province.

Despite these challenges, the cultural and creative industries sector continues to play an important role in contributing towards social cohesion, local economic development, entrepreneurship, tourism promotion, youth participation, and cultural preservation. The sector further provides opportunities for self-employment, enterprise development, and community participation, particularly within rural and undeserved communities.

To better understand and respond to these environmental realities, the entity utilized a PESTLE analysis approach to assess the broader Political, Economic, Social, Technological, Legal, and Environmental factors affecting the cultural and creative industries sector and the operations of the entity. This analysis assists the organization in identifying risks, opportunities, strategic priorities, and interventions necessary to strengthen institutional sustainability and improve sector development outcomes.

PESTLE ANALYSIS

Political Factors

The 2025/26 financial year continued to be influenced by the evolving political and governance landscape following the establishment of the Government of National Unity (GNU) after the 2024 national elections. Coalition governance continued to present both opportunities and risks for public entities and sector development.

Key implications for the cultural and creative sector included:

- Potential shifts in policy priorities and funding allocations;
- Increased emphasis on social cohesion and nation-building;
- Heightened scrutiny of public spending and institutional performance; and
- Increased demand for accountability and measurable impact.

Stable governance and policy continuity remained critical for sustaining long-term cultural programme, institutional partnerships, and sector transformation initiatives.

Economic Factors

The Eastern Cape economy continued to experience structural economic challenges during the 2025/26 financial year, including high unemployment, low industrial growth, limited private sector investment, and widespread poverty. National GDP growth remained constrained despite gradual recovery projections, while the Eastern Cape continued to experience economic pressure associated with low growth and fiscal limitations. The province remained one of the highest contributors to

unemployment nationally, particularly among youth and rural communities.

High unemployment and poverty levels continued to negatively affect the cultural and creative industries sector through:

- Reduced consumer spending on cultural products;
- Limited sponsorship opportunities;
- Increased reliance on public funding support;
- Reduced sustainability of creative enterprises.

Despite these challenges, the cultural and creative industries sector continued to contribute towards:

- Employment creation;
- Entrepreneurship development;
- Tourism stimulation;
- Informal economic activity; and
- Local economic development.

Figure 1: RSA and Eastern Cape Real GDP Growth Rates

RSA and EC Real GDP Growth Rates (Seasonally Adjusted and Annualized)

Figure 1: South Africa and Eastern Cape Real GDP Growth, 2014–2024

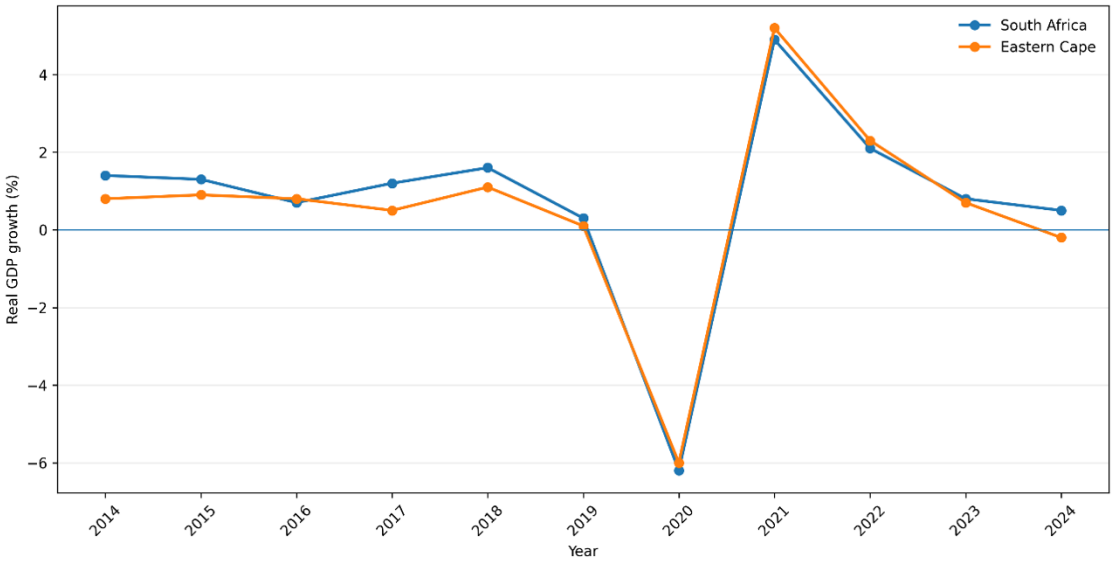


Figure 2: GDP Contribution and Provincial Economic Performance

Figure 2: Provincial Contribution to South Africa's GDP, 2024

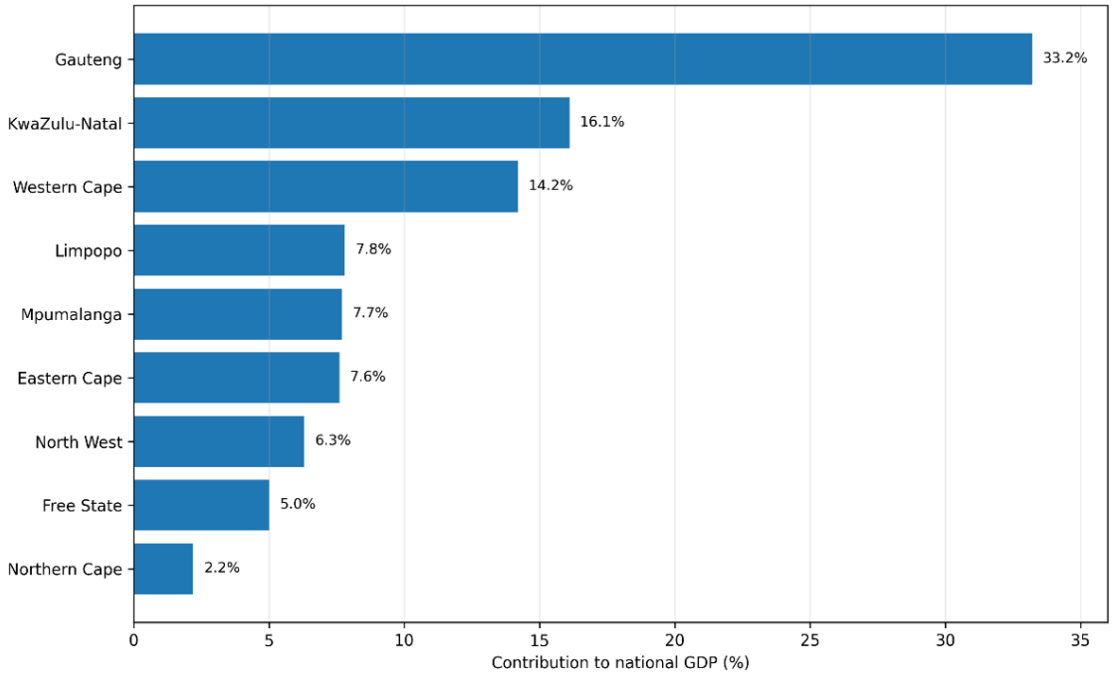
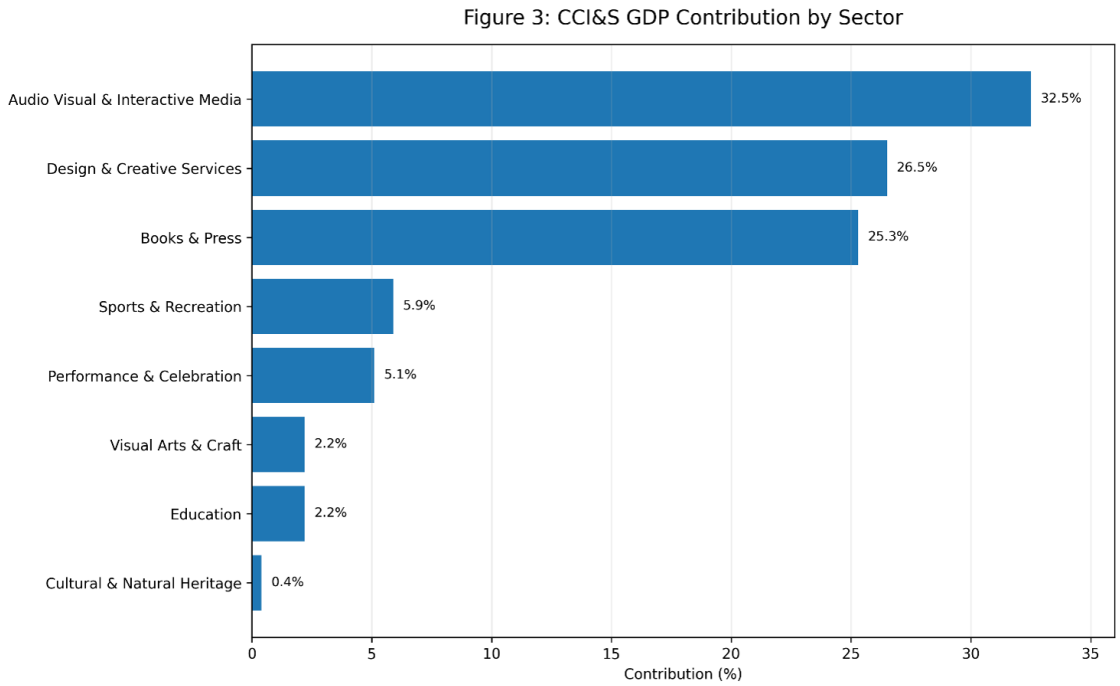


Figure 3: Cultural, Creative and Sports Industries Economic Contribution



The figures above demonstrate that the cultural and creative industries sector continues to hold both cultural and economic significance, with linkages to tourism, education, manufacturing, heritage preservation, and the digital economy.

Social Factors

The Eastern Cape Province continues to have a predominantly youthful population with high levels of, poverty, inequality, and unemployment.

These social conditions continue to influence participation within the cultural and creative industries sector and increase the demand for:

- Youth empowerment initiatives;
- Skills development programmes;
- Social cohesion interventions;
- Community arts programme; and
- Creative entrepreneurship support.

Rural communities continue to possess rich cultural capital and indigenous heritage, but face barriers including:

- Limited market access;
- Infrastructure deficits;
- Financial constraints;
- Limited arts education opportunities; and
- Digital exclusion.

The entity therefore continued prioritizing programme aimed at improving access, inclusion, participation, and transformation within the sector.

Technological Factors

Technological advancement continued transforming the production, promotion, distribution, and consumption of cultural products and services during the 2025/26 financial year.

Digital platforms, social media, online marketplaces, and emerging technologies continued creating opportunities for artists and creatives to:

- Access wider markets;
- Improve visibility;
- Promote local content;
- Engage audiences; and
- Generate income opportunities.

However, digital inequality remained a significant challenge, particularly within rural communities where many creatives continued experiencing:

- Limited internet connectivity;
- High data costs;
- Limited access to devices; and
- Low digital literacy.

The entity therefore continued exploring opportunities aimed at strengthening digital participation, online promotion, and institutional ICT governance systems.

Environmental Factors

Environmental and climate-related risks continued affecting communities, infrastructure, and programme implementation during the reporting period.

The Eastern Cape continued facing challenges associated with:

- Water scarcity;
- Climate variability;
- Drought conditions;
- Infrastructure deterioration; and
- Environmental sustainability pressures.

These environmental realities continued to affect:

- Outdoor cultural events;
- Heritage sites;
- Tourism-related activities;
- Community programme; and
- Traditional craft production.

The entity continued encouraging sustainable and environmentally conscious approaches towards programme implementation and event planning.

Legal Factors

The cultural and creative industries sector continued operating within a complex legislative and governance environment guided by public sector compliance requirements and sector legislation.

The legal and regulatory framework affecting the entity included:

- Public Finance Management Act (PFMA);
- Treasury Regulations;
- ECPACC Act No. 6 of 2000;
- Copyright and intellectual property legislation;
- Occupational health and safety regulations; and
- Municipal by-laws and permitting requirements.

Challenges continued to exist relating to:

- Informality among practitioners;
- Limited compliance capacity;
- Weak financial management systems among beneficiaries;
- Intellectual property vulnerabilities; and
- Reporting compliance challenges.

To strengthen accountability and governance, the entity continued improving:

- Funding governance systems;
- Monitoring and evaluation processes;
- Due diligence mechanisms;
- Contract management;
- Compliance monitoring; and
- Stakeholder awareness initiatives.

Employment Equity

The following employment took place in the 2025/26 financial year:

Salary levels	Females				Males				Total
	A	C	I	W	A	C	I	W	
14	0	0	0	0	0	0	0	0	1
13	0	0	0	0	0	0	0	0	1
12	0	0	0	0	0	0	0	0	0
11	0	0	0	0	0	0	0	0	0
10	3	0	0	0	2	0	0	0	5
9	0	0	0	0	0	0	0	0	0
8	1	0	0	0	0	0	0	0	1
7	0	0	0	0	0	0	0	0	0
4-6	4	0	0	0	0	0	0	0	4
1 – 3	3	0	0	0	2	0	0	0	5
Grand Total	0	0	0	0	0	0	0	0	17

Source: Human Resource Plan 2025/26

(There was no filled post in the year 2025/26)

2.3 Institutional Programme Performance Information

The mandate of the entity is the promotion of the development and preservation of arts and culture in the Eastern Cape Province. The entity also seeks to use its resources to create a better life for arts, culture and heritage practitioners in the Eastern Cape Province.

Summary of Programmes

The operations of the Eastern Cape Provincial Arts and Culture Council are organized around the following two programmes, Programme 1 with 2 Sub-Programs and Programme 2 with 4 sub-programmes.

Programme 1: Institutional Development, Governance and Administration

Purpose: The main purpose of the programme is to provide strategic leadership and administrative support to the units of the entity. This includes, but is not limited to, corporate governance, financial management, risk management and human resource management.

(a) Sub-Programme 1: Organizational Development and Administration

The main purpose of the sub-programme is streamlining the organization design, human resources and processes to increase organizational efficiency and thus reduce operating costs.

(b) Sub-Programme 2: Corporate governance

The main purpose of the sub-programme is to enhance corporate governance and accountability, which exponentially increases the attractiveness of the entity to secure additional funding and/or investment that would secure and retain a positive going concern.

Programme 2: Building a Vibrant Cultural and Creative Industry

(a) Sub-Programme 1: Trans-formative Funds Administration
(b) Sub-Programme 2: Sustainable arts Capability
(c) Sub-Programme 3: Promoting Market Access
(d) Sub-Programme 4: Arts for social change

Performance overview

Programme 1: achieved seven (7) out of nine (9) planned indicators for the 2025/26 financial year, translating to an achievement rate of 77.78%. The two indicators not fully achieved relate to the finalisation of the Marketing Strategy and the ICT systems indicator, where the Portfolio of Evidence submitted was not considered sufficient during internal audit verification.

Programme 2: achieved eighteen (18) out of nineteen (19) planned indicators for the 2025/26 financial year, translating to an achievement rate of 94.74%. The one indicator not achieved relates to the percentage of funding distributed to previously disadvantaged individuals and marginalised groups, which achieved 89% against the planned target of 100%, due to late

submission of compliance documentation and administrative delays by a limited number of beneficiaries.
Overall, out of twenty-eight (28) planned indicators:

- Twenty-five (25) indicators were achieved and overachieved, and
- Three (3) indicators were not achieved.

This translates to an overall organisational performance achievement rate of 89.29% (25 out of 28 indicators achieved or exceeded). As detailed in the table below, valid reasons for the non-achievement of the planned indicators have been provided.

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

Annual Performance Plan

PROGRAMME 1: INSTITUTIONAL DEVELOPMENT, GOVERNANCE AND ADMINISTRATION									
SUB-PROGRAMME 1: ORGANISATIONAL DEVELOPMENT AND ADMINISTRATION									
Outcome	**Output**	**Output indicator**	**Audited Actual Performance 2023/24**	**Audited Actual Performance 2024/25**	**Planned Annual Target 2025/26**	**Actual Achievement 2025/26(until date of re-tabling)**	**Deviation from planned target to Actual Achievement for 2025/26**	**Reasons for deviations**	**Reasons for revisions to the outputs/ output indicators/ annual targets**
A properly re-engineered, well governed and well-resourced entity that is resilient and capable of executing its mandate.	A reconfigured institutional structure.	Number of institutional development systems and/or administrative controls developed.	2	1	2	2	0	Target Achieved	N/A
		Number of Marketing plans developed.	1	1	-	-	-	Indicator eliminated	The Marketing Plan has been developed and implemented.
		Number of Marketing strategy developed/ Implemented	New Indicator	1	0	-1	Target not Achieved, Marketing Strategy not finalised in Q4 due to pending approval processes, still to be presented for approval by council with implementation continuing in the next cycle.	The indicator was revised from “Marketing Plan” in the previous financial year to “Marketing Strategy” in the current financial year to strengthen strategic alignment, broaden the scope from operational planning to long-term institutional positioning, and enhance organizational marketing and stakeholder engagement objectives.	

PROGRAMME 1: INSTITUTIONAL DEVELOPMENT, GOVERNANCE AND ADMINISTRATION									
SUB-PROGRAMME 1: ORGANISATIONAL DEVELOPMENT AND ADMINISTRATION									
		Number of key organizational policies reviewed.	0	0	-	-	-		Indicator eliminated for 2024/25
	Increased performance and organizational effectiveness	Number of key organizational policies reviewed / developed with standard operating procedures	3	3	3	7	4	**Target Overachieved:** Over-achievement resulted from the urgent development of additional governance and ICT policies identified during implementation to strengthen compliance, risk management, and internal controls.	No revisions were made to the approved output indicator
		Number of ICT systems developed.	0	0	1	0	-1	**Target not Achieved**: The ICT system implementation activities were completed; however, during Internal Audit verification, the Portfolio of Evidence submitted was assessed as not sufficiently comprehensive to fully substantiate achievement in line with audit verification requirements.	N/A
		Number of HR administrative functions implemented.	2	2	4	**4**	-	**Target Achieved**	N/A

PROGRAMME 1: INSTITUTIONAL DEVELOPMENT, GOVERNANCE AND ADMINISTRATION									
SUB-PROGRAMME 2: CORPORATE GOVERNANCE									
Outcome	**Output**	**Output indicator**	**Audited Actual Performance 2023/24**	**Audited Actual Performance 2024/25**	**Planned Annual Target 2025/26**	**Actual Achievement 2025/26 *(until date of re-tabling)***	**Deviation from planned target to Actual Achievement for 2025/26**	**Reasons for deviations**	**Reasons for revisions to the outputs/ output indicators/ annual targets**
A properly well governed and well-resourced entity that is resilient and capable of executing its mandate.	Enhanced corporate governance and Accountability	Number of programme to strengthen Council effectiveness implemented.	0	0	1	**1**	-	**Target Achieved.**	N/A
		Number of stakeholder engagements undertaken with sector associations and practitioners.	2	0	0	**-**	-	The indicator was eliminated for the year 2025/26 financial year.	N/A
		Percentage of high residual risks addressed.	80%	80%	80%	**100%**	20%	**Target overachieved** due to the proactive and earlier-than-planned implementation of management action plans to address identified high residual risks, resulting in more risks being mitigated within the reporting period than initially anticipated.	N/A
		Number of clean audits maintained	New Indicator		1	**1**	-	**Target Achieved**	N/A

PROGRAMME 1: INSTITUTIONAL DEVELOPMENT, GOVERNANCE AND ADMINISTRATION									
SUB-PROGRAMME 2: CORPORATE GOVERNANCE									
		Percentage of quarterly programme expenditure achieved against approved budget.	106.36%	98%	98%	**99.15% %**	1.15%	**Target overachieved.** The variance resulted from effective expenditure management and optimal utilization of the approved budget during the reporting period.	N/A
		Number of SCM internal systems established to increase efficiencies.	1	-	-	**-**	-	Indicator Eliminated in 2023/24 financial year end.	N/A
		Percentage of previous year's audit findings addressed in the audit improvement plan.	100%	100%	80%	**100%**	20%	**Target overachieved:** The over-achievement resulted from the early implementation and completion of management action plans and corrective measures aimed at strengthening internal controls and improving audit readiness.	N/A
		Quarterly and Annual Financial & Performance Information Report submitted timeously to relevant authority.	7	8	21	**21**	-	**Target achieved.**	N/A
A properly well governed and well-resourced entity that is resilient and capable of executing its mandate	Diversified Revenue base	Number of Fundraising initiatives undertaken to mobilize resources.	0	2	2	2	-	**Target Achieved**.	N/A

PROGRAMME 1: INSTITUTIONAL DEVELOPMENT, GOVERNANCE AND ADMINISTRATION								
SUB-PROGRAMME 2: CORPORATE GOVERNANCE								
A properly well governed and well-resourced entity that is resilient and capable of executing its mandate	Enhanced corporate governance & accountability	Number of Human Resource Strategy and Integrated Human Resource Plan (HRP) developed / Implemented	New Indicator	2	2	-	**Target Achieved**.	N/A

2.4 Key Achievements: Programme 1: Institutional Development, Governance and Administration:

The following key achievements were attained for the programme during the period under review:

2.4.1 Governance, Compliance and Strategic Reporting

- Successfully submitted all mandatory statutory, financial, and performance reports within prescribed timeline to relevant oversight authorities, including:
  - Quarterly Performance Information Reports (Q1–Q4);
  - Quarterly Financial Reports and In-Year Monitoring (IYM) Reports;
  - Semester Report 2025/26;
  - 2026 Medium-Term Expenditure Framework (MTEF) Budget submissions;
  - 2026/27 Annual Performance Plan (APP);
  - Annual Revised Strategy (2025–2030);
  - 2024/25 Annual Financial Statements;
  - 2024/25 Annual Performance Information Report; and
  - 2024/25 Annual Report.
- Strengthened governance, compliance, and accountability systems through continuous management review processes and quality assurance mechanisms aligned with audit readiness requirements.
- Reviewed, developed, and facilitated approval of key governance instruments, including ICT governance and ICT security policies, as well as the Fund-raising and Investment Strategy, to strengthen governance, internal controls, risk management, and organizational sustainability.

2.4.2 Financial Management and Accountability

- Maintained sound financial management practices in compliance with the Public Finance Management Act (PFMA), Treasury Regulations, and applicable financial governance frameworks.
- Maintained accurate, complete, and up-to-date financial accounting records throughout the reporting period.
- Ensured that all financial transactions were appropriately captured, reconciled, and supported by systematically maintained source documentation, contributing to audit readiness and financial integrity.
- Strengthened expenditure monitoring and financial oversight processes to support prudent utilization of allocated resources and effective budget management across programme.
- Maintained the entity's clean audit status through strengthened internal controls, financial governance processes, and sustained compliance with audit requirements.
- Successfully secured additional budgetary support through fund-raising and resource mobilization initiatives, contributing towards improved financial sustainability and operational capacity.

2.4.3 Human Resource Management and Administration

- Maintained efficient and compliant human resource administration systems throughout the reporting period.
- Accurately maintained and updated employee leave records, personnel information, contracts, performance agreements, and related human resource documentation in accordance with organizational policies and governance requirements.
- Successfully supported the implementation of the Performance Management and Development System (PMDS), including the conclusion, monitoring, and assessment of performance agreements.
- Reviewed and strengthened the Performance Management Policy to enhance consistency, accountability, and organizational performance management practices.
- Introduced continuous performance monitoring and support mechanisms aimed at improving organizational effectiveness and accountability.
- Developed and implemented structured human resource governance frameworks, including:
  - Standardized HR administration processes aligned with the HR Policy Register and governance requirements.
- Advanced consultative processes relating to the HR Strategy and HR Plan to support organizational alignment and long-term institutional development priorities.

2.4.4 Overall Programme Performance

- Demonstrated strong adherence to governance, compliance, and regulatory frameworks throughout the 2025/26 financial year.
- Strengthened internal control systems, audit readiness, and institutional accountability across the entity.
- Maintained operational efficiency through effective financial management, governance, and administrative support systems.
- Continued to promote transparency, accountability, and performance integrity in the implementation of institutional support functions.
- Enhanced organizational capacity through improved governance systems, reporting processes, financial management practices, and human resource administration.
- Ensured alignment of governance and administrative functions with the strategic objectives and institutional priorities of

the Eastern Cape Provincial Arts and Culture Council.

(a) Finance Policies:

- All the Finance Policies were reviewed in the 2025/26 financial year.

(b) Audit Improvement

- The entity received a clean audit award from the office of the Auditor General of South Africa (AG SA) in December 2025.

(c) Prior year audit findings

- All the prior year audit findings were resolved, including the cleaning up of the fixed asset register to clear the recurring audit finding on fixed assets.

(d) Comment on all Deviations

- The overall comment on all deviations is the same as the comments already provided in the detailed table above.

(e) Strategy to overcome areas of under-performance

- Management will strengthen internal coordination, monitoring, approval processes, and supporting documentation controls to ensure the successful implementation and verification of the ICT systems and Marketing Strategy indicators during the 2026/27 financial year.

(f) Changes to planned targets

- There were no changes to planned targets in the year under review.

(g) Linking performance with budgets

	2024/25			2025/26		
Programme objective	**Budget**	**Actual Expenditure**	**(Over) / Under Expenditure**	**Budget**	**Actual Expenditure**	**(Over) / Under Expenditure**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Institutional Development, Governance and Administration	R14 363	R14 700	(337)	R13 506	R13 679	(175)

PROGRAMME 2: BUILDING A VIBRANT CULTURAL AND CREATIVE INDUSTRY									
SUB-PROGRAMME 1: TRANSFOMATIVE FUNDS ADMINISTRATION									
Outcome	**Output**	**Output indicator**	**Audited Actual Performance 2023/24**	**Audited Actual Performance 2024/25**	**Planned Annual Target 2025/26**	**Actual Achievement 2025/26*(until date of re-tabling)***	**Deviation from planned target to Actual Achievement for 2025/26**	**Reasons for deviations**	**Reasons for revisions to the outputs/ output indicators/ annual targets**
Transformation of the sector through the empowerment of indigenous, previously disadvantaged and marginalised groups or individuals.	A transformative Fund Distribution Model developed and implemented.	Number of Funding policies revised	0	1	1	**1**	-	**Target Achieved.**	N/A
		Percentage of funding benefiting previously disadvantaged individuals and/or groups	-	-	-	**-**	-	The indicator was eliminated in the year 2025/26 financial year.	N/A

PROGRAMME 2: BUILDING A VIBRANT CULTURAL AND CREATIVE INDUSTRY									
SUB-PROGRAMME 1: TRANSFOMATIVE FUNDS ADMINISTRATION									
		Percentage of funding distributed to beneficiaries giving priority to previously disadvantaged individuals and marginalised ethnic groups /communities,	89.48%	96.26%	100%	**89%**	-11%	**Target not Achieved:** Performance achieved was 89% against the annual target of 100%. The variance of 11% resulted from late submission of compliance documentation, delays in final tranche claims, and administrative non-compliance by a limited number of funded beneficiaries.	N/A
		Number of funding awareness workshops organised.	10	6	8	**8**	-	**Target Achieved.**	N/A
		Number of artist database updated on an annual basis.	1	-	-	**-**	-	The indicator was eliminated for the year 2025/2 financial year.	
		Number of projects supported through transformative funds.	New Indicator	34	-	**-**	-	The indicator was eliminated for the year 2025/26 financial year.	N/A

PROGRAMME 2: BUILDING A VIBRANT CULTURAL AND CREATIVE INDUSTRY									
SUB-PROGRAMME 1: TRANSFOMATIVE FUNDS ADMINISTRATION									
		Number of individuals/ registered businesses supported through transformative funds	New Indicator		25	**57**	32	**Target Overachieved**: due to increased programme demand, approval of additional qualifying projects, and improved utilization of available trans formative funding to expand support to more individuals and registered businesses within the creative sector.	N/A
		Number of projects monitored and evaluated	**20**	10	10	**10**	-	**Target Achieved**	N/A
		Number of reports on jobs created by funded beneficiaries	**New Indicator**		6	**6**	-	**Target Achieved**	N/A

2.5. Key Achievements – Sub-programme 1: Transformation Funding and Beneficiary Support

2.5.1 Percentage of funding distributed to beneficiaries giving priority to previously disadvantaged individuals and marginalized groups: Funding Distribution and Transformation Support

- The Eastern Cape Provincial Arts and Culture Council (ECPACC) achieved cumulative disbursement during the 2025/26 financial year amounted to R2,720,614.80 against an approved budget of R3,061,700. The resulting actual performance is therefore calculated as follows:

$$\frac{2\,720\,614.80}{3\,061\,700} \times 100 = 88.86\% \approx 89\%$$

- The programme demonstrated strong uptake and implementation, with funding contributing towards skills development, enterprise support, income generation, job creation, and sustainable participation within the cultural and creative industries.
- Funding support prioritized equitable access for historically disadvantaged communities and strengthened participation of rural artists, women, youth, and emerging creative enterprises within the provincial creative economy.

2.5.2 Number of funding awareness workshops organized: Funding Awareness and Capacity Building

- ECPACC successfully implemented a province-wide funding awareness and capacity-building roadshow across all districts of the Eastern Cape in collaboration with the Department of Sport, Recreation, Arts and Culture (DSRAC), municipalities, traditional leadership structures, and community arts organizations.
- The initiative enhanced awareness of funding opportunities, compliance requirements, application processes, governance responsibilities, and financial accountability within the creative sector.
- The programme further highlighted sect-oral socioeconomic challenges affecting artists and creatives, including unstable income streams and limited sustainable economic opportunities, reinforcing the importance of continued developmental support interventions within the sector.

2.5.3 Number of individuals /registered businesses supported through transformative funds: Beneficiary Reach and Project Support

- A total of 57 projects were supported during the reporting period, significantly exceeding the original annual target of 25 beneficiaries.
- The supported projects comprised:
- 16 Individual Projects; and
- 41 Registered Individuals, Arts Organizations, and Creative Enterprises.
- Over-achievement was driven by increased programme demand, effective resource utilization, strategic project selection, and expanded funding support capacity.
- Funded projects contributed towards community empowerment, enterprise development, skills transfer, cultural preservation, and local economic participation within the creative industries.

No.	Beneficiary	Tranche 1 / Full Payment	Tranche 2
1	My Grandfather's Dancing Shoes	R71,000	-
2	Womben	R81,000	-
3	Land of Nonesi	R64,840	-
4	Pioneers Arts Movement	R50,000	-

5	Isingqi som-Africa by Uyise kangqayimbana	R87,000	-
6	Umgqungqo Orchestral Experience	R100,000	-
7	Tiro's Toughloop Testimony	R20,000	-
8	Involve Design	R27,180	-
9	Proud of Borrowed Clothes	R12,000.00	R8,000.00
10	Zenithi Films	R30,000.00	R20,000.00
11	Blawa Creative Joint	R30,000.00	R20,000.00
12	Ungconde Production	R12,000.00	R8,000.00
13	Inkciyo Eastern Cape	R36,000.00	R24,000.00
14	Uchumo Sizwe	R30,000.00	R20,000.00
15	Access Music Project	R36,000.00	R24,000.00
16	Xhanti Nokwali	R36,000.00	R24,000.00
17	Wela Sonwabo Matomela	R12,000.00	R8,000.00
18	Anthony Caplan Trading	R30,000.00	R20,000.00
19	Ikhona Ndilive Music	R24,000.00	R16,000.00
20	Thembelani Ntaba	R12,000.00	R8,000.00
21	King Donna	R10,500	R7,000.00
22	Anelisa Mbozi	R12,000.00	R8,000.00
23	Siphesihle Akhona Zamxaka	R30,000.00	R20,000.00
24	Mojo Foundation	R42,000.00	R28,000.00
25	Khelz Trading Company	R60,000.00	Report pending
26	Lumbawe Projects and Trading PTY LTD	R57,600.00	R38,400.00
27	Sinengomso Community Development Centre	R60,000.00	R40,000.00
20	Thembelani Ntaba	R12,000.00	R8,000.00
21	King Donna	R10,500	R7,000.00
22	Anelisa Mbozi	R12,000.00	R8,000.00
23	Siphesihle Akhona Zamxaka	R30,000.00	R20,000.00
24	Mojo Foundation	R42,000.00	R28,000.00
25	Khelz Trading Company	R60,000.00	Report pending
26	Lumbawe Projects and Trading PTY LTD	R57,600.00	R38,400.00
27	Sinengomso Community Development Centre	R60,000.00	R40,000.00
28	Bene Projects PTY LTD	R30,000.00	R20,000.00
29	Ngcathu Services	R30,000.00	R20,000.00
30	Yoza KaJola Handmade	R30,000.00	R20,000.00
31	Nonzukiso Sewing	R30,000.00	R30,000.00
32	Nice and Hlwaps	R12,000.00 (not paid)	R8,000.00 (not paid)
33	Makiyela Recycling	R48,000.00	Report pending
34	Inkcubeko Women in Sewing	R12,000.00	R8,000.00
35	Sinenjongo Older Person Centre	R12,000.00	R8,000.00
36	Inkciyo YaseNgcobo	R12,000.00	Report pending
37	Birthmaak Foundation	R60,000.00	R40,000.00
38	O' Beautiful Idea	R39,000.00	R40,000.00
39	Buzwe Bethu Trading	R60,000.00	R40,000.00
40	Sibo Next Level Fashion	R59,700.00	R39,800.00
41	Umzam'omhle Sewing	R20,554.80	R13,703.20
42	Imveliso Yezwe PTY LTD	R60,000.00	R40,000.00
43	Ngwekazi Suppliers and Manufacturing	R27,000.00	R18,000.00
44	Prophetic Couture PTY LTD	R27,000.00	R8,000.00
45	Thobela Gosani	R24,000.00	R16,000.00
46	Simphiwe Botile	R42,000.00	R28,000.00

47	Jabulani Youth Development	R42,000.00	R28,000.00
48	Ekhaya Session NPC	R29,400.00	R19,600.00
49	The Battle of Lurhayizo	R36,000.00	R24,000.00
50	Samnkelo Mbali	R12,000.00	R8,000.00
51	Taji Arts PTY LTD	R36,000.00	R24,000.00
52	Mdantsane Creative Hub	R36,000.00	R24,000.00
53	Hokwana Calabash	R16,824.00	R11,216.00
54	Thole lesihobe Youth	R24,000.00	R16,000.00
55	Amapantsula Asenana Dance Group	R12,000.00	R8,000.00
56	Sinovuyo Traditional Dance Group	R12,000.00	R8,000.00
57	Ihlumelo Foundation	R42,000.00	R28,000.00

2.5.4 National Arts Festival Support Programme

- ECPACC supported projects participating in the 2025 National Arts Festival through a transparent adjudication and funding process involving external adjudicators across music, performance and celebration, culture and heritage, and visual arts sectors.
- Funded projects represented multiple districts across the Eastern Cape and enhanced visibility of local artistic talent on national platforms.
- The programme achieved notable recognition through the project “Tiro’s Toughloop Testimony” by Lwandle Arts Academy, which received the Bronze Ovation Award for Excellence at the 2025 National Arts Festival.
- The National Arts Festival support programme strengthened market access, artistic development, cultural exchange, and professional exposure opportunities for Eastern Cape artists and organizations.

NATIONAL ARTS’ FESTIVAL BENEFICIARIES 2025/26 – APPROVED PROJECTS

NO.	PROJECT NAME	ORGANISATION	AMOUNT PAID	DISTRICT	NOTABLE ACHIEVEMENT
1	My Grandfather’s Shoes	Felicity Arts The-atre	R71,000	Buffalo City Metro	
2	Womben	Defying Gravity Productions	R81,000	Nelson Mandela Bay	
3	Land of Nonesi	Isomi Creative Arts	R64,840	OR Tambo	
4	Pioneers Arts Movement	Pautti Group	R50,000	Joe Gqabi	
5	Isingqi Som Africa	TZK Entertainment Group	R87,000	Amathole	
6	Umngungqo Orchestral Experience	Soul Yard Records	R100,000	Amathole	
7	Tiros Toughloop Testimony	Mfundo Zono	R20,000	Nelson Mandela Bay	Bronze Ovation Award for Excellence – NAF 2025
8	Involve Design	Sinothando Tshimsila	R27,180	Buffalo City Metro	
Total Disbursed		**R501,020**			

2.5.5 Number of funded projects monitored and evaluated: Monitoring, Evaluation and Job Creation

- Monitoring and evaluation activities confirmed that funded projects contributed positively towards socioeconomic empowerment, enterprise sustainability, cultural preservation, and inclusion of marginalized groups within the creative economy.
- Supported initiatives demonstrated measurable developmental outcomes through skills development, employment creation, and income-generating opportunities within communities.
- Beneficiary reports received during the reporting period confirmed the contribution of funded projects towards job creation and economic participation within the arts, culture, and creative sectors.

PROGRAMME 2: BUILDING A VIBRANT CULTURAL AND CREATIVE INDUSTRY									
SUB-PROGRAMME 2: SUSTAINABLE ARTS CAPABILITY									
Outcome	**Output**	**Output indicator**	**Audited Actual Performance 2023/24**	**Audited Actual Performance 2024/25**	**Planned Annual Target 2025/26**	**Actual Achievement 2025/26*(until date of re-tabling)***	**Deviation from planned target to Actual Achievement for 2025/26**	**Reasons for deviations**	**Reasons for revisions to the outputs/ output indicators/ annual targets**
A new breed of innovative and self-sufficient Creative Entrepreneurs developed through province-wide talent cultivation and development.	A critical mass of skills developed	Number of film makers trained to develop their technical and theoretical understanding.	30	30	-	-	-	The indicator was eliminated for the year 2025/26 financial year.	N/A
		Number of film capacity development initiatives implemented	New Indicator		3	**4**	1	**Target overachieved.** The organisation exceeded the planned target by leveraging strategic partnerships that provided additional resources, enabling the implementation of more film capacity development initiatives than originally planned.	N/A

PROGRAMME 2: BUILDING A VIBRANT CULTURAL AND CREATIVE INDUSTRY									
SUB-PROGRAMME 2: SUSTAINABLE ARTS CAPABILITY									
		Number of creative entrepreneurs assisted through coaching and mentorship programme.	5	-	-	-	-	The indicator was eliminated for the year 2024/25 financial year.	N/A
		Number of creative entrepreneurs assisted through business coaching and mentorship.	New Indicator	5	5	-	-	The indicator was eliminated for the year 2025/26 financial year.	N/A
		Number of craft and visual arts flagship projects implemented.	1	-	-	-	-	The indicator was eliminated for the year 2025/26 financial year.	
		Number of craft, visual arts and design capacity building projects implemented.	New Indicator	1	-	-	-	The indicator was eliminated for the year 2025/26 financial year.	N/A
		Number of visual arts, crafts and design capacity building projects implemented through business and product development.	5	1	3	**3**	-	**Target Achieved**	N/A

PROGRAMME 2: BUILDING A VIBRANT CULTURAL AND CREATIVE INDUSTRY									
SUB-PROGRAMME 3: PROMOTING MARKET ACCESS									
Outcome	**Output**	**Output indicator**	**Audited Actual Performance 2023/24**	**Audited Actual Performance 2024/25**	**Planned Annual Target 2025/26**	**Actual Achievement 2025/26*(until date of re-tabling)***	**Deviation from planned target to Actual Achievement for 2025/26**	**Reasons for deviations**	**Reasons for revisions to the outputs/ output indicators/ annual targets**
A new breed of innovative and self-sufficient Creative Entrepreneurs developed through province wide talent cultivation identification and development.	Local products reaching markets.	Number of film markets (festivals) hosted/ Attended.	4	2	2	**2**	-	**Target Achieved:**	N/A
		Number of local films promoted	3	-	-	**-**	-	The indicator was eliminated for the year 2025/26 financial year.	N/A
		Number of local films promoted nationally and internationally.	5	10	3	**3**	-	**Target Achieved**.	N/A
		Number of quality films produced and directed by local film producers.	3	3	3	**3**	-	**Target Achieved.**	N/A
		Number of visual arts, crafts and design entrepreneurs marketed.	35	24	-		-	The indicator was eliminated for the year 2025/26 financial year.	

		Number of visual Arts and craft, and fashion design market access platforms attended	New Indicator	3	**3**	-	**Target Achieved**	N/A
		Number of corporate videos produced to profile and market ECPACC	New Indicator	1	**1**	-	**Target Achieved**	**N/A**

PROGRAMME 2: BUILDING A VIBRANT CULTURAL AND CREATIVE INDUSTRY									
SUB-PROGRAMME 4: ARTS FOR SOCIAL CHANGE									
Outcome	**Output**	**Output indicator**	**Audited Actual Performance 2023/24**	**Audited Actual Performance 2024/25**	**Planned Annual Target 2025/26**	**Actual Achievement 2025/26*(until date of re-tabling)***	**Deviation from planned target to Actual Achievement for 2025/26**	**Reasons for deviations**	**Reasons for revisions to the outputs/ output indicators/annual targets**
A province wide promotion of arts and culture supported to create strong and cohesive values.	Arts for change promoted.	Number of indigenous knowledge systems documented	1	1	1	1	-	**Target Achieved.**	N/A
		Number of public art installations commissioned.	1	1	1	1	-	**Target Achieved.**	N/A

2. Key achievements in Narrative form

2.6 Analysis of Impact Per Sub-programme

2.6.1 Number of Film Capacity Development Initiatives Implemented

- Successfully implemented film capacity development initiatives aimed at strengthening technical, creative, and entrepreneurial skills within the film sector.
- Accelerated implementation of three film development initiatives during Quarter 1 through strategic partnerships and effective programme coordination.
- Implemented the FilmBuz business training programme, Film Master Classes, and the 48-Hour Film Challenge, benefiting more than 180 creatives across OR Tambo, Buffalo City Metro, and Sarah Baartman districts.
- Facilitated script writing, directing, producing, and film-making training programme targeting emerging filmmakers and youth creatives.
- Produced locally relevant creative content reflecting Eastern Cape cultural narratives, indigenous storytelling, and socioeconomic themes.

Impact Analysis

- Strengthened technical filmmaking, storytelling, and production skills among emerging filmmakers.
- Contributed towards the development of a pipeline of young filmmakers capable of participating in national and international film industries.
- Enhanced employability, entrepreneurship, and creative sector participation among youth and previously disadvantaged communities.
- Increased exposure of local filmmakers through festival screenings, industry networking, and film showcase opportunities.
- Promoted cultural preservation and authentic Eastern Cape storytelling through local film production initiatives.

2.6.2 Number of Visual Arts, Crafts and Design Capacity Building Projects Implemented Through Business and Product Development

- Successfully implemented business and product development initiatives targeting visual artists, crafters, fashion designers, and creative entrepreneurs.
- Conducted the Eastern Cape Market Readiness Workshop focusing on entrepreneurship, branding, pitching, compliance, technology adoption, and product quality improvement.
- Delivered specialized training programme in Computer Aided Design (CAD), garment construction, pattern making, and fashion production.
- Facilitated practical training, mentorship, portfolio development, and mini exhibition activities for programme participants.
- Strengthened partnerships with sector stakeholders and institutions to support sustainable creative enterprise development.

Impact Analysis

- Improved product quality, market readiness, and commercial competitiveness of creative products produced within the province.
- Enhanced entrepreneurial, technical, and business management skills among participants.
- Increased opportunities for sustainable income generation, enterprise growth, and participation in the creative economy.
- Strengthened employability and economic participation of women, youth, and emerging creatives within the arts and culture sector.
- Contributed towards long-term sustainability and professionalization of the visual arts, craft, and fashion sectors.

2.6.3 Number of Visual Arts, Craft and Fashion Design Market Access Platforms Attended

- Successfully implemented market access initiatives through participation in the National Arts Festival, Collective Pop-Up Shop Initiative, Rand Show, and Decorex exhibitions.
- Facilitated retail exhibition opportunities for Eastern Cape creatives through the Collective Pop-Up Shop at Mthatha Mall.
- Provided commercial exposure opportunities for local artists, crafters, designers, and creative entrepreneurs.
- Strengthened partnerships with community arts centers and creative organizations to expand market access opportunities.
- Promoted professional presentation standards and commercial readiness of locally produced creative goods.

Impact Analysis

- Expanded market access and commercial visibility for Eastern Cape creatives within formal retail and exhibition environments.
- Increased opportunities for income generation and sales growth for local creative enterprises.
- Enhanced brand visibility and marketability of locally produced arts, crafts, and fashion products.
- Strengthened entrepreneurship, business confidence, and sustainable participation within the creative economy.
- Contributed towards positioning the Eastern Cape creative sector within mainstream commercial markets.

2.6.4 Number of Local Films Promoted Nationally and Internationally

- Successfully promoted local films through the 48-Hour Film Challenge and Eastern Cape Film Expo initiatives.
- Facilitated participation of filmmakers from across the province, with 24 teams registering and 15 completed films submitted.
- Showcased completed films during the National Arts Festival in Makhanda.
- Supported opportunities for selected entries to participate in international platforms such as Filmapalooza.
- Strengthened exposure of Eastern Cape film-making talent through festival screenings and industry engagement opportunities.

Impact Analysis

- Increased national and potential international visibility of Eastern Cape filmmakers and locally produced films.
- Strengthened industry networking opportunities between filmmakers, mentors, and industry stakeholders.
- Encouraged creative innovation, storytelling, and technical development within the provincial film sector.
- Enhanced confidence, professional exposure, and commercial opportunities for emerging filmmakers.
- Contributed towards positioning the province as a growing hub for film production and creative excellence.

2.6.5 Number of Quality Films Produced and Directed by Local Film Producers

- Supported the development of three locally produced films, namely *The Battle of Lurwayizo*, *Abantu Bezwe*, and *Dirty East*.
- Facilitated local storytelling initiatives focusing on historical, cultural, and socio-political themes relevant to the Eastern Cape.
- Supported project development processes aimed at securing future funding and production partnerships.

Impact Analysis

- Strengthened the provincial film production pipeline and promoted authentic Eastern Cape narratives.
- Contributed towards cultural preservation, indigenous storytelling, and creative sector growth.
- Enhanced opportunities for future investment attraction, film production partnerships, and industry sustainability.
- Increased visibility and recognition of local film producers and creative talent.

2.6.6 Number of Public Art Installations Commissioned

- Successfully implemented the Mthatha Swimming Pool Mural Project in partnership with the Mthatha Community Arts Centre (MCAC) and King Sabata Dalindyebo Local Municipality.
- Transformed a public recreational facility into a vibrant cultural and artistic landmark through the commissioning of a large-scale public mural.
- Created practical skills development and experiential learning opportunities for local artists and interns involved in the project.
- Promoted public participation and community engagement through arts-based social development initiatives.

Impact Analysis

- Strengthened community identity, social cohesion, and appreciation of arts and culture within public spaces.
- Enhanced the visibility of public art as a tool for social transformation and community revitalization.
- Created temporary employment and practical skills development opportunities for local creatives.
- Improved the visual appeal and cultural significance of public infrastructure and community environments.
- Reinforced the role of arts and culture in promoting social development, inclusive, and community empowerment.

Comment on all Deviations

The overall comment on all deviations is the same as the comments already provided in the detailed table above.

Strategy to overcome areas of under-performance

The section above is presented with the strategies to overcome areas of under-performance. Specific timelines have also been considered.

Linking performance with budgets

	2024/25			2025/26		
Programme objective	**Budget**	**Actual Expenditure**	**(Over) / Under Expenditure**	**Budget**	**Actual Expenditure**	**(Over) / Under Expenditure**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Building a Vibrant Cultural and Creative Industry	R10 457	R14 018	(R3 561)	R11 300	R10 442	R858

Note: The above actual expenditure for prior year for programme 2 also includes recognition of non-cash items for conditions met in respect of the film stimulus funding conditional grant.
Note: Under expenditure in the current year emanates from over budgeting for projects expenditure non-cash item.

EASTERN CAPE PROVINCIAL ARTS & CULTURE COUNCIL

PART C

GOVERNANCE

Province of the
EASTERN CAPE
SPORT, RECREATION,
ARTS & CULTURE

3.1 Introduction

3.1.1 The ECPACC Council has a duty and judiciary responsibilities to ensure transparency, accessibility and accountability with public resources at its disposal. It undertakes its obligations with integrity, care, honesty and a professional ethos acting in furtherance of the public good, the rule of law, transparent processes, and a strong civil society participating in public affairs. During the year under review the Council played its oversight role effectively. It provided sound leadership to management and staff. This enabled the entity to undertake its objectives of promoting the development and transformation of the arts and culture industry in the province.

3.2 Portfolio Committees

3.2.1 During the year under review, the entity submitted the following documents to the Portfolio Committee for Sport, Recreation, Arts and Culture of the Eastern Cape Provincial Legislature:

- Annual Performance Plan and Annual Operational Plan for 2026/27;
- Annual Report for the 2024/25 financial year; and
- Semester Performance and Financial Report for 2025/26.
- These submissions supported the Portfolio Committee in exercising its oversight responsibilities over the performance, governance and financial management of ECPACC.

3.3 Executive Authority

3.3.1 ECPACC maintains a constructive working relationship with the Executive Authority, the MEC for the Department of Sport, Recreation, Arts and Culture. During the year under review, the entity engaged with the Executive Authority on various matters relating to governance, strategic direction, organisational development and the implementation of ECPACC's mandate. Furthermore, ECPACC fulfilled its statutory obligation to submit quarterly performance and financial reports to the Executive Authority. These reports provide information on the entity's performance against the indicators and targets contained in the Annual Performance Plan for the year under review.

During the year under review, the entity submitted the following reports and other statutory documents to the Executive Authority:

No.	Type of Report / Submission	Date of Submission	Issues Raised by the Executive Authority
1	Fourth Quarter Performance and Financial Report 2024/25	31 April 2025	None
2	First Quarter Performance and Financial Report 2025/26	31 July 2025	None
3	Annual Financial Statements and Annual Performance Report 2024/25	31 May 2025	None
4	ECPACC 2026/27 Budget	30 September 2025	None
5	Second Quarter Performance and Financial Report 2025/26	31 October 2025	None
6	Annual Report for the 2024/25 Financial Year	31 August 2025	None
7	Semester Performance and Financial Report 2025/26	31 October 2025	None
8	Third Quarter Performance and Financial Report 2025/26	31 January 2026	None
9	Annual Performance Plan and Annual Operational Plan 2026/27	31 March 2026	None

3.4 Council Transition and Inaugural Meeting

3.4.1 During the reporting period, the term of the Council appointed in 2022 came to an end on 31 May 2025. A newly appointed Council commenced its three-year term of office with effect from 1 June 2025. The new Council held its inaugural meeting on 18 June 2025. The inaugural meeting included the presentation of an introductory memorandum by the Chief Executive Officer and an update on the 2024/25 audit process by the Chief Financial Officer. The introductory memorandum provided the newly appointed Council with an overview of the entity and its immediate governance responsibilities, including the establishment of Council committees, the structure of Council meetings, the Council calendar and the immediate tasks of the new Council. The Council also received an update on the 2024/25 audit process. The 2024/25 Annual Financial Statements and Annual Performance Report were submitted to the Auditor-General South Africa on 31 May 2025. As of 11 June 2025, thirteen (13) Requests for Information had been received from AGSA, and all requested information had been submitted. At that stage, no audit findings had been issued, and the audit process was progressing as planned. The new Council was therefore inducted into its

governance responsibilities during the reporting period and commenced its oversight responsibilities for ECPACC from 1 June 2025.

3.5 The Accounting Authority / The Council

3.5.1 Introduction

The Council, comprising ten (10) members during the previous term, was appointed by the Executive Authority in accordance with the ECPACC Act No. 06 of 2000 to serve as the Accounting Authority of the entity. Council members are appointed for a period of three (3) years, after which fifty percent (50%) of the Council may be re-appointed for a further term of office to ensure continuity, in accordance with Section 5(5) of the Act.

3.5.2 On 31 May 2025, the previous Council term for the Council that was appointed in 2022 came to an end, with effect from 1 June 2025, a new Council commenced its three-year term of office, which is due to end in May 2028. The new Council was appointed by the MEC for the Department of Sport, Recreation, Arts and Culture (DSRAC) in accordance with the requirements of the ECPACC Act No. 06 of 2000. The newly appointed Council comprises fourteen (14) members, including the Chairperson and Deputy Chairperson. The appointment of the new Council during the reporting period represented an important governance transition for ECPACC. The new Council commenced its responsibilities during the 2025/26 financial year and assumed oversight responsibilities for the remainder of the reporting period.

3.6 The Role of The Council

3.6.1 In terms of the PFMA Act 1 of 1999 (as amended) the fiduciary duties of the accounting authority are as follows:

- Exercise the duty of utmost care to ensure reasonable protection of the assets and records of the public entity;
- Act with fidelity, honesty, integrity and in the best interest of the public entity in managing the financial affairs of the public entity;
- On request, disclose to the executive authority responsible for that public entity or the legislature to which that public entity is accountable, all material facts, including those reasonable discoverable, which in any way may influence the decisions or actions of the executive authority or that of the legislature; and
- Seek, within the sphere of influence of that accounting authority to prevent any prejudice to the financial interests of the state.

3.6.2 The Council Charter

3.6.2.1 During the current financial year, the Council approved its reviewed charter. The purpose of the charter is to set out roles and responsibilities of the Council as articulated in the ECPACC Act, PFMA and Governance Protocol for Public Entities. In accordance with the charter, the Council committed itself to meeting its obligations and responsibilities by ensuring that, it:

- Sets the direction and formulate the strategic policies of the ECPACC in furtherance of its objects.
- Formulates and approve relevant policies that will guide the systems and the operations in the organization.
- Reports and accounts correctly and accurately to the MEC and all its stakeholders.
- Approves and monitors the priorities, programmes, plans and budget of the ECPACC.
- Considers and monitors the performance of the entity continuously including management of risk that may affect achievement of the strategic goals.
- Approves the financial statements of the entity on a going concern basis.
- Ensures that the ECPACC applies and manages its financial, human, and other resources with economy, efficiency, effectiveness, and transparency.
- Appoints a suitably qualified person to serve as Chief Executive Officer as detailed in the ECPACC Act.
- Delegates powers to any of its committees, or to the Chief Executive Officer and other staff of the Council.
- Establishes an internal audit function and a functioning Audit and Risk Committee which will also meet at least four (4) times a year.
- Establishes a number of committees to assist it in fulfilling its obligations and duties.
- Establishes a yearly work plan detailing the Council's activities.
- Evaluates itself, its committees, and individual Councillors once in two (2) years as recommended by King IV™.
- Submits a statement of its estimated income and expenditure projected over the following three (3) financial years to the MEC for approval.

The Council has complied with all the prescripts of the charter and has, during the reporting period adhered to its undertakings as stated above. However, the evaluation of the Council is envisaged to be conducted in the next financial year.

COUNCIL COMPOSITION AND MEMBER PROFILES

Council term: 1 June 2025 – 31 May 2028

The new ECPACC Council was appointed by the MEC for Sport, Recreation, Arts and Culture with effect from 1 June 2025 for a three-year term ending in 31 May 2028. The current appointment record identifies fifteen (14) Council members, including the Chairperson, Deputy Chairperson. The Council held its inaugural meeting on 18 June 2025, marking the commencement of its governance and oversight responsibilities.

Councillors

The members of the Council detailed below are appointed on a three-year term basis.

No.	Name	Appointment Date	Termination Date	Number of meetings held	Council Meeting Attendance
1	Mr. PG Zitumane (Chairperson)	22 April 2022	31 May 2025***	2	2
2	Ms. B Tonise (Deputy Chairperson)	22 April 2022	31 May 2025***	2	2
3	Ms. P Loyilane**	01 June 2025	N/A	7	7
4	Dr. S Potelwa**	01 June 2025	N/A	7	7
5	Dr. Khewu	22 April 2022	31 May 2025***	2	2
6	Mr. M Mzanywa** (Chairperson)	01 June 2025	N/A	7	6
7	Mr. V Mshudulu (Non-remunerative member)*	22 April 2022	31 May 2025***	2	1
8	Mr. L Mtimde**	01 June 2025	N/A	7	7
9	Ms. N Jongilanga (Deputy Chairperson)**	01 June 2025	N/A	7	7
10	Mr. L Mbikahlobo	22 April 2022	31 May 2025***	2	2
11	Mr. Z Mkiva	01 June 2025	N/A	7	7
12	Mr. M Mafani	01 June 2025	N/A	7	7
13	Ms. N Tys	01 June 2025	N/A	7	7
14	Ms. T Loqo-Deyi	01 June 2025	N/A	7	7
15	Mr. P Hobongwana	01 June 2025	N/A	7	7
16	Mr. L Kepe****	01 June 2025	N/A	7	7
17	Mr. S Ngaba	01 June 2025	N/A	7	6
18	Mr O. Sikhuthali	01 June 2025	N/A	7	6
19	Mr P Mnqandi	01 June 2025	N/A	7	6

Note: The term of the previous Council ended on 31 May 2025, and a new Council was appointed with effect from 1 June 2025 to 31 May 2028.
*Mr V Mshudulu is a non-remunerated member who is only reimbursed for subsistence, travel and connectivity expenditure incurred in performing his duties as a Council member.
** These members were re-appointed for a further term effective from 1 June 2025 to 31 May 2028.
****Mr L. Kepe resigned on the 31July 2026
***The term of the previous council members ended 31 May 2025

PREVIOUS COUNCIL COMMITTEE

COUNCIL MEETINGS: 1 APRIL 2025 – 31 MAY 2025
Previous Council had the following Committee meetings:

Committee	Members	No. of meetings held	Meeting attended
Strategy	Mr Mduduzi Mzanywa (Chairperson)	1	1/1
	Dr Siphe Potelwa		1/1
	Mr Lumko Mtimde		1/1
	Dr Noncedo Khewu		1/1
	Mr Vuyisile Mshudulu		1/1
	Mrs Nomatamsanqa Gobozi-Nibe		1/1
Human Resources and Ethics	Mr Vuyisile Mshudulu (Chairperson)	1	1/1
	Ms Portia Loyilane		1/1
	Ms Buhle Tonise		1/1
	Mr Landile Mbikahlobo		1/1
	Mrs NomaXhosa Jongilanga		1/1
Finance and Fundraising	Ms Portia Loyilane (Chairperson)	1	1/1
	Dr Noncedo Khewu		1/1
	Mr Landile Mbikahlobo		1/1
	Dr Siphe Potelwa		1/1
	Ms Agnes Peared		1/1
Human Resources and Ethics	Mr Lumko Mtimde (Chairperson)	3	3/3
	Ms Camngco Dali (Independent)**		0/3
	Ms NomaXhosa Jongilanga		3/3
	Mr Wisdom Mushohwe CA (SA) (Independent)		3/3
	Mrs Simthandile Peter (Independent)*		0/3

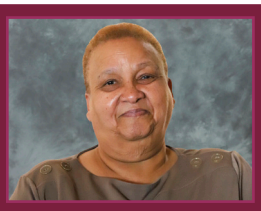
*** Ms Peter resigned from the Audit and Risk Committee on 30 April 2024.**
****Ms Dali resigned from the Audit and Risk Committee on 30 April 2025.**

Current Council Profile 1 June 2025 to 31 May 2028

Chairperson
Mduduzi Mzanywa

Deputy Chairperson
NomaXhosa Jongilanga

Council Member
Lumko Mtimde



Council Member
Ndileka Loyilane

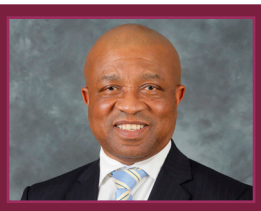
Council Member
Dr. Siphe Potelwa

Council Member
Mphuthumi Mafani

Council Member
Thandokazi Loqo-Deyi

Council Member
Nomhle Tys

Council Member
Dr. Zolani Mkiva



Council Member
Phakamisa Hobongwana

Council Member
Oliver Sikhuthali Bonga

Council Member
Siviwe Ngaba

Council Member
Papama Mnqandi

Council Member
Mr L Kepe

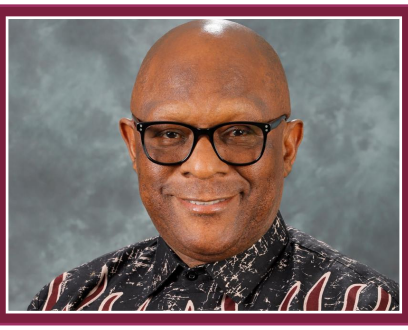
Mduduzi Mzanywa
Chairperson
Profile / expertise: Strategic human resources, HR planning, performance management and monitoring, HR administration, labour relations, training and development, and HR research.
Qualifications: Post Graduate Diploma in Higher Education and Training (in progress), University of Fort Hare; MBA (2021), Nelson Mandela University; Post-Graduate Diploma in Business Administration (2017), Nelson Mandela University; Bachelor of Administration Honours in Industrial Psychology (2014), University of Fort Hare; Bachelor of Administration in Human Resources Management (2013), University of Fort Hare.

NomaXhosa Jongilanga
Deputy Chairperson
Profile / expertise: Marketing and communications, stakeholder relations, financial management and strategy development.
Qualifications: Honours in Sociology (1990), Fort Hare University; Certificate in Marketing Management (2000), Wits University; World Tourism Organization Practicum Diploma (2002), WTO Madrid; Judicial Skills for Traditional Leaders (2019).

Oliver Sikhuthali Bonga
Member
Profile / expertise: exemplifies the integration of **practical theatre artistry with academic leadership**, contributing not only to performances on stage but also to the wider cultural and artistic ecosysm through education and community engagement.
Qualifications: Master of Arts in Drama and Theatre Arts (2024), Bachelor of Arts Honours in Drama and Theatre Arts (2021), BA Drama and Theatre Arts (2019)

Lumko Mtimde
Member
Profile / expertise: Policy and legislation; telecommunications and broadcasting regulation, including licensing, compliance, monitoring and enforcement; corporate governance; strategic organisational planning.
Qualifications: Postgraduate Diploma in Telecommunications and Information Policy (Honours level); Bachelor of Science (B.Sc.); Executive Development Programme.

Lunga Kepe
Member
Profile / expertise: Communications and media specialist with experience in radio broadcasting, television and video production, strategic communications and the creative industries. Proven expertise in steering national media transformations and developing institutional communication strategies across public policy, state task teams, and the broadcasting sector.



Mphuthumi Mafani
Member
Profile / expertise: combines broadcasting expertise, strategic PR and marketing experience, entrepreneurial leadership, and education in teaching, versatile professional in media,
Qualifications: University of Transkei (Unitra) Senior Secondary Teacher Diploma; Damelin College Sales & Marketing Diploma

Ndileka Loyilane
Member
Profile / expertise: combination of advanced academic knowledge and wideranging professional experience positions her as a prominent figure in both **disability advocacy** and **public administration**, with demonstrated capabilities in strategic leadership and business governance.
Qualifications: Bachelor of Commerce, Fort Hare University (1980–1983); Higher Education Diploma, UNISA (1986–1987); MPhil in Disability Studies, University of Cape Town (2003–2008)

Nomhle Tys
Member
Profile / expertise: Over 25 years in senior leadership in private and public sectors. Extensive board experience (Department of Transport, Eastern Cape Liquor Board, East Cape Midlands College, Nelson Mandela Bay Development Agency, Integrated Transport Sector BBBEE Charter Council).
Awards: Business Personality of the Year (Black Business Summit, 2007), Regional Business Award (Businesswomen's Association, 2017).

Papama Mnqandi
Member
Profile/expertise: a distinguished Festival Manager and creative Sector Consultant with recognized certifications and awards in multidisciplinary arts **management**, combines professional festival management expertise, creative sector leadership, and community-oriented strategic vision, A Technologist (SACAP Reg. No. PAT26658952).
Qualifications: BAS - Bachelor of Architectural Studies (NMMU, 2013).

Phakamisa Hobongwana
Member
Profile / expertise: over **25 years of experience in public service**, holding senior leadership roles across provincial and national government. He is currently responsible for strategic coordination, leadership,and the implementation of departmental priorities to advance social development outcomes.
Qualifications: Bachelor of Laws (LLB - 2026), BA Honours Industrial Relations (2003), BA Honours Communication (1994), BA Communication (1993), Diploma Telecommunications (1997).

Siviwe Ngaba
Member
Profile / expertise: Combined experience in provincial youth leadership and local government positions highlights his expertise in bridging youth concerns with municipal governance, contributing to policy discussions, and representing community interests effectively.
Qualifications: Bachelor of Honours: Public Administration (In Progress), Advanced Diploma in Public Administration and Management (NQF 7 - 2023), Diploma: Public Management (NQF 6 - 2020).

Dr. Siphe Potelwa
Member
Profile / expertise: Bridges academia, governance, and community activism bringing expertise in arts, education, strategic leadership, and policy advocacy. His roles reflect a commitment to fostering institutional transformation, promoting cultural and educational advancement, mentoring future leaders, and contributing to societal development through research and civic engagement
Qualifications: Doctor of Philosophy in Education (2019), University of Fort Hare; Master's in Visual Art (Fine Art) (2016), University of South Africa; B-Tech Degree in Fine Arts (2006); Certificate in Nyukela Public Service SMS Pre-entry Programme (2021); Certificate in HR Skills Development Facilitation (2019); Certificate in Strategic Management (2018); Certificate in Project Management (2003), among other short courses.

Thandokazi Loqo-Deyi
Member
Profile / expertise: Legal practitioner and community advocacy specialist with extensive experience in family law, civil litigation, public sector governance, and the development of arts and culture sectors.
Qualifications: Bachelor of Laws (LLB)Admitted Advocate of the High Court of South AfricaCertificate in Community Development and Non-Profit Management.

Dr. Zolani Mkiva
Member
Profile / expertise: Spans governance, policy oversight, African arts and culture, traditional leadership, and community development. He combines political acumen with deep knowledge of heritage, making him an influential figure in both legislative and cultural spheres.
Qualifications: BA Social Sciences (University of the Western Cape) Senior Degree (Honours in Development Studies – UWC) Training in Community & Conflict resolution (Centre for Conflict Resolutions – University of Cape Town) Arts and Culture Administration (Community Arts Projects – Cape Town) Media and Research Training (Die Woche – Germany) Executive Course for Finance Managers (UCT Business School)

3.7 Council committees

3.7.1 The Council established committees to assist it in fulfilling its obligations and responsibilities. During the reporting period, the Council's committee structures supported oversight of strategy, human resources and ethics, finance and fundraising, and audit and risk.

3.7.2 The committees provide focused oversight and support the Council in the areas of strategic performance, human resource management and ethics, financial management and fundraising, and audit and risk management.

3.7.3 The Strategy Committee provides oversight of the performance of the entity against the service delivery objectives contained in the Annual Performance Plan and Strategic Plan.

3.7.4 The Human Resources and Ethics Committee provides oversight into human resource matters, organizational matters and ethical conduct.

3.7.5 The Finance and Fundraising Committee provides oversight into financial management and financial transactions and supports initiatives aimed at augmenting the entity's resources through fundraising.

3.7.6 The Audit and Risk Committee provides independent oversight over internal controls, risk management, internal audit and external audit matters.

3.7.7 The Council exercises oversight through committees established to support effective governance and consideration of specialised matters. The committee composition below is based on the ECPACC Contact Details document supplied for the Annual Report.

3.8 Council Committees

The council had had council committees from 1 June 2025 to 31 March 2026

3.8.1.1 HRE COMMITTEE

Member	Role	Meeting held	Meeting attended
Dr Siphe Potelwa	Chairperson	4	4
Mr Lumko Mtimde	Member	4	4
Mr Putco Mafani	Member	4	4
Mr Sikhuthali Bonga	Member	4	4
Mr Phakamisa Hobongwana	Member	4	3
Ms Tando Deyi Loqo	Member	4	4

3.8.1.2 AUDIT AND RISK COMMITTEE

Member	Role	Meeting held	Meeting attended
Mr Lumko Mtimde	Chairperson	6	6
Ms Portia Loyilane	Member	6	6
Ms Nomhle Tys	Member	6	5
Ms Tando Loqo Deyi	Member	6	6
Mr Nielesh Ravgee*	Member	6	-

***Note:** Mr Nielesh Ravgee was appointed in 31 March 2026, hence he has not attended a meeting.

3.8.1.3 FINANCE COMMITTEE

Member	Role	Meeting held	Meeting attended
Ms Portia Loyilane	Chairperson	4	4
Dr Siphe Potelwa	Member	4	4
Mr Papama Mnqandi	Member	4	4
Mr Sikhuthali Bonga	Member	4	2
Mr Putco Mafani	Member	4	4
Mr Zolani Mkiva	Member	4	4

3.8.1.4 STRATEGY COMMITTEE

Member	Role	Meeting held	Meeting attended
Mr Zolani Mkiva	Chairperson	5	5
Mr Siviwe Ngaba	Member	5	5
Mr Papama Mqandi	Member	5	5
Mr Phakamisa Hobongwana	Member	5	4
Ms NomaXhosa Jongilanga	Member	5	4

3.8.2 Remuneration of Council Members

The remuneration of Council members is disclosed in Note 17 of the Annual Financial Statements. Council members are remunerated in accordance with the applicable approved rates and conditions. Any Council member who serves on a non-remunerated basis is reimbursed only for eligible subsistence, travel, connectivity and other approved expenditure incurred in the execution of Council duties. The detailed remuneration of Council members is disclosed in the Annual Financial Statements.

3.8.3 The following emoluments were paid to the councilors for services rendered during the year:

Non-executive – 2026 Travel & Claims

Surname	Initials	Disbursements	Sitting fee	Total
Zitumane	PG	1,000	15,690	16,690
Tonise	B	800	13,335	14,135
Mshudulu*	V	360	-	360
Jongilanga	N	4,020	106,669	110,689
Mzanywa	M	9,202	83,542	92,744
Mbikahlobo	L	720	19,440	20,160
Mtimde	L	15,845	116,640	132,485
Loyilane	P	3,600	101,088	104,688
Potelwa	S	3,600	93,312	96,912
Khewu	N	720	23,328	24,048
Mkiva	Z	2,880	73,873	76,753
Kepe	L	2,880	85,536	88,416
Tys	N	13,083	81,648	94,731
Sikhuthali	O	2,520	62,208	64,728
Hobongwana	P	2,160	54,432	56,592
Mafani	M	6,043	73,872	79,915
Mnqandi	P	2,520	73,872	76,392
Ngaba	S	6,108	69,984	76,092
Loqo-Deyi	T	2,880	77,760	80,640
Total		**80,940**	**1,226,229**	**1,307,169**

*Note: Mr V Mshudulu is a non-remunerated member who is only reimbursed for subsistence, travel and connectivity expenditure incurred in performing his duties as a Council member.

The term of the previous Council ended on 31 May 2025, and the new Council commenced on 1 June 2025.

3.9 Internal Audit Function

3.9.1 The Internal Audit function at ECPACC is outsourced to an external private company for a three - year period. The key activities, in terms of the relevant sections of the Treasury Regulation 2001, of the internal audit function are the following:

- In consultation with the Audit and Risk Committee, prepare rolling-year strategic internal audit plan based on its assessment of key areas of risk for the public entity, having regard to its current operations, the operations proposed in it corporate or strategic plan and its risk management strategy;
- Prepare a plan for the first year of the rolling plan which incorporates the scope of each audit in the annual internal audit plan;
- Provide the Audit and Risk Committee with the scope detailing its performance against the plan, to allow for effective monitoring and intervention when necessary;
- Report directly to the accounting authority and shall report at all Audit and Risk Committee meetings;
- Co-ordinate with other internal and external providers of assurance to ensure proper coverage and to minimise duplication of effort;
- Assist the accounting authority in maintaining effective controls by evaluating those controls to determine their effectiveness and efficiency, and by developing recommendations for enhancement or improvement.
- The controls subject to evaluation should encompass the information systems environment, the reliability and integrity of financial and operational information; and the effective review of the entity`s risk management processes and provision of assurance to that effect to the entity.

During the reporting period, the internal audit company performed the following audit reviews/projects:

(a) Annual Financial Statements 2025/26
(b) Annual Performance Information Report 2025/26
(c) 1st, 2nd, and 3rd Quarter 2025/26 Performance Information Report and Financial Report
(d) Report on ICT Policy
(e) Supply Chain Management

(f) Expenditure Management
(g) Asset &Inventory review Management
(h) ECPACC 2025/26 Risk Assessment Workshop
(i) Internal Audit report
(j) Human Resources Management

3.10 Internal Audit and Audit Committee

Attendance of Audit and Risk Committee Meetings

The Audit and Risk Committee exercised oversight over internal audit, risk management, internal controls, financial reporting and compliance matters during the 2025/26 financial year.

The Audit and Risk Committee composition reflected in the ECPACC committee records is as follows:

Name	Designation	Internal/External
Mr Lumko Mtimde	Chairperson	Internal – Council Member
Ms Portia Loyilane	Member	Internal – Council Member
Ms Nomhle Tys	Member	Internal – Council Member
Ms Tandokazi Loqo-Deyi	Member	Internal – Council Member
Mr Nielesh Ravgee	Member	External

Roles and Responsibilities of the Audit and Risk Committee

The roles and responsibilities of the Audit and Risk Committee are contained in the **Audit and Risk Committee Charter** and applicable governance requirements.

The Committee assists the Council in exercising effective oversight:

- The integrity of financial and performance reporting;
- Internal controls and the environment;
- Internal audit activities and plans;
- Risk management;
- Compliance with applicable laws, regulations and policies;
- External audit matters and management responses;
- Fraud and corruption prevention and related controls; and
- Other matters relating to governance, accountability and assurance.

Committee Charter. They are as follows:

(a) Evaluation of management procedures regarding internal controls.
(b) Evaluation of the Internal Audit Plan.
(c) Review and confirmation of the independence of the external auditors by obtaining statements from the auditors on relationships between the and the entity, including non-audit services and discussing the relationships with the auditors.
(d) Review of the rolling three-year strategic internal audit plan of the internal audit function.
(e) Review and approve the annual internal audit plan for the first year of the rolling three-year strategic audit plan.
(f) Review the plans indicating the proposed scope of each audit in the annual audit plan.
(g) Review quarterly reports submitted by the Internal Audit Function detailing its performance against the annual audit plan that will include the scope and depth of internal audit coverage.
(h) Review the annual financial statements to ensure that they fairly represent the financial position of the entity.
(i) Considers all significant matters arising out of all types of audits performed by the external auditors and determine in consultation with the Accounting Officer or his//her delegate whether or not additional actions are necessary in order to facilitate the finalisation of the annual financial statements.
(j) Consider all significant matters arising out of other external audits.
(k) Review and evaluate management comments on reports issued by the Internal Audit Function and management letters issued by the external auditors.
(l) Assist management in evaluating the adequacy and effectiveness of risk management processes of the entity.
(m) Review the entity`s fraud prevention framework and related strategies, in order to direct internal audit effort and priority, and assist the Accounting Officer or his/her delegate in determining the skills required to improve controls and to manage fraud related risks.
(n) Review the effectiveness of the systems of monitoring compliance with laws and regulations and the results of management`s investigations and follow-ups.
(o) Review with management the entity`s philosophy with respect to business ethics and corporate governance.

(p) Take into account International Standards on Auditing, International Standards for Professional Practice of Internal Auditors and Generally Recognised Accounting Practises in its operations and functioning.
(q) Undertake such other reviews as the Audit and Risk Committee deems necessary in order to fulfil its responsibilities or as may be requested by ECPACC.
(r) May refer any matter of concern to the Accounting Authority or its delegate for further evaluation.

3.11 Compliance With Laws And Regulations

ECPACC continually keeps abreast with National Treasury circulars and visits the National Treasury website in order to ensure compliance with regulatory framework. Personnel attend workshops organised by the Eastern Cape Provincial Treasury and the Office of the Premier to keep in tabs with statutory planning and reporting requirements.

However, it is disclosed that due to various reasons, the entity does not comply with the following:

Legislation	Prescripts	How the entity deals with non-compliance
PFMA – TR 31.2.1	Does the entity submit a list of all its banking accounts to the National Treasury by 31 May of each year?	ECPACC Bank Account has not changed therefore a list of banking accounts has not been submitted again.
ECPACC Act – 12(2a)	75/25% split of the annual budget Allocation	The entity is pursuing the finalisation of the Amendment of the Act through constant communication with DSRAC.

3.12 Integrity Management, Fraud and Corruption

Integrity management is concerned with systematically and completely reviewing, analysing and developing or safeguarding the ability of organizations to combat breaches of integrity. Integrity within a corporate set up is a holistic approach that makes prudent and ethical decisions not only relating to finance but other areas as well, which include operations, marketing, human resources as well as manufacturing by adhering to the highest standards of product quality, open and clear communication and transparency in all operations as well as relationships. At the core of integrity management is the belief that companies have a strong interest, as well as a responsibility, to act with integrity at all times. To this end, ECPACC has the following integrity management systems in place:

3.13 Fruad and Corruption

ECPACC`s fraud prevention plan takes into account the high-risk areas as reflected in the entity`s risk assessment. It the drive to fight fraud and corruption the entity will continuously make changes to promote ethical conduct. The mechanisms to report fraud and corruption can be done anonymously or through government`s fraud and anti-corruption hotline 0800701701 or any other means. It can be reported as follows:

(a) Allegation referred to the Internal Audit who will refer matter to either the Audit and Risk Committee or the Chief Executive Officer;
(b) The Audit and Risk Committee/Chief Executive Officer record the allegation in a manual and electronic register;
(c) Investigation file is opened;
(d) Investigation file is assigned to an investigator;
(e) Investigator studies file and prepares investigation plan;
(f) Investigation continues;
(g) If corroborating evidence against the perpetrator is found, investigation report is forwarded to the Chief Executive Officer;
(h) He/she forwards it to the Labour Relations of the Department for a disciplinary hearing;
(i) Forward and open a criminal case with the South African Police Service (SAPS) for criminal prosecution;
(j) Case is closed. (Internal - dismissal/acquittal and External - guilty verdict/prison sentence)
(k) Audit and Risk Committee updates filing, manual and electronic register.
(l) If no corroborating evidence is found;
(m) The Audit and Risk Committee updates filing, manual and electronic register;
(n) Case investigation file is closed.
(o) Protection of whistle-blowers; an employee who suspects or reports suspected fraud and corruption or any such activity that he / she has witnessed may remain anonymous should he/she so desire. No person may suffer any penalty or retribution for good faith reporting of any suspected or actual incident of fraud and corruption.

3.14 Code of Conduct

ECPACC developed a Code of Ethics Policy aimed at assisting in the development of acceptable ethical and professional conduct by Management and all employees. The code is also intended to promote teamwork, exemplary behaviour, and good conduct and enhance the efficiency and effectiveness of the management of ECPACC. Compliance with the code can

be expected to enhance professionalism and help to ensure confidence in the management and administration of ECPACC. This code is intended for use to raise ethical awareness, and as a guide in day-to-day decisions. It contains ethical guidelines for everyday events that occur in business.

This code of conduct regulates the manner in which its employees should conduct themselves. It states that all ECPACC staff members shall abide by a code of confidentiality regarding the activities of the ECPACC. It requires that all staff members shall undertake to be unbiased, fair, objective and impartial in exercising their functions on behalf of the Council; to commit themselves to promoting the interests of the Eastern Cape Provincial Arts and Culture Council and arts and culture in the Eastern Cape in all areas; to take full responsibility for their work and conduct; to provide the council with all information of engagements or other developments which may be relevant to the work of the Eastern Cape Provincial Arts and Culture Council or lead to a potential conflict of interests.

It concludes that the ECPACC shall be entitled to take disciplinary action against any staff members who act against the interests of the ECPACC, the intentions of the Act, or the code of conduct. The disciplinary action may, at the discretion of the Full Council, take the form of a demand for reimbursement of funds or written letter of warning or a request to the Chairman and Member of the Executive Committee (MEC) to suspend the staff member concerned.

3.15 Minimising Conflict of Interest

To minimise conflict of interest the entity requires those charged with governance to sign declaration of interest forms where their involvement with service providers can be certified. In addition, officials who carry out procurement duties sign the code of conduct form where they commit to always conducting themselves in an honest and transparent manner in line with the provisions of the Code of Ethics Policy. The Code of Ethics Policy further provides the following general obligations relating to Relationships and minimising Conflict of Interests:

(a) Employees should always act in the best interest of ECPACC in all dealings with current or prospective customers, other clients, suppliers, contractors and consultants.
(b) Situations must be avoided where an employee's personal interests' conflict or may conflict with those of ECPACC or where they may cause the employee not to act in the best interest of ECPACC.
(c) Participation by an employee in the purchasing process, collection or evaluation of quotes, granting of tenders or the appointment of consultants where a husband, wife, blood relative, relative by marriage, family friend or business associate of the employee has an interest or is involved as a third party, is not permitted.
(d) An employee who serves as a member of an appointment selection committee should withdraw from the committee if a candidate is the husband/wife, blood relative, relative by marriage or family friend of the member.
(e) The appointment or promotion of a candidate as the subordinate or superior of an employee who is the husband, wife or a blood relative, or a relative by marriage of the candidate is not permitted, save where this fact is disclosed in writing to the Chairperson of ECPACC and the Chairperson approves the appointment or promotion in writing.
(f) The appointment or promotion of a candidate in a work capacity where he/she liaises with a husband/wife or blood relative already in the service of ECPACC and where such liaison is of a financial nature, is not permitted save where this fact is made known in writing to the ECPACC Chairperson and the Chairperson approves the appointment or promotion in writing.
(g) A member of an appointment selection committee should disclose beforehand to the committee any blood relationship; family relationship or business association he/she has with a candidate.
(h) If the chairperson of an appointment selection committee believes that this Code of Ethics/Conduct will be or may be contravened he/she may request the committee member to withdraw from the committee.
(i) A member of an appointment selection committee is obliged to recuse himself/herself from the said committee if there is a disciplinary hearing and/or grievance procedure pending in which the candidate and the member are involved, either as the complainant or as the accused.

3.16 Health Safety and Environmental Issues

During the year under review, the entity did not incur any health, safety and environmental issues that may adversely impact on the wellbeing of the employees, the public and the environment under which the entity operates.

3.17 Company Secretary

The function of Company secretariat was outsourced to an external company with the following key roles and responsibilities:

(a) To appraise the Council in terms of any laws relevant to or affecting public entities that ECPACC must comply with.
(b) To ensure that the Council and Council Committee Charters and terms of reference are kept up to date.
(c) To ensure that the proceedings of the Council and Council Committee meeting are properly recorded.
(d) To advise Council about the new industry developments and their legal implications for the Council and the entity.

3.18 Social Responsibility

No social responsibility initiative was undertaken during the year under review.

3.19 Audit and Risk Committee Report

We are pleased to present our report for the financial year ended 31 March 2026.

Audit and Risk Committee Responsibility

The Audit and Risk Committee reports that it has complied with its responsibilities arising from Section 51 (1)(a)(ii) of the Public Finance Management Act and Treasury Regulation 27.1. The Audit and Risk Committee further reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The Effectiveness of Internal Control and Financial Concerns

Management periodically presents to the Audit and Risk Committee an audit tracking document whereby audit findings raised in the previous financial year by both the external auditors and internal auditors are monitored and action plans to address the audit findings are assessed.

The limited final baseline departmental allocation for the equitable share is a concern as the entity continues to operate under stringent budgetary conditions which affects effective implementation of mandated programmes.
The unfavourable operating conditions are mitigated by the legislated funding commitment endorsed by the Eastern Cape Provincial Legislature and documented in the Eastern Cape Estimates for Public Entities Revenue and Expenditure 2026/27 book issued by the ECPT. This document affirms a multi-year transfer of funds to ECPACC to ensure that the entity is able to continue its operation at least up to and including 2028/29 financial year.

In-Year Monitoring and Quarterly Report

The Audit and Risk Committee met nine times during the year and performed the quarterly review of financial and performance information reports and management has reported quarterly on these reports to the ECPT and DSRAC as is required by the PFMA.

Evaluation of Financial Statements and Performance Information

The Audit and Risk Committee has met to perform a review of the unaudited annual financial statements and the annual performance information report. In this respect we performed a high- level review of the annual financial statements and annual performance information.

The Audit and Risk Committee continues to be concerned with the lack of a dedicated Human Resources Management function in the entity which is a direct result of inadequate funding.

Review of the Eastern Cape Provincial Arts and Culture Council Act (Act No. 6 of 2000)

The review of the ECPACC Act, including extensive consultations, was completed and the reviewed Act will be tabled in parliament by the Eastern Cape government. This is a significant milestone as this review took excessively long to complete due to various challenges.

Submission of the unaudited annual financial statements and annual performance report

The Audit and Risk Committee has considered the current audited annual financial statements and annual performance information report and has confirmed that the errors that were identified during the audit process have been addressed. The Committee has concluded that the information should be submitted to the Eastern Cape Provincial Treasury by 31 July 2026.

CL Mtimde

_____

eSignature
Lumko Mtimde
Chairperson of the Audit & Risk Committee
Eastern Cape Provincial Arts and Culture Council
31 August 2026

3.20 B-BBEE Compliance Performance Information

The following table has been completed in accordance with the compliance to the BBBEE requirements of the BBBEE Act of 2013 and as determined by the Department of Trade and Industry; and declares whether ECPACC applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:

Criteria	Yes/No	Discussion
Determining qualification criteria for the issuing of licences, concessions, or other authorisations in respect of economic activity in terms of any law?	No	ECPACC does not provide any concessions or endorsements for economic activity. This will be considered when the provincial film office has been established whereby the Film Office may co-ordinate access to filming permits in line with the B-BBEE criteria.
Developing and implementing a preferential procurement policy?	Yes	The preferential procurement framework as prescribed by National Treasury is incorporated into the ECPACC supply chain management policy and implemented.
Determining qualification criteria for the sale of state-owned enterprises?	No	ECPACC does not have any subsidiary entities.
Developing criteria for entering into partnerships with the private sector?	Yes	ECPACC supply chain management policy prescribes the requirements for entering into public-private partnerships.
Determining criteria for the awarding of incentives, grants and investment schemes in support Based Black Economic Empowerment?	Yes	A key aspect of the Broad Based Black Economic Empowerment is that of enhancing the economic participation of black people in the South African Economy. A key objective of ECPACC funding is to provide accurate, equitable and fair distribution of funds according to various artforms in the Eastern Cape Cultural and Creative Industry. Sound fund administration systems to increase efficiency and ensure optimal resource allocation in a transformative manner have been developed. Priority for funding is given to youth, people living with disabilities, women, marginalised ethnic groups which includes blacks. For the year under review, more than 90% of funding benefitted black entrepreneurs.

EASTERN CAPE PROVINCIAL ARTS & CULTURE COUNCIL

PART D

HUMAN RESOURCES INFORMATION

4.1 Introduction

4.1.1 ECPACC has a very lean human resource base with a total of sixty-five (65) positions in the organogram, with only seventeen (17) of them filled in. In most cases, key programmes are implemented and overseen by one manager without any operational staff. While ECPACC has a position of a Human Resource Officer in its organogram, this remains vacant due to budgetary constraints. The lack of the Human Resources Management unit within the organisation resulted in the following challenges:

- Critical positions remain unfilled, which compounds workload on the existing few staff members.
- Critical functions of Employee Relations Management and Wellness are not effectively attended to due to budgetary constraints.

4.1.2 However, since 2018, ECPACC introduced a strategic shift, which saw some positive gains for the entity. A critical position of the Supply Chain Management Officer was filled in and a Review of Organisational Policies was launched with a minimum of three policies reviewed in a financial year. During the reporting period ECPACC has drastically increased the number of policies reviewed to ensure the development of systems to govern and manage the organisation effectively and efficiently. Following the review of the new strategy, it has become necessary for ECPACC to revise its organizational structure to align it with the strategy. ECPACC is in a process to comprehensively review its Organisational Design (OD) which is aimed at effectively matching and placing staff according to their qualifications and skills. The OD Project has the following critical facets:

- Change Management.
- Organizational Structure Design.
- Job Profiling.
- Job Evaluation.
- Salary Benchmarking.
- Skills Audit.
- Performance Management System (design).
- Performance Management Training.
- Skills Development; and
- Matching and Placement.

4.2 Human Resource Oversight Statistics

4.2.1 The entity had a staff complement of 17 employees on 31 March 2026. Personnel costs for the entity have been incurred as follows:

Unit	Total expenditure for entity	Personnel expenditure	Personnel expenditure as a % of total expenditure	No of Employees**	Average personnel cost per employee (p/a)
All units of the entity	R23 936 155	R9 144 930	38%	17	R537 937

Personnel cost by salary band

Level	Personnel expenditure	% of personnel expenditure to total personnel cost	No. of Employees	Average personnel cost per employee (p/a)
Level 9 – 16	R4 611 250	50%	7	R658 750
Level 6 – 8	R1 751 291	19%	3	R583 764
Level 3 – 5	R1 687 416	19%	3	R562 472
Level 1 – 2	R1 094 973	12%	4	R273 743
TOTAL	R9 144 930	100%	17	R537 937

4.3 Performance Rewards

No performance rewards were awarded to employees during the year under review.

4.4 Training and Development Costs

The entity invests in its employees through training and development which contributes to extending the employee's skills, knowledge, and experience, relative to ECPACC business and the employee's career aspirations.

4.5 Employment and Vacancies

During the year under review there were no new appointments made.

4.6 Employment Changes

There were no promotions, transfers or regrading during the 2025/26 financial year.

Salary band	Employment at beginning of period	Appointments	Terminations	Employment at the end of period
Lower skilled (levels 1-2)	4	0	0	4
Skilled (levels 3 -5)	3	0	0	3
Highly skilled (levels 6 -8)	3	0	0	3
Highly skilled supervision (levels 9 -16)	7	0	0	7
TOTAL	17	0	0	17

4.7 Appointments

No new appointments were made during the year under review.

4.8 Reasons for Staff Leaving

There were no resignations in the period under review.

4.9 Labour Relations: Misconduct and Disciplinary Action

No disciplinary actions were taken against employees during the year under review, as there were no instances of employee misconduct identified.

4.10 Equity Targets and Employment Equity Status

MALES

LEVEL	African Current	African Target	Coloured Current	Coloured Target	Indian Current	Indian Target	White Current	White Target
Lower skilled (levels 1-2)	2	3	0	0	0	0	0	0
Skilled (levels 3 -5)	0	0	0	0	0	0	0	0
Highly skilled (levels 6 -8)	0	0	0	0	0	0	0	0
Highly skilled supervision (levels 9 -16)	4	4	0	0	0	0	0	0
TOTAL	6	7	0	0	0	0	0	0

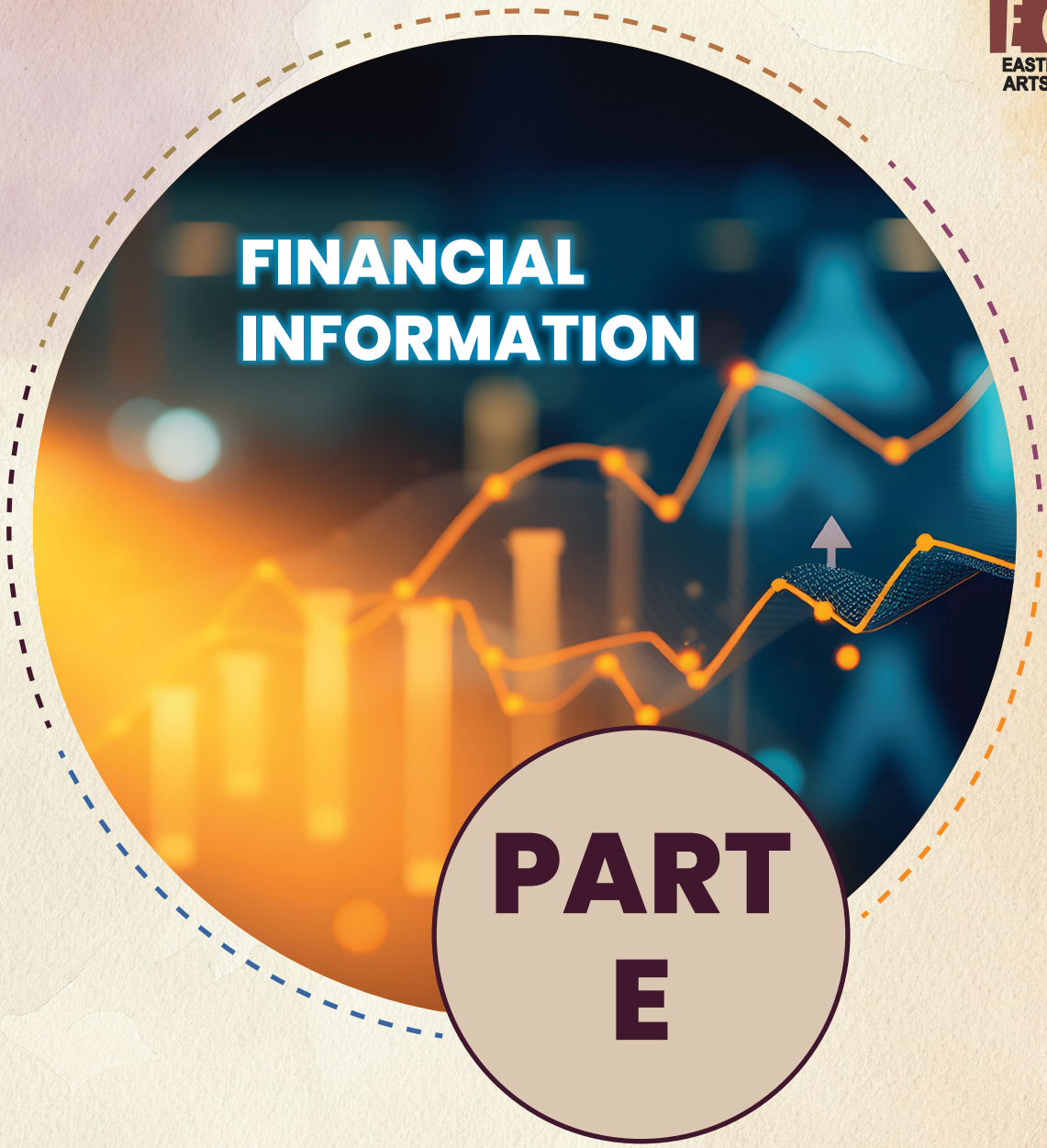
FEMALES

LEVEL	African Current	African Target	Coloured Current	Coloured Target	Indian Current	Indian Target	White Current	White Target
Lower skilled (levels 1-2)	2	3	0	0	0	0	0	0
Skilled (levels 3 -5)	2	2	0	0	0	0	0	0
Highly skilled (levels 6 -8)	4	4	0	0	0	0	0	0
Highly skilled supervision (levels 9 -16)	3	3	0	0	0	0	0	0
TOTAL	11	12	0	0	0	0	0	0

4.11 Disabled Staff

There were no disabled persons employed by the entity during the year under review.

EASTERN CAPE PROVINCIAL ARTS & CULTURE COUNCIL



FINANCIAL INFORMATION

Province of the
EASTERN CAPE
SPORT, RECREATION,
ARTS & CULTURE

EASTERN CAPE PROVINCIAL
ARTS & CULTURE COUNCIL

REPORT OF THE EXTERNAL AUDITOR

Province of the
EASTERN CAPE
SPORT, RECREATION,
ARTS & CULTURE

Eastern Cape Provincial Arts and Culture Council

Audit Report

For the year ended 31 March 2026

Auditing to build public confidence

top EMPLOYER South Africa 2026
FOR A BETTER WORLD OF WORK

AUDITOR-GENERAL SOUTH AFRICA

115 YEARS 1911 - 2026

Report of the auditor-general to the Eastern Cape Provincial Legislature on Eastern Cape Provincial Arts and Culture Council

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Eastern Cape Provincial Arts and Culture Council as set out on pages **74** to **136**, which comprise the statement of financial position as at 31 March 2026, statement of financial performance, statement of changes in net assets, cash-flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Eastern Cape Provincial Arts and Culture Council as at 31 March 2026 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) as issued by the Accounting Standards Board and the requirements of the Public Finance Management Act of South Africa 1 of 1999 (PFMA).

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 responsibilities of the auditor-general for the audit of the financial statements section of my report.

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

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

Emphasis of matters

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

Restatement of corresponding figures

7. As disclosed in note 26 to the financial statements, the corresponding figures for 31 March 2025 were restated as a result of an error in the financial statements of the entity at, and for the year ended, 31 March 2026.

Material impairments – receivables from exchange transactions

8. As disclosed in note 4 to the financial statements, material impairment of R578 864 was incurred as a result of impairment loss allowance of receivables from exchange transactions.

Responsibilities of the accounting authority for the financial statements

9. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance GRAP as issued by the Accounting Standards Board and the requirements of the PFMA; and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Responsibilities of the auditor-general for the audit of the financial statements

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

12. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located on page xx, forms part of my auditor's report.

Report on the annual performance report

13. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof; I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

14. I selected the following material performance indicators related to Building a Vibrant Cultural and Creative Industry presented in the annual performance report for the year ended 31 March 2026. I selected those indicators that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

- Percentage of funding distributed to beneficiaries giving priority to previously disadvantaged individuals and marginalised ethnic groups/communities
- Number of funding awareness workshops organised
- Number of projects monitored and evaluated
- Number of individual/registered businesses supported through transformative funds
- Number of reports on jobs created by funded beneficiaries
- Number of film capacity development initiatives implemented

- Number of visual arts, crafts and design capacity building projects implemented through business and product development
- Number of film markets (festivals) hosted/attended
- Number of local films promoted nationally and internationally
- Number of quality films produced and directed by local film producers
- Number of visual arts, craft, and fashion design market access platforms attended
- Number of public art installations commissioned
- Number of indigenous knowledge systems documented

15. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.

16. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

17. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

18. I did not identify any material findings on the reported performance information for the selected indicators.

Other matters

19. I draw attention to the matters below.

Achievement of planned targets

20. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under-achievements.

21. The table that follows provides information on the achievement of planned targets and lists the key service delivery indicator that was not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages **22** to **43**

Building a vibrant cultural and creative industry

Targets achieved: 93% *Budget spent: 92%*		
Key service delivery indicator not achieved	**Planned target**	**Reported achievement**
Percentage of funding distributed to beneficiaries giving priority to previously disadvantaged individuals and marginalised ethnic group/communities	100%	89%

Material misstatements

22. I identified preventable material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Building a vibrant cultural and creative industry. Management subsequently corrected all the misstatements, and I did not include any material findings in this report.

Report on compliance with legislation

23. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.

24. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

25. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

26. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

27. The accounting authority is responsible for the other information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected presented in the annual performance report that have been specifically reported on in this auditor's report.

28. My opinion on the financial statements and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

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

30. 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 emended report as appropriate. However, if it is corrected, this will not be necessary

Internal control deficiencies

31. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

32. I did not identify any significant deficiencies in internal control.

Auditor- General

KuGompo City
31 July 2026

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected material performance indicators and on the public entity's compliance with selected requirements in key legislation.

Financial statements

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the 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 public entity 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 a public entity to cease operating as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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.

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.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56; 57(b); 66(4)
Treasury Regulations, 2005	Regulation 16A3.2; 16A3.2(a); 16A6.1; 16A6.2(a) 16A6.2(b); 16A6.3(a); 16A6.3(b); 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; 16A7.1; 16A7.3; 16A8.3; 16A8.4; 16A9.1(b)(ii); 16A9.1(d); 16A9.1(e); 16A9.1(f); 16A9.2; 16A9.2(a)(ii); 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; 31.1.2(c); 31.2.1; 31.2.5; 31.2.7(a); 31.3.3; 33.1.1; 33.1.3
Companies Act 71 of 2008	Section 45(2); 45(3)(a)(ii); 45(3)(b)(i); 45(3)(b)(ii); 45(4); 46(1)(a); 46(1)(b); 46(1)(c); 112(2)(a); 129(7)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A); 25(9)(a); 25(10)
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4(a); 4.17; 7.2; 7.6
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
National Treasury Practice Note 5 of 2009/10	Paragraph 3.3
National Treasury Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2(1)(a); 2(1)(b); 2(1)(f)
Preferential Procurement Regulations, 2022	Paragraph 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

EASTERN CAPE PROVINCIAL
ARTS & CULTURE COUNCIL

ANNUAL FINANCIAL STATEMENTS

Province of the
EASTERN CAPE
SPORT, RECREATION,
ARTS & CULTURE

5.2 Annual Financial Statements

Eastern Cape Provincial Arts & Culture Council

Annual Financial Statements for the year ended 31 March 2026

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Eastern Cape Provincial Arts and Culture Council

Annual Financial Statements

Report of the Chief Executive Officer at 31 March 2026

1. Introduction

The Councillors who constitute the Accounting Authority in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), Treasury Regulations and other relevant laws of the Republic of South Africa present their report which forms part of the unaudited annual financial statements for the year ended 31 March 2026.

The Eastern Cape Provincial Arts & Culture Council is established as a public entity in terms of the Eastern Cape Provincial Arts & Culture Council Act, 2000 (Act No. 6 of 2000) (Eastern Cape) and is listed as a provincial public entity in Schedule 3C of the PFMA.

2. Councillors

The members of the Council detailed below are appointed on a three-year term basis.

No	Name	Appointment Date	Termination Date
1	Mr. PG Zitumane (Chairperson)	22 April 2022	31 May 2025
2	Ms. B Tonise (Deputy Chairperson)	22 April 2022	31 May 2025
3	Ms. P Loyilane**	01 June 2025	N/A
4	Dr. S Potelwa**	01 June 2025	N/A
5	Dr. Khewu	22 April 2022	31 May 2025
6	Mr. M Mzanywa** (Chairperson)	01 June 2025	N/A
7	Mr. V Mshudulu (Non-remunerative member)*	22 April 2022	31 May 2025
8	Mr. L Mtimde**	01 June 2025	N/A
9	Ms. N Jongilanga (Deputy Chairperson)**	01 June 2025	N/A
10	Mr. L Mbikahlobo	22 April 2022	31 May 2025
11	Mr. Z Mkiva	01 June 2025	N/A
12	Mr. M Mafani	01 June 2025	N/A
13	Ms. N Tys	01 June 2025	N/A
14	Ms. T Loqo-Deyi	01 June 2025	N/A
15	Mr. P Hobongwana	01 June 2025	N/A
16	Mr. L Kepe	01 June 2025	N/A
17	Mr. S Ngaba	01 June 2025	N/A
18	Mr O. Sikhuthali	01 June 2025	N/A
19	Mr P Mnqandi	01 June 2025	N/A

Eastern Cape Provincial Arts & Culture Council

Annual Financial Statements for the year ended 31 March 2026

Note:

The term of the previous Council ended on 31 May 2025 and a new Council was appointed with effect from 1 June 2025 to 31 May 2028.

*Mr V Mshudulu is a non-remunerated member who is only reimbursed for subsistence, travel and connectivity expenditure incurred in performing his duties as a Council member.

** These members were re-appointed for a further term effective from 1 Jun 2025 to 31 May 2028.

3. Members of the Audit and Risk Committee

The members serving on the Audit and Risk Committee during the year under review were as follows:

No	Name	Appointment Date	Termination Date
1	Mr. L Mtimde* (Chairperson)	01 June 2025	N/A
2	Mr. W Mushohwe CA (SA), MBA	25 November 2019	31-May-25
3	Ms. N Jongilanga	01 July 2022	31-May-25
4	Ms. C Dali CA (SA) (Non-remunerative member)	01 July 2022	30-Apr-25
5	Mr. L Kepe	01 June 2025	N/A
6	Ms. T Loqo-Deyi	01 June 2025	N/A
7	Ms. N Tys	01 June 2025	N/A
8	Ms. P Loyilane	01 June 2025	N/A
9	Mr. N Ravgee - CA (SA)	12 March 2026	N/A

Note:

The term of the previous Audit and Risk Committee expired on 31 May 2025 and a new Audit and Risk Committee was appointed with effect from 1 June 2025 to 31 May 2028.

* Mr Lumko Mtimde was re-appointed as the Chairperson of the Audit and Risk Committee.

4. Principal Activities

The Council is entrusted with the responsibility of fostering the arts and promoting the culture of the Eastern Cape. The Council activities are developed to allow for the expression of the unique identity of the province and enable its artists to realise their potential through their expression of the arts to build an improved quality of life for themselves and their communities.

Eastern Cape Provincial Arts and Culture Council

Annual Financial Statements

5. General review of the state of financial affairs

The Eastern Cape Provincial Arts & Culture Council's business and operations and the results thereof are clearly defined in the attached annual financial statements. The total adjusted budget of the entity amounted to R24 804 824. No material fact or circumstance has occurred between the accounting date and the date of this report.

6. Grant Funding

The Eastern Cape Provincial Arts & Culture Council has received grant funding to the value of R23 239 000 (2024/25: R22 375 000) from the Department of Sport, Recreation, Arts and Culture (DSRAC) for the year under review. The budget was adjusted with the revenue amounting to R971 824 to be recognised in respect of film stimulus funding for conditions met in the current year. This brought the total adjusted budget of the entity to R24 804 824.

7. Events after reporting date

Management is not aware of any events after reporting date that require disclosure at 31 March 2026.

8. Going Concern

Based on the available information at 31 March 2026, the entity will continue to operate as a going concern over the twelve-month period ending 31 March 2027. However, the entity continues to operate under unfavourable solvency conditions as its indicative baseline budget allocation proves to be inadequate.

The unfavourable operating conditions are mitigated by the legislated funding commitment endorsed by the Eastern Cape Provincial Legislature and documented in the Eastern Cape Estimates for Public Entities Revenue and Expenditure 2026/27 book issued by the Eastern Cape Provincial Treasury. This document affirms a multi-year transfer of funds to ECPACC to ensure that the entity is able to continue its operation at least up to and including 2028/29 financial year.

9. Auditors

The Auditor-General of South Africa will continue in office in accordance with Section 58 of the PFMA. Mayile Solutions SST JV are the current internal auditors of the entity.

Mr M. Nkasawe
Chief Executive Officer

31 July 2026

Eastern Cape Provincial Arts and Culture Council

Annual Financial Statements

General Information at 31 March 2026

Country of incorporation and domicile:	A Schedule 3C Public Entity listed in the PFMA and incorporated in Eastern Cape, South Africa.
Nature of business and principal activities:	Development and promotion of Arts & Culture.
Accounting Authority:	The Accounting Authority was appointed on 1 June 2025 for a three-year term.

Council members:

No	Name	Appointment Date	Termination Date
1	Mr. PG Zitumane (Chairperson)	22 April 2022	31 May 2025
2	Ms. B Tonise (Deputy Chairperson)	22 April 2022	31 May 2025
3	Ms. P Loyilane**	01 June 2025	N/A
4	Dr. S Potelwa**	01 June 2025	N/A
5	Dr. Khewu	22 April 2022	31 May 2025
6	Mr. M Mzanywa (Chairperson)**	01 June 2025	N/A
7	Mr. V Mshudulu (Non-remunerative member)*	22 April 2022	31 May 2025
8	Mr. L Mtimde*	01 June 2025	N/A
9	Ms. N Jongilanga (Deputy Chairperson)**	01 June 2025	N/A
10	Mr. L Mbikahlobo	22 April 2022	31 May 2025
11	Mr. Z Mkiva	01 June 2025	N/A
12	Mr. M Mafani	01 June 2025	N/A
13	Ms. N Tys	01 June 2025	N/A
14	Ms. T Loqo-Deyi	01 June 2025	N/A
15	Mr. P Hobongwana	01 June 2025	N/A
16	Mr. L Kepe	01 June 2025	N/A
17	Mr. S Ngaba	01 June 2025	N/A
18	Mr O. Sikhuthali	01 June 2025	N/A
19	Mr P Mnqandi	01 June 2025	N/A

Eastern Cape Provincial Arts and Culture Council

Annual Financial Statements for the year ended 31 March 2026

Note:

The term of the previous Council ended on 31 May 2025, and a new Council was appointed with effect from 1 June 2025 to 31 May 2028.

*Mr V Mshudulu is a non-remunerated member who is only reimbursed for subsistence, travel and connectivity expenditure incurred in performing his duties as a Council member.

**These members were re-appointed for a further term effective from 1 June 2025 to 31 May 2028.

Business and Registered address:	**Physical**	**Postal**
	16 Commissioner Street EAST LONDON CBD 5200	P. O. Box 18372 Quigney EAST LONDON 5211.
Bankers:	First National Bank	
External Auditors:	Auditor General of South Africa (AGSA)	
Internal Auditors	Mayile SST JV	

Abbreviations:

ASB	Accounting Standards Board
CSIR	Council for Scientific and Industrial Research
DEDEAT	Department of Economic Development, Environmental Affairs and Tourism
DSRAC	Department of Sports, Recreation, Arts and Culture
ECPACC	Eastern Cape Provincial Arts and Culture Council
ECPT	Eastern Cape Provincial Treasury
GRAP	Generally Recognised Accounting Practice
PFMA	Public Finance Management Act (Act No. 1 of 1999, as amended)
AGSA	Auditor General of South Africa

Eastern Cape Provincial Arts and Culture Council

Annual Financial Statements

Statement of Responsibility by the Accounting Authority at 31 March 2026

The annual financial statements are primarily the responsibility of the Accounting Authority.

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

The Accounting Authority has reviewed the entity's budgets and cash flow forecasts for the year ended 31 March 2027. On the basis of this review, the Accounting Authority believes that the entity will be a going concern in the year ahead and have continued to adopt the going concern basis in preparing the annual financial statements.

During the year under review the entity's main budget amounted to R23 833 000 which comprised of the R23 239 000 for the equitable share and own revenue of R594 000. The adjusted budget amounted to R24 804 824, which comprised of the main budget and the R971 824 budget adjustment for film stimulus funding conditions to be met in the current year. The current year budget was increased by R864 000 compared to the prior year which represents a 3.86% budget increase.

The Accounting Authority sets standards to enable management to meet the above responsibilities by implementing systems of internal control and risk management that are designed to provide reasonable, but not absolute assurance against material misstatements and losses. The entity maintains internal financial controls to provide assurance regarding:

(a) The safeguarding of assets against unauthorised use or disposal; and

(b) The maintenance of proper accounting records and the reliability of financial information used within the entity or for publication.

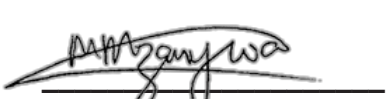
The controls contain self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified. Even an effective system of internal control, no matter how well designed, has inherent limitations, including the possibility of circumvention or the overriding of controls.

An effective system of internal controls, therefore, aims to provide reasonable assurance with respect to the reliability of financial information and, in particular, financial statements presentation. Furthermore, because of changes in conditions, the effectiveness of internal financial control may vary over time.

The Accounting Authority has reviewed the entity's systems of internal control and risk management for the period from 1 April 2025 to 31 March 2026. The Accounting Authority is of the opinion that the entity's system of internal control and risk management were effective for the period under review. However, there is still room for improvement in view of the internal audit findings raised in the year under review and the high vacancy rate.

In the opinion of the Accounting Authority, based on the information available to date, the annual financial statements fairly present the financial position of the Eastern Cape Provincial Arts & Culture Council as at 31 March 2026, its financial performance and cash flow information for the year then ended and the Code of Corporate Practices and Conduct has been adhered to.

The annual financial statements set out on pages 12 to 64, which have been prepared on the going concern basis, were approved by the Accounting Authority in terms of section 51(1)(f) of the Public Finance Management Act 1999, (Act No. 1 of 1999) (PFMA) and were signed on its behalf by:



Mr M Mzanywa
Chairperson of the Council
31 July 2026

Eastern Cape Provincial Arts and Culture Council

Annual Financial Statements for the year ended 31 March 2026

Report of the Audit and Risk Committee

We are pleased to present our report for the financial year ended 31 March 2026.

Audit and Risk Committee

The Audit and Risk Committee consists of the members listed hereunder and meet per the schedule of meetings in its approved Audit and Risk Committee charter.

No	Name	Appointment Date	Termination Date
1	Mr. L Mtimde* (Chairperson)	01 June 2025	N/A
2	Mr. W Mushohwe CA(SA), MBA	25 November 2019	31-May-25
3	Ms. N Jongilanga	01 July 2022	31-May-25
4	Ms. C Dali CA (SA) (Non-remunerative member)	01 July 2022	30-Apr-25
5	Mr. L Kepe	01 June 2025	N/A
6	Ms. T Loqo-Deyi	01 June 2025	N/A
7	Ms. N Tys	01 June 2025	N/A
8	Ms. P Loyilane	01 June 2025	N/A
9	Mr. N Ravgee - CA (SA)	12 March 2026	N/A

Note:

The term of the previous Audit and Risk Committee expired on 31 May 2025 and a new Audit and Risk Committee was appointed with effect from 1 June 2025 to 31 May 2028.

* Mr Lumko Mtimde was re-appointed as the Chairperson of the Audit and Risk Committee.

Audit and Risk Committee Responsibility

The Audit and Risk Committee reports that it has complied with its responsibilities arising from Section 51 (1)(a)(ii) of the Public Finance Management Act and Treasury Regulation 27.1. The Audit and Risk Committee further reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The Effectiveness of Internal Control and Financial Concerns

Management periodically presents to the Audit and Risk Committee an audit tracking document whereby audit findings raised in the previous financial year by both the external auditors and internal auditors are monitored and action plans to address the audit findings are assessed.

Eastern Cape Provincial Arts and Culture Council

Annual Financial Statements for the year ended 31 March 2026

The limited final baseline departmental allocation for the equitable share is a concern as the entity continues to operate under stringent budgetary conditions which affects effective implementation of mandated programmes.

The unfavourable operating conditions are mitigated by the legislated funding commitment endorsed by the Eastern Cape Provincial Legislature and documented in the Eastern Cape Estimates for Public Entities Revenue and Expenditure 2026/27 book issued by the ECPT. This document affirms a multi-year transfer of funds to ECPACC to ensure that the entity is able to continue its operation at least up to and including 2028/29 financial year.

In-Year Monitoring and Quarterly Report

The Audit and Risk Committee met nine times during the year and performed the quarterly review of financial and performance information reports and management has reported quarterly on these reports to the ECPT and DSRAC as is required by the PFMA.

Evaluation of Financial Statements and Performance Information

The Audit and Risk Committee has met to perform a review of the unaudited annual financial statements and the annual performance information report. In this respect we performed a high-level review of the annual financial statements and annual performance information.

The Audit and Risk Committee continues to be concerned with the lack of a dedicated Human Resources Management function in the entity which is a direct result of inadequate funding.

Review of the Eastern Cape Provincial Arts and Culture Council Act (Act No. 6 of 2000)

The review of the ECPACC Act, including extensive consultations, was completed and the reviewed Act will be tabled in parliament by the Eastern Cape government. This is a significant milestone as this review took excessively long to complete due to various challenges.

Submission of the unaudited annual financial statements and annual performance report

The Audit and Risk Committee has considered the current audited annual financial statements and annual performance information report and has confirmed that the errors that were identified during the audit process have been addressed. The Committee has concluded that the information should be submitted to the Eastern Cape Provincial Treasury by 31 July 2026.

CL Mtimde

eSignature
Chairperson of the Audit and Risk Committee
31 July 2026

Eastern Cape Provincial Arts and Culture Council

Annual Financial Statements

Statement of Financial Position for the year ended 31 March 2026

Figures in Rand	Note(s)	2026	2025 Restated
ASSETS			
Non-current assets			
Property, plant and equipment	2	363,035	628,268
Receivables - Non-exchange transactions	4	77,733	77,733
		440,768	**706,001**
Current assets			
Inventory	3	142,649	149,304
Receivables - Exchange transactions	4	-	458,864
Receivables - Non-Exchange transactions	4	1,200,000	-
Cash and cash equivalents	5	487,955	461,579
		1,830,604	**1,069,747**
TOTAL ASSETS		**2,271,372**	**1,775,748**
LIABILITIES			
Current liabilities			
Unspent conditional grant	6	8,964	8,964
Administered funds	7	333,344	417,379
Payables - Exchange transactions	8	847,092	834,315
TOTAL LIABILITIES		**1,189,400**	**1,260,658**
NET ASSETS			
Reserves			
Accumulated surplus		1,081,970	515,088
TOTAL NET ASSETS AND LIABILITIES		**2,271,372**	**1,775,748**

Eastern Cape Provincial Arts and Culture Council

Annual Financial Statements

Statement of Financial Performance for the year ended 31 March 2026

Figures in Rand	Note(s)	2026	2025
			Restated
REVENUE			
Revenue from exchange transactions	9.1/18	3,140	7,325
Revenue from non-exchange transactions	9.2	24,439,000	27,468,719
Other income	9.3/18	125,349	412,157
TOTAL REVENUE		**24,567,489**	**27,888,201**
EXPENSES*			
Employee benefit costs	17	9,144,930	8,666,354
Depreciation expense	2	334,918	315,233
Expected credit losses	30	120,000	-
Project expenses	11	7,110,039	14,691,273
Other expenses	25	7,226,268	6,033,587
TOTAL EXPENDITURE		**23,936,155**	**29,706,447**
SURPLUS/(DEFICIT) FROM OPERATIONS	11	**631,334**	**(1,818,246)**
Interest earned	12	394,412	284,921
SURPLUS/(DEFICIT) FOR THE YEAR		**1,025,746**	**(1,533,325)**

*Expenditure disclosed in the AFS has been analysed by nature.

Eastern Cape Provincial Arts and Culture Council

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Statement of Changes in Net Assets for the year ended 31 March 2026

Figures in Rand	Note(s)	Accumulated surplus/(deficit)	Total Net Assets
Opening Balance at 1 April 2024 - As previously reported		**3,982,889**	**3,982,889**
Correction of error	26	(1,934,476)	(1,934,476)
Balance at 1 April 2024 - Restated		**2,048,413**	**2,048,413**
Deficit for the year - As previously reported		(1,359,625)	(1,359,625)
Correction of error	26	(173,700)	(173,700)
Balance as at 1 April 2025 - Restated		**515,088**	**515,088**
Remeasurement due to implementation of GRAP 104 (Revised)	29	(458,864)	(458,864)
Surplus for the year		1,025,746	1,025,746
Closing Balance at 31 March 2026		**1,081,970**	**1,081,970**

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Cash Flow Statement for the year ended 31 March 2026

Figures in Rand	Note(s)	2026	2025
Cash flows from operating activities			
Cash receipts from customers and grants received		23,319,124	23,073,787
Cash paid to suppliers and employees		(23,617,473)	(24,666,534)
Interest earned	12	394,412	284,921
Net cash inflow /(outflow) from operating activities	14	**96,063**	**(1,307,826)**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(69,686)	(56,606)
Insurance proceeds		-	13,524
Net cash outflow from investing activities		**(69,686)**	**(43,082)**
Net increase /(decrease) in Cash and cash equivalents		**26,376**	**(1,350,908)**
Cash and cash equivalents at beginning of the year		461,579	1,812,487
Cash and cash equivalents at end of year	5	**487,955**	**461,579**

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Statement of Comparison of Budget and Actual Amounts

For the year ended 31 March 2026

Figures in Rand	2026

	Note	Approved	Adjustment	Final	Actual	Note 18 Variance*	%
REVENUE							
Revenue from exchange transactions	9.1	-	-	-	3,140	**3,140**	**100.00%**
Interest received	12	176,000	-	176,000	394,412	**218,412**	**124.10%**
Revenue from non-exchange transaction	9.2	23,239,000	971,824	24,210,824	24,439,000	**228,176**	**0.94%**
Other non-tax revenue	9.3	418,000	-	418,000	125,349	**(292,651)**	**-70.01%**
Sub-total		**23,833,000**	**971,824**	**24,804,824**	**24,961,901**	**157,077**	**0.63%**
EXPENSES							
Employee benefit costs	17	8,600,000	512,526	9,112,526	9,144,930	**32,404**	**0.36%**
Depreciation	2	-	-	-	334,918	**334,918**	**100.00%**
Expected credit losses	30	-	-	-	120,000	**120,000**	**100.00%**
Project expenses	11	9,281,700	(673,449)	8,608,251	7,110,039	**(1,498,213)**	**-17.40%**
Other expenses	25	5,951,300	1,132,746	7,084,046	7,226,268	**142,222**	**2.01%**
Sub-total		**23,833,000**	**971,824**	**24,804,824**	**23,936,155**	**(868,669)**	**-3.50%**
SURPLUS FOR THE YEAR						**1,025,746**	

Figures in Rand	2025 (Restated)

	Note	Approved	Adjustment	Roll-over	Final	Actual	Variance*	%
REVENUE								
Revenue from exchange transactions	10.1	-	-	-	-	7,325	**7,325**	**100.00%**
Interest received	13	168,000	-	-	168,000	284,921	**116,921**	**69.60%**
Revenue from non-exchange transaction	10.2	20,645,000	1,972,060	1,177,201	23,794,261	27,468,719	**3,674,458**	**15.44%**
Other non-tax revenue	10.3	419,000	438,606	-	857,606	412,157	**(445,449)**	**-51.94%**
Sub-total		**21,232,000**	**2,410,666**	**1,177,201**	**24,819,867**	**28,173,122**	**3,353,255**	**13.51%**
EXPENSES								
Employee benefit costs	18	7,700,000	911,405	-	8,611,405	8,666,354	**54,949**	**0.64%**
Depreciation	2	-	-	-	-	315,233	**315,233**	**100.00%**
Project expenses	12	10,062,340	(452,186)	847,201	10,457,355	14,691,273	**4,233,918**	**40.49%**
Other expenses	26	3,469,660	1,951,447	330,000	5,751,107	6,033,586	**282,479**	**4.91%**
Sub-total		**21,232,000**	**2,410,666**	**1,177,201**	**24,819,867**	**29,706,447**	**4,886,579**	**19.69%**
DEFICIT FOR THE YEAR						**(1,533,325)**		

* Refer to Note 18 of the Annual Financial Statements for explanation on material differences.

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Accounting Policies for the year ended 31 March 2026

1.1. Reporting entity

These annual financial statements are for the Eastern Cape Provincial Arts and Culture Council (ECPACC). The financial statements encompass the reporting entity as specified in the Public Finance Management Act (Act No. 1 of 1999, as amended). Reporting oversight comprises:

- Eastern Cape Provincial Legislature
- Eastern Cape Provincial Treasury
- Eastern Cape Department of Sport, Recreation, Arts and Culture (DSRAC)

1.1.1. Basis of Preparation

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

1.1.2. Presentation currency

The annual financial statements are presented in South African Rand, which is the functional currency of the entity. Unless stated otherwise, all figures have been rounded off to the nearest Rand.

1.1.3. Going concern assumption

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

1.1.4. Comparative information

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practical, and the prior year comparatives are restated accordingly.

Eastern Cape Provincial Arts and Culture Council

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1.1.5. Significant judgments

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

1.1.5.1. Financial instruments (GRAP 104 previously effective prior to 1 April 2025)

The accounting policy for financial instruments was revised to align with the revised standard as issued by the Accounting Standards Board. Where required, the comparative figures and information were adjusted in line. These changes are disclosed in note 29 to the financial statements.

Financial assets and financial liabilities are recognised on the entity's Statement of Financial Position when the entity becomes party to the contractual provisions of the instrument.

Financial instruments at amortised cost are non-derivative financial assets and financial liabilities with fixed or determinable payments excluding those that have been designated as fair value at initial recognition or those that are held for trading.

Financial instruments at fair value comprise those financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

The entity assesses its trade receivables for impairment at each reporting date in terms of GRAP 104 Revised, as detailed below. In determining whether an impairment loss should be recorded in the Statement of Financial Performance, the entity makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio.

1.1.5.2. Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the entity for similar financial instruments.

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1.1.5.3. Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values. These calculations require the use of estimates and assumptions.

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

If the recoverable service amount of a non-cash generating asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable service amount. That reduction is an impairment loss. An impairment loss shall be recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset shall be treated as a revaluation decrease.

1.1.5.4. Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

1.1.5.5. Useful lives and residual values

The entity re-assesses the useful lives and residual values of property, plant and equipment on an annual basis. In re-assessing the useful lives and residual values of property, plant and equipment management considers the condition and use of the individual assets, to determine the remaining period over which the asset can and will be used.

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Accounting Policies for the year ended 31 March 2026

1.2. Statements and interpretations effective in 2025/26

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

Reference	Title
GRAP 1	Presentation on Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 9	Revenue from Exchange Transactions
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 17	Property Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 20	Related Party Disclosures
GRAP 21	Impairment of Non-cash-generating Assets
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of Cash-generating assets
GRAP 31	Intangible Assets
GRAP 104	Financial Instruments
GRAP 108	Statutory Receivables
GRAP 109	Accounting by Principals and Agents

1.3. Standards not yet effective and potential impact

The following Standard of GRAP has been approved but is not yet effective.

Reference	Title	Effective Date
GRAP 1	Presentation on Financial Statements (Amendments)	Not yet determined

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Impact on reporting framework

The impact of implementing this standard is expected to be immaterial in the context of this entity's operations.

1.4. Revenue recognition

Revenue comprises the consideration received or receivable for the sale of goods in the ordinary course of the Council's activities. Revenue is measured at the fair value of the consideration received or receivable net of estimated returns.

Revenue is recognised as follows:

1.4.1. Revenue from exchange transactions

Interest income is accrued on a timely basis by reference to the principal amount outstanding and at the interest rate applicable.

Revenue from the sale of goods is recognised when all of the following conditions have been satisfied:

(a) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;

(b) the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

(c) the amount of revenue can be measured reliably;
(d) it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
(e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all of the following conditions are satisfied:

(a) the amount of revenue can be measured reliably;
(b) it is probable that the economic benefits associated with the transaction will flow to the entity;
(c) the stage of completion of the transaction at the reporting date can be measured reliably; and

(d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable. Revenue from exchange transactions refers to revenue that accrued to the entity directly in return for services rendered /goods sold, the value of which approximates the consideration received or receivable.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates.

1.4.2. Revenue from non-exchange transactions

Revenue received from conditional grants is recognised as revenue to the extent that there are no further conditions attached to the grant that give rise to an obligation to repay. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Public Finance Management Act (Act No.1 of 1999) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Government grants

Government grants are recognised when there is reasonable assurance that:

(a) The Council will comply with the conditions attached to them; and

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(b) 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 losses 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 relating to assets, including non-monetary grants at fair value, are presented in the statement of financial position recording the grant as an unspent conditional liability or by reducing the carrying amount of the asset equal to grant received.

Grants related to income are presented as a credit in the statement of financial performance (separately).

Repayment of a grant related to income is applied first against any un-amortised deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit exists, the repayment is recognised immediately as an expense.

Repayment of a grant related to an asset is recorded by increasing the carrying amount of the asset or reducing the unspent conditional grant balance by the amount repayable. The cumulative additional depreciation that would have been recognised to date as an expense in the absence of the grant is recognised immediately as an expense.

1.5. Property, plant and equipment

1.5.1. Recognition

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

(a) it is probable that future economic benefits associated with the item will flow to the Council; and

(b) the cost of the item can be measured reliably.

1.5.2. Initial recognition

The Council adopted the cost model for all classes of property, plant and equipment.

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Property, plant and equipment are initially recorded at cost.

1.5.3. Subsequent measurement

Property, plant and equipment, is stated at cost, less accumulated depreciation and any impairment losses.

Any subsequent expenditure to any asset that increases the value of the asset is seen as an improvement and will be capitalised during the year in which such expenditure is incurred. Replacement costs or repairs that does not increase the value of any asset, will be expensed in the year such expenditure is incurred.

1.5.4. Depreciation

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

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

Assets held under finance leases are depreciated over the lower of the term of the lease period or the life expectancy of the asset.

Depreciation is calculated on cost less residual value, using the straight-line method, over the estimated useful lives of the assets. The Depreciation method is assessed at each reporting date for appropriateness. The annual depreciation rates are based on the following estimated useful lives:

Computer equipment	33%	Motor vehicles	20%
Office furniture and fittings	10%	Office equipment	20%
Plant and equipment	10%		

The residual value and the useful life of each asset are reviewed annually.

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1.5.5. Impairment

The Council assesses at each statement of financial position date whether there is any indication that an asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

If the recoverable service amount of a non-cash generating asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable service amount. That reduction is an impairment loss. An impairment loss shall be recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset shall be treated as a revaluation decrease.

1.5.6. Derecognition

The carrying amount of an item of property, plant and equipment shall be derecognised:

(a) on disposal, or
(b) when no future economic benefits or service potential is expected from its use or disposal.

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Accounting Policies for the year ended 31 March 2026

1.6. Intangible assets

1.6.1. Definition

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

1.6.2. Initial recognition

Intangible assets that are acquired by the Council are stated at cost less accumulated amortisation and impairment losses.

1.6.3. Subsequent recognition

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

No intangible asset arising from research shall be recognised. Expenditure on research (or on the research phase of an internal project) shall be recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) shall be recognised if, and only if, an entity can demonstrate all of the following:

(a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
(b) the intention to complete the intangible asset and use or sell it;
(c) the ability to use or sell the intangible asset;
(d) how the intangible asset will generate probable future economic benefits or service potential;
(e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
(f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

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1.6.4. Amortisation

Amortisation of intangible assets is recognised in the statement of financial performance on a straight-line basis over the assets' estimated useful lives as follows:

Computer software	50%

The useful lives and amortisation method of an intangible asset is assessed on an annual basis.

1.6.5. Derecognition

The carrying amount of an item of intangible assets shall be derecognised:
(a) on disposal, or
(b) when no future economic benefits or service potential are expected from its use or disposal.

1.6.6. Gains or losses

The gains and losses arising from the derecognition of intangible assets (difference between carrying amount less any revaluation surpluses and net disposal proceeds) are included in surplus or deficit.

1.6.7. Impairment

The Council assesses at each statement of financial position date whether there is any indication that an asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined. The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

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1.7. Leases

1.7.1. Recognition

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the entity through the lease agreement. Assets subject to finance leases are recognised in the Statement of Financial Position at the inception of the lease, as is the corresponding finance lease liability.

Assets subject to operating leases, i.e. those leases where substantially all of the risks and rewards of ownership are not transferred to the lessee through the lease, are not recognised in the Statement of Financial Position. The operating lease expense is recognised over the course of the lease arrangement.

1.7.2. Measurement

Assets subject to a finance lease, as recognised in the Statement of Financial Position, are measured (at initial recognition) at the lower of the fair value of the assets and the present value of the future minimum lease payments. Subsequent to initial recognition these capitalised assets are depreciated over the contract term.

The finance lease liability recognised at initial recognition is measured at the present value of the future minimum lease payments. Subsequent to initial recognition this liability is carried at amortised cost, with the lease payments being set off against the capital and accrued interest. The allocation of the lease payments between the capital and interest portion of the liability is effected through the application of the effective interest method.

The finance charges resulting from the finance lease are expensed, through the Statement of Financial Performance, as they accrue. The finance cost accrual is determined using the effective interest method.

The lease expense recognised for operating leases is charged to the Statement of Financial Performance on a straight-line basis over the term of the relevant lease. To the extent that the straight lined lease payments differ from the actual lease payments the difference is recognised in the Statement of Financial Position as either lease payments in advance (operating lease asset) or lease payments payable (operating lease liability) as the case may be. This resulting asset and / or liability is measured as the undiscounted difference between the straight-line lease payments and the contractual lease payments.

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1.7.3. Derecognition

The finance lease liabilities are derecognised when the entity's obligation to settle the liability is extinguished. The assets capitalised under the finance lease are derecognised when the entity no longer expects any economic benefits or service potential to flow from the asset.

The operating lease liability is derecognised when the entity's obligation to settle the liability is extinguished. The operating lease asset is derecognised when the entity no longer anticipates economic benefits to flow from the asset.

Contingent rentals are recognised as expenses in the period in which they are incurred and are not included in the straight-line lease expense.

1.8. Prepayments

Prepayments relate to advance payments in respect of goods and/or services which are not yet received or delivered at year-end.

1.9. Inventory

Inventory, which consists of arts and crafts designed from the use of ceramic, glass, beads, grass, pottery, wood and cloth, are valued at the lower of cost and net realisable value using the weighted average cost method. Consignment stock relating to inventory held on behalf of third parties is not recognised in the financial statements but disclosed in the notes thereto.

Cost is determined based on the purchase price.

1.10. Financial instruments (GRAP 104 Revised effective 1 April 2025)

Financial Assets

A financial asset is any asset that is cash or a contractual right to receive cash. The entity's financial assets are classified into one category based on its management model and the contractual cash flow characteristics of the instruments.

Financial assets at amortised cost: These are financial assets held within a management model whose objective is to collect the contractual cash flows and whose contract terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal.

Classification

The Council has the following types of financial assets as reflected on the face of the statement of financial position or in the notes thereto:

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Classes of financial assets	Classification - GRAP 104-Revised
Cash and cash equivalents	Financial asset at amortised cost
Receivables from exchange transactions	Financial asset at amortised cost
Receivables from non-exchange transactions	Financial asset at amortised cost

Financial liabilities

The Council has the following types of financial liabilities as reflected on the face of the statement of financial position or in the notes thereto:

Classes of financial liabilities	Classification- GRAP 104-Revised
Trade and other payables from exchange transactions	Financial liability at amortised cost

1.10.1. Initial recognition and measurement

Financial instruments are recognised initially when the entity becomes a party to the contractual provisions of the instruments.

The entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument. Transaction costs on financial instruments at fair value through surplus or deficit are recognised in surplus or deficit.

1.10.2. Subsequent measurement

Financial instruments at fair value through surplus or deficit are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in surplus or deficit for the period.
Financial instruments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

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1.10.3. Recognition of expected credit losses and loss allowance

The entity measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

The entity applies the simplified approach, whereby the entity recognizes a loss allowance for expected credit losses on all financial assets measured at amortised cost except cash and cash equivalents, requiring recognition of the loss allowance for all debtors at lifetime expected credit losses from initial recognition until derecognition.

A financial asset is considered to be in default when either of the following conditions is met:

- Contractual payments are more than 90 days past due; or
- There is objective evidence that the debtor is unlikely to settle the obligation in full without the entity taking remedial action (e.g. legal proceedings or reliance on credit enhancements).

The entity applies a provision matrix to measure expected credit losses on receivables. This approach uses historical loss experience, applied to ageing categories, and is reviewed at each reporting date.

General approach

The general approach is applied to cash and cash equivalents. The approach determines the loss allowance based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not significantly increased since initial recognition, the loss allowance is measured at an amount equal to the 12-month expected credit losses. For the instruments where the credit risk has increased significantly, lifetime expected credit losses are recognised.

Write offs

The gross carrying amount of a financial asset is written off when the entity has no reasonable expectation of recovering the outstanding balance and the Council has approved the write-off. When financial assets are considered uncollectible, it is written off directly through the impairment loss allowance account in the statement of financial position and any remaining difference through the Statement of Financial Performance.

Subsequent recoveries of amounts previously written off are recognised in the Statement of Financial Performance.

1.10.4. Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

(a) A gain or loss on a financial asset or financial liability classified as at fair value through surplus or deficit is recognised in surplus or deficit, and

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

1.10.5. Derecognition of Financial Assets and Liabilities

1.10.5.1. Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

(a) the rights to receive cash flows from the asset have expired;

(b) the entity retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or

(c) the entity has transferred its rights to receive cash flows from the asset and either-

(d) has transferred substantially all the risks and rewards of the asset, or

(i) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the entity has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the entity's continuing involvement in the asset.

1.10.5.2. Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

1.10.6. Trade and other receivables

Accounts receivable are classified as "receivables from exchange/non-exchange transactions" and are initially recognized at fair value. Subsequent measurement is at amortised cost in terms of GRAP 104 (Revised). An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. The recognition of expected credit losses and loss allowance is determined in terms of GRAP 104 (Revised) as detailed in paragraph 1.10.3 above.

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1.10.7. Trade and other payables

Trade and other payables are classified as “payables from exchange transactions” and are initially recognized at the fair value of the present obligation of a past event. Subsequent measurement is at amortised cost in terms of GRAP 104 (Revised).

Accruals are recognised at the date of receipt of goods or services. All accruals are recognised at financial year-end.

1.10.8. Administered fund Liability

Administered funds comprise of funds received or held on behalf of third parties where ECPACC make payments on behalf of these third parties based on instructions from them. The unspent funds are classified as “Financial liabilities at amortised cost”. Subsequent measurement is at amortised costs. Where conditions of the funds are no longer enforced, the amount is recognised as other income.

1.10.9. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and any 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 measured at fair value and subsequently measured at amortised cost in terms of GRAP 104 (Revised).

1.10.10. Effective interest rate

The entity uses the prime interest rate to discount future cash flows. Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.11. Provisions and contingencies

Provisions are recognised when:

(a) the Council has a present obligation as a result of a past event;
(b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
(c) a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

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

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity has a detailed formal plan for the restructuring, identifying at least:

(a) The business or part of a business concerned;
(b) The principal locations affected;
(c) The location, function, and appropriate number of employees who will be compensated for terminating their services;
(d) The expenditure that will be undertaken; and (e) When the plan will be implemented.

1.12. Budget information

The budget is prepared annually in accordance with the provisions of the Public Finance Management Act 1999 (No. 1 of 1999), directives issued by the executive authority and best practice budgeting practice.

Budget virements may only be performed within the levels specified by approved delegation of authority. Unbudgeted expenditure is subject to Council approval which will only be granted in extraordinary circumstances.

Comparison of budget and actual amounts are presented in Note 18. Differences (variances) between the actual amounts and budget amounts are presented.

The annual financial statements and budget are not presented on the same basis as the annual financial statements are prepared on the accrual basis and the budget on the modified cash basis of accounting. A reconciliation between the surplus/(deficit) for the period as per the Statements of Financial Performance and budgeted surplus/(deficit) is included in Note 18.

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1.13. Unspent conditional grant

1.13.1. Initial recognition

Unspent conditional grants are reflected on the Statement of Financial Position as unspent conditional grant. They represent unspent government conditional grants. The following conditions are set for the creation and utilisation of these grants:

(a) The grants received are initially recognised at cost as unspent conditional grant.

(b) Whenever an item of property, plant and equipment is funded from a grant, an amount equal to the purchase price is transferred from the unspent conditional grant account to the operating account on the Statement of Financial Performance as revenue.

(c) Whenever operational expenditure is funded from a grant an amount equal to the expenditure is transferred from the unspent conditional grant account to the operating account on the Statement of Financial Performance as revenue to offset the expenditure which was expensed through the operating account.
(d) The cash which backs the unspent portion is invested until utilised.
(e) Interest earned on the investment is treated in accordance with grant conditions. If the grant conditions indicate that interest is payable to donors then interest earned on unutilised conditional grants is allocated to the funds and is not recognised in the Statement of Financial Performance.
(f) The unspent grant is classified as “Financial liabilities at amortised cost”.

1.13.2. Subsequent measurement

Unspent conditional grants are subsequently measured at amortised cost.

1.13.3. Derecognition

Unspent conditional grants are derecognised when the balance was expended per the conditions as set for a grant.

1.14. Fruitless, wasteful and irregular expenditure

1.14.1. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and detailed further in the notes to the

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annual financial statements and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.14.2. Irregular expenditure

Irregular expenditure is expenditure that is contrary to any applicable legislation. Irregular expenditure incurred is recorded as an expense in the Statement of Financial Performance and detailed further in the notes to the annual financial statements, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.15. Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

1.16. Contingent Liabilities

A contingent liability is a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of obligation cannot be measured with sufficient reliability.

1.17. Commitments

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

No commitment is entered into when quotations are requested and therefore a quotation will not lead to the disclosure of a commitment. The capital expense will only be considered to be contracted for when an order is issued.

1.18. Events after reporting date

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

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and

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- those that is indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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

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

1.19. Taxation

The entity is exempt from taxation as the entity is a schedule 3C public entity formed by the government.

1.20. Employee benefits

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

1.20.1. Short-term employee benefits

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

Short-term employee benefits include items such as:
- Salaries and wages;
- short term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting

1.20.2. Leave pay

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

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entitlement that has accumulated at the reporting date. The liability is based on the total amount of leave days due to the employees at reporting date and on the basic salary of the employees.

1.20.3. Annual Bonus

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

The entity pays out an annual bonus to its employees during the month of December annually. A liability relating to the anticipated bonuses payable is raised and is based on the monthly basic salary of the individual.

1.21. Key Management Personnel

The entity recognises all forms of consideration given by the entity in exchange for service rendered by the Chief Executive Officer and the Chief Financial Officer.

1.22. Other income

Other income comprises of consideration received or receivable which are not classified as sale of arts and craft artefacts, interest, royalties and dividends or similar distributions. The entity recognises other income when it is probable that the economic benefit associated with the transaction will flow to the entity; and the amount of the other income can be measured reliably. The other income is measured at fair value of the consideration received or receivable.

1.23. Project expenses

Projects expenses relate to payments made to approved and funded beneficiaries for the implementation of arts development, film development and visual arts, craft and design projects. Payments are only made once all the required documents have been received and assessed as detailed in the approved funding agreement. These expenses are measured at the fair value of the amount paid in the period in which the amount was paid.

1.24. Other/General expenses

Other/General expenses relate to the operational expenses of the entity to conduct the overall operations of the entity, other than those expenses already referred to in the preceding paragraphs. These expenses are measured at the fair value of the amount incurred in the period in which the amount was incurred. The expenses are recognised when goods and/or services have been received by the entity.

1.25. Segment Reporting

A segment is an activity of an entity that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity); whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and for which separate financial information is available. ECPACC is managed as one segment and as such there is no separate segment disclosure.

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2. Property, plant and equipment

2026				2025		
	Cost	Accumulated depreciation	Carrying Amount	Cost	Accumulated depreciation	Carrying Amount
Plant and equipment	231,052	(231,052)	-	231,052	(231,052)	-
Computer equipment	643,434	(552,986)	90,448	573,749	(430,759)	142,990
Office equipment	1,122,278	(903,527)	218,751	1,122,278	(705,012)	417,266
Office furniture and fittings	415,344	(361,508)	53,836	417,415	(349,403)	68,012
Total	**2,412,108**	**(2,049,073)**	**363,035**	**2,344,494**	**(1,716,226)**	**628,268**

Reconciliation of property, plant and equipment - 2026

	Opening balance	Additions	Depreciation	Closing balance
Plant and equipment	-	-	-	-
Computer equipment	142,989	69,685	(122,227)	90,447
Office equipment	417,266	-	(198,515)	218,751
Office furniture and fittings	68,012	-	(14,176)	53,836
Total	**628,268**	**69,685**	**(334,918)**	**363,035**

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Depreciation	Closing balance
Plant and equipment	-	-	-	-
Computer equipment	187,550	56,607	(101,168)	142,989
Office equipment	617,268	-	(200,002)	417,266
Office furniture and fittings	82,076	-	(14,064)	68,012
Total	**886,894**	**56,607**	**(315,233)**	**628,268**

Pledged as security

No property, plant and equipment has been pledged as security.

There were no contractual commitments for the acquisition of Property, Plant and Equipment during the 2025/26 financial year.

No repairs and maintenance expenditure were incurred on Property, Plant and Equipment during the 2025/26 financial year (2024/25: R0).

During the year a 100% asset verification was conducted and the detailed asset register is available for inspection.

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3. Inventory

Finished goods	142,649	149,304
Total	**142,649**	**149,304**

Inventory comprises of arts and craft products purchased by the craft hub.

Pledged as security
No inventory has been pledged as security

4. Receivables

Exchange transactions		
Other receivables - Exchange transactions	578,864	458,864
Less: Impairment loss allowance	(578,864)	-
Total	**-**	**458,864**

Reconciliation of carrying amount

	2026			2025		
	Gross carrying amount	Impairment loss allowance	Net carrying amount	Gross carrying amount	Impairment loss allowance	Net carrying amount
Other receivables	578,864	(578,864)	-	458,864	-	458,864
	578,864	**(578,864)**	**-**	**458,864**	**-**	**458,864**

Reconciliation of impairment loss allowance

Opening balance	-	-
Impairment loss allowance recognised	578,864	-
Closing balance	**578,864**	**-**

Refer to Note 29 for disclosure of the change in accounting policy.

Non-exchange transactions		
Deposits/Prepayment - Non-exchange transactions (Non-current)	77,733	77,733
Transfers receivable - Non-exchange transactions (Current)	1,200,000	-
Total	**1,277,733**	**77,733**

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Exchange transactions - Current

Other receivables primarily relate to rental due from a crafter for the use of the craft hub for production.

Impairment loss allowance

Impairment loss allowance relates to the recognition of the 100% impairment loss on the long outstanding debtor at the Eastern Cape Craft Hub with no prospects of recovery of the outstanding balance at reporting date.

Non-exchange transactions - Non-Current

Deposit/Prepayment relates to the rental deposit of R77 733 held by Eastern Cape Development Corporation (ECDC) (Landlord) for premises currently occupied by the Eastern Cape Arts & Craft hub in Mthatha.

Transfers receivable relates to the amount to be transferred to the entity by the ECDC for film development training programme in respect of a signed Memorandum of Understanding (MoU) between the entity and the ECDC which was entered into before year-end, and the related invoice issued before year-end.

Trade and other receivables pledged as security

None of the trade and other receivables are pledged as security.

Credit quality of trade and other receivables

Based on analysis of historical data relating to poor payment history, the debtor's financial circumstances, numerous breaches of payment arrangements, zero collections during the year and after year-end, the entity's management considers all the above trade and other receivables from exchange transactions to be irrecoverable at reporting date due to significant increase in credit risk since initial recognition, and has provided 100% impairment loss allowance in respect of the total outstanding balance.

5. Cash and cash equivalents

Cash and cash equivalents consist of:		
Cash at bank	480,861	452,869
Cash on hand	7,094	8,710
Total	**487,955**	**461,579**

Administered funds balance at 31 March 2026 amounted to R333 344 (2024/25: R417 379). Refer to Note 7. Administered funds are not available for ECPACC's operational use.

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The Cash and cash equivalents at 31 March 2026 is primarily due to funds retained for ECPACC programmes and administered programmes.

Security

No cash and cash equivalents (or portions thereof) was pledged as security for any financial liability.

Credit quality of cash at bank (excluding cash on hand)

Management considers that all of the above cash and cash equivalent categories are of good credit quality. The maximum exposure to credit risk at the reporting date is the fair value of each class of cash and cash equivalent mentioned above.

6. Unspent conditional grant

Opening balance (Restated)	**8,964**	**5,102,683**
Add:		
Grants received during the year	-	8,000,000
Grants received - Film sector development	**-**	**8,000,000**
Grants available for the year	**8,964**	**13,102,683**
Less:		
Conditions met transferred to revenue	**-**	**13,093,719**
Operating expenditure (Film) - DSRAC	-	13,093,719
Closing balance (Restated)	**8,964**	**8,964**

Unspent conditional grant relates to the balance of the film sector development funding received from DSRAC which has not yet met all the conditions for the utilization of the grant at year-end. Funds received were spent in accordance with the terms and conditions detailed in the memorandum of agreement.

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7. Administered funds

Reconciliation of administered funds - 2026

	Opening Balance	Receipts during the year	Payments during the year	Closing Balance
Department of Arts and Culture	305,947	-	-	305,947
CSIR	109,298	-	(84,035)	25,263
National Arts Council	2,134	-	-	2,134
Total	**417,379**	**-**	**(84,035)**	**333,344**

Reconciliation of administered funds - 2025

	Opening Balance	Receipts during the year	Payments during the year	Closing Balance
Department of Arts and Culture	305,947	-	-	305,947
CSIR	-	371,481	(262,183)	109,298
National Arts Council	41,254	23,333	(62,453)	2,134
Total	**347,201**	**394,814**	**(324,636)**	**417,379**

Administered funds comprise of funds received/held on behalf of third parties where ECPACC makes payments on behalf of these third parties based on a memorandum of agreement between the parties.

8. Payables from exchange transactions

Accruals - Exchange transactions	226,147	198,161
Accrued employee benefit obligation - Exchange transactions	410,836	388,521
Sundry creditor - Exchange transactions	64,183	94,402
Payments due to crafters	145,926	153,231
Total	**847,092**	**834,315**

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities. Stringent cash management procedures are in place. These include cash flow forecasting.

The following table details the entity's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the entity can be required to pay. The table includes both estimated interest and principal cash flows. The non-exchange transactions are excluded from the liquidity risk.

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	31 March 2026 1-3 months	31 March 2025 1-3 months
Trade payables	64,183	94,402
Accruals	226,147	198,161

The entity did not default on any of the accounts payable.

9. Revenue

9.1 Revenue from exchange transactions

Sale of arts and craft	3,140	7,325

Revenue is generated from the sale of arts and crafts products at the craft hubs.

9.2 Revenue from non-exchange transactions

Equitable share	23,239,000	14,375,000
Conditional Grant - Film Stimulus Funding	-	13,093,719
Other transfers	1,200,000	-
Total	**24,439,000**	**27,468,719**

Funds received were spent in accordance with the terms and conditions detailed in the memorandum of agreement. In respect of the conditional grant, revenue has been recognised to the extent of expenditure incurred and the conditions met.

9.3 Other income

Insurance proceeds	5,349	13,524
Rental of craft hub	120,000	120,000
Other	-	278,633
Total	**125,349**	**412,157**

10. Cost of sales

Cost of goods sold	6,655	6,360

11. Operating surplus

Operating surplus for the period is stated after accounting for the following:		
Rental in respect of operating leases	1,608,773	1,433,362
Depreciation	334,918	315,233
Expected credit losses	120,000	-
Employee benefits	9,144,930	8,666,354
Project expenses	7,110,039	14,691,273
Repairs and maintenance	23,449	7,499
Travel and subsistence	171,441	133,093

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Employee benefits relate to salary costs for staff located at ECPACC Head Office and Eastern Cape Arts and Craft Hub. At 31 March 2026, 17 staff members were in the employ of the entity. There were no new appointments or resignations in the year under review.

Project expenses relate to the entity's arts and culture projects that are funded from the equitable share and the film development projects that are also funded from the equitable share.

Project expenses		
Project expenses funded from the equitable share	7,110,039	1,597,554
Project expenses funded from the conditional grant	-	13,093,719
Total	**7,110,039**	**14,691,273**

Rental expenses relate to the payments in respect of the operating lease for the rental of office premises for both the Head Office and the Eastern Cape Craft Hub.

12. Finance income

Interest on		
- Cash and bank deposits	394,412	284,921

13. Auditors' remuneration

Statutory audit	1,187,067	1,317,307

The annual financial statements of ECPACC are audited by the Auditor General of South Africa.

14. Reconciliation of net cash flows from operating activities

Surplus/ (Deficit) for the year	1,025,746	(1,533,325)
Adjustments for:		
Depreciation	334,918	315,233
Movements in administered funds	(84,035)	70,178
Movements in unspent conditional grant	-	(7,084,095)
Movement in employee benefit obligation	22,316	66,739
Expected credit losses	120,000	-
Other income		(8,016)
Other non-cash items	-	(5,508)
Effects of restatements for prior years (non-cash)	-	(1,934,476)
Changes in working capital		
Inventory	6,656	6,360
Trade and other receivables - Exchange and non-exchange transactions	(1,320,000)	8,683,561
Trade and other payables	(9,538)	115,523
Net cash inflow/(outflow) from operating activities	**96,063**	**(1,307,826)**

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15. Operating lease arrangements

Lessee - Office premises

At the reporting date the entity had outstanding commitments under non-cancellable operating leases, which falls due as follows:

Up to 1 year	393,008	1,064,473
2 to 3 years	-	-
More than 3 years	-	-
Total	**393,008**	**1,064,473**

On 1 April 2024 the entity took over the lease for office accommodation from the Department of Public Works and Infrastructure (DPWI) which expired on 31 March 2026. The lease was extended for a further period of 5 months up to 31 August 2026, while the preparation of the new office premises is currently in progress.

No contingent rent is payable.

16. Councillors' emoluments

The following emoluments were paid to the councillors for services rendered during the year:

Non-executive – 2026

Surname	Initials	Travel & Disbursements	Sitting fee	Total
Zitumane	PG	1,000	15,690	16,690
Tonise	B	800	13,335	14,135
Mshudulu*	V	360	-	360
Jongilanga	N	4,020	106,669	110,689
Mzanywa	M	9,202	83,542	92,744
Mbikahlobo	L	720	19,440	20,160
Mtimde	L	15,845	116,640	132,485
Loyilane	P	3,600	101,088	104,688
Potelwa	S	3,600	93,312	96,912
Khewu	N	720	23,328	24,048
Mkiva	Z	2,880	73,873	76,753
Kepe	L	2,880	85,536	88,416
Tys	N	13,083	81,648	94,731
Sikhuthali	O	2,520	62,208	64,728
Hobongwana	P	2,160	54,432	56,592
Mafani	M	6,043	73,872	79,915
Mnqandi	P	2,520	73,872	76,392
Ngaba	S	6,108	69,984	76,092
Loqo-Deyi	T	2,880	77,760	80,640
Total		**80,940**	**1,226,229**	**1,307,169**

*Mr V Mshudulu is a non-remunerated member who is only reimbursed for subsistence, travel and connectivity expenditure incurred in performing his duties as a Council member.

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The term of the previous Council ended on 31 May 2025 and the new Council commenced on 1 June 2025.

Non-executive - 2025

Surname	Initials	Travel & Disbursements	Sitting fee	Total
Zitumane	PG	12,813	80,695	93,508
Tonise	B	2,720	84,455	87,175
Mshudulu*	V	2,880	-	2,880
Jongilanga	N	4,937	120,512	125,449
Mzanywa	M	4,370	85,528	89,898
Mbikahlobo	L	4,540	89,408	93,948
Mtimde	L	3,600	116,624	120,224
Loyilane	P	3,240	87,096	90,336
Potelwa	S	5,597	97,184	102,781
Khewu	N	4,628	93,296	97,924
Total		**49,324**	**854,798**	**904,121**

*Mr V Mshudulu is a non-remunerated member who is only reimbursed for subsistence, travel and connectivity expenditure incurred in performing his duties as a Council member.

The term of the previous Council ended on 31 May 2025 and the new Council commenced on 1 June 2025.

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17. Employee benefit costs

Basic salary	6,840,536	6,521,635
13th cheque	579,204	551,725
Back pay	169,616	127,451
Acting allowance	47,782	29,180
Housing allowance	346,800	265,200
Medical-aid allowance	203,744	197,520
Pension allowance	889,270	847,812
Unpaid leave	(4,769)	-
Unemployment Insurance Fund	34,728	32,091
Movement in employee benefit accruals	20,055	66,739
Stipend	7,600	27,000
Casual wages	10,364	-
Total	**9,144,930**	**8,666,354**

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Senior management's emoluments

Chief Executive Officer - Mr MV Nkasawe		
Basic salary	1,384,916	1,327,897
13th cheque	116,945	112,339
Back pay	23,219	22,794
Housing allowance	20,400	15,600
Medical aid allowance	12,168	12,168
Unemployment Insurance Fund	2,125	1,836
Leave & 13th cheque accrual	95,629	85,262
Pension allowance	180,039	172,627
TOTAL	**1,835,441**	**1,750,523**

Figures in Rand

Chief Financial Officer - Mr SB Mtintso		
Basic salary	1,138,628	1,091,749
13th cheque	96,148	92,361
Back pay	19,516	18,740
Housing allowance	20,400	15,600
Medical-aid allowance	12,168	12,168
Pension allowance	148,022	141,927
Unemployment Insurance Fund	2,125	1,856
Leave & 13th cheque accrual	23,817	38,680
TOTAL	**1,460,824**	**1,413,082**

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18. Reconciliation of budget surplus with the statement of financial performance

The entity's main budget of R23 833 000 was tabled in the Eastern Cape Provincial Legislature. The Eastern Cape has a total of eleven public entities listed in Schedule 3 of the Public Finance Management Act 1 of 1999 (PFMA), as amended and are included in the approved budget for public entities.

The annual financial statements have been prepared on an accrual basis and in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

	Approved	Adjustments	Final	Actual	Variance
REVENUE					
Revenue from exchange transactions	-	-	-	3,140	3,140
Interest received	176,000	-	176,000	394,412	218,412
Revenue from non-exchange transactions	23,239,000	971,824	24,210,824	24,439,000	228,176
Other non-tax revenue	418,000	-	418,000	125,349	(292,651)
Sub-total	**23,833,000**	**971,824**	**24,804,824**	**24,961,901**	**157,077**
EXPENSES					
Employee benefit costs	8,600,000	512,526	9,112,526	9,144,930	32,404
Depreciation and amortisation	-	-	-	334,918	334,918
Expected credit losses	-	-	-	120,000	120,000
Project expenses	9,281,700	(673,449)	8,608,251	7,110,039	(1,498,213)
Other expenses	5,951,300	1,132,746	7,084,046	7,226,268	142,222
Sub-total	**23,833,000**	**971,824**	**24,804,824**	**23,936,155**	**(868,669)**
SURPLUS FOR THE YEAR					**1,025,746**

Explanation for material differences:

Revenue from exchange transactions

The low value for sale of arts and craft artefacts resulted from the closure of the Amathole Craft Hub and Chris Craft Hub and the fact that most stock sold during the year is consignment stock.

Revenue from Non- Exchange Transactions

Revenue recognised is due to the equitable share received and the revenue recognised in respect of the film development training programme.

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Interest earned

Increase in the interest revenue resulted from the positive bank balance maintained throughout the year.

Other non-tax revenue

Decrease in actual non-tax revenue recognised resulted from in-kind partnerships secured during the year which did not translate to funds in the bank.

Projects expenses

The difference in projects expenses is primarily attributable to the non-cash provision made during the year in the adjusted budget for receipt of expenditure reports for prior years and non-compliance by funded beneficiaries due to late reporting, which delays the disbursement of the remaining funds to the following year through a roll-over.

Depreciation

Depreciation is a non-cash item which relates to the annual reductions of the asset values.

Expected credit losses

These are losses recognised in respect of receivables from exchange transactions which are not recoverable at reporting date.

19. Related parties and related party transactions

Eastern Cape Development Corporation (ECDC)

Transactions with Eastern Cape Development Corporation for the year under review are as follows:

Eastern Cape Arts & Craft Hub (Rental payments to ECDC)	498,643	442,448
Transfer receivable (In respect of a partnership agreement for film development training programme)	1,200,000	-

Department of Sports, Recreation, Arts and Culture (DSRAC)

The Eastern Cape Provincial Arts & Culture Council receives grant funding from DSRAC which is the parent department of the entity and the sole funder of the entity's operations. A total of R23 239 000 (2024/25: R22 375 000) in transfers were received from DSRAC during the year under review.

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Sale transactions with Government Institutions

The Eastern Cape Provincial Arts & Culture Council hub sells arts and crafts to various government institutions. These sale transactions were concluded within normal operating procedures and on terms that were no more or no less favourable than the terms it would use to transact with any other entity or person. Sales for the 2025/26 financial year are immaterial in the context of the entity's operations and funding.

Compensation of councillors and key management personnel

The compensation of councillors and key management personnel is set out in Notes 16 and 17 to the annual financial statements respectively.

Related party relationship

During 2025/26 financial year there were no transactions with institutions controlled by members of the Council or Key Management Personnel. (2024/25: None)

20. Irregular expenditure

Irregular expenditure – current year There was no irregular expenditure in the current year and prior year.	-	-

21. Fruitless and wasteful expenditure

There was no fruitless and wasteful expenditure in the current year and prior year.	-	-

22. Consignment stock held

During the year ECPACC held consignment stock to sell on behalf of crafters as follows:		
Consignment stock	**487,665**	**605,071**

Note:
From time to time, the entity enters into consignment stock agreements with crafters to sell arts and craft products on behalf of crafters and this stock is separately kept from ECPACC stock and is disclosed as consignment stock in the annual financial statements of the entity. Sales made from selling consignment stock are paid over to the stock owner in terms of the signed sale agreement. The entity does not withhold a management fee on sale of the consignment stock as these sales are immaterial. Therefore, the movement in consignment stock is due to sales or stock being taken back by its owner, and the agreement is updated accordingly.

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23. Risk Management

Nature and extent of risks arising from financial instruments

Qualitative and quantitative disclosures

Overview

The entity is exposed to the following risks:

- Financial Management Risk;
- Liquidity risk;
- Credit risk; and
- Market risk (interest rate risk)

The Council/accounting authority of the entity has overall responsibility for the establishment and oversight of the entity's risk management framework. The accounting authority has established an audit and risk committee, which is responsible for developing and monitoring the entity's risk management policies. The committee reports quarterly to the accounting authority on its activities.

The entity's risk management policies are established to identify and analyse the risks faced by the entity, to set appropriate risk tolerance limits and controls, and to monitor risks and adherence to tolerance limits. Risk management policies and systems are reviewed regularly to reflect changes in conditions and the entity's activities.

Financial Risk Management

The entity’s activities expose it to a variety of financial risks: market risk (including currency risk), credit risk and liquidity risk. The Council has overall responsibility for the establishment and oversight of the entity's risk management framework. The entity's risk management policies are established to identify and analyse the risks faced by the entity to set appropriate risk limits. The finance office monitors and manages the risks relating to the operations through internal policies and procedures.
These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by internal auditors on a continuous basis and annually by external auditors. Internal audit is responsible for reviewing a control framework and reports periodically to the entity's Council through the Audit and Risk Committee. The Audit and risk Committee is an independent body that monitors the effectiveness of the internal audit function. It is the responsibility of the management to monitor and respond to potential risk.

Liquidity Risk

The Council manages liquidity risk through an ongoing review of future commitments. Cash flow forecasts are prepared and monitored on a quarterly basis.

Liquidity risk is also managed through executing the entity's programmes strictly in terms of its approved budget and the Annual Operational Plan (APP) and the Annual Operational Plan (AOP). The liquidity risk is further managed through the effective implementation of the budget monitoring controls and the effective cost containment measures, as issued by the National and Provincial

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Treasury. Quarterly financial reports are prepared, and these are subject to independent reviews by the internal audit, Audit and Risk Committee, Finance and Fundraising Committee, the Council, DSRAC and the ECPT. All expenditure discrepancies identified are immediately resolved and internal controls are strengthened. The effectiveness of internal controls is independently reviewed by the internal auditors.

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

At 31 March 2026	Less than 1 year	Between 2 to 5 years
	778,564	**-**
Payables from exchange transactions	436,256	-
Administered funds	333,344	-
Unspent conditional grants	8,964	-

At 31 March 2025	Less than 1 year	Between 2 to 5 years
	872,137	**-**
Payables from exchange transactions	445,794	-
Administered funds	417,379	-
Unspent conditional grants	8,964	-

Credit Risk

Scope and objectives

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the entity. The entity's credit risk management objective is to minimise the risk of financial loss arising from the inability of counterparties to meet their contractual obligations.

Credit risk consists mainly of cash deposits, cash equivalents and receivables from exchange transactions. The entity manages credit risk in its investing and operating activities by only dealing with well-established financial institutions of high credit standing and by:

- Actively monitoring payment performance through monthly ageing reports;
- Segmenting debtors by risk profile for ECL modelling;
- Enforcing contractual arrangements; and
- Using external credit ratings for assessing risk of cash with financial institutions.

Credit risk is measured using the expected credit loss model (ECL), which incorporates probability of default, loss given default and exposure at default, adjusted for forward-looking information.

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The entity only deposits cash with a major bank with high credit standards and therefore has no concentration of credit risks. Other Receivables from exchange transactions relate mainly to the rent receivable as a result of the leasing of extra office space.

During the period under review, there has been significant changes in the entity's exposure to credit risk as it relates to other receivables from exchange transactions (Sundry debtors) and an impairment loss allowance equalling the lifetime expected credit losses was consequently recognised in respect of the sundry debtors.

Management evaluates credit risk relating to receivables on an ongoing basis.

The entity measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The entity assesses its exposure to credit risk by conducting various in-year detailed analysis and reviews of all its financial assets and also at reporting date by using the available past and current information to analyse the behavioural patterns and ageing of each account.

The credit risk is further managed through the effective implementation of the Debt Management Policy, reconciliations and preparation of quarterly financial reports which are subject to independent reviews by the internal audit, Audit and Risk Committee, Finance and Fundraising Committee, the Council, DSRAC and the ECPT. All discrepancies identified are immediately resolved and internal controls are strengthened. The effectiveness of internal controls is independently reviewed by the internal auditors.

The credit management practice

To determine expected credit losses, the entity uses a combination of:

- Historical payment patterns;
- Current conditions; and
- Forward-looking information

The entity assesses whether credit risk has increased significantly since initial recognition by considering:

- Deterioration in payment patterns;
- Counterparty's financial position;
- Days past due; and
- Changes in contractual terms or disputes.

A rebuttable presumption is applied that credit risk has increased significantly when amounts are more than 30 days past due.

The entity defines default as:

- Situations where there is objective evidence that the counterparty is unlikely to settle the obligation in full.

This definition is consistent with internal credit risk management practices and reflects the point at which recovery is considered doubtful.

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Notes to the Annual Financial Statements for the year ended 31 March 2026

Financial assets are grouped based on similar credit risk characteristics.

Financial assets are considered credit impaired when:

- There is significant financial difficulty of the counterparty;
- There is a breach of contract;
- Recovery is unlikely

The entity assesses the credit risk rating of cash and cash equivalents by using the latest published credit ratings from Moody's. The entity considers cash and cash equivalents to have a low credit risk when the credit risk rating is Baa3 or higher. In such cases, expected credit losses are determined to be nil and no impairment is recognised.

The carrying amount of financial assets recorded in the annual financial statements, which is net of impairment losses, represents the entity's maximum exposure to credit risk.

The entity applies a provision matrix to measure expected credit losses on receivables. This approach uses historical loss experience, applied to ageing categories, and is reviewed at each reporting date.

The impairment calculation is performed as follows:

Step 1: Segmentation of Receivables

Outstanding receivables are grouped based on similar credit risk characteristics, specifically by receivable type:

- Other debtors

This segmentation ensures consistency and comparability in loss estimation. Segmentation was not specifically applicable in the period under review as there was only one receivables category.

Step 2: Historical Payment Profile

For each group and ageing bucket, the probability of repayment is calculated by dividing the total value of payments received over the selected term by the total outstanding balances. For purposes of determining payment history, payment date from 1 April 2024 up to the reporting date has been utilized.

Step 3: Historical Loss Rate

The likelihood that a receivable will remain unpaid is estimated using historical payment outcomes, assessing the likelihood that a debtor will ultimately fail to settle their balance. These probabilities are derived from historical payment patterns and applied to each exposure group.

Step 4: Adjustment for Current and Forward-Looking Information

GRAP 104 (Revised) requires considering current conditions and reasonable, supportable forward-looking information in estimating expected credit losses. Based on the detailed assessment of the debtor's circumstances at initial recognition, reporting date and post year-end, it was concluded that there is significant evidence to suggest that current or forward-looking economic conditions materially impact debtor payment behaviour beyond what is reflected in the historical data. Such forward-looking factors included the consideration of post year-end

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collections. The discounting of impairment values is not considered necessary as the impact is immaterial.

Step 5: Calculation of Expected Credit Loss

The expected loss rates are applied to the ageing profile of receivables at the reporting date to determine the total expected credit loss (ECL) amount.
The carrying amount of the receivables is reduced through the use of an allowance account with the movement (impairment loss or gain) being recognised in surplus or deficit.

The Council applies the Expected Credit Loss (ECL) model in terms of GRAP 104 (Revised) to measure impairment on financial assets carried at amortised cost, recognising lifetime expected credit losses for receivables based on historical payment patterns, debtor-specific factors and forward-looking information. In determining the ECL, management applies significant judgement in assessing probabilities of default, segmentation of receivables and the impact of macroeconomic conditions, sector-specific risks, legal enforceability and post-reporting date collections. Although historical data forms the basis of the model, management has considered current and anticipated economic conditions, which may affect the recoverability of receivables, particularly for aged balances. The ECL is sensitive to changes in these assumptions and may result in increased volatility in impairment charges in future periods. Limitations in data and the inherent uncertainty in forward-looking estimates may result in actual credit losses differing from those recognised, however these assumptions and methodologies are reviewed to ensure they remain appropriate and reasonable.

The following table summarises the entity's maximum exposure to credit risk, generally the carrying amount, without taking into account of collateral or other credit enhancements:

	2026	2025
Cash and cash equivalents	487 955	461 579
Receivables from exchange transactions	-	458 864
Total	**487 955**	**920 443**

The following table summarises the carrying amount of receivables from exchange transactions per credit risk rating category as at 31 March 2026:

	Loss rate	Gross carrying amount	Loss allowance
Other/Sundry debtors	100%	578 864	578 864

Other/Sundry debtors relate to the long outstanding balance that is owed by a tenant for the rental of the entity’s excess space at the Eastern Cape Craft Hub. The loss rate is assessed at 100% for this balance as it is more than 90 days past due.

The following table provides information about the exposure to credit risk and ECLs for cash and cash equivalents as at 31 March 2026

Institution	Account type	Gross carrying amount	Impairment loss allowance
First National Bank	Current account	480 861	-

Due to the short-term nature of cash and cash equivalents, the estimated loss rate is immaterial, consequently no impairment losses have been recognised.

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Market Risk

Interest Rate Risk

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes. As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

24. Financial Instruments

The entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

31 March 2026

	Amortised Cost
Financial Assets	
	487,955
Cash and cash equivalents	487,955
Receivables from exchange transactions	-
Financial Liabilities	**769,600**
Payables from exchange transactions	436,256
Administered funds	333,344

31 March 2025

	Amortised Cost
Financial Assets	
	920,443
Cash and cash equivalents	461,579
Receivables from exchange transactions	458,864
Financial Liabilities	**863,173**
Payables from exchange transactions	445,794
Administered funds	417,379

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25. Other expenses

Accommodation and travelling	918,798	686,388
Accounting fees	39,101	27,372
Advertising & promotion	48,434	23,703
Auditors' remuneration - Internal	167,807	156,180
Auditors' remuneration - External	1,187,067	1,317,307
Bank charges	27,505	24,200
Catering	17,362	5,288
Cleaning and teas	25,828	17,690
Computer expenses	5,682	6,895
Consumables	17,077	-
Cost of sales	6,655	6,360
Councillors' remuneration	1,307,169	904,121
Facilitation of training & development Workshop	-	72,000
Insurance	196,383	184,429
Lease rentals on operating lease	1,608,773	1,433,362
Postage and courier	2,096	4,214
Printing and stationery	210,573	149,995
Professional fees	814,822	435,016
Repairs and maintenance	23,449	7,499
Security	8,775	6,390
Subscription	29,306	3,837
Connectivity fees	6,670	5,805
Licence fees	18,488	17,606
Telephone and fax	164,120	327,167
Travel and subsistence	171,441	133,093
Water, electricity and sanitation	39,864	28,800
Donation	113,023	22,000
Public art installation fees	50,000	26,870
Total	**7,226,268**	**6,033,587**

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26. Prior period error adjustments

During the current financial year, the entity discovered that it has been incorrectly accounting for projects payments made to approved beneficiaries by recognising prepaid projects expenses in respect of outstanding projects expenditure utilisation reports at year-end from the approved beneficiaries for the approved and disbursed funds. Upon reconciliation of the requirements of GRAP standards, specifically relating to the definition and recognition of assets and expenditure and the grant funding agreements, it was concluded that the entity should recognise expenditure as soon as the payment is made, as the entity does not have a history of enforcement of the repayment provisions contained in the funding agreements relating to the breach of the funding agreement.

It was also concluded that the non-submission of projects expenditure reports on its own does not constitute a breach of a grant funding agreement, unless an extensive audit of the projects' funds utilisation is conducted per project to identify the project expenditure utilisation breaches.

This error was corrected by derecognising the entire prepaid projects expenses and recognition of projects expenditure for all projects payments made. Projects expenditure in respect of periods prior to 2024/25 financial year was recognised against the opening balance of the accumulated surplus. In respect of the projects' expenditure for the film stimulus funding conditional grant received, the provisions of GRAP 23 were applied accordingly. All the other errors were corrected in terms of GRAP 3.

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

STATEMENT OF FINANCIAL POSITION

2024-25

	AS PREVIOUSLY REPORTED	CORRECTION OF ERROR	RESTATED
RECEIVABLES (N1)	5,057,416	(4,598,552)	458,864
UNSPENT CONDITIONAL GRANT (N2)	(2,499,340)	2,490,376	(8,964)
NET EFFECT ON STATEMENT OF FINANCIAL POSITION	**2,558,076**	(2,108,176)	**449,900**

STATEMENT OF CHANGES IN NET ASSETS

2024-25

	AS PREVIOUSLY REPORTED	CORRECTION OF ERROR	RESTATED
ACCUMULATED SURPLUS (N3)	(2,623,264)	2,108,176	(515,088)

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STATEMENT OF FINANCIAL PERFORMANCE

2024-25

	AS PREVIOUSLY REPORTED	CORRECTION OF ERROR	RESTATED
REVENUE FROM NON-EXCHANGE TRANSACTIONS (N4)	26,968,719	500,000	27,468,719
PROJECTS EXPENSES (N5)	(14,017,573)	(673,700)	(14,691,273)
NET EFFECT ON SURPLUS/(DEFICIT) FOR THE YEAR (N6)	**12,951,146**	**(173,700)**	**12,777,446**

Cashflow Statement

There was no effect on the overall presentation of the Cashflow Statement as the cashflows in respect of the projects' expenditure were already correctly accounted for in the period in which they occurred.

The following items were restated in the reconciliation note to the net cash flows from operating activities:

2024-25

	As previously reported	Correction of error	Restated
Surplus/(Deficit) for the year (N6)	(1,359,625)	(173,700)	(1,533,325)
Adjusments for:			
Movements in unspent conditional grant (N2)	(4,593,719)	(2,490,376)	(7,084,095)
Effects of restatements for prior years (N7)	-	(1,934,476)	(1,934,476)
Changes in working capital			
Trade and other receivables - Exchange and non-exchange transactions (N1)	4,085,009	4,598,552	8,683,561
	(1,868,335)	-	**(1,868,335)**

N1 - Trade and other receivables have been restated with the derecognition of the projects' prepayments.

N2 - Unspent conditional grants have been restated with the recognition of projects payments for film stimulus funding.

N3 - Accumulated surplus has been restated with the recognition of projects payments for both arts and culture projects and also film stimulus funding for prior years and current year, which were previously included in projects prepayments. This also included the recognition of corresponding revenue in respect of the film stimulus funding conditional grant, in terms of GRAP 23. This restatement comprises a total restatement of R1 934 476 to the opening balance and R173 700 restatement on the closing balance.

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N4 - Revenue from non-exchange transactions has been restated with the revenue in respect of the project payment made in the current year, which was previously treated as a project prepayment. This payment was made from the film stimulus funding and has therefore been accounted for in terms of GRAP 23.

N5 - Projects expenses have been restated with the projects payments made in the current year, which were previously treated as projects prepayments.

N6 - Deficit for the year has been restated with the net effect of the revenue recognised from non-exchange transactions in respect of the project payment made during the year in terms of GRAP 23 and also the projects payments made during the year which were previously treated as projects prepayments.

N7 - This relates to the net effect of the restatements to opening balances in respect of the prior years' projects expenditure for arts development projects and film development projects and the prior years' revenue recognised in respect of the conditions met on the conditional grant.

Other Notes and Disclosures

All the relevant notes and disclosures were updated to reflect the effects of the above restatements.

27. Going Concern

Management took into account all available information at 31 March 2026 and concludes that the entity will be able to operate as a going concern over the twelve-month period ending 31 March 2027.

This assumption takes into account the legislated funding commitment endorsed by the Eastern Cape Provincial Legislature and documented in the Eastern Cape Estimates for Public Entities of Revenue and Expenditure 2026/27 booklet issued by the Eastern Cape Provincial Treasury (ECPT). This booklet affirms a multi-year transfer of funds to ECPACC to ensure that the entity is able to continue its operation at least up to and including 2028/29 financial year.

28. Events after the reporting date

Management is not aware of any events after the reporting date that require disclosure at 31 March 2026.

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29. Change in Accounting Policy

The following change in accounting policies occurred:

GRAP 104 Financial Instruments (Revised effective 1 April 2025)

The entity did not restate the prior periods presented in respect of the GRAP 104 implementation on 1 April 2025 but expected credit losses were recorded against accumulated surplus through the statement of changes in net assets.

For the purposes of classifying its financial instruments, the entity assessed the objective of its management models for financial assets based on the facts and circumstances that existed on 1 April 2025. The classification was applied retrospectively, irrespective of the entity's management model.

The entity measured the impairment losses using the expected credit losses on 1 April 2025.

The nature and effect of the key changes to the accounting policies resulting from the adoption of GRAP 104 (Revised) on 1 April 2025 are summarised below:

Financial assets

	Measurement category		Carrying Amount	
	Previous Classification	New Classification	Previously Recognised amount	GRAP 104 Revised amount
Financial assets classes				
Receivables from exchange transactions	Amortised cost	Amortised cost	458 864	-
Cash and cash equivalents	Fair value	Amortised cost	461 579	461 579
Total			**920 443**	**461 579**

Cash and cash equivalents were reclassified to amortised cost to better align with the entity's model and objective for holding cash balances.

The fair value at date of reclassification was determined as the quoted bank balances by the banking institution.

Interest is recognised as income earned on cash and cash equivalent balances in surplus/deficit and is disclosed in Note 12.

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Financial liabilities

	Measurement category		Carrying Amount	
	Previous Classification	**New Classification**	**Previously recognised amount**	**GRAP 104 Revised amount**
Financial liability classes				
Payables from exchange transactions	Amortised cost	Amortised cost	445 794	445 794
Administered funds	Amortised cost	Amortised cost	417 379	417 379
Total			**863 173**	**863 173**

The table below reconciles the carrying amounts of the financial assets under GRAP 104 (2009) to the new carrying amounts under GRAP 104 (Revised and effective on 1 April 2025) on 1 April 2025:

	Previous Carrying amount	**Reclassifications**	**Changes in measurement**	**GRAP 104 Revised amount**
Financial asset classes				
Receivables from exchange transactions	458 864	-	(458 864)	-
Cash and cash equivalents	461 579	-	-	461 579
Total	**920 443**		**(458 864)**	**461 579**

Reconciliation of impairment loss allowance

Previously stated	-
Change in accounting policy	(458 864)
Restated impairment loss allowance	**(458 864)**

Financial liabilities

There were no changes in the carrying amounts of financial liabilities due to either reclassification or changes in measurement.

30. Expected credit losses

Expected credit losses – Receivables from exchange transactions	120 000	-

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