Northern Cape Liquor Board

ANNUAL REPORT 31 MARCH 2020

"It always seems impossible until it's done" Nelson Mandela

Table of Contents

Part A: General Information 4

1. Public entity's general information 5
2. List of Abbreviations/Acronyms (if applicable) 6
3. Foreword by the Chairperson 7
4. Chief Executive Officer's overview 8-10
5. Statement of responsibility and confirmation of the accuracy of the annual report 11
6. Strategic overview 12

6.1 Vision 12

6.2 Mission 12

6.3 Values 12

7. Legislative and other mandates 13-14
8. Organisational structure 15-16

Part B: Performance Information 17

1. Auditor-General's Report: Predetermined Objectives 18

2. Situational analysis 18

2.1 Service Delivery Environment 18

2.2 Organisational Environment 19

2.3 Key Policy Developments and Legislative Changes 19

2.4.1 Strategic outcome oriented goals 20

3. Performance information by programme/activity/objective 21

3.1 Programme 1: Administration 21

Sub-Programme1.1: The Board 21-24

Sub-Programme1.2: Office of CEO 25-26

Sub-Programme1.3: Corporate Services (Finance & Hr) 27-30

3.2 Programme 2: Licensing 31-37

3.3 Programme 3: Compliance and Awareness 38-40

4. Revenue collection 41

Part C: Governance 42

1. Introduction 43
2. Portfolio Committees 43
3. Executive Authority 43
4. The Accounting Authority/The Board 43-45
5. Risk Management 45
6. Internal Control Unit 45
7. Internal Audit and Audit Committees 46
8. Compliance with laws and regulations 46
9. Fraud and Corruption 46
10. Minimising conflict of interest 46
11. Code of Conduct 47
12. Health, Safety and Environmental Issues 47
13. Company Secretary (if applicable) 47
14. Social Responsibility 47
15. Audit Committee Report 47

Part D: Human Resource Management 48

1. Introduction 49
2. Human Resources Oversight Statistics 49-51

Part E: Financial Information 52

Report of the External Auditor 53-60

Annual Financial Statements 61-101

16. Annexures

a. Annexure A: Report of the Audit Committee 102-106

b. Annexure B: Report of the HR, Finance and Risk Committee 107-108

c. Annexure C: Report of the LLC Committee 109-110

PART A: GENERAL INFORMATION

Northern Cape Liquor Board

1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME:	Northern Cape Liquor Board
REGISTRATION NUMBER (if applicable):	None (PFMA Schedule 3C Entity)
PHYSICAL ADDRESS:	6 De Beers Road Kimberley 8301
POSTAL ADDRESS:	Private Bag X5027 Kimberley 8301
TELEPHONE NUMBER/S:	087 310 5318
FAX NUMBER:	053 - 831 2597 / 2646
EMAIL ADDRESS:	nclbpaceo@gmail.com
WEBSITE ADDRESS:	None
EXTERNAL AUDITORS:	Auditor General of South Africa
BANKERS:	Standard Bank of South Africa Limited

2. LIST OF ABBREVIATIONS/ACRONYMS

AGSA	Auditor General of South Africa
MEC	Member of Executive Council
BBBEE	Broad Based Black Economic Empowerment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
PFMA	Public Finance Management Act
TR	Treasury Regulations
MTEF	Medium Term Expenditure Framework
SMME	Small Medium and Micro Enterprises
SCM	Supply Chain Management
NCLB	Northern Cape Liquor Board
DEDaT	Department of Economic Development and Tourism
SAPS	South African Police Service
DPO	Designated Police Officer
SP	Strategic Plan
APP	Annual Performance Plan
OP	Operational Plan
AFS	Annual Financial Statements
AR	Annual Report
CAFS	Consolidated Annual Financial Statements
NLA	National Liquor Authority
GRAP	Generally Recognised Accounting Practice
NT	National Treasury
PT	Provincial Treasury
Sec	Section
SONA	State of the Nation Address
SOPA	State of the Province Address
NCPGDS	Northern Cape Provincial Growth and Development Strategy
HR	Human Resource
NLPC	National Liquor Policy Council
NCLA	Northern Cape Liquor Act, Act 2 of 2008
LLCC	Legal, Licensing and Compliance Committee
HRFRC	Human Resource, Finance and Risk Committee

3. FOREWORD BY THE CHAIRPERSON

It is with pleasure that I present my last Annual Report as my term comes to an end in this year 30 September 2020. On behalf of the Northern Cape Board I am satisfied that the Board has been able to continue providing cohesive and strategic oversight in the delivery of the organisation's Annual Performance Plan (APP).

I sincerely trust that you will find the Annual Report informative as its purpose is to give a clear account of the NCLB's performance in line with its legislative mandate, and reflect on some of the key achievements and challenges experienced during the period under review. It can be observed from this Report that the NCLB continued to make great strides in terms of fulfilling its mandates as provided in the Northern Cape Liquor Act No 2 of 2008 during the year under review.

The challenges faced by board we have is sought to improve the regulation of the liquor industry in the Province and in order realise this objective our shareholder (Department of Economic Development and Tourism) embarked on the powers of reviewing the NCLB Act No 2 of 2008 in order to aligned with the current trends. If we achieve this process will further permit us to remain committed to influencing the process that will potentially transform industry in its entire in the Northern Cape Province.

In terms of the Medium to term goals of the entity, firstly is to make sure that the entity received adequate budget allocations in order to address its strategic goals and its objectives. Our medium- and long-term goals will be driven by this concept we believe that this legislation strikes for balance between the economic imperative of the sale of alcohol in the Province and economy that this does not have an adverse impact on the communities.

The NCLB continued to develop and strengthen existing partnerships with a variety of stakeholders to the tide of alcohol abuse in our Province and Country.

In closing I would like to thank the NCLB Acting CEO, the management team and staff for their co-operation, hard work, dedication, commitment and support in further developing and maintaining the work of NCLB. I would especially like to express my appreciation for the support from the office of the MEC of Economic Development and Tourism. We are very pleased to welcome Honourable Abraham Vosloo our New MEC and look forward to working closely with him to contribute towards an effective and efficient regulated liquor industry in the Province. I would like to thank our Portfolio Committee for their relentless guidance and engagement.

Lastly, I wish to acknowledge the NCLB Board Members for its outstanding leadership and all NCLB stakeholders who are always part of this great journey.

ADV. A SIA
CHAIRPERSON
Northern Cape Liquor Board
Date: 31 July 2020

4. CHIEF EXECUTIVE OFFICER'S OVERVIEW

It is my pleasure to present the Annual Report of Northern Cape Liquor Board (NCLB) for the 2019/20 financial year. The 2019/20 financial reporting period is again evidence of the commitment of the NCLB towards its mandate, to regulate the liquor industry in the Northern Cape and perform against the predetermined performance indicators as per approved annual performance plan.

4.1 General financial review of the public entity.

For the year under review, the NCLB receive a transfer payment from The Department of Economic Development and Tourism amounting to R13,309,000.00. In direct allocation as service in kind from Northern Cape Provincial Treasury (Internal Audit Services) amounting to R 267,131.26. This is the cost for rendering the service of internal audit and share audit committee.

For the period 01 April 2019 to 31 March 2020, a total licenses fees were collected by Department of Economic Development and tourism on the behalves on NCLB, amounting to R 4,129,797.00. This is comprised mainly with applications fees, new license fees, annual renewal fees and penalties on annual renewal fees.

Matrix on licenses renewals

YEAR	*RENEWED LICENSES*	*LAPSED LICENSES*
2019/2020	***1724***	***54***
2018/2019	***1788***	***121***
2017/2018	***1738***	***47***

4.2 Spending trends of the public entity.

The 2019/2020 -2022/2023 Medium Term Revenue and Expenditure Framework (MTEF) for the NCLB was submitted to the Department of Economic Development and Tourism, in accordance with the Public Finance Management Act (PFMA), 1999 (No 1 of 1999) as amended.

The main costs drivers for NCLB as a service regulator organization relate to employee remuneration, external audit fees, office accommodation, rental of photo copy machine, internet services and service delivery projects (inspection and enforcements and also education and awareness campaigns

4.3 Capacity constraints and challenges facing the public entity.

NCLB have serious constraints in terms of IT Infrastructure, example we have no electronic license systems, no web-site, ageing office equipment and computer equipment. Inadequate funding for property plant and equipment replacement. Staff development and training is a big challenge due to insufficient budget allocation received. No funding for vacant positions.

4.4 Discontinued activities:

Due to the Disaster Management Act and Regulations the compliance and enforcement inspections on licensed premises was discontinued under strict lockdown levels, Application for occasional liquor license were also discontinued from level 5 to level 2 of the Disaster Management Act.

4.5 New or proposed activities.

None.

4.6 Request for roll-over of funds.

No rollover was reported or requested during this period.

4.7 Supply Chain Management (SCM)

The SCM Unit is located within the Office of the Chief Financial Officer (CFO) in line with Treasury Regulations and the Public Finance Management Act (PFMA). It is responsible for procurement of goods and services for the NCLB in fair, equitable, transparent, cost -effective and competitive manner.

All bids are subject to evaluation and adjudication by the respective bid committees as appointed, and declarations of interest are duly signed during meetings. The Code of Conduct for the SCM Practitioners was adopted and signed by all relevant officials for the period under review. An approved SCM policy and Delegations of Authority are in place, and reviewed as necessary.

4.8 All concluded unsolicited bid proposals for the year under review.

The NCLB had no unsolicited bid proposals for the year under review.

4.9 SCM processes and systems.

The SCM processes and systems are in place and is reviewed as and when necessary, as per the PFMA and Treasury Regulations.

4.10 Audit Report matters in the previous year and how these were addressed.

There are currently no Audit Reports matters, as the NCLB achieved a clean audit in the 2018/2019 financial year. Only matters of emphasis they were raised, e.g. irregular monthly payments on office rental space which lease expired. Department of Roads and Public Works and NCPT have condone it and other matters have been addressed by Accounting Authority.

4.11 Outlook /Plans for the future to address financial challenges.

There are currently no financial challenges facing the organization in the short to medium - term.

4.12 Events after the reporting date

Breakup of Covid-19 will have impact in terms of annual renewal of licenses revenue.

4.13 Acknowledgements /s or Appreciation

I am greatly appreciating the commitment and dedication of our Chief Financial Officer, Mr. KT “Oupa” Makhale and all staff of the NCLB who perform their jobs admirably, thereby contributing to the delivery of services to NCLB clients and stakeholders and able to achievement of targets set on the Annual Performance Plan (APP).

I would also to thank organized labour for their contribution to the organization’s effectiveness. Appreciation also goes to the Audit and Risk Committees for their value-add and commitment to governance within the organization.

In conclusion, a special thanks to the Honorable MEC and the Department of Economic Development and Tourism, for their continued support and assistance.

MR. ZS “TSHEPO” MENGO
ACTING CHIEF EXEUTIVE OFFICER
Northern Cape Liquor Board
Date: 31 July 2020

4. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

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

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

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

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

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

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

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

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2020

Yours faithfully

____
Acting Chief Executive Officer
Mr ZS "Tshepo" Mengo
31 July 2020

____
Chairperson of the Board
Adv. Andrew Sia
31 July 2020

6. STRATEGIC OVERVIEW

Vision

To promote and maintain an effective and efficient regulatory system for the liquor industry in the Northern Cape Province
.

Mission

To regulate the liquor industry in the Northern Cape Province, promote responsible consumption of liquor and reduce the socio-economic problems emanating from alcohol abuse.

Values

The Northern Cape Liquor Board will always strive to subscribe to the fundamental guidelines of Corporate Governance by ensuring the following:

1. Fairness
2. Accountability
3. Transparency
4. Community participation and consultation
5. Transformation
6. Integrity and Honesty
7. Independence, objectivity and impartiality

7. LEGISLATIVE AND OTHER MANDATES

The Northern Cape Liquor Board is a Schedule 3C Public Entity in terms of the PFMA.

Constitutional Mandate

The Northern Cape Liquor Board has a constitutional mandate **Section 104** of the Constitution (***Act 108 of 1996 as amended***) which provides for the regulation of Liquor by the Provincial and Local spheres of government.

Legislative Mandate

The Northern Cape Liquor Board is established in terms of the ***Northern Cape Liquor Act, Act No. 2 of 2008***, to:

- determine norms and standards for those involved in the liquor industry in the Province;
- creating an environment for greater participation of communities by making them aware of a pending application through advertisement;
- accommodating new entrants in the industry, thereby promoting the development and the diversification of ownership;
- regulating retail sale and micro-manufacturing of liquor and methylated spirits in the Province;
- considering land use planning as determined by municipal planning schemes and other instruments of land use planning; and
- regulating the consumption of liquor in public places;
- advise the responsible Member on matters relating to liquor matters in the Province;
- consider and determine applications for licenses in such a manner and at such time and place as it may from time to time determine;
- make and enforce rules for the conduct of its proceedings, hearings and investigation;
- exercise the powers, perform the functions and carry out the duties specified by or in terms of this Act or assigned to it in terms of any other law;

Policy Mandates

The NCLB has been charged with the responsibility to perform all functions assigned to it in terms of the Northern Cape Liquor Act, as amended or any legislation by providing effective and efficient regulatory services and maintaining a liquor industry that is socially responsible, free from illegal activities, advising, reporting or making recommendations to the Responsible Member on any matter relating to the control and regulation of liquor in the Northern Cape Province.

The NCLB, in compliance with the Public Finance Management Act, 1999 (Act 1 of 1999), as amended ("PFMA"), in particular provisions as contained in section 50 and 51 thereof, is committed to respect, service excellence, integrity, professionalism, team work, transparency and loyalty.

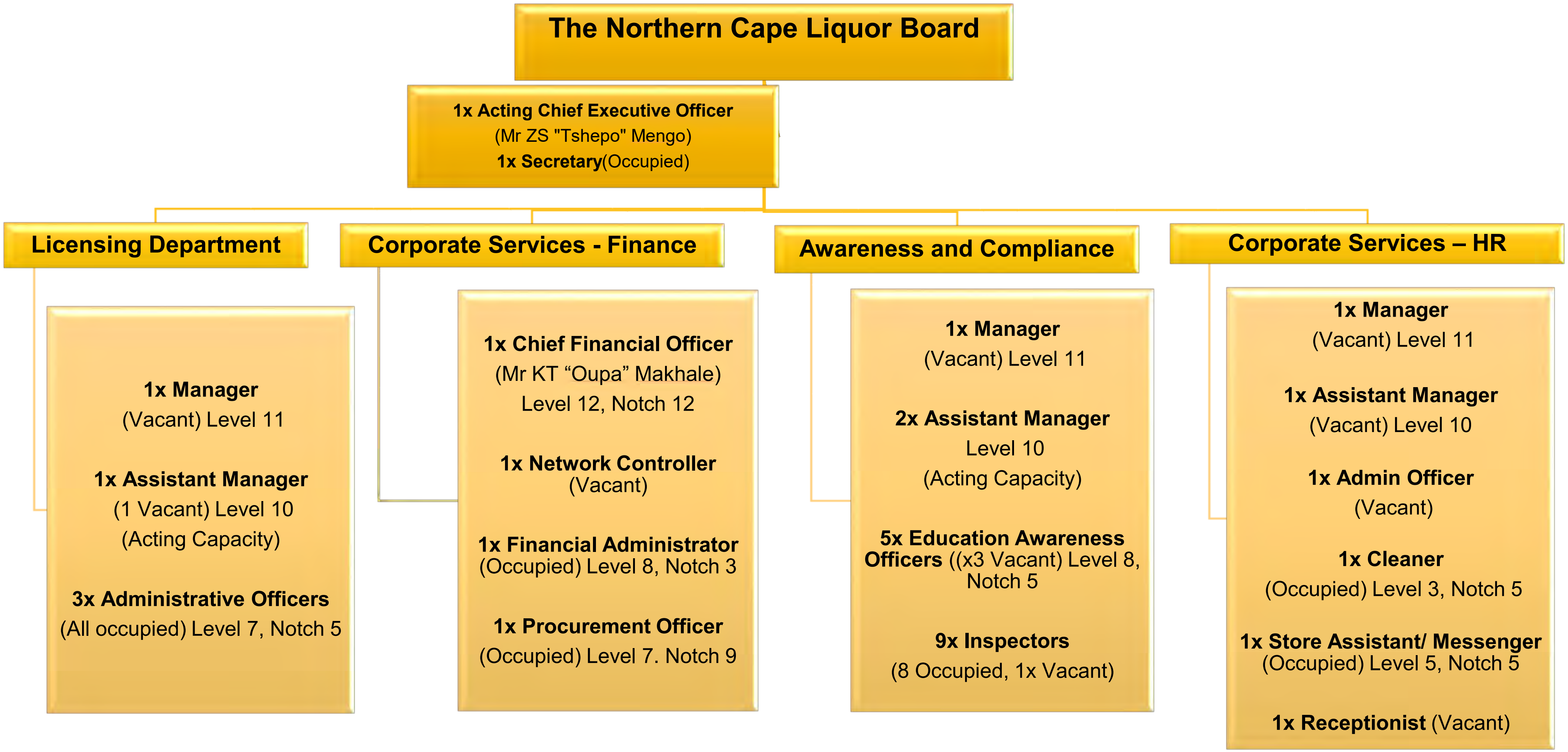
The NCLB furthermore, adheres to good corporate governance principles as stipulated in the King Code of Corporate Practices and Conduct (King IV Report), and the protocol for State Owned Enterprises on Corporate Governance. The NCLB, in its discharge of proper vision and control of liquor sales and manufacturing activities, ensure that through its Mission, its set objectives are met by determining, implementing, monitoring and enforcing matters relating to legislation, policy, strategic plans, liquor regulation and financial management.

The National Liquor Policy requires Provinces to regulate the licensing of retail and micro-manufacturing of liquor, and provides categories for licenses. The Northern Cape Liquor Board is in the process of implementing and most importantly developing its own liquor policy at a Provincial level

It can be concluded therefore that:

- It's a declared policy of the Board that all establishments where liquor are sold or manufactured, such establishments are licensed and controlled as to better the public engagement in the liquor industry, promote safe entertainment as a form of recreation, good morals and order in preservation of all relevant provincial and national government policies and laws;
- To render effective regulatory control which displays a high standard of professionalism and operated in clear recognition of the dictates of fairness, honesty, transparency and integrity in the best interest of the Northern Cape Public, licensees and Provincial Government;
- To protect the public against any unfair, unjustified, dishonest and/or unscrupulous practices in the liquor industry, therefore ensuring a sound and sustainable equitable regulatory regime and processes that enhance responsible liquor sale and manufacturing, public confidence and empowerment of the previously disadvantaged communities throughout the Province;
- To allow those who have been found suitable to sell, distribute or manufacture liquor responsibly in the Province.

8. ORGANISATIONAL STRUCTURE



NOTE: TOTAL NUMBER OF EMPLOYEES (INCLUDING THE CEO) = 33

The original Organizational structure approved by the former MEC consisted of a total number of 33 employees on the establishment of the Public Entity on 1 April 2010. No review of the organizational structure since the inception of NCLB as an entity in 01 April 2020.

Currently the following positions for 2019/2020

OFFICE OF CHIEF EXECUTIVE OFFICER

- Chief Executive Officer position is filled on level 13 (Notch 12): Five years contract position. The employment contract of the previous Chief Executive Officer ended on 31 August 2019. On 01 September 2019 to date of publishing the annual report, Department of Economic Development and Tourism seconded the Acting Chief Executive Officer.
- Secretary in the office of CEO, position is filled on Level 6 (Notch 12): Permanent position.
- No vacancies.

OFFICE OF CHIEF FINANCIAL OFFICER & CORPORATE SERVICES

- Chief Financial Officer position is filled on level 12 (North 12): Permanent position.
- Senior Finance Administrator is filled on Level 8 (Notch 3), Permanent position
- Procurement Officer is filled on Level 7 (Notch 9) Permanent position.
- Messenger/Archivist is filled on Level 5 (Notch 5) Permanent position.
- Cleaner is filled on Level 3 (Notch 5) Permanent position
- Five (5) vacant positions.

LICENSING

- Three Administrative Officers positions are filled on Level 7 (Notch 5)
- Two (2) vacant positions.

AWARENESS & COMPLIANCE

- Eight inspectors position filled on Level 8 of which six (6) inspectors are on Notch 5, one (1) inspector on Notch 9 and another inspector on Notch 10.
- Two education and awareness officer positions filled on Level 8 (Notch 5)
- Seven positions are vacant.

In summary the Northern Cape Liquor Board have a full-time staff complement of nineteen (19) and seconded Acting Chief Executive Officer total of all staff on payroll is twenty (20) employees as on 31 March 2020.
A total of thirteen (13) positions are vacant.

PART B: PERFORMANCE INFORMATION

1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The AGSA/auditor currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with no material findings being reported under the *Predetermined Objectives* heading in the *Report on other legal and regulatory requirements* section of the auditor's report.
Refer to pages 53 to 60 of the Auditors Report, published as Part E: Financial Information.

2. SITUATIONAL ANALYSIS

2.1 Service Delivery Environment

The Northern Cape Liquor Board currently regulates the retail sale and micro-manufacturing of liquor through the provisions of NCLB Act, 2008 (No 2of 2008) as amended.

Overall performance relating to services rendered directly to the public:

The NCLB core performance programmes that relate to direct public interest are the Licensing and Compliance and Awareness. The purpose of the licensing is to administer all license applications in the Northern Cape Province for consideration by the Board. It is responsible for maintain credible license database register and also responsible for issues renewal of licences annually. The Compliance and Awareness Unit conducts compliance inspections, complains and blitz operations conducted with law enforcement agencies to enforce liquor legislation. The anti-alcohol awareness and education interventions were conducted through school-based education and awareness campaigns, community outreaches and mass distribution of printed materials.

Problems encountered by the public entity when providing the relevant services, and what corrective steps were/are to be taken in dealing with such problems,

Problems:

- The NCLB utilise a manual excel licensing system and this leads to a backlog of applications that are prepared and considered by the Board.

- Community members are not fully aware of how to lodge complaints regarding licensed premises

- Inspectors not having enough power in term of the Northern Cape Liquor Act to act on immediate contraventions of the NCLA

Corrective steps:

- Sufficient funding will assist to procure a secure and safe licensing software system which will assist in the capturing, monitoring, computerized renewals, evaluating and printing of licenses /documents timeously.

- Media campaigns, distributing of pamphlets and education campaigns to ensure awareness to community members.

- The NCLB will embark on reviewing the NCLA in the next financial period in order to empower inspectors with relevant tools and powers to immediately act upon contraventions by non-compliant outlets.

Significant developments, external to the public entity, that may have impacted either on the demand for the public entity's services or on the public entity's ability to deliver those services:
Resource allocation and inadequate budget has limited the ability of the public entity to have significant developments. A centralised NCLB office has an impact on service delivery.

2.2 Organisational environment

The organisational environment is in such a way that the manager positions, in both Licensing and Awareness and Compliance, are not filled for more than nine years and this hampers the institutional capacity, constraints and alignment of the strategic objectives. The employment contract of the chief executive officer ended on 31 August 2019. The department have seconded the acting chief executive officer as from 01 September 2019 to date. The current organizational structure is the same structure as the inception of the public entity on 01 April 2010. No job revaluation was done in order to position the entity with changing business environment and also changing technology. This factor has significant impact on implementing their strategic objectives of the organisation. All positions vacate are no funded. We cannot appoint strategic leadership in the core functions of the entity which are both licensing and compliance due to no allocation of funds to employ. Lack of workforce training and development due to inadequate budgeting it's also affect the staff morals and performance aspirations.

2.3 Key policy developments and legislative changes

The NCLB has finalised the process of reviewing the Northern Cape Liquor Act, Act. No. 2 of 2008 during the previous financial period. All relevant stakeholders participated in the process and included the Public Protector, Legal Department of DEDAT, SAPS, Legal Unit of Department of Safety and Liaison, Board and Staff members. All proposed adjustments have been consolidated and the Legal Department of DEDAT are currently busy with the legal adjustment procedure. In addition, the process of harmonisation of legislation in all provinces are concluded on the consultative process. The National Liquor Board will engage provinces further as to the implementation date.

Policies and procedures have been developed, approved and implemented in the prior financial period and includes the below:
The following policies were reviewed during the 2019/20 financial year:

- Disciplinary Procedure Policy
- Risk Management Policy
- Anti-fraud and Corruption Policy
- Asset management policy
- Travel and Subsistence
- Code of Ethics
- Cell phone, Landline and 3G policy
- Supply Chain Management
- Gifts, Donations, Sponsorships.

2.4 Strategic Outcome Oriented Goals

The Board decided on the following strategic direction which will is the base for the strategic plan:

Strategic Goal 1	**Social Accountability and Education**
Goal statement	To enforce consistent application of the provisions of the Act meticulously relating to the social responsibility of all liquor traders, and towards the community and all stakeholders.

Strategic Goal 2	**Responsible licensing**
Goal statement	To ensure that only fully compliant license applications are processed, which processing is to occur within legislative timeframes as stipulated by the Act.

Strategic Goal 3	**Compliance and Enforcement**
Goal statement	To minimise non-compliance by licensed liquor traders and the occurrence of illegal liquor trading from 2012.

Strategic Goal 4	**Ethical Corporate Leadership**
Goal statement	To ensure the NCLB conducts its business in a manner that is consistent with all principals of good governance.

3. PERFORMANCE INFORMATION BY PROGRAMME/ACTIVITY/ OBJECTIVE

3.1 PROGRAMME 1: ADMINISTRATION

SUB-PROGRAMME 1.1: THE BOARD

The purpose of the Board is to provide effective oversight, leadership and govern

Strategic objectives

Programme: Administration					
Strategic objectives	**Actual Achievement 2018/2019**	**Planned Target 2019/2020**	**Actual Achievement 2019/2020**	**Deviation from planned target to Actual Achievement for 2019/2020**	**Comment on deviations**
Conduct quarterly board meetings	New performance indicator	**4**	**9**	**5**	**Special Board Meeting were conducted**
Conduct quarterly sub-committee meetings	New performance indicator	**8**	**8**	**0**	**N/A**
Conduct Section 18 meetings	New performance indicator	**24**	**24**	**0**	**N/A**
% of liquor license applications adjudicated by the Board	New performance indicator	**80%**	**90% Outcomes issued within 7 working days** **566 liquor license applications adjudicated by the Board:** Section 18 (Occasional Licenses) 360 Approved 12 Postponed 8 Refused Section 20 (Permanent Licenses) 62 Approved 35 Postponed 6 Refused Section 24 (Structural Alterations) 8 Approved	**10%**	**There were Outstanding (backlog) applications from the previous financial year**

			Section 30 (Transfer of Licenses) 49 Approved 10 Postponed 3 Refused Section 31 (Removal License) 3 Approved Section 50 (Storage of Liquor) 2 Approved 1 Postponed Section 57 (Supply of liquor free of charge) 3 Approved Section 58 (Controlling Interest) 4 Approved		

Key performance indicators, planned targets and actual achievements

Programme: Administration					
Performance Indicator	**Actual Achievement 2018/2019**	**Planned Target 2019/2020**	**Actual Achievement 2019/2020**	**Deviation from planned target to Actual Achievement for 2019/2020**	**Comment on deviations**
Conduct quarterly board meetings	New performance indicator	**4**	**9**	**5**	**Special Board Meeting were conducted**
Conduct quarterly sub-committee meetings	New performance indicator	**8**	**8**	**0**	**N/A**
Conduct Section 18 meetings	New performance indicator	**24**	**24**	**0**	**N/A**
% of liquor license applications adjudicated by the Board	New performance indicator	**80%**	**90% Outcomes issued within 7 working days** **566 liquor license applications adjudicated by the Board:** Section 18 (Occasional Licenses) 360 Approved	**10%**	**There were Outstanding (backlog) applications from the previous financial year**

			12 Postponed 8 Refused Section 20 (Permanent Licenses) 62 Approved 35 Postponed 6 Refused Section 24 (Structural Alterations) 8 Approved Section 30 (Transfer of Licenses) 49 Approved 10 Postponed 3 Refused Section 31 (Removal License) 3 Approved Section 50 (Storage of Liquor) 2 Approved 1 Postponed Section 57 (Supply of liquor free of charge) 3 Approved Section 58 (Controlling Interest) 4 Approved		

Strategy to overcome areas of under performance

No under-performance.

Changes to planned targets

No in-year changes to the targets were made.

Linking performance with budgets

	2018/2019			2019/2020		
Programme/ activity/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
Total	**421,120.00**	**192,608.00**	**228,512.00**	**506,200.00**	**424,898.00**	**81,302.00**

SUB-PROGRAMME 1.2: OFFICE OF THE CEO

The purpose of the Office of the CEO is to provide ethical leadership and governance at the NCLB. The Office of the CEO is responsible for administration of all affairs of the Board.

Strategic objectives

Programme: Administration					
Strategic objectives	**Actual Achievement 2018/2019**	**Planned Target 2019/2020**	**Actual Achievement 2019/2020**	**Deviation from planned target to Actual Achievement for 2019/2020**	**Comment on deviations**
Approved internal audit charter	New Performance Indicator	1	1	None	None
Approved strategic risk register and assessments	New Performance Indicator	4	0	4	The action plan was drafted and the risk register was not completed due to Covid19
Approved Internal Audit progress reports to the Audit and Risk Committee	New Performance Indicator	4	4	None	None
Approved quarterly performance report	New Performance Indicator	4	4	None	None
Timeous submission of Annual Performance Plan	New Performance Indicator	1	1	None	None
Timeous submission of Annual Report	New Performance Indicator	1	1	None	None

Key performance indicator, planned targets and actual achievements

Programme 1: Administration					
Performance Indicator	**Actual Achievement 2018/2019**	**Planned Target 2019/2020**	**Actual Achievement 2019/2020**	**Deviation from planned target to Actual Achievement for 2019/2020**	**Comment on deviations**
Approved internal audit charter	New Performance Indicator	1	1	None	None
Approved strategic risk register and assessments	New Performance Indicator	4	0	4	The action plan was drafted and the risk register was not completed due to Covid19
Approved Internal Audit progress reports to the Audit and Risk Committee	New Performance Indicator	4	4	None	None
Approved quarterly performance report	New Performance Indicator	4	4	None	None
Timeous submission of Annual Performance Plan	New Performance Indicator	1	1	None	None
Timeous submission of Annual Report	New Performance Indicator	1	1	None	None
Effective Performance Management	New Performance Indicator	1	0	1	No performance management system in place.

How the performance for programmes has contributed to the achievement of the public entity's strategic outcomes orientated goals.

The achievement was due to proper planning and the execution of the annual performance plan as per set targets on our strategic plan.

Strategy to overcome areas of under performance

The action plan was drafted and the risk register was not completed due to Covid-19 lockdown. The risk register will be completed in the new financial year. A performance management system will be drafted in the new financial year.

Changes to planned targets

No adjustments were made.

Linking performance with budgets

	2018/2019			2019/2020		
Programme/ activity/ 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
Total	**1,783,501.25**	**1 497,392.00**	**286,109.25**	**1.644,448.23**	**1,181,730.76**	**487,127.86**

SUB-PROGRAMME 1.3: CORPORATE SERVICES (FINANCE AND HR)

1.3.1 FINANCIAL MANAGEMENT

The Finance Division is tasked to ensure that all revenue, expenditure, assets and liabilities are managed efficiently and effectively. Furthermore, it is also the responsibility of the Finance Division to comply with the ***Public Finance Management Act, Act 1 of 1999*** *(as amended),* Treasury Regulations and Dora.

Strategic objective: Financial Management

Programme 1.3.1: Corporate Services - Finance					
Strategic Objective	**Actual Achievement 2018/2019**	**Planned Target 2019/2020**	**Actual Achievement 2019/2020**	**Deviation from planned target to Actual Achievement for 2019/2020**	**Comment on deviations**
Preparation of the Annual Budget	Annual Budget Compiled	1	1	None	None
Timeous submission of Annual Financial Statements	Annual Financial Statements prepared and submitted to the AGSA	1	1	None	None
Approved Quarterly financial reports	Financial status reports compiled monthly	4	4	None	None
Number of assets count conducted	New Performance Indicator	4	4	None	None
Number of In Year Monitoring Reports submitted to Treasury	New Performance Indicator	12	12	None	None
Approved quarterly Demand Plan	New Performance Indicator	4	4	None	None
Approved Annual Procurement Plan	New Performance Indicator	1	1	None	None
Percentage of approved budget spent or contractually committed	New Performance Indicator	98%	98%	None	None
Number of updates on the Risk Register	New Performance Indicator	4	0	4	The action plan was drafted and the risk register was not completed due to Covid19

Key performance indicators planned targets and actual achievements

Programme 3: Corporate Services - Finance					
Performance Indicator	**Actual Achievement 2018/2019**	**Planned Target 2019/2020**	**Actual Achievement 2019/2020**	**Deviation from planned target to Actual Achievement for 2019/2020**	**Comment on deviations**
Preparation of the Annual Budget	Annual Budget Co	1	1	None	None
Timeous submission of Annual Financial Statements	Annual Financial Statements prepared and submitted to the AGSA	1	1	None	None
Approved Quarterly financial reports	Financial status reports compiled monthly	4	4	None	None
Number of assets count conducted	New Performance Indicator	4	4	None	None
Number of In Year Monitoring Reports submitted to Treasury	New Performance Indicator	12	12	None	None
Approved quarterly Demand Plan	New Performance Indicator	4	4	None	None
Approved Annual Procurement Plan	New Performance Indicator	1	1	None	None
Percentage of approved budget spent or contractually committed	New Performance Indicator	98%	98%	None	None
Number of updates on the Risk Register	New Performance Indicator	4	0	4	The action plan was drafted and the risk register was not complete d due to Covid19

1.3.2 HUMAN RESOURCE MANAGEMENT

The purpose of HR is to manage Human Resources and Payroll Administration in accordance with applicable legislation.

Strategic Objectives

Programme 3: Corporate Services – HR					
Strategic Objectives	**Actual Achievement 2018/2019**	**Planned Target 2019/2020**	**Actual Achievement 2019/2020**	**Deviation from planned target to Actual Achievement for 2019/2020**	**Comment on deviations**
Number of Payroll Administration Reports	Monthly reconciliation of payroll and statutory payments annually	12	12	NONE	NONE
Development of Workplace Skills Plan skills per Employee	New Performance Indicator	1	0	1	Budget Constraints for skills development
Number of training facilitated, CPD, seminars and conferences	New Performance Indicator	12	1	-11	Budget Constraints for CPD, Seminars Conferences
Number of Employees Performance Reviews Facilitated	New Performance Indicator	20	0	20	Performance management system is not yet approved.

Key performance indicators planned targets and actual achievements

Programme 3: Corporate Services – HR					
Performance Indicator	**Actual Achievement 2018/2019**	**Planned Target 2019/2020**	**Actual Achievement 2019/2020**	**Deviation from planned target to Actual Achievement for 2019/2020**	**Comment on deviations**
Number of Payroll Administration Reports	Monthly reconciliation of payroll and statutory payments annually	12	12	NONE	NONE
Development of Workplace Skills Plan skills per Employee	New Performance Indicator	1	0		Budget Constraints for skills development
Number of training facilitated, CPD, seminars and conferences	New Performance Indicator	12	1	-11	Budget Constraints for CPD, Seminars Conferences
Number of Employees Performance Reviews Facilitated	New Performance Indicator	20	0		Performance management system is not yet approved.

How the performance for programmes has contributed to the achievement of the public entity's strategic outcomes orientated goals.

Most targets were achieved as per plan targets, however there is no HR Officer appointed to oversee the unit due to budget constraints.

Comment on all deviations.

Deviations on the Corporate Services was due to budget constraint and no performance management system in place. Finance unit the risk function was moved to the CEO as risk officer for the entity.

Strategy to overcome areas of underperformance

Request of additional funding.

Changes to planned targets

No adjustment were made to the budget therefore no performance indicator or targets were changed during the financial year 2019/2020.

Linking performance with budgets

	2018/2019			2019/2020		
Programme/ activity/objective	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000			
Total	**4,134,578.74**	**3 ,640,000.00**	**494,578.74**	**4,313,804.45**	**4,261,270.79**	**52,533.66**

3.2 PROGRAMME 2: LICENSING

The purpose of the licensing division is to handle all matters pertaining to liquor licenses in the Province in accordance with the ***Northern Cape Liquor Act, Act No. 2 of 2008.*** The Licensing Division will be led by a Management Team. Its work is conducted by an administrative component, which prepares documentation pertaining to applications received for consideration by the Board.

The administration component will be required to follow strict protocols with regards to confidentiality and privacy. Confidentiality and non-disclosure of information undertakings are signed by each official involved in the licensing division. These undertakings are updated annually.

Strategic Objectives

Programme 2: Licensing					
Strategic Objectives	**Actual Achievement 2018/2019**	**Planned Target 2019/2020**	**Actual Achievement 2019/2020**	**Deviation from planned target to Actual Achievement for 2019/2020**	**Comment on deviations**
Evaluation of delegated liquor license applications completed within 90 (ninety) working days of receipt	**100% liquor license applications received** **541** liquor license applications received: **Sec 5** - 1 **Sec 18** – 415 **Sec 20** – 60 **Sec 24** – 7 **Sec 30** – 50 **Sec 31** – 4 **Sec 50** – 2 **Sec 57** - 0 **Sec 58** – 2	80%	86% liquor licenses completed within 90 days **575** new applications received: **Section 18** – 423 **Section 20** – 84 **Section 24** – 10 **Section 30** – 47 **Section 31** - 2 **Section 50** - 1 **Section 57** - 4 **Section 58** – 4	Planned Target was 80% and the Actual Performance is 86%. The difference is 6%	Most application were completed within 90 working days from the receipt of the application. The Disaster Management Act Regulations had an effect on the completeness of applications within 90 working days.
Outcome issued within 7 (seven) working days from date of adjudication	**100% applications adjudicated by the Board** **633 liquor license applications adjudicated by the Board** Section 5 1 Refused • Section 18 (Occasional Licenses) 375 approved 13 refused 6 postponed • Section 20 (Permanent licenses) 69 approved 31 refused 28 postponed	80%	**100% Outcomes issued within 7 working days** **566 liquor license applications adjudicated by the Board:** Section 18 (Occasional Licenses) 360 Approved 12 Postponed 8 Refused Section 20 (Permanent Licenses) 62 Approved 35 Postponed 6 Refused	Planned Target was 80% and the Actual Performance is 100%. The difference is 20%	All outcomes of the Board were issued within 7 working days from the date of adjudication therefore the Actual Performance is 100%. Some of the applications were brought forward from previous Financial Years.

	• Section 24 (Structural Alterations) 6 approved 7 refused 8 postponed 0 struck off the roll • Section 30 (Transfer of licenses) 59 approved 8 postponed 8 refused • Section 31 (Removal licenses) 3approved 2 refused 1 struck off the roll • Section 50 (Storing of Liquor) 3 approved • Section 57 (Supply of liquor free of charge) 1 approved • Section 58 (Controlling Interest) 4 approved		Section 24 (Structural Alterations) 8 Approved Section 30 (Transfer of Licenses) 49 Approved 10 Postponed 3 Refused Section 31 (Removal License) 3 Approved Section 50 (Storage of Liquor) 2 Approved 1 Postponed Section 57 (Supply of liquor free of charge) 3 Approved Section 58 (Controlling Interest) 4 Approved		

Key performance indicators planned targets and actual achievements

Programme 2: Licensing					
Performance Indicator	**Actual Achievement 2018/2019**	**Planned Target 2019/2020**	**Actual Achievement 2019/2020**	**Deviation from planned target to Actual Achievement for 2019/2020**	**Comment on deviations**
Evaluation of delegated liquor license applications completed within 90 (ninety) working days of receipt	**100% liquor license applications received** **541** liquor license applications received: **Sec 5** - 1 **Sec 18** – 415 **Sec 20** – 60 **Sec 24** – 7 **Sec 30** – 50 **Sec 31** – 4 **Sec 50** – 2 **Sec 57** - 0 **Sec 58** – 2	80%	86% liquor licenses completed within 90 days **575** new applications received: **Section 18** – 423 **Section 20** – 84 **Section 24** – 10 **Section 30** – 47 **Section 31** - 2 **Section 50** - 1 **Section 57** - 4 **Section 58** – 4	Planned Target was 80% and the Actual Performance is 86%. The difference is 6%	Most application were completed within 90 working days from the receipt of the application. Some of the applications were brought forward from the previous Financial Year and therefore the applications received between January and March 2020 will be completed in the next financial year. The Covid-19 pandemic has also had an effect on the completeness of applications within 90 working days.
Outcome issued within 7 (seven) working days from date of adjudication	**100% applications adjudicated by the Board** **633 liquor license applications adjudicated by the Board** Section 5 1 Refused • Section 18 (Occasional Licenses) 375 approved 13 refused 6 postponed • Section 20 (Permanent licenses) 69 approved 31 refused 28 postponed	80%	**100% Outcomes issued within 7 working days** **566 liquor license applications adjudicated by the Board:** Section 18 (Occasional Licenses) 360 Approved 12 Postponed 8 Refused Section 20 (Permanent Licenses) 62 Approved 35 Postponed 6 Refused	Planned Target was 80% and the Actual Performance is 86%. The difference is 6%	All outcomes of the Board were issued within 7 working days from the date of adjudication therefore the Actual Performance is 86%.

	• Section 24 (Structural Alterations) 6 approved 7 refused 8 postponed 0 struck off the roll • Section 30 (Transfer of licenses) 59 approved 8 postponed 8 refused • Section 31 (Removal licenses) 3approved 2 refused 1 struck off the roll • Section 50 (Storing of Liquor) 3 approved • Section 57 (Supply of liquor free of charge) 1 approved • Section 58 (Controlling Interest) 4 approved		Section 24 (Structural Alterations) 8 Approved Section 30 (Transfer of Licenses) 49 Approved 10 Postponed 3 Refused Section 31 (Removal License) 3 Approved Section 50 (Storage of Liquor) 2 Approved 1 Postponed Section 57 (Supply of liquor free of charge) 3 Approved Section 58 (Controlling Interest) 4 Approved		

NOTES

- ***Processed applications refers to applications that have all required documentation attached to it and are ready to be considered by the Board.***
- ***Applications received refers to all types of applications received by the NCLB.***
- ***Licenses issued refers to all types of license applications considered and approved by the NCLB.***
- ***The numerator is equal to the number of applications processed within 90days within the financial year.***
- ***The denominator is equal to all applications processed in the financial year.***

- ***Postponement of file follows factors below as considered by the board.***
- Insufficient information provided by the applicant, as result additional information is requested.
- Insufficient community consultation by ward councillors.
- Delayed response by third parties (ward councillors, applicants and South African Police Services) to make to validate or provide information. Request
- Preregistration compliance inspections to be conducted.

The first indicator is calculated as follows: No. of Applications Adjudicated / Evaluation of delegated liquor license applications completed within 90 (ninety) working days of receipt * 100
The second indicator is calculated as follows: No. of Applications Adjudicated / Outcomes issued within 7 (seven) working days from date of adjudication * 100

Entity's strategic outcomes orientated goals.

The performance of the licensing unit is reasonably good due to the fact that 98.44% of the liquor license applications, which were complete in all aspects, were considered by the NCLB. A further 100% outcomes of the Board were issued after 7 working days from the date of the adjudication.

Comment on all deviations

Most application were completed within 90 working days from the receipt of the application. Some of the applications were brought forward from the previous Financial Year and therefore the applications received between January and March 2020 will be completed in the next financial year. The Covid-19 pandemic has also had an effect on the completeness of applications within 90 working days.

All outcomes of the Board were issued within 7 working days from the date of adjudication therefore the Actual Performance is 100%. There others factors contributing to inability to meet timeframes are inter alia delayed responses from the applicants on queries. The reasons for queries are as follows:

- Insufficient information provided by the applicant, as result additional information is requested.
- Insufficient community consultation by ward councillors.
- Delayed response by third parties (ward councillors, applicants and South African Police Services) to make to validate or provide information.

Strategy to overcome areas of under performance

There is no under-performance for the licensing unit however if the NCLB obtain an efficient licensing system it will result in a more secure and well-regulated licensing system.

Changes to planned targets

No adjustment were made to the budget therefore no performance indicator or targets were changed during the financial year 2019/2020.

Linking performance with budgets

	2018/2019			2019/2020		
Programme/activity/ 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
Total	**1,378,526.30**	**1,918,000.00**	**(539,474)**	**1,556,261.48**	**1,438,245.79**	**118,015.69**

3.3 PROGRAMME 3: COMPLIANCE AND AWARENESS

The purpose of the Compliance and Awareness programme is to ensure compliance of licensed traders in accordance with the ***Northern Cape Liquor Act, Act No. 2 of 2008.*** The other core function is to educate the public on the dangers of alcohol abuse with the intention of targeting in-school youth, pregnant woman, road users and the public in general.

Strategic objective

Programme 3: Awareness Programme, Compliance and enforcement					
Strategic Objectives	**Actual Achievement 2018/2019**	**Planned Target 2019/2020**	**Actual Achievement 2019/2020**	**Deviation from planned target to Actual Achievement for 2019/2020**	**Comment on deviations**
Number of Inspections conducted	**2 324**	2000	**2861**	824	Over achievement is due to the need for visibility within the retail sector of liquor trading and collaboration with SAPS
Number of Awareness programmes conducted	20	20	52	32	Over achievement was due to increased number of requests for social responsibility programmes and collaboration with other stakeholders
Number of persons reached through awareness programmes conducted.	New	5000	2829	(-2171)	Consumers unable to complete the attendance registers due to literacy challenges
Record number of complaints received	New	30	30	None	None
Number of complaints investigated and completed	New	20	21	1	One additional complaint received.
Number of unannounce d raids in partnership with SAPS	New	40	51	11	More raids were planned by SAPS
Report on number of compliance notices issued.	New	2000	2861	861	Over achievement is due to the need for visibility within the retail sector of liquor trading and collaboration with SAPS

Key performance indicators planned targets and actual achievements

Programme 4: Awareness Programme, Compliance and enforcement					
Performance Indicator	**Actual Achievement 2018/2019**	**Planned Target 2019/2020**	**Actual Achievement 2019/2020**	**Deviation from planned target to Actual Achievement for 2019/2020**	**Comment on deviations**
Number of Inspections conducted	**2 324**	2000	**2861**	824	Over achievement is due to the need for visibility within the retail sector of liquor trading and collaboration with SAPS
Number of Awareness programmes conducted	20	20	52	32	Over achievement was due to increased number of requests for social responsibility programmes and collaboration with other stakeholders
Number of persons reached through awareness programmes conducted.	New	5000	2829	(-2171)	Consumers unable to complete the attendance registers due to literacy challenges
Record number of complaints received	New	30	30	None	None
Number of complaints investigated and completed	New	20	21	1	One additional complaint received.
Number of complaints investigated and referred for formal hearing	New	30	12	N/A	More complaints attended to may be ascribed to the accessibility of the complainants.
Number of unannounced raids in partnership with SAPS	New	40	51	11	More raids were planned by SAPS
Report on number of compliance notices issued.	New	2000	2861	861	Over achievement is due to the need for visibility within the retail sector of liquor trading and collaboration with SAPS

How the performance for programmes has contributed to the achievement of the Public Entity's Strategic outcomes orientated goals.

The over performance of the inspectors is due to the increased receipt of complaints during the financial period under review. To ensure the Compliance of Liquor Traders in the Province, the Education and Awareness Unit.

Strategy to overcome areas of under performance

The NCLB will apply for additional funding during the Budget Pressure period to capacitate the Entity to invest in Social Responsibility Programs.

Changes to planned targets

No adjustments were made to the budget therefore no performance indicators or targets were changed during the financial year 2019/2020.

Linking performance with budgets

	2018/2019			2019/2020		
Programme/activity/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
Total	**4,778,393.71**	**5,769.000.00**	**(1017,606.29)**	**5,288,285.84**	**5.408,973.67**	**-120,687.83**

4. Revenue collection

	2018/2019			2019/2020		
Sources of revenue	Estimate	Actual Amount Collected	(Over) / Under Collection	Estimate	Actual Amount Collected	(Over) / Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Applications received	137,900.00	137,900.00		160,000.00	160,00.00	
New license fees	91,565.00	91,565.00		53,8000.00	53,800.00	
Transfer of license fees	100,700.00	100,700.00		50,671.00	50,671.00	
Notice to review fees	-	-		55,750.00	55,750.00	
Annual renewal fees	3 577,300.00	3 577,300.00		3,673,200.67	3,673,200.67	
Penalties on annual renewal fees	127,625.00	127,625.00		136.375.33	136,375.33	
Total	**4,035,090.00**	**4,035,900.00**	**N/A**	**4,129,797.00**	**4,129,979.00**	**N/A**

The fees payable to the NCLB in terms of the NCLA does not accrue to the Board, but to the Provincial Revenue Fund and must be received or collected, as the case may be, by the Department. The NCLB cannot preamp the number of applications to be received and the number of licensees whom are going to renew their licenses annually. Thus, the NCLB cannot estimate the revenue to be collected annually and also stipulate the over/under collection of revenue.

PART C: GOVERNANCE

1. INTRODUCTION

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity's enabling legislation, and the Companies Act, corporate governance with regard to public entities is applied through the precepts of the Public Finance Management Act (PFMA) and run in tandem with the principles contained in the King's Report on Corporate Governance.

Parliament, the Executive and the Accounting Authority of the public entity are responsible for corporate governance.

5. PORTFOLIO COMMITTEES

The NCLB established sub-committees of the Board, namely the Finance, Risk and Human Capital Committee and the Legal, Licensing and Compliance Committee. All members of the Committees have been appointed, the committees have drafted and adopted their charters and have executed their duties effectively in the financial period.

6. EXECUTIVE AUTHORITY

The NCLB is a Schedule 3C Public entity under the DEDaT under the leadership of MEC M Jack.

7. THE ACCOUNTING AUTHORITY / BOARD

Introduction

The NCLB is responsible regulate the liquor industry in the Province, promote responsible consumption of liquor and reduce the socio-economic problems emanating from abuse of alcohol and related matters.

The role of the Board is as follows:

- advise the responsible member on matters relating to liquor matters in the Province;
- consider and determine applications for licenses in such a manner and at such time and place as it may from time to time determine;
- make and enforce rule for the conduct of its proceedings, hearings and investigations.
- exercise the powers, perform the functions and carry out the duties specified by or in terms of this NCLA or assigned to it in terms of any other law;
- in consultation with the Head of Department of DEDAT, engage services of experts and persons engaged in the practice of any profession where it is deemed expedient; and
- exercise the further powers, perform the functions and carry out the duties as may be determined by the responsible member from time to time.

Composition of the Board

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g.: Audit committee / Ministerial task team)	No. of full Board Meetings attended
Adv. Andrew Sia	Chairperson (Section 7 (1)(a) member)	01 August 2016	N/A	LLB	Administration, Law, Governance	N/A	Chairperson, not applicable.	8
Mr. Sizwe Mbi	Deputy Chairperson (Section 7 (1)(b) of the NCLA)	01 August 2016	N/A	B. Arts	Administration Governance	N/A	Member FRHR, Additional member on LLC	9
Adv. Vincent Mayisela	Member (Section 7 (1)(c) of the NCLA)	01 August 2016	N/A	N.Dip. Administration, BA, LLB, Post Graduate Diploma	Law, Administration, Governance	N/A	Chairperson LLC, Additional member on FRHR	3
Mrs. Helen Jack	Member (Section 7 (1)(c) of the NCLA)	01 August 2016	N/A	Bsc Hde	Administration, Governance	N/A	Chairperson FRHR	3
Ms. Cindy Lee Oliphant	Member (Section 7 (1)(c) of the NCLA)	01 August 2016	N/A	LL B	Law	N/A	Member LLC	4
Mr. Thabo Thobeli	Member (Section 7 (1)(c) of the NCLA)	09 October 2017	N/A	BA Social Science	Administration	N/A	Member FRHR	9
Mrs. Patricia Mabula	Member (Section 7 (1)(c) of the NCLA)	09 October 2017	N/A	Senior Teachers Diploma, Public Relations Certificate and Marketing	Marketing and Administration	N/A	Member LLC.	9

Committees

Committee	No. of meetings held	No. of members	Name of members
Finance, Risk Committee and HR Committee		3 members, 1 additional member	Mr. Mbi, Mrs. Helen Jack, Mr. Thobeli and Ms. Oliphant (Additional Member)
Legal, Licensing and Compliance		3 members, 1 additional member	Mr. Mayisela, Mrs. Mabula, Ms Oliphant and Mr. Mbi (Additional Member)
Occasional Liquor License Committee		2 members and CEO	Mr. A. Sia, Mr. Sizwe Mbi, Mr. Vincent Mayisela, Mr. Thabo Thobeli, Ms. H. Jack, Ms. C. Oliphant and Mrs Patricia Mabula

Remuneration of board members

- The remuneration of Northern Cape Liquor Board Members is determined by Section 10(3), Section 10(4) and Section 10(5) of the Northern Cape Liquor Act, Act 2 of 2008
- Section 10(3) states: ***"A member of the Board must be paid such reasonable remuneration and allowance out of the funds of the Board as the responsible member, in consultation with the member of the Executive Council responsible for Finance in the Province, may from time to time determine."***
- Section 10(4) states: ***"A member of the Board, who is in the full time employ of any organ of state, may not receive remuneration in terms of Section 10(3) of the Northern Cape Liquor Act, Act 2 of 2008."***
- Section 10(5) states: ***"Remuneration determined in terms of Section 10(3) must be published in the Provincial Gazette by the Responsible Member before it becomes effective."***
- Advocate A. Sia and Ms. C Oliphant are fully employed by the state, therefore do not receive remuneration for attending meetings from the Northern Cape Liquor Board. They claim only reimbursement costs .e.g. travelling and accommodation.

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Name	Remuneration	Other allowance	Other re-imbursements	Total
Adv. Andrew Sia	-	18,000.00	7,637.00	25,637.00
Mr. Sizwe Mbi	91,405.00	18,000.00	21,120.00	130,525.00
Adv. Vincent Mayisela	-	18,000.00	-	18,000.00
Mrs. Helen Jack	18,000.00	18,000.00	46,256.00	82,256.00
Ms. Cindy-Lee Oliphant	-	18,000.00	-	18,000.00
Mr. Thabo Thobeli	59,125.00	18,000.00	-	77,125.00
Mrs Patricia Mabula	47,750.00	18,000.00	7,605.00	73,355.00

8. RISK MANAGEMENT

The Acting Chief Executive Officer is the risk officer in terms of our risk management policy. The Risk Officer report directly to the audit committee for each quarter. Risk Officer is responsible for maintaining and updating the risk register and continuously monitoring and evaluation of risk appetite.

9. INTERNAL CONTROL UNIT

At the organisational level there are internal control objectives relating to the reliability of financial reporting, timeously feedback on achievement of operational and strategic goals, as well as, compliance with laws and regulations. At specific transection level, internal controls refers to the action taken to achieve a certain control.

Management controls

- Management controls are controls exercised by management that fall outside the regular routine of the system.
- Included in this is the general supervisory control exercise by management, review of management accounts and reports and the comparison thereof with budget, the internal audit function and any other special review procedures.

Administrative controls

- Administrative controls are those controls primarily designed to enable the understanding to perform its business in an orderly fashion, this includes the comprehensive organizational structure as well as the procedures and records which management applies to authorize transactions.

Accounting controls

- Accounting controls are controls primarily designed to ensure both the safekeeping of assets and maintaining of accurate, reliable records.

- The system of accounting controls must be designed in such a manner that there is either an automatic check of the work of every employee, or it must be very easy for a senior person to check the work.

10. INTERNAL AUDIT AND AUDIT COMMITTEES

In October 2016, the Northern Cape Shared Internal Audit Service continued to provide internal audit service to which provides combined assurance to stakeholders on the integrity of information provided, governance of the organization and assurance of existing internal control systems that are resilient to eminent change.

11. COMPLIANCE WITH LAWS AND REGULATIONS

The NCLB has complied with the provisions of the following legislations throughout the financial year under review:

I. Northern Cape Liquor Act, Act 2 of 2008
II. Public Finance Management Act, Act 1 of 1999
III. Skills Development Equity Act, Act 9 of 1999
IV. Employment Equity Act, Act 55 of 1998
V. Unemployment Insurance Act, Act 30 of 1966
VI. Basic Conditions of Employment Act, Act 75 of 1997
VII. Labour Relations Act 66 of 1995

12. FRAUD AND CORRUPTION

The NCLB has implemented Fraud and Prevention Policy. The Plan will be reviewed on year to year basis when it deemed necessary.

13. MINIMISING CONFLICT OF INTEREST

The NCLB have adopted the guideline for managing conflict of interest as stipulated in the DPSA, PFMA and Treasury Regulations. Both the Northern Cape Liquor Board employees and Board members have declared their conflict of interest for the Financial Period 2019/2020.

14. CODE OF CONDUCT

The NCLB has adopted and implemented a code of conduct applicable to all employees employed at the NCLB. The code of conduct guides the required ethical behaviour expected from the employees of the NCLB.

15. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The NCLB complies with the guidelines of the Occupational Health and Safety Act of 1993 the NCLB is committed to providing safe and healthy working condition for all the employees.
Task team is appointed in terms of COVID 19 to deal with the issues relating to workplace in terms of safeguarding the employees under the leadership of Department of Economic Development and Tourism-Wellness Section.

16. COMPANY /BOARD SECRETARY (IF APPLICABLE)

The Acting CEO execute the duties of the secretary during the financial period under review as stated in the Northern Cape Liquor Act, Act No. 2 of 2008, Section 12 (1).

17. SOCIAL RESPONSIBILITY

The NCLB Education and Awareness Officers has shown serious commitment by conducting schools -based campaigns in the rollout of school based underage drinking education programmes. Community based campaigns were also conducted to educate the public about how to use alcohol in a more responsible manner. In addition, they have also visited a number of clinics to educate pregnant woman about the serious effects of drinking whilst pregnant.

18. AUDIT COMMITTEE REPORT

The audit committee were effective during the financial period under review. Refer to page 53 to 60 for the audit committee report.

PART D: HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

The NCLB is committed to the Professional Development of Employees as we are mindful of the fact that the success of any business reliant on a competent workforce. But unfortunately due to no available budget for training and development for employees. The NCLB would, if any funds are available ensure that employees are receiving training and development to ensure that our staff are provided with opportunities to pursue career development.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

Personnel Cost by programme

Programme	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Office of the CEO		1,088,730.76	%	2	
Licensing	1,438,245.79	1,313,620.79	%	4	
Corporate Services – Finance & HR	4,442,041.14	2,144,351.93	%	4	
Awareness programme, compliance and enforcement	5,408,973.67	4,518,228.73	%	10	

Personnel cost by salary band

Level	Personnel Expenditure (R'000)	**%** of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management		%	1	
Senior Management		%	1	
Professional qualified		%	2	
Skilled		%	10	
Semi-skilled		%	4	
Unskilled			2	
TOTAL		**%**	**20**	

Performance Rewards

Programme/**/activity/objective**	Performance rewards	Personnel Expenditure (R'000)	**%** of performance rewards to total personnel cost (R'000)
Top Management	N/A	N/A	N/A
Senior Management	N/A	N/A	N/A
Professional qualified	N/A	N/A	N/A
Skilled	N/A	N/A	N/A
Semi-skilled	N/A	N/A	N/A
Unskilled	N/A	N/A	N/A
TOTAL	N/A	N/A	N/A

Training Costs

	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Avg. training cost per employee
	n/a	n/a	n/a	n/a	

Employment and vacancies

Programme/activity/objective	2018/2019 No. of Employees	2019/2020 Approved Posts	2019/2020 No. of Employees	2019/2020 Vacancies	% of vacancies
CEO Office	2	2	1		50%
Licensing	4	5	4	2	80%
Corporate Services – Finance & HR	4	10	4	5	40%
Awareness and Compliance	10	16	10	6	62.5%

Programme/activity/objective	2018/2019 No. of Employees	2019/2020 Approved Posts	2019/2020 No. of Employees	2019/2020 Vacancies	% of vacancies
Top Management	1	1	1		100%
Senior Management	1	4	1		23,1%
Professional qualified	2	4	1		15,4%
Skilled	13	19	13		46,14%
Semi-skilled	4	5	4		7,7%
Unskilled		2	0		7,7%
TOTAL	**20**	**33**	**20**		

Note: The Board took a decision that all vacant positions to be abolished.

Employment changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	1	0	1	1
Senior Management	1	0	0	1
Professional qualified	1	0	0	1
Skilled	13	0	0	13
Semi-skilled	4	0	0	4
Unskilled		0	0	0
Total	20	0	0	20

Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	0	0
Resignation	0	0
Dismissal	0	0
Retirement	0	0
Ill health	0	0
Expiry of contract	1	100%
Other	0	0
Total	0	0

Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	None
Written Warning	None
Final Written warning	None
Dismissal	None

Equity Target and Employment Equity Status

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1							
Senior Management	1							
Professional qualified	0							
Skilled	6							
Semi-skilled	1							
Unskilled								
TOTAL	9	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Levels	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management								
Senior Management								
Professional qualified								
Skilled	4		3					
Semi-skilled	3							
Unskilled	0							
TOTAL	7	N/A	4	N/A	N/A	N/A	N/A	N/A

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top Management				
Senior Management				
Professional qualified				
Skilled				
Semi-skilled				
Unskilled				
TOTAL	N/A	N/A	N/A	N/A

PART E: FINANCIAL INFORMATION

Report of the auditor-general to the Northern Cape Provincial Legislature on Northern Cape Liquor Board

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Northern Cape Liquor Board set out on pages 61 to 102, which comprise the statement of financial position as at 31 March 2020, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the 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 Northern Cape Liquor Board as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 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 auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.

4. I am independent of the entity in accordance with sections 290 and 291 of the *Code of ethics for professional accountants* and parts 1 and 3 of the *International Code of Ethics for Professional Accountants (including International Independence Standards)* of the International Ethics Standards Board for Accountants (IESBA codes) as well as the 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 codes.

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 17 to the financial statements, the corresponding figures for previous 31 March 2019 were restated as a result of errors in the financial statements of the entity at, and for the year ended, 31 March 2020.

Significant subsequent event

8. We draw attention to note 20 in the financial statements, which deals with subsequent events and specifically the possible effects of the future implications of Covid-19 on the entity future prospects, performance and cash flows. Management have also described how they plan to deal with these events and circumstances.

Responsibilities of accounting authority for the financial statements

9. The board of directors, which constitutes the accounting authority, is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of GRAP 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 entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

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

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.

Report on the audit of the annual performance report

Introduction and scope

13. In accordance with the Public Audit Act of South Africa 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected programme presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

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

15. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the annual performance report of the entity for the year ended 31 March 2020:

Programme	Pages in the annual performance report
Programme 2 – Licensing	31 – 37

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

17. The material findings in respect of the usefulness and reliability of the selected programme are as follows:

Programme 2 – Licensing

Evaluation of delegated liquor licence applications completed within 90 (ninety) working days of receipt

18. The method of calculation for achieving the planned indicator was not clearly defined. In addition, the achievement of 86% liquor licences completed within 90 days was reported against target 80% in the annual performance report. However, some supporting evidence provided differed materially from the reported achievement, while in other instances, I was unable to obtain sufficient appropriate audit evidence. This was due to the lack of accurate and complete records. I was unable to further confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any further adjustments were required to the reported achievement.

Other matters

19. I draw attention to the matters below.

Achievement of planned targets

20. Refer to the annual performance report on pages 31 to 37 for information on the achievement of planned targets for the year and explanations provided for the overachievement of various number of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs [X to X] of this report.

Adjustment of material misstatements

21. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of p1rogramme 2 – licensing. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

Report on the audit of compliance with legislation

Introduction and scope

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

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

Annual financial statements

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

Strategic planning and performance management

25. Procedures for the facilitation of effective performance monitoring, evaluation and corrective action through quarterly reports were not established, as required by treasury regulation 29.3.1.

Expenditure management

26. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R716 044 disclosed in note 22 to the annual financial statements, as required by section 51(1) (b) (ii) of the PFMA. The majority of the irregular expenditure was caused disclosed in the financial statements was caused by non-compliance with the Supply Chain Management Regulations.

Other information

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

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

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

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 amended 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, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.

32. The accounting officer did not ensure that the department complies with applicable laws and regulations, material findings relating to the PFMA and other applicable acts were identified in the current financial year.

33. The leadership of the department did not exercise oversight responsibility to ensure that proper internal control procedures were developed and implemented that will enable the department to produce an accurate and complete report on predetermined objectives.

34. Management did not adequately review the financial statements, this resulted in material misstatements being identified by the auditors.

Kimberley

Auditor General

30 September 2020

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

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

Financial statements

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

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

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Northern Cape Liquor Board
Financial statements
for the year ended 31 March 2020

These financial statements have been audited in compliance with the applicable requirements of the Public Finance Management Act No 1 of 1999.
Published 31 July 2020

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2020

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Public Entity established in terms of the Northern Cape Liquor Act. The entity is a non-profit entity and is focused on service delivery within the Northern Cape Province. The entity is listed in terms of the PFMA as a Schedule 3 - Public Entity.
Members	Adv A Sia (Chairperson) Z Mbi (Deputy Chairperson) Adv V N Mayisela H J Jack C Z Oliphant T Thobeli P L Mabula T Z Mengo
Business address	6 Old De Beers Road Kimberley 8301
Postal address	Private Bag X 5027 Kimberley 8300
Bankers	Standard Bank
Auditors	Auditor -General of South Africa
Chief Financial Officer	K T Oupa Makhale
Acting Chief Executive Officer	T Z Mengo
Level of assurance	These financial statements have been audited in compliance with the applicable requirements of the Public Finance Management No1 of 1999.
Published	31 July 2020
Executive Authority	Northern Cape Department of Economic Development and Tourism MEC A Volsoo
Reporting Framework	General Recognised Accounting Practice(GRAP) as issued by the Accounting Standards Board
Relevant Reporting	Northern Cape Liquor Act No. 2 of 2008 Public Finance Management Act No. 1 of 1999 Skills Development Act No.9of 1999 Employment Equity Act No.9 of 1999 Unemployment Insurance Act No.30 of 1996 Basic Conditions of Employment Act No. 75 of 1997

Northern Cape Liquor Board
Financial Statements for the year ended 31 March 2020

Index

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

	Page
Members' Responsibilities and Approval	3
Members' Report	4 - 5
Statement of Financial Position	6
Statement of Financial Performance	7
Statement of Changes in Net Assets	8
Cash Flow Statement	9
Accounting Policies	10 - 28
Notes to the Financial Statements	29 - 41

COID	Compensation for Occupational Injuries and Diseases
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MEC	Member of the Executive Council
CEO	Chief Executive Officer
CFO	Chief Financial Officer
AGSA	Auditor General of South Africa
PFMA	Public Finance Management Act
TR	Treasury Regulations

Northern Cape Liquor Board
Financial Statements for the year ended 31 March 2020

Members' Responsibilities and Approval

The members are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the members to ensure that the financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the financial statements and was given unrestricted access to all financial records and related data.

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

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

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

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

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

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

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

The external auditors are responsible for independently reviewing and reporting on the entity's financial statements. The financial statements have been examined by the entity's external auditors and their report is presented on page 4.

The financial statements set out on pages 4 to 41, which have been prepared on the going concern basis, were approved by the on 31 July 2020 and were signed on its behalf by:

T Z Mengo
Designation

Kimberley

Friday, 31 July 2020

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2020

Members' Report

The members submit their report for the year ended 31 March 2020.

1. Review of activities

Main business and operations

Net surplus of the entity was R 782,662 (2019: (deficit R 339, 913).

2. Going concern

We draw attention to the fact that at 31 March 2020, the entity had an accumulated surplus of R 1,333,043 and that the entity's total assets exceed its liabilities by R 1,333,043.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The entity is wholly dependent on the Northern Cape Department of Economic Development and Tourism for continued funding for operations. The Northern Cape Department of Economic Development and Tourism has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

3. Subsequent events

There are no subsequent events identified that would require any further disclosure or adjustment of the annual financial statement

4. Members' interest in contracts

The accounting authority and key management of the entity did not have any interest in contracts entered entered into during the year under review.

5. Accounting policies

The following Standards on Generally Recognised Accounting Practice (GRAP) have been issued but is not yet effective, the entity did not early adopt this Standards.

GRAP 34: Seperate Financial Statements.
GRAP 35: Consolidated Financial Statements
GRAP 36:Investment in Associatesand Joint Ventures.
GRAP 37:Joint Arrangements:
GRAP:38:Disclosure of Interests in Other Entities
GRAP:110:Living and Non -living Resources

All the standards as listed above will only be effective for financial years starting on or after 01 April2019 , as announced by the Minister of Finance

6. Board of Members

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

Name	Nationality	Changes
Adv A Sia (Chairperson)	South African	
Z Mbi (Deputy Chairperson)	South African	
Adv V N Mayisela	South African	
H J Jack	South African	
C Z Oliphant	South African	
T Thobeli	South African	
P L Mabula	South African	
T Z Mengo	South African	Appointed Sunday, 01 September 2019

7. Auditors

Auditor -General of South Africa will continue in office for the next financial period.

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2020

Members' Report

8. Non compliance with applicable legislation

Certain instances of non -compliance with appllicable laws and regulations have been identified in terms of the following:
Public Finance Management Act, No. 1 of 1999: Section 51(1)(b) (ii)- Irregular expenditure was incurred.

Northern Cape Liquor Board
Financial Statements for the year ended 31 March 2020

Statement of Financial Position as at 31 March 2020

Figures in Rand	Note(s)	2020	2019
Assets			
Current Assets			
Cash and cash equivalents	4	1,952,577	1,106,878
Non-Current Assets			
Property, plant and equipment	2	100,444	169,178
Intangible assets	3	600	1,200
		101,044	**170,378**
Total Assets		**2,053,621**	**1,277,256**
Liabilities			
Current Liabilities			
Payables from exchange transactions	6	15,893	13,123
Employee Benefit	5	704,685	713,755
		720,578	**726,878**
Total Liabilities		**720,578**	**726,878**
Net Assets		**1,333,043**	**550,378**
Accumulated surplus		1,333,043	550,378

Northern Cape Liquor Board
Financial Statements for the year ended 31 March 2020

Statement of Financial Performance

Figures in Rand	Note(s)	2020	2019
Revenue			
Revenue from exchange transactions			
Interest received	7	27,409	103,184
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	8	13,947,107	12,812,260
Expenditure			
Employee related costs	9	(10,090,275)	(9,939,012)
Remuneration of board members		(343,061)	(144,621)
Depreciation and amortisation		(69,274)	(87,073)
Finance costs	10	-	(209)
General Expenses	11	(2,689,244)	(3,084,442)
Total expenditure		**(13,191,854)**	**(13,255,357)**
Surplus (deficit) for the year		**782,662**	**(339,913)**

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2020

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 April 2018	**890,291**	**890,291**
Changes in net assets		
Surplus/(Deficit) for the year (restated)	(339,913)	(339,913)
Total changes	(339,913)	(339,913)
Balance at 01 April 2019	**550,381**	**550,381**
Changes in net assets		
Surplus/(Deficit) for the year	782,662	782,662
Total changes	782,662	782,662
Balance at 31 March 2020	**1,333,043**	**1,333,043**

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2020

Cash Flow Statement

Figures in Rand	Note(s)	2020	2019
Cash flows from operating activities			
Receipts			
Grants		13,309,000	12,595,000
Interest income		27,409	103,184
		13,336,409	12,698,184
Payments			
Employee costs		(10,096,926)	(10,086,477)
Suppliers		(2,393,784)	(2,775,710)
		(12,490,710)	(12,862,187)
Net cash flows from operating activities	13	**845,699**	**(164,003)**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	-	(19,147)
Cash flows from financing activities			
Finance lease payments		-	(12,023)
Net increase/(decrease) in cash and cash equivalents		**845,699**	**(195,173)**
Cash and cash equivalents at the beginning of the year		1,106,878	1,302,051
Cash and cash equivalents at the end of the year	4	**1,952,577**	**1,106,878**

Northern Cape Liquor Board
Financial Statements for the year ended 31 March 2020

Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

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

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

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

A summary of the significant accounting policies, which have been consistently applied in the preparation of these financial statements, are disclosed below

These following Standards of GRAP have been issued and are effective:

GRAP 1 : Presentation of financial statement

Grap 2 : Cash Flow statement

GRAP 3 : Accounting policies, changes in accounting estimates and error

GRAP 4: The effect of changes in foreign exchange ratestGRAP 5 : Borrowing cost

GRAP 6: Consolidated and separate financial statements

GRAP 7 : Investments in associates

GRAP 8 : Interest in joint venturest

GRAP 9 : Revenue from exchange transactions

GRAP10: Financial reporting in a Hyperinflationary Economies

GRAP 11:Construction Contracts

GRAP 12 : Inventories

GRAP 13: Leasest

GRAP 14:Events after reportingt

GRAP 16: Investment property

GRAP 18 :Segment Reporting

GRAP: 19: Provisions, Contingent liabilities and assets

GRAP:20 Related Party Disclosures

GRAP 21: Impairment of Non -cash -generating assets

GRAP23: Revenue from Non -Exchange transactions

GRAP 24: Presentation of budget information in the financial statements

GRAP 25: Employee benefits

GRAP 26: Impairement of Cash -generating assets

Accounting Policies

GRAP 27: Agriculture

GRAP 31:Intangible Assets

GRAP 32: Service Concession Arrangements : Grantor

GRAP 100: Discounted Operations

GRAP 103: Heritage assets

GRAP 104 :Financial Instruments

GRAP 105: Transfer of functions between entities under common control

GRAP 106 : Transfer of functions between entities not under common control.

GRAP 107 Mergers

GRAP 108 Staturory Receivables

GRAP 109 Accounting by Principals and Agents; and

IGRAP 1 Applying the probability test of initial recognition of revenue

IGRAP 17 Service concession arrangements

IGRAP 18 Recognition and derecognition of land

IGRAP 19 Liabilities to pay Levies

Standards, Amendments to Standards and Interpretations issued but not yet effective

The following Standards on Generally Recognised Accounting Pratices (GRAP) have been issued but is not yet effective, the entity did not early adopt this Standards.

GRAP 34 Separate Financial Statements

GRAP 35 Consolidated Financial Statements

GRAP 36 Investment in Associates and Joint Ventures

GRAP 37 Joint Arrangements

GRAP 38 Disclosure of Interests in Other Entitiest

GRAP 110 Living and Non-living Resources

All the standards as listed above will only be effetive for financial years starting on or after 01 April 2019, as announced by the Minister of Finance.

Nature and impact once implemented

The effectiveness of these standars will not have an effect on the financial statements / accounting policies of the entity, as the entity does not have any related transactions or activities that falls within the scope of these standards.

1.1 Presentation currency

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

Accounting Policies

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

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

Trade receivables

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

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the entity is the current bid price.

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.

Impairment testing

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

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.4 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

Accounting Policies

1.4 Property, plant and equipment (continued)

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

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

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

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

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

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

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

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

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

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	10 years
Office equipment	Straight line	5 years
IT equipment	Straight line	5 years
Other property, plant and equipment	Straight line	2 - 5 years
Audio Visual Equipment	Straight line	5 years
Finance Lease Assets	Straight line	2 - 3 years

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

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

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

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

Accounting Policies

1.5 Intangible assets (continued)

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
Computer software, other	Straight line	3 years

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

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

Accounting Policies

1.6 Financial instruments

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

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

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

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

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

A financial asset is:
- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

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

A financial liability is any liability that is a contractual obligation to:
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Northern Cape Liquor Board
Financial Statements for the year ended 31 March 2020

Accounting Policies

1.6 Financial instruments (continued)

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

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

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

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

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

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

Class	Category
Cash and Cash Equivalent	Financial asset measured at amortised cost

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

Class	Category
Trade Payables	Financial liability measured at amortised cost

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

The entity measures a financial asset and financial liability initially at its fair value.

Accounting Policies

1.6 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

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

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

Fair value measurement considerations

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

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

Reclassification

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

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

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

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

Gains and losses

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

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

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

Accounting Policies

1.6 Financial instruments (continued)

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

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

Financial assets measured at cost:

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

Presentation

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

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

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

Distributions to holders of residual interests are recognised by the entity directly in net assets. Transaction costs incurred on residual interests are accounted for as a deduction from net assets. Income tax [where applicable] relating to distributions to holders of residual interests and to transaction costs incurred on residual interests are accounted for in accordance with the International Accounting Standard on Income Taxes.

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

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

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The entity recognises statutory receivables as follows:

Accounting Policies

Statutory receivables (continued)

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The entity initially measures statutory receivables at their transaction amount.

Subsequent measurement

The entity measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Derecognition

The entity derecognises a statutory receivable, or a part thereof, when:

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

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.7 Leases

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

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

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

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

Accounting Policies

Impairment of cash-generating assets (continued)

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

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

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

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

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

Useful life is either:
- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

[Specify judgements made]

1.8 Impairment of non-cash-generating assets

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

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

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

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

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

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

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:
- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2020

Accounting Policies

1.8 Impairment of non-cash-generating assets (continued)

Identification

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

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

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

Value in use

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

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

Depreciated replacement cost approach

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

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Accounting Policies

1.8 Impairment of non-cash-generating assets (continued)

Reversal of an impairment loss

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

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

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

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

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

Redesignation

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

1.9 Employee benefits

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

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Accounting Policies

1.9 Employee benefits (continued)

Short-term employee benefits

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

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

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

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

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

1.10 Contingent Assets and Liabilities

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

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

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

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

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

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

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

A provision is used only for expenditures for which the provision was originally recognised.

Accounting Policies

1.10 Contingent Assets and Liabilities (continued)

Provisions are not recognised for future operating surplus.

A constructive obligation to restructure arises only when an entity:
- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:
- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity

No obligation arises as a consequence of the sale or transfer of an operation until the entity is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent liabilities represent a possible obligation that arises from the past events and whose existence will be confirmed only by an occurence or non-occurence of one or more uncertain future events not wholly within the control of the entity . A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liabilty either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability .Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurence or non-occurence of one or more uncertain future events not wholly within the control of the entity.

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

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

1.11 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:
- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

Accounting Policies

1.12 Revenue from exchange transactions

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

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

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

Measurement

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

Rendering of services

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

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

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

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

1.13 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

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

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

Measurement

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

Accounting Policies

1.14 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.15 Fruitless and wasteful expenditure

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

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

1.16 Irregular expenditure

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

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

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

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

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

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

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.17 Related parties

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

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Northern Cape Liquor Board
Financial Statements for the year ended 31 March 2020

Accounting Policies

1.17 Related parties (continued)

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

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

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

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

1.18 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:
- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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

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

Northern Cape Liquor Board
Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Rand	2020	2019

2. Property, plant and equipment

	2020			2019		
	Cost / Valuation	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Furniture and fixtures	326,577	(256,444)	70,133	326,577	(223,786)	102,791
Office equipment	27,803	(23,657)	4,146	31,527	(21,897)	9,630
IT equipment	168,039	(143,020)	25,019	194,730	(140,839)	53,891
Audio - Visual Equipment	12,255	(11,109)	1,146	12,255	(9,389)	2,866
Other Equipment	-	-	-	95,033	(95,033)	-
Telephone systems	108,813	(108,813)	-	108,813	(108,813)	-
Total	**643,487**	**(543,043)**	**100,444**	**768,935**	**(599,757)**	**169,178**

Reconciliation of property, plant and equipment - 2020

	Opening balance	**Depreciation**	**Impairment loss**	**Total**
Furniture and fixtures	102,791	(32,657)	-	70,134
Office equipment	9,630	(5,426)	(58)	4,146
IT equipment	53,891	(28,872)	-	25,019
Other property, plant and equipment	2,866	(1,720)	-	1,146
	169,178	**(68,675)**	**(58)**	**100,445**

Northern Cape Liquor Board
Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements
Figures in Rand

2. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	135,448	-	(32,657)	102,791
Office equipment	15,778	-	(6,148)	9,630
IT equipment	65,902	19,147	(31,158)	53,891
Other property, plant and equipment	4,586	-	(1,720)	2,866
Other property, plant and equipment # 1	11,871	-	(11,871)	-
	233,585	**19,147**	**(83,554)**	**169,178**

3. Intangible assets

	2020			2019		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Patents, trademarks and other rights	-	-	-	-	-	-
Computer software	14,400	(13,800)	600	14,400	(13,200)	1,200
Total	**14,400**	**(13,800)**	**600**	**14,400**	**(13,200)**	**1,200**

Reconciliation of intangible assets - 2020

	Opening balance	Amortisation	Total
Computer software	1,200	(600)	600

Notes to the Financial Statements

Figures in Rand

3. Intangible assets (continued)

Reconciliation of intangible assets - 2019

	Opening balance	Impairment loss	Total
Computer software	6,000	(4,800)	1,200

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	1,952,577	1,106,878

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Rand	2020	2019

5. Employee Benefit

Reconciliation of employee benefit - 2020

	Opening Balance	Additions	Utilised during the year	Total
Provision for leaves	535,516	33,021	-	568,537
Provision for bonuses	128,239	7,909	-	136,148
Provision of Liability	50,000	-	(50,000)	-
	713,755	**40,930**	**(50,000)**	**704,685**

Reconciliation of employee benefit - 2019

	Opening Balance	Additions	Total
Provision for leaves	372,725	162,791	535,516
Provision for bonuses	115,135	13,104	128,239
Provision of Liability	-	50,000	50,000
	487,860	**225,895**	**713,755**

Employee benefits

Short -term employee benefits

The cost of all short term employee benefits is recognised during the period in which the employee renders the related service

Provision of leaves

The leave provision represents management best estimate of the NCLB, liability for leave based on the NCLB approved leave policy. Leave provision represents the amount due to employees for unutilised leave days accrued for services rendered to the NCLB as for reporting date.The provision have been calaculated at undicounted amounts based on current salary rates at the reporting date.

Provision for bonuses(13th cheque)

The 13th Cheque bonuses represents management , best estimate of bonus potentially payable to qualifying NCLB employees who opted for their 13th Cheque payments to made annually during December month.

Key assumptions used at the reporting date

PSCBC Resolution 1 of 2018 which was recently, provides , inter alia , fot the following cost of living adjustments for employees on salary levels 1 to 12 and those employees covered by Occupation Specific Dispensations (OSD), and who are appointed in terms of the Public Service Act , 1994, for the period 1April 2018 to 31 March 2021.

	2020	2019
Expected increase on salaries.	4.5%	6%

6. Payables from exchange transactions

	2020	2019
Accrued expenses	15,895	13,119

The avearge credit period on purchases is 30 days from the receipt of the invoice , as determined by the Treasury Regulation .No interest is charged for first 30 days from the date of receipt of invoice. Thereafter interest is charged in accoradnce with the credit policies of the various individual creditors that the entity deals with.NCLB is paying all credtors within 30 days of invocing received and goods or service rendered.

Northern Cape Liquor Board
Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Rand	2020	2019

6. Payables from exchange transactions (continued)

Fair value of trade and other payables

Accrued expenses	15,895	13,119
Rand	15,895	13,119

7. Investment revenue

Interest revenue		
Bank	27,409	103,184

8. Revenue

Operating grants		
Grants: Northern Cape Department of Economic Development and Tourism	13,309,000	12,595,000
Services in -kind rendered by NCPT for internal audit & audit committees services	267,131	217,260
Service in kind:DEDATActing Ceo	370,976	-
	13,947,107	**12,812,260**

9. Employee related costs

Acting allowances	192,000	159,000
Basic Salary	5,308,254	5,615,804
Basic Salary - Temporary Workers	41,120	-
Housing benefits and allowances	299,879	276,364
Medical Allowance	237,600	237,600
Pension	706,973	703,047
Remuneration of Acting CEO	630,445	-
Remuneration of CEO, 5 year employment contract ended on 31AUG2019	714,476	984,550
Remuneration of the CFO	1,211,257	1,151,807
SDL Contribution	74,062	74,668
Salaries and Wages - Other	156,758	194,233
Service Bonus (13th Cheque)	453,188	428,121
Provision of Abitration	-	50,000
UIF Contributions	64,263	63,818
	10,090,275	**9,939,012**

10. Finance costs

Finance leases	-	209

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Rand	2020	2019

11. General expenses

Auditors remuneration	766,549	590,264
Bank charges	32,465	12,343
Cleaning	16,981	17,252
Consulting and Legal fees	6,023	378,709
Entertainment	29,176	21,341
IT expenses	14,000	34,029
Promotions and sponsorships	-	13,119
Printing and stationery	96,633	147,387
Derecognition of asset expenses	-	-
Software renewal licenses	83,531	76,031
Subscriptions and membership fees	34,623	39,040
Telephone , Fax,Telegraph & Telex	45,916	42,658
Travel - local	848,855	789,546
Electricity and Water	70,084	45,444
Rent paid	636,350	634,714
Derecogntion of asset expenset	58	-
Venues and facalities	8,000	242,565
	2,689,244	**3,084,442**

12. Auditors' remuneration

External audit fees	499,418	373,004
Internal audit fees	267,131	217,260
	766,549	**590,264**

13. Cash generated from (used in) operations

Surplus (deficit)	782,662	(339,913)
Adjustments for:		
Depreciation and amortisation	69,274	87,073
Finance costs - Finance leases	-	209
Service in kind rendered by NCPT for internal audit and audit committee services	(638,107)	(217,260)
General expenses : Internal Audit Fees	638,108	217,260
Changes in working capital:		
Payables from exchange transactions	43,764	88,628
	895,701	**(164,003)**

14. Financial instruments disclosure

Categories of financial instruments

2020

Financial assets

	At amortised cost	Total
Cash and cash equivalents	1,952,577	1,952,577

Financial liabilities

	At amortised cost	Total
Accrued Expenses	(15,895)	(15,895)
Provision for leave	(568,537)	(568,537)
Provision for Thirteenth Cheque	(136,148)	(136,148)

Northern Cape Liquor Board
Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Rand	2020	2019

. **Financial instruments disclosure (continued)**

	(720,580)	**(720,580)**

2019

Financial assets

	At amortised cost	Total
Cash and cash equivalents	1,106,878	1,106,878

Financial liabilities

	At amortised cost	Total
Accrued Expenses	(13,123)	(13,123)
Leave provision	(535,516)	(535,516)
Provision for Thirteenth Cheque	(128,239)	(128,239)
Provision of Liability	(50,000)	(50,000)
	(726,878)	**(726,878)**

Northern Cape Liquor Board
Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Rand	2020	2019

15. Related parties

Relationships

Members	Refer to members' report note
Department with significant control	Northern Cape Department of Economic Development and Tourism
Department /Entities under common control	Northern Cape Provincial Treasury Northern Cape Gambling Board Northern Cape Tourism Board Northern Cape Economic Development Agency
Members of key management	R Andrews Former (CEO)Employment contract ended on 31 August 2019 Z T Mengo (Acting CEO) K T OUPA MAKHALE(CFO)

Related party not doing business with State

Key management staff and board members of the NCLB are annually verified through the declaraction forms register, to chech if they are doing business with the State and also with NCLB Entity.Each and every year the key management staff together with board members declare there business interest on our declaraction register. Very quarter of the year the Entity(NCLB) forward the spreadsheet of all staff and board members ID Numbers to Provincial Treasury (CSD) for verification which both entity staffs and board members are doing business with the Stateand NCLB Entity..

Following Board Members are active Directors as per CIPC as 31 March 2020

Board Member	Business Name	Enterprise No
Mr Andrew Sia	Said Enterprises	K2020062898
Ms Helen Joslin Jack	Namcop Community Development	C2007000766
Ms Helen Joslin Jack	Farm Nama -Kwa -Twa Agricultural	C2009005910
Ms Helen Joslin Jack	Majahd Educational Services-Multi-purpose	C2010000549
Ms Helen Joslin Jack	Xhukapie Sosiale Veiligheids Forum	C2011000629
Ms Helen Joslin Jack	Xhukaipe Agricultural	C2011000636
Ms Helen Joslin Jack	Okiep Agricultural	C2011000642
Ms Helen Joslin Jack	Abassas Agriculture	C2011004447
Ms Helen Joslin Jack	COC Construction Co-operative Limited	C2015009923
Ms Helen Joslin Jack	Ubuntu Agricultural Pri Co-operative Ltd	C2015009948
Ms Helen Joslin Jack	Ubuntu Sprankel Susters Pri Co-operative Ltd	C2017004369
Ms Helen Joslin Jack	Southern Africa Equine and Aquatic Guild	K2019047885
Ms Helen Joslin Jack	Railo Foods	K2019053841
Ms Helen Joslin Jack	Namakwa Solidarity Fund	K2020595091
Ms Helen Joslin Jack	Zelpy 1372	M2002011353
Mr Thabo OA Thobeli	Nestarch Poultry Farm	B1999034859
Mr Thabo OA Thobeli	Reaga Business Investment	B2003067634
Mr Thabo OA Thobeli	Botsho Botle Resources	B2004038335
Mr Thabo OA Thobeli	TPMP Trading Enterprise	B2008137260
Mr Thabo OA Thobeli	African Compass Trading526	B2010107275
Mr Thabo OA Thobeli	Ekasi Agricultural and Multi Pur Co-operative Ltd	C2012003244
Ms Pactrica L Mabula	Mpho ya Naledi Investments	K2014051098
Ms Pactrica L Mabula	Seed of Life Investments	K2015039034
Ms Pactricia L Mabula	Tajiri Investments	K2019246326
Ms Pactricia L Mabula	Isifiso Investments	M1999003956
Ms Pactricia L Mabula	Samber Trading No 152	M2007027663

Amounts included in Trade receivable (Trade Payable) regarding related parties

Northern Cape Liquor Board
Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Rand	2020	2019
15. Related parties (continued)		
Leave and thirteenth cheque provision receivable (payable) regarding related		
K T Oupa Makhale	(184,444)	(175,447)
R Andrews	(56,453)	(20,999)
Provison for bonus		
K T Oupa Makhale	(91,403)	(86,885)
Related party transactions		
Remuneration paid to related parties		
R Andrews	714,476	984,550
K T Oupa Makhale	1,211,257	1,151,807
Acting CEO Z T Mengo	630,445	-
Travel and Subsistence allowances paid to related parties		
R Andrews	1,961	18,047
K T Oupa Makhale	17,961	14,828
H J Jack	64,256	29,076
Adv A Sia -Chaiperson of the Board	25,637	2,078
S Mbi	39,120	17,154
Adv V Mayisela	18,000	-
C Z Oliphant	18,000	-
P L Mabula	25,605	-
T Thobeli	18,000	-
Acting CEO - T Z Mengo	12,869	-
Sittings Fees paid to board Members		
T Thobeli	59,125	33,875
P L Mabula	47,750	32,875
S Mbi	91,405	46,715
H J Jack	18,000	18,000
Adv V Mayisela	-	8,375
The related actual reimbursement to management		
Chief Executive Officer	-	14,570
Chief Financial Officer	16,007	25,049
Grants (received) from or paid to related parties		
Northern Cape Department of Economic Development and Tourism	(13,309,000)	(12,595,000)
Northern Cape Provincial Treasury	(267,131)	(217,260)
Seconded Acting Ceo(DEDAT)	(370,976)	-

Notes to the Financial Statements

Figures in Rand	2020	2019

16. Board Members Sitting Fees

Board Members

2020

	Emoluments	Other benefits*	Total
Adv A Sia (Chairperson)	-	18,000	18,000
Z Mbi (Deputy Chairperson)	91,405	18,000	109,405
Adv V N Mayisela	-	18,000	18,000
H J Jack	18,000	18,000	36,000
C Z Oliphant	-	18,000	18,000
T Thobeli	59,125	18,000	77,125
P L Mabula	47,750	18,000	65,750
	216,280	**126,000**	**342,280**

2019

	Emoluments	Total
Adv A Sia (Chairperson)	-	-
Z Mbi (Deputy Chairperson)	46,715	46,715
Adv V N Mayisela	8,375	8,375
H J Jack	18,000	18,000
C Z Oliphant	-	-
T Thobeli	33,875	33,875
P L Mabula	32,875	32,875
	139,840	**139,840**

17. Prior period errors

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

1: Correction of accrued expenses incorrectly disclosed as Trade Payables from exchange amounting to R 13,119 as correction of comparative fiquires reguired disclosure as 31 March 2019.
2: Correction of employee related costs on note as disclosed as per Grap 1 Standard , paragraphs 36 and 37 as correction of comparatives fiquires as required disclosure as 31 March 2019..

3:The correction of the errors results in adjustments as per Grap 31, Intangible assets.

Statement of financial position

2019

	Note	As previously reported	Correction of error	Restated
Trade payables	6	(13,119)	(13,119)	-
Accrued expenses	6	-	13,119	13,119
Provision of Liability	5	-	(50,000)	50,000
		(13,119)	**(50,000)**	**63,119**

Notes to the financial statements

Northern Cape Liquor Board
Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Rand	2020	2019

17. Prior period errors (continued)

2019

	Note	As previously reported	Correction of error	Restated
Intangible asset				
Intangible assets-cost prise	3	118,204	(103,804)	14,400
Intangible assets-Accumu Depreciation	3	(118,204)	103,804	(14,400)
		-	-	-
Employee Related Costs				
		-	-	-
Acting Allowances	9	-	159,000	159,000
Basic Salaries	9	6,032,562	(416,758)	5,615,804
Basic Salary-Temporary Workers	9	-	-	-
Housing benefits and allowances	9	-	276,364	276,364
Medical Allowance	9	-	237,600	237,600
Pension	9	-	703,047	703,047
Remuneration of Acting CEO	9	-	-	-
Remuneration of CEO(Contract ended)	9	984,550	-	984,550
Remuneration of CFO	9	1,151,807	-	1,151,807
SDL Contribution	9	74,668	-	74,668
Salaries and Wages- Qther	9	-	194,233	194,233
Service Bonus(13th Cheque)	9	-	428,121	428,121
UIF Contributions	9	63,818	-	63,818
Taxes and other third party contributions	9	1,581,607	(1,581,607)	-
Abitration award	9	-	50,000	50,000
		9,889,012	**50,000**	**9,939,012**
Contingent Liabilities				
Contingent Liabilities		50,000	(50,000)	-
		50,000	**(50,000)**	**-**

18. Risk management

Financial risk management

The entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Northern Cape Liquor Board
Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements
Figures in Rand

18. Risk management (continued)

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.

Cash flow forecasts are prepared and adequately monitored.

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

At 31 March 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	-	-	-	-
Trade and other payables	(720,580)	-	-	-

At 31 March 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	(726,878)	-	-	-

Credit risk

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

Trade receivables comprise of amounts receivable for incorrect payments made from the bank account of the entity.The entity does not have independent ratings of risk and credit quality of these debtors due to the nature of the receivables.No credit limits or agreements were exceeded/ defaulted during the reporting period, and management does not expect any losses from non-performance by these couterparties.

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

Financial instrument	2020	2019
Cash and Cash Equivalents	1,952,577	1,106,878

19. Going concern

We draw attention to the fact that at 31 March 2020, the entity had an accumulated surplus of R 1,333,043 and that the entity's total assets exceed its liabilities by R 1,333,043.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The entity is wholly dependent on the Northern Cape Department of Economic Development and Tourism for continued funding or operations.The Northern Cape Department of Economic Development and Tourism has neither the intention nor the need to liquidate or curtail materiality the scale of the entity.

20. Events after the reporting date

Disclosing for each material category of non-adjusting events after the reporting date:
- Nature of the event due to Covid 19.(payment and collection of liqour licences renewal fees)
- Estimation of its financial effect or a statement that such an estimation cannot be made because the annual renewal fees for 2020 financial closed on 28 February 2020 before the Covid 19 lockdown..There is no any material significant in terms of revenue collection as 31 March 2020 because the renewal fees are paid in advance before the 1st March each year. The Covid 19 not have any significant impact on the financial year end on 31March 2020.

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Rand

20. Events after the reporting date (continued)

There are no subsequent events identified that would require any further disclosure or adjustment of the annual financial statements.

21. Fruitless and wasteful expenditure

Opening balance as previously reported	-	4,602
Opening balance as restated	**-**	**4,602**
Add: Expenditure identified - current	-	-
Add: Expenditure identified - prior year but identified in current year	-	-
Less: Amount ivestigated and written off	-	(4,602)
Less: Fruitless and wasteful expenditure recovered/transfered to receivables for recovery	-	-
Closing balance	**-**	**-**

It relate to the differences was caused re-scheduling of new flight due to original scheduled fight being missed.Two officials attended the NLA meeting in Durban.

22. Irregular expenditure

Opening balance	1,024,370	11,810
Add: Irregular Expenditure - current year	716,044	1,016,245
Opening balance as restated	**1,740,414**	**1,028,055**
Less: Amounts recoverable (not condoned)	-	(3,685)
Less : Prior period iiregular expenditure condoned	(958,299)	-
Less: Current year irregular expenditure condoned	(636,350)	-
Less: Prior period irregular expenditure written off in current year	(66,071)	-
Less: Current year irregular expenditure written off	(59,063)	-
Closing balance	**20,631**	**1,024,370**

Amounts written-off

Telkom wi-fi -expired contract payments made as 01 August 2018 to 31 March 20190	8,091	-
Expected supplier not selected	49,855	-
Previous employee costs written off(Is more than 5 years no longer employed by entity)	8,125	-
		-
	66,071	-
Telkom wi-fi expired contract payments made as 01 April 2019 to 31March 2020	10,290	-
Konica Minolta(rental of photo copy machine)	48,773	-
	59,063	-

Condoned		
Prior year		
Expired contract payments made for building Lessor as fro 01 October 2017 to 31 March 2019	958,299	-
Current year		
Expired contract payments made for Building Lessor as from 01 April 2019 to 31 March 2020	636,350	-
	-	-

ANNEXTURE A: REPORT OF THE AUDIT COMMITTEE

1. INTERNAL AUDIT AND AUDIT COMMITTEES

The Northern Cape Provincial Treasury established the shared internal audit function. The function was established in terms of section 51(1) (a) (ii) and section 76(4) (e) of the Public Finance Management Act (PFMA) as a shared function for the Northern Cape Provincial Administration, and in terms of paragraph 3.2.3 of the Treasury Regulations. The unit fulfils an independent assurance and consulting function. The function was outsourced to a service provider for the year under review.

The internal audit unit follows a risk-based audit approach in providing management and the audit committee with assurance on the adequacy and effectiveness of governance, risk management, and internal control processes. The internal audit is guided by an internal audit charter, approved by the audit committee and performs its functions as provided for in the PFMA and the internal audit charter.

The internal audit unit compiles a rolling three-year strategic risk-based plan and prepares an annual internal audit plan after taking into consideration the risks faced by the entity, strategic objectives, the entity's mandate, audit issues and inputs by management. The audit committee considers and approves the internal audit plan for implementation.

The internal audit reviews performed for the financial year under review, were all in line with the approved annual internal audit plan and are detailed in the audit committee annual report.

Internal audit findings were communicated timely to management and measures to mitigate the risks were implemented. Significant matters identified during the year were reported to the audit committee.

Audit Committee members and attendance

Throughout the year under review, the audit committee operated in terms of an approved audit committee charter, which was the committee's approved terms of reference. The audit committee comprised of three external members and two internal members, all of whom are not employed by the entity

The audit committee has, as part of its oversight responsibility on a quarterly basis, followed up on audit findings to ensure that issues raised were addressed timely.

Further information relating to the audit committee, as required by the PFMA and the Treasury Regulations is included in the audit committee's report, which is incorporated in the annual report of the entity.

The audit committee members were appointed on a 3-year term with effect from 1 December 2017. The audit committee comprises of five members in total. One internal member resigned and was replaced on 1 April 2019. The audit committee consisted of the members listed hereunder and met five times as per its approved meeting schedule:

Name	Qualifications	Internal or external	If internal, position in the entity	Date appointed	Date Resigned	No. of Meetings attended
Ms M Mbonambi	Bachelor of Accountancy; B.Com Honours – (CTA); Certificate in Risk; Management and Certificate in Board Governance	External	n/a	01 December 2017	n/a	03
Ms A Mafuleka	CA (SA); B Com – Honours	External	n/a	01 December 2017	n/a	04
Mr V Makaleni	Masters in Public Management Bachelor of Commerce (Accounting); Postgraduate Diploma in Corporate Governance; Management Advancement Programme; Advanced Management Development Programme; Certificate in Risk Management	External	n/a	01 December 2014	n/a	04
Ms Vallabh	Bachelor of Arts; Post Graduate Diploma in Library and Information Science;	Internal	Chief Director: Performance, Monitoring and Evaluations	01 December 2017	n/a	02

	Certificate Programme in Public Service Management		(OTP)			
Mr M Mdunge	BA Degree; Post graduate diploma governance and political transformation; Masters in governance and political transformation	Internal	Director: Frances Baard Head COGHSTA	01 April 2019	N/A	03

During the year under review the committee consistently engaged with the senior management of the entity, internal audit and the Auditor–General South Africa (AGSA), individually and collectively, to address risks and challenges facing the entity.

2. AUDIT COMMITTEE REPORT

We are pleased to present the audit committee report of the Northern Cape Liquor Board for the financial year ended 31 March 2020.

Audit Committee Responsibility

The audit 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 3.1.13. The audit committee further reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The Effectiveness of Internal Control

Our review of the findings of the internal audit work, which was based on the risk assessments conducted in the entity revealed certain weaknesses, which were raised with the entity. The following internal audit work was completed during the year under review:

- Review of Annual Financial Statements
- Business Processes
- Asset Management
- Governance
- Supply Chain Management
- Pre-determined Objectives
- Follow-up

The following were areas of concern:

- Entity's implementation of the internal audit and AGSA action plans.
- Contract management deficiencies resulting from supporting documentation not being available.
- Composition/appointment/declaration of interest by the board
- Non-existence of the inspections list which results in random and/or unplanned inspections being conducted
- Deviations and remedial actions recorded for targets not achieved

Management developed an audit action plan to address the findings raised by both the AGSA and Internal audit. The audit committee monitored the implementation of the plan during the year under review, including the implementation of the audit committee's recommendation.

In-Year Management and Monthly/Quarterly Report

The entity reported monthly and quarterly to the Provincial Treasury as is required by the PFMA.

Evaluation of Financial Statements

The audit committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report;
- reviewed significant adjustments resulting from the audit;
- reviewed the AGSA audit report;
- reviewed the AGSA management report and management's responses thereto;
- reviewed the entity's compliance with legal and regulatory provisions.

Auditor General's Report

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

Ms M Mbonambi
Chairperson of the Audit Committee
Date: 19 October 2020

ANNEXTURE B: REPORT OF THE HUMAN RESOURCE, FINANCE AND RISK (HRFR) COMMITTEE FOR THE FINANCIAL YEAR 2019/2020

Members of the Committee:

The following board members were part of the Finance, Risk and HR Committee:
Mrs. HJ Jack – Chairperson
Mr. S Mbi – Deputy Chairperson
Mr. TO Thobeli – Committee Member
Ms. C Oliphant – Additional Member
Mr. ZS Mengo – Acting CEO (*Ex officio*)
Mr. KT "Oupa" Makhale – CFO (*Ex officio*)

Meetings:

We held meetings on the following dates:

14 August 2019, 02 October 2019, 10 December 2019 and 18 March 2020

Attendance:

Name	14 August 2019	02 October 2019	10 December 2019	18 March 2020
Mrs HJ Jack	P	P	A	A
Mr S Mbi	P	P	P	P
Mr TO Thobeli	P	P	P	P
Mrs RCL Andrews	P	N/A	N/A	N/A
Mr K T Makhale	P	P	A	P
Mrs PL Mabula (member sat in)	P	N/A	P	P
Ms CZ Oliphant (member sat in)	P	A	A	A
Mr ZS Mengo	N/A	N/A	P	P

P – Present and A – Absent

ACHIEVEMENTS FOR THE FINANCIAL YEAR 2019/20:

POLICIES:

The committee reviewed the Human Resource Policy and recommended the policy for adoption by the Board.

The following financial policies were reviewed by the committee:

- Disciplinary Code;
- Risk Management Committee Charter;
- Risk Management Policy;
- Investigation policy;
- Fraud Prevention Policy;

TRAINING:

No training was provided due to no funds no training.

ACTING MANAGERS:

Acting managers to continue until positions are funded.

AUDIT REPORT:

The entity received a clean audit report for the previous financial period and will continue to strive to maintain the status quo.

RECOMMENDATIONS:

Training funds be sourced for staff training: - not only academic courses, but also courses like conflict management and due consideration be given to staff wellness.
Labour Forum to be established.

Mrs. H J Jack
Chairperson: HRFR Committee

ANNEXTURE C: REPORT OF THE LEGAL, LICENSING AND COMPLIANCE COMMITTEE REPORT FOR THE FINANCIAL YEAR 2019/2020

Members of the Committee:

The following board members were part of the Licensing, Legal and Compliance Committee:

Adv. VN Mayisela – Chairperson
Mrs. PL Mabula – Committee Member
Ms. CZ Oliphant – Committee Member
Mr. TO Thobeli – Committee Member
Mr. S Mbi – Committee Member (additional)
Mr. ZS Mengo – Acting CEO (*ex officio*)
Mr. KM Kapanda – Acting Manager Licensing (*ex officio*)
Mrs. KJ Oss - Acting Manager Compliance (*ex officio*)

Meetings:

Meetings were held on the following dates:

13 August 2019, 10 December 2019, 18 March 2020

Attendance:

Name	13 August 2019	10 December 2019	18 March 2020
Adv VN Mayisela	A	P	P
Mrs PL Mabula	P	P	P
Mr TO Thobedi	P	P	P
Mr S Mbi	P	P	P
Mrs RCL Andrews	P	N/A	N/A
Mr KM Kapanda	P	P	P
Mrs KJ Oss	P	P	P
Ms CZ Oliphant	P	A	A
Mr ZS Mengo	N/A	P	A
Mr KT Makhale	N/A	N/A	P

P – Present and A – Absent (*Managers Compliance and Licensing are attending the committee meetings as *ex-officio* members)

REVIEW OF THE PAST FINANCIAL YEAR:

The committee convened three times during the past financial period.

LICENSING REVIEW:

The committee reviewed the status of pending licenses awaiting adjudication by the Board. These include incomplete applications, applications awaiting outstanding documents and complete applications.

AGE ANALYSIS OF APPLICATIONS:

The committee reviewed the age of pending files over the period and proposed to the Board that files beyond 90 days be declared as backlog files. The recommendation was sub subsequently adopted as a resolution by the Board.

COMPLAINTS MANAGEMENT:

All complaints received were reported on.

QUARTERLY REPORTS:

Quarterly reports are discussed and elaborated on in terms of the strategic objectives and the APP.

CLOSING

The committee has stabilized backlogs in respect of outstanding liquor license applications and systems are in place in terms of dealing with current applications. However, the Committee still faces a daunting task in respect of addressing compliance related issues by liquor traders. More so, enhancing education and awareness remains a challenge mainly due to resources constraints, therefore alcohol misuse and abuse remains a challenge.

Adv. VN Mayisela
Chairperson: LLCC, NCLB

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