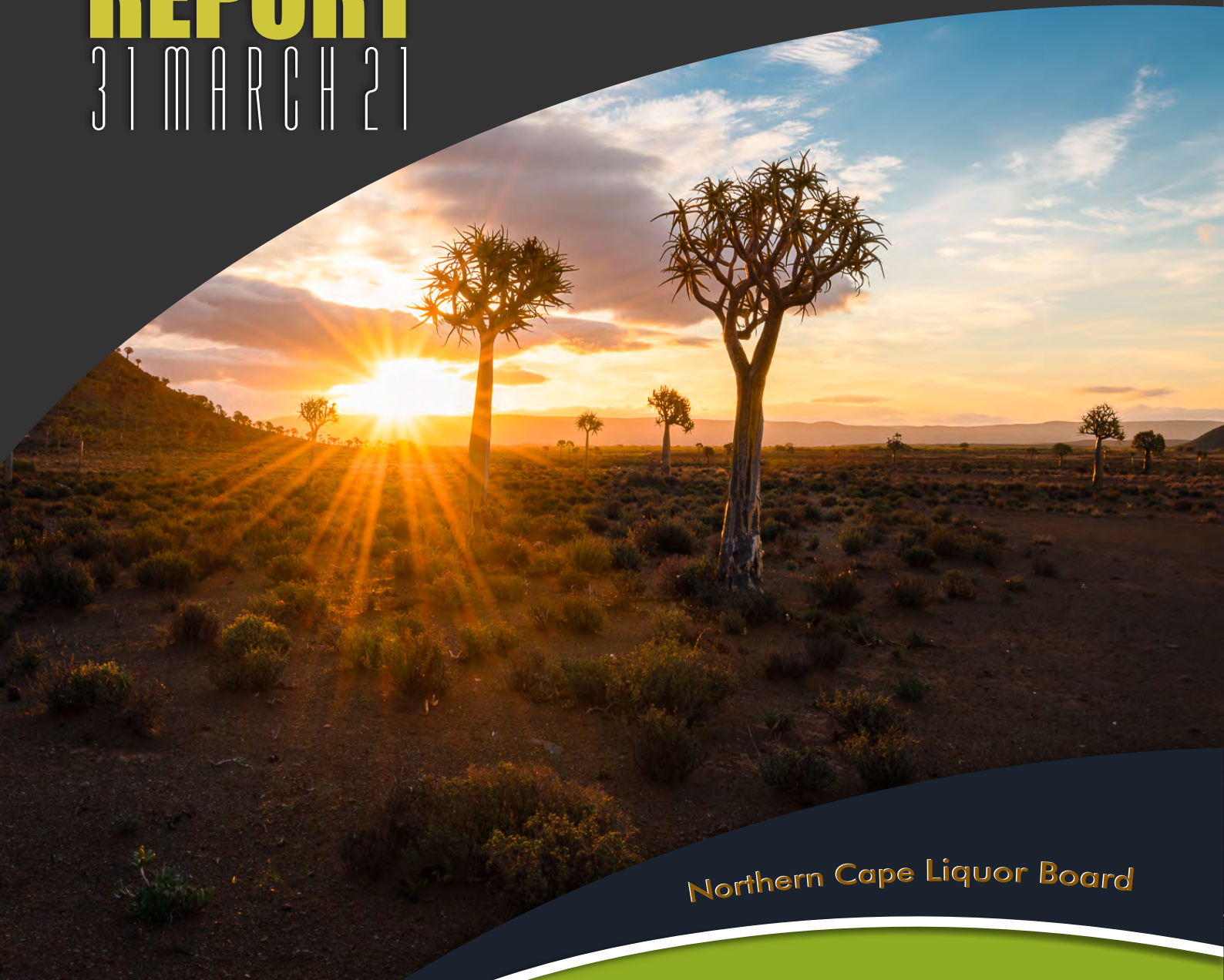


Northern Cape
Liquor Board



ANNUAL REPORT

31 MARCH 21



Northern Cape Liquor Board

“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	8
4. Chief Executive Officer’s overview	9-11
5. Statement of responsibility and confirmation of the accuracy of the annual report	12
6. Strategic overview	13
6.1 Vision	13
6.2 Mission	13
6.3 Values	13
7. Legislative and other mandates	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 Progress towards achievement of institutional impact and Outcomes	19
3. Performance information by programme/activity/objective	20
3.1 Programme 1: Administration	20
Sub-Programme 1: Office of CEO	20
Sub-Programme 2: Corporate Services	22-23
3.2 Programme 3: Licensing	24-25
3.3 Programme 4: Compliance and Awareness	26-27
4. Revenue collection	28
	2

Part C: Governance	29
1. Introduction	30
2. Portfolio Committees	30
3. Executive Authority	30
4. The Accounting Authority/The Board	30-32
5. Risk Management	32
6. Internal Control Unit	32
7. Internal Audit and Audit Committees	33-36
8. Compliance with laws and regulations	37
9. Fraud and Corruption	37
10. Minimising conflict of interest	37
11. Code of Conduct	37
12. Health, Safety and Environmental Issues	37
13. Company Secretary (if applicable)	37
14. Social Responsibility	37
15. Audit Committee Report	38-39
Part D: Human Resource Management	40
1. Introduction	41
2. Human Resources Oversight Statistics	41-43
Part E: Financial Information	44
Report of the External Auditor	45-52
Annual Financial Statements	53-89

PART A: GENERAL INFORMATION



1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME:	Northern Cape Liquor Board
REGISTRATION NUMBER (if applicable):	None (PFMA Schedule 3C Entity)
PHYSICAL ADDRESS:	31 Mc Dougall Street Monument Heights 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, Act No. 1 of 1999
TR	Treasury Regulations
MTEF	Medium Term Expenditure Framework
SMME	Small Medium and Micro Enterprises
SCM	Supply Chain Management
NCLB	Northern Cape Liquor Board
NCGB	Northern Cape Gambling 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

The Board was dissolved in March 2021, hence there was no Chairperson of the NCLB at the date of this report.

(In terms of the PFMA, in the absence of the board, the CEO is the accounting authority of the public entity, for financial and administrative purposes only, not for adjudication of licenses.)

4. ACTING CHIEF EXECUTIVE OFFICER'S OVERVIEW

It is my pleasure to present the AR of NCLB for the 2020/21 financial year. The 2020/21 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 DEDaT amounting to R13,346,200.00. In direct allocation as service in kind from NCPT (Internal Audit Services) amounting to R161,851.00. This is the cost for rendering the service of internal audit and share audit committee.

For the period 01 April 2020 to 31 March 2021, a total license fees were collected by DEDaT on behalf of NCLB, amounting to R3,737,825.33. This is comprised mainly with applications fees, new license fees, and annual renewal fees. Due to the Disaster Management Act with its regulations, occasional licenses (Sec 18) were restricted, causing a decline in revenue collection. The Board in consultation with the MEC waived penalty fees applicable for the renewal of licenses due to the negative Economic conditions caused by Covid-19.

Matrix on licenses renewals

YEAR	RENEWED LICENSES	LAPSED LICENSES
2020/2021	1704	81
2019/2020	1724	54
2018/2019	1788	121

4.2 Spending trends of the public entity.

The 2020/2021 - 2023/2024 MTEF for the NCLB was submitted to the DEDaT, in accordance with the PFMA, 1999 (No 1 of 1999) as amended. The total budget allocation for the period under review is R13,346,200.00 and for the forwarding year 2021-2022 is R13,932,000.00.

The main costs drivers for NCLB as a service regulator organization relate to employee's 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). The Covid-19 pandemic have put more pressure on our operating expenditures in the Compliance and Awareness Programme.

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. The process is currently undertaking of rationalizing the NCLB and NCGB as one entity.

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 or occasional liquor license were also discontinued from level 5 to level 1 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 CFO in line with TR and the 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. They are reviewed as and when necessary, as per the PFMA and TR.

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

All finance issues that were raised in the past financial year were addressed, only performance information was outstanding. Matters of emphasis were raised, i.e. irregular monthly payments on office rental space which lease expired. Department of Roads and Public Works and NCPT have condoned it and other matters have been addressed by Accounting Authority.

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

Request for addition funding to address vacancies rate and other challenges

4.12 Events after the reporting date

There were no events after the reporting date.

4.13 Acknowledgements /s or Appreciation

I greatly appreciate the commitment and dedication of our CFO, Mr. KT "Oupa" Makhale and all staff of the NCLB who perform their jobs admirably and achieving the targets set on the APP. Their contribution lead to the delivery of services to NCLB clients and stakeholders.

I would also like to thank organised Labour for their contribution to the organisation's effectiveness. Appreciation also goes to the Audit and Risk Committees for their commitment to governance within the organization.

In conclusion, a special thanks to the Honorable MEC and the DEDaT, for their continued support and assistance.



MS. TC MODIBELA
ACTING CHIEF EXECUTIVE OFFICER
Northern Cape Liquor Board
Date: 31 August 2021

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 AG.

The AR is complete, accurate and is free from any omissions.

The AR has been prepared in accordance with the guidelines on the AR as issued by NT.

The AFS (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 AFS and for the judgements made in this information.

The accounting authority is responsible for establishing, and implementing an inter control system that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the HR information and the AFS.

The external auditors are engaged to express an independent opinion on the AFS.

In our opinion, the AR fairly reflects the operations, the performance information, the HR information and the financial affairs of the public entity for the financial year ended 31 March 2021

Yours faithfully



Acting Chief Executive Officer

Ms TC Modibela

Date: 31 August 2021

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 NCLB 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 NCLB is a Schedule 3C Public Entity in terms of the PFMA.

Constitutional Mandate

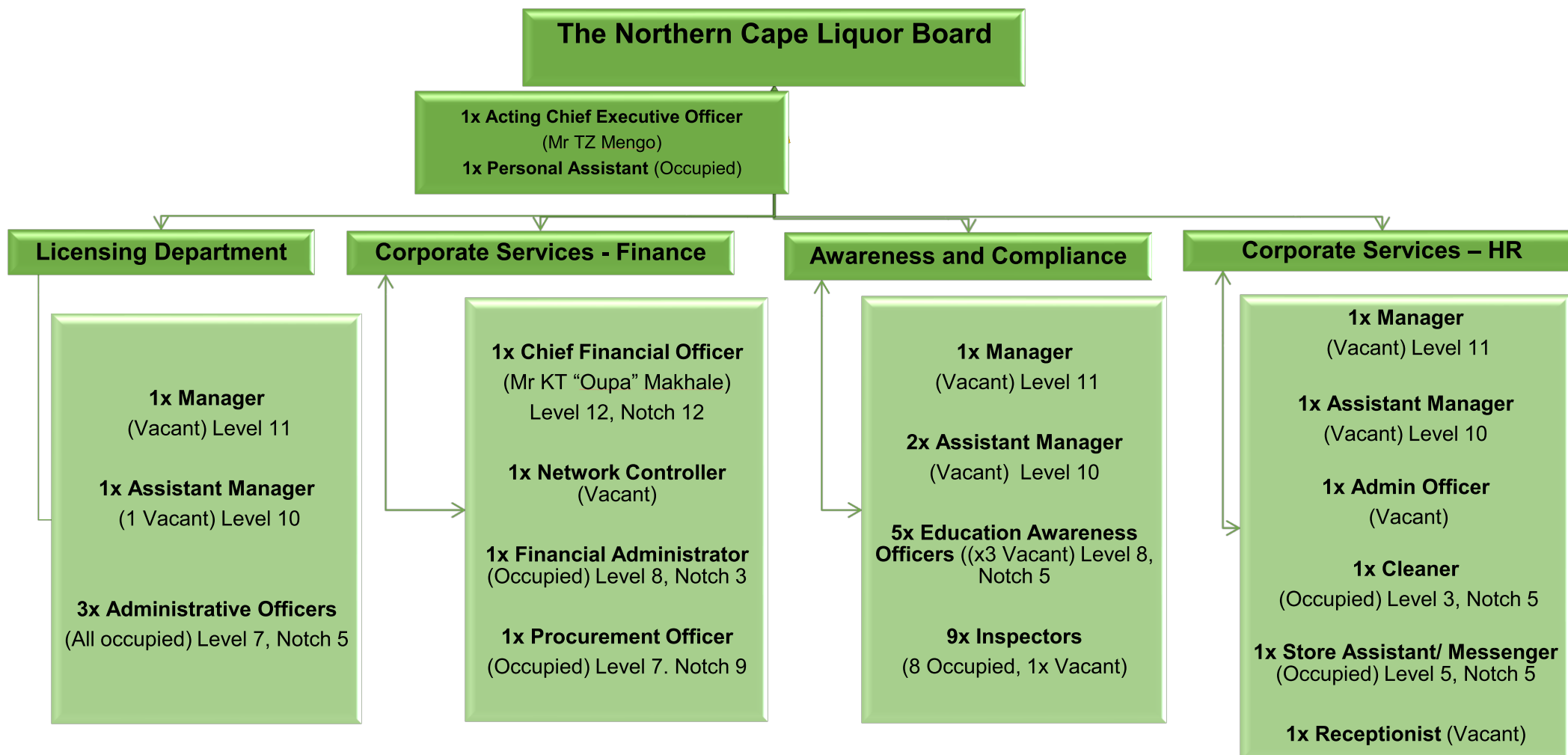
The NCLB has a constitutional mandate **Sec 104** of the Constitution (**Act 108 of 1996 as amended**) which provides for the regulation of Liquor by the Provincial and Local spheres of government.

Legislative Mandate

The NCLB 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;

8. ORGANISATIONAL STRUCTURE



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

The original Organisational 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 organisational structure since the inception of NCLB as an entity in 01 April 2020.

Currently the following positions for 2020/2021

OFFICE OF CHIEF EXECUTIVE OFFICER

- CEO position is filled on level 13 (Notch 12): Five years contract position. The employment contract of the previous CEO ended on 31 August 2019. On 01 September 2019 to date of publishing the annual report, DEDaT seconded the Acting CEO.
- Personal Assistant in the office of CEO, position is filled on Level 6 (Notch 12): Permanent position.
- No vacancies.

OFFICE OF CHIEF FINANCIAL OFFICER & CORPORATE SERVICES

- CFO 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)
- Six (6) positions are vacant.

In summary the NCLB have a full-time staff complement of nineteen (19) and seconded Acting CEO total of all staff on payroll is twenty (20) employees as on 31 March 2021. 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 45 to 52 of the Auditors Report, published as Part E: Financial Information.

2. SITUATIONAL ANALYSIS

2.1 Service Delivery Environment

The NCLB currently regulates the retail sale and micro-manufacturing of liquor through the provisions of NCLA.

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 NCLA to act on immediate contraventions of the NCLA

Corrective steps:

- The NCLB is in talks with one stakeholder to secure a licensing 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.
- Strengthen inter-governmental relations.
- 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. The NCLB has engaged SAPS with training of Inspectors to be Peace Officers.

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 31 March 2021.

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

No Legislative changes occurred during the period under review.

The following policies were reviewed during the 2020/21 financial year:

- Risk Management Policy
- Anti-fraud and Corruption Policy
- Cell phone, Landline and 3G policy

2.4 Progress toward achievement of intuitional impacts and Outcomes

Outcome	Outcome Indicator	Progress 2020/21	Five-year target	Comments
License applications prepared for adjudication	Number of License applications prepared for adjudication	Engagements are ongoing with stakeholders to secure an electronic licensing system	To have a secure effective and efficient licensing system	Ongoing
License applications outcomes prepared	Number of License applications	Engagements are ongoing with stakeholders to secure an electronic licensing system	To have a secure licensing system which will execute the decisions of the Board	Ongoing
Reduction in the negative effects of alcohol abuse and responsible trading	Number of education awareness	The education and awareness program have enhanced its programme by including COVID-19 Operational procedures	Reducing the socio-economic ills with reference to alcohol abuse and to ensure responsible trading from licensees	Ongoing

3. PERFORMANCE INFORMATION BY PROGRAMME/ACTIVITY/ OBJECTIVE

3.1 PROGRAMME 1: ADMINISTRATION

3.1.1 SUB-PROGRAMME: OFFICE OF THE CEO

The purpose 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.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Programme 1: Administration								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Actual Targets 2020/2021	Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement for 2020/2021	Reasons for Deviations
A regulated liquor industry in the Province	Approved Internal audit charter	Submit approved Audit plan	-	New	1	1	0	None
A Compliant Liquor industry in the Province	Approved strategic risk register and assessments	Conduct strategic and operational assessment	-	New	1	1	0	None
	Approved Audit progress reports	Submit approved audit plan	-	New	1	1	0	None
	Approved quarterly performance report	Timeous submission of quarterly performance reports is compiled	-	New	4	4	0	None
	Approved annual performance plan	Timeous submission of Annual Performance Plan	-	1	1	1	0	None
	Approved Annual Report	Timeous submission of Annual Report	-	1	1	1	0	None

Strategy to overcome areas of under performance

During the lockdown we worked remotely and meetings were conducted through electronic platforms in order to achieve targets.

Linking performance with budgets

			2019/2020		2020/2021	
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	1.644,448.23	1,181,730.76	487,127.86	2,241,625.71	1,243,642.23	997,983.48

3.1.2 SUB-PROGRAMME 2: CORPORATE SERVICES

3.1.2.1 FINANCIAL MANAGEMENT

Financial Sustainability through effective financial and supply chain management processes, internal controls and compliance with legislation.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Outcome	Output	Output Indicator	Sub-Programme: Financial Management					
			Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Actual Targets 2020/2021	Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement for 2020/2021	Reasons for Deviations
A compliant liquor industry in the province	Approved Annual Budget	Preparation of the Annual Budget	1	1	1	1	0	None
	Approved Annual Financial statements	Timeous submission of Annual Financial Statements	1	1	1	1	0	None
	Approved Quarterly performance report	Timeous submission of quarterly financial reports	4	4	4	4	0	None
	Asset Register	Number of asset count conducted	-	New	4	4	0	None
	In- year monitoring reports	Submission In-year monitoring reports submitted to Treasury	12	12	4	4	0	None
	Approved Annual Procurement Plan	Compile Annual procurement plan	New	1	1	1	0	None

3.1.2.2 HUMAN RESOURCE MANAGEMENT

The purpose of HR is to administer payroll services and management resources.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Sub-Programme: Human Resource Management								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Actual Targets 2020/2021	Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement for 2020/2021	Reasons for Deviations
A compliant liquor industry in the province	Payroll administration reports	Development Policies, System Description, and procedures	-	New	1	1	0	None
	Employee skills and development programme	Development a workplace skills plan per employee	New	1	1	0	1	The underperformance is due to budget constraints and that the NCLB does not have a skills facilitator

Strategy to overcome areas of under performance

The HR practitioner resigned. An internal arrangement was made in an effort to address the need to develop the work skill plan.

Linking performance with budgets

Programme/ activity/objective	2019/2020			2020/2021		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000			
Total	4,313,804.45	4,261,270.79	52,533.66	4,464,346.43	4,316,400.86	147,945.57

3.2 PROGRAMME 3: LICENSING

The purpose of the licensing programme is to handle all matters pertaining to liquor license administration in the Province in accordance with the ***Northern Cape Liquor Act, Act No. 2 of 2008.***

Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Programme 3: Licensing				
				Audited Actual Performance 2019/2020	Planned Actual Targets 2020/2021	Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement for 2020/2021	Reasons for Deviations
A regulated Liquor Industry in the Province	License applications prepared for adjudication	Number of License applications prepared for adjudication within 90 Days	-	New	100	95	The Planned target was 100 applications to be prepared, however only 95 applications were received. The difference is 5. 26 of the 95 applications not prepared for adjudication within 90 days.	The NCLB cannot predetermine the exact number of applications to be received and prepared for adjudication Outstanding stakeholders (SAPS and Local Municipalities) reports.
		Number of Occasional licenses application prepared for adjudication within 14 Days	-	New	400	0	Zero (0) applications for occasional licenses were prepared for adjudication within 14 days.	The Disaster Management Act Regulations Gazetted on the 18 March 2020 prohibits the issuing of occasional liquor licenses under Regulation 8(3)
A regulated Liquor Industry in the Province	License applications outcomes prepared	Number of License applications outcomes communicated within seven (7)	-	New	500	166	The Planned Target was 500 license application outcomes communicated, however only 166 outcomes were Communicated. The Difference is 334.	The Disaster Management Act Regulations Gazetted on the 18 March 2020 prohibits the issuing of occasional liquor licenses under Regulation 8(3).

Strategy to overcome areas of under performance

Resources were reprioritized in order to achieve the output indicators.

Linking performance with budgets

Programme/activity/ objective	2019/2020			2020/2021		
	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	1,556,261.48	1,438,245.79	118,015.69	1,617,476.32	1,498,809.35	118,666.97

3.3 PROGRAMME 4: COMPLIANCE AND AWARENESS

The Compliance function is responsible for monitoring and enforcing compliance of licensed liquor outlets in accordance with the Northern **Cape Liquor Act, Act No. 2 of 2008**.

The Education and Awareness function is to educate the public on the dangers of alcohol abuse with the intention of educating the socio-economic ills associated with alcohol abuse.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Programme 4: Compliance and Awareness								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Actual Targets 2020/2021	Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement for 2020/2021	Reasons for Deviations
A compliant liquor industry in the Province	Reduce the number of non-compliance activities in the Liquor Industry	Number of Compliance Inspections Conducted	2324	2861	2800	2610	-190	Under achievement is due to the lock down of the liquor industry
A compliant liquor industry in the Province	Reduce the number of non-compliance activities in the Liquor Industry	Number of days taken to investigate complaints	-	New	30 Days	9 complaints received and investigated within 30 days	0	None
Increased education and awareness campaigns	Reduction in the negative effects of alcohol abuse and responsible trading	Number of education awareness	20	52	25	53	28	Over achievement was due to increased number of requests for social responsibility programmes and collaboration with SAPS, Home Affairs, Labour and Social Development. There were no additional financial implications

Strategy to overcome areas of under performance

Compliance inspections were subject to the relaxation of the Lockdown regulations under the risk adjusted strategy.

Reporting on the institutional Response to the COVID-19 Pandemic

Programme/ Sub programme	Intervention	Geographic location (Province District/local municipality) (Where Possible)	No. of beneficiaries (Where Possible)	Disaggregation of Beneficiaries (Where Possible)	Total budget allocation per intervention (R '000)	Budget spent per intervention	Contribution to the Outputs in the APP (Where Applicable)	Immediate outcomes
Compliance and Awareness	Conduct education and awareness with the liquor traders / confiscation of liquor licenses	All Districts	-	-	-	-	Expanded and informed economic citizen footprint in the Northern Cape Province	Education and awareness were conducted at different police stations, in Frances Baard and Pixley Ka Seme. Concentrated on Designated Police Officers (DPO'S) Specifically because they are the custodian of the Liquor Act, and had to be educated on the new regulations. 55 DPO'S reached. Compliance inspections were conducted at 2610 licensed outlets. No liquor licences were confiscated.

Linking performance with budgets

	2019/2020			2020/2021		
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	5,288,285.84	5,408,973.67	-120,687.83	5,608,551.54	5,125,862.33	482,689.21

4. Revenue collection

Sources of revenue	2019/2020			2020/2021		
	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	160,000.00	160,00.00		44,250.00	44,250.00	
New license fees	53,8000.00	53,800.00		15,975.33	15,975.33	
Transfer of license fees	50,671.00	50,671.00		34,750.00	34,750.00	
Notice to review fees	55,750.00	55,750.00		-	-	
Annual renewal fees	3,673,200.67	3,673,200.67		3,642,850.00	3,642,850.00	
Penalties on annual renewal fees	136.375.33	136,375.33		-	-	
Total	4,129,797.00	4,129,979.00	N/A	3,737,825.33	3,737,825.33	

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 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.

2. PORTFOLIO COMMITTEES

The NCLB established sub-committees of the Board, namely the HRFRC and the LLCC. 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.

3. EXECUTIVE AUTHORITY

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

4. 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	No Meetings for the financial year due to Disaster Management Act Regulations	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 NCLB is determined by Sec 10(3), Sec 0(4) and Sec 10(5) of the NCLA.
- Sec 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.”***
- Sect 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 Sec 10(3) of the NCLA.”***
- Sec10(5) states: ***“Remuneration determined in terms of Sec 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 NCLB. They claim only reimbursement costs .e.g. travelling and accommodation.

Name	Remuneration	Cell phone and Data allowance	Travel and Subsistence allowance	Total
Adv. Andrew Sia		24,000.00	7,582.00	31,582.00
Mr. Sizwe Mbi	96,580.00	24,000.00	14,223.00	134,803.00
Adv. Vincent Mayisela		24,000.00		24,000.00
Mrs. Helen Jack	22,000.00	24,000.00	26,871.00	72,871.00
Ms. Cindy-Lee Oliphant		24,000.00		24,000.00
Mr. Thabo Thobeli	46,500.00	24,000.00		70,500.00
Mrs Patricia Mabula	44,000.00	24,000.00	552.00	68,552.00
Total	209,080.00	168,000.00	49,228.00	426,308.00

5. RISK MANAGEMENT

The Acting CEO 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.

6. INTERNAL CONTROL UNIT

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 PFMA as a shared function for the Northern Cape Provincial Administration, and in terms of paragraph 3.2.3. of the TR. 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. 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.

7. INTERNAL AUDIT AND AUDIT COMMITTEES

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 term ended on 30 November 2020 and a new 3-year term membership started on 1 December 2020.

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 comprises of five members in total. Four meetings were convened during the financial year under review.

The following Audit Committee members attended the 3 meetings as their term ended 30 November 2020.

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	03
Mr V Makaleni	- Master 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	03
Ms Vallabh	- Bachelor of Arts - Post Graduate Diploma in Library and Information Science - Certificate Programme in Public Service Management	Internal	Chief Director: Performance, Monitoring and Evaluations (OTP)	01 December 2017	n/a	02
Mr M Mdunge	- BA Degree - Post graduate diploma governance and political transformation - Masters in governance and	Internal	Director: Frances Baard Head COGHSTA	01 April 2019	N/A	00

The following Audit Committee members attended 1 meeting in March as their term started 1 December 2020.

Name	Qualifications	Internal or external	If internal, position at the entity	Date appointed	Date Resigned	No. of Meetings attended
Ms A Mafuleka	- CA (SA) - B Com – Honours	External	n/a	01 December 2020	n/a	01
Ms J Gunther	- Certified Internal Auditor - CRMA - Associate General Accountant - Masters in Cost Accounting - BCompt - Various accounting and auditing certificates	External	n/a	01 December 2020	n/a	01
Mr F Docrat	- Master of Business Administration - Chartered Director (SA) - Certified Information Security Manager - Certified Information Systems Auditor - Certified in the Governance of Enterprise Information Technology - Certified Risk Management Practitioner - Management Advancement Program - Total Quality Management - Computer Operations Proficiency Examination	External	n/a	01 December 2020	n/a	01
Ms Vallabh	- Bachelor of Arts - Post Graduate Diploma in Library	Internal	Chief Director: Performance,	01 December 2020	n/a	00

	- Certificate Programme in Public Service Management		Monitoring and Evaluations (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 2020	n/a	01

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.

8. 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

9. 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.

10. 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 NCLB employees and Board members have declared their conflict of interest for the Financial Period 2020/2021.

11. 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.

12. 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 DEDaT-Wellness Section.

13. COMPANY / BOARD SECRETARY (IF APPLICABLE)

The Acting CEO execute the duties of the secretary during the financial period under review as stated in the NCLA, Sec 12 (1).

14. 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.

15. AUDIT COMMITTEE REPORT

1. 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 2021.

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
- Performance Information
- Follow-up on previous reported audit findings
- Leave Management
- Payroll Management
- Procure to Pay

The following were areas of concern:

- Over-reliance on the CFO to report to the Audit Committee which constitutes a business continuity risk.
- Non-attendance of the Audit Committee meetings by the acting CEO for 4 consecutive meetings.
- The merger implications in terms of the risks related to the rationalization, budget, human resources, annual performance plan and strategic plan.
- The timeframes for the merger project plan were not specific.
- Increase in irregular expenditure due to inadequate contract management

Management developed an audit action plan to address audit 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 AGSA's report was reviewed and the Audit Committee noted that the entity obtained an unqualified audit opinion. The Audit Committee noted with concern the outcome obtained by the entity for the annual performance 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 A Mafuleka
Northern Cape Liquor Board
Chairperson of the Audit Committee
Date: 13 August 2021

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. 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	1,313,433.00	1,379,472.00	105%	2	689,736.00
Licensing	1,718,390.00	1,556,005.00	90%	4	389,009.00
Corporate Services – Finance & HR	4,536,021.00	2,398,742.00	52%	4	599,685.00
Awareness programme, compliance and enforcement	5,674,662.00	4,757,849.00	83%	10	475,784.00
TOTAL	13,242,663.00	10,092,068.00		20	2,154,214.00

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	949,795.00	9%	1	949,795
Senior Management	1,237,325.00	12%	1	1,237,325
Professional qualified	1,341,197.00	13%	2	670,598
Skilled	5,956,023.00	59%	10	595,602
Semi-skilled	2,050,200.00	20%	4	512,550
Unskilled	744,647.00	7%	2	372,323
TOTAL	10,092,068.00	%	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	2019/2020 No. of Employees	2020/2021 Approved Posts	2020/2021 No. of Employees	2020/2021 Vacancies	% of vacancies
CEO Office	1	2	2	1	50%
Licensing	4	5	3	2	40%
Corporate Services – Finance & HR	4	10	5	5	50%
Awareness and Compliance	10	16	10	6	37.5%

Programme/activity/objective	2019/2020 No. of Employees	2020/2021 Approved Posts	2020/2021 No. of Employees	2020/2021 Vacancies	% of vacancies
Top Management	1	1	1		100%
Senior Management	1	4	1		23,1%
Professional qualified	1	4	1		15,4%
Skilled	13	19	13		46,14%
Semi-skilled	4	5	4		7,7%
Unskilled	0	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	2	0	0	1
Skilled	10	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	2							
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		4					
Semi-skilled	2							
Unskilled	0							
TOTAL	6	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 53 to 89, which comprise the statement of financial position as at 31 March 2021, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Northern Cape Liquor Board as at 31 March 2021, 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 my report.
4. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of 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 20 to the financial statements, the corresponding figures for 31 March 2020 were restated as a result of an error in the financial statements of the entity at, and for the year ended, 31 March 2021.

Irregular expenditure

8. As disclosed in note 23 to the financial statements, the entity incurred irregular expenditure of R714 175 (2019-20: R716 044) during the year under review mainly due to non-compliance with supply chain management requirements. The total amount of irregular expenditure recorded in the annual financial statements at 31 March 2021 amount to R2 254 589 (2019-20: R1 740 414).

Responsibilities of the 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 Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (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 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected 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 entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

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 entity's annual performance report for the year ended 31 March 2021:

Programme	Pages in the annual performance report
Programme 3 – (Licensing)	24 – 25

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.

Programme 3 – Licensing

Various indicators

17. Reported indicators and targets were not consistent when compared with planned indicators and targets, in addition, the indicators and targets were also changed without the necessary approval.

Initial indicator	Revised indicator	Initial target	Revised target
Number of Occasional licenses application prepared for adjudication	Number of Occasional licenses application prepared for adjudication within 14 days	14 Days	400
Number of License applications outcomes communicated	Number of License applications outcomes communicated within 7 working days	7 working days	500

Number of License applications prepared for adjudication within 90 days

18. The indicator was initially approved in the annual performance plan as Number of License applications prepared for adjudication but was changed without the necessary approval. Additionally, the reported indicator and target of 95 did not agree with the planned indicator and target of 90 days as per the approved in the annual performance plan. The achievement of 95 was reported against target of 100 in the annual performance report. However, the supporting evidence provided materially differed from 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 20 to 27 for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement 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 paragraph(s) [13 to 18] 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 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 identify 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, as required by section 55(1)(b) of the PFMA. Material misstatements of cash flow statement, non-current assets, current liabilities, revenue and irregular expenditure identified by the

auditors in the submitted financial statements were corrected resulting in the financial statements receiving an unqualified audit opinion.

Procurement and contract management

25. Contracts were extended or modified without the approval of a properly delegated official as required by section 44 of the PFMA and Treasury Regulations 8.2.1 and 8.2.2.

Other information

26. 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 those selected programme presented in the annual performance report that have been specifically reported in this auditor's report.
27. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
28. 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.
29. 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

30. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective
31. 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 basis for the unqualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
32. Leadership did not communicate and enforce management assertions (accuracy and completeness) related to the transactions and disclosures in the financial

statements and the annual performance report. This caused the public entity to have material misstatements in the annual financial statements that had to be corrected. Material misstatements on financial statements, performance information and non-compliance matters were identified that could have been avoided had proper controls been implemented. Leadership must take accountability of accuracy and completeness of the annual financial statements.

33. The leadership of the entity did not exercise oversight responsibility to ensure that proper internal control procedures were developed and implemented that would enable the entity to produce accurate and complete financial statements and performance reports. Inadequate reviews and monitoring were performed on the entity's activities and reports thereof.
34. There were material findings on the financial statements, annual performance information and non-compliance with laws and regulations, which is evidence of the weaknesses in controls over daily and monthly processing and reconciliation of transactions. Management did not ensure that contract extensions were approved by the accounting authority before termination date which led to material findings with applicable legislation.
35. Management did not adequately review the financial statements, this resulted in material misstatements being identified by the auditors which were subsequently corrected in accordance with the prescribed financial reporting framework and material findings with applicable legislation.

Auditor General

Kimberley

31 July 2021



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for 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 accounting authority’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the 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 the 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 provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2021



These financial statements have been audited in compliance with the applicable requirements of the Public Finance Management Act No 1 of 1999.
Published 31 May 2021

1

The supplementary information presented does not form part of the financial statements and is unaudited

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2021

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) S Mbi (Deputy Chairperson) Adv V N Mayisela H J Jack C Z Oliphant T Thobeli P L Mabula
Business address	31 McDougall Street Monument Heights 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 Act No 1 of 1999 as amended.
Published	31 May 2021
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 as amended Public Finance Management Act No 1 of 1999 as amended. Skills Development Act No. 9 of 1999 Employment Equity Act No. 9 of 1999 Unemployment Insurance Act No.30 of 1996 as amended Basic Conditions of Employment Act No.75 of 1997 as amended

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2021

Index

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

	Page
Members' Responsibilities and Approval	4
Members' Report	5 - 6
Statement of Financial Position	7
Statement of Financial Performance	8
Statement of Changes in Net Assets	9
Disclosures	10
Accounting Policies	11 - 25
Notes to the Financial Statements	26 - 36

COLD	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 2021

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 judgements 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 board 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 2022 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is 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 5.

The financial statements set out on page 5, which have been prepared on the going concern basis, were approved by the board on 31 May 2021 and were signed on its behalf by:



Acting Chief Executive Officer

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2021

Members' Report

The members submit their report for the year ended 31 March 2021. The financial statements set out on pages 7 to 36 which have been prepared on the going concern basis, were approved by the Board on 31 May 2021 and were signed on its behalf by Acting Chief Executive Officer.

1. Review of activities

Main business and operations

Net surplus of the entity was R 816,616 (2020: surplus R 777,222).

2. Going concern

We draw attention to the fact that at 31 March 2021, the entity had an accumulated surplus of R 2,155,099 and that the entity's total assets exceed its liabilities by R 2,155,099.

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 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.

6. Board

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	date of the end of the term Wednesday, 31 March 2021
S Mbi (Deputy Chairperson)	South African	date of the end of the term Wednesday, 31 March 2021
Adv V N Mayisela	South African	date of the end of the term Wednesday, 31 March 2021
H J Jack	South Africa	date of the end of the term Wednesday, 31 March 2021
C Z Oliphant	South African	date of the end of the term Wednesday, 31 March 2021
T Thobeli	South African	date of the end of the term Wednesday, 31 March 2021
P L Mabula	South African	date of the end of the term Wednesday, 31 March 2021

7. Auditors

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

Northern Cape Liquor Board

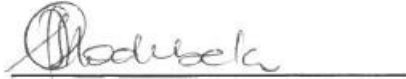
Financial Statements for the year ended 31 March 2021

Members' Report

8. Non-compliance with applicable legislation

Certain instances of non - compliance with applicable 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.



Acting Chief Executive Officer

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2021

Statement of Financial Position as at 31 March 2021

Figures in Rand	Note(s)	2021	2020
Assets			
Current Assets			
Cash and cash equivalents	4	3,126,542	1,952,577
Non-Current Assets			
Property, plant and equipment	2	88,101	105,885
Intangible assets	3	300	600
		88,401	106,485
Total Assets		3,214,943	2,059,062
Liabilities			
Current Liabilities			
Finance lease obligation	5	32,907	-
Payables from exchange transactions	7	16,153	15,892
Employee Benefits	6	442,247	704,685
		491,307	720,577
Non-Current Liabilities			
Employee Benefits	6	568,537	-
Total Liabilities		1,059,844	720,577
Net Assets		2,155,099	1,338,485
Accumulated surplus		2,155,099	1,338,485
Total Net Assets		2,155,099	1,338,485

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2021

Statement of Financial Performance

Figures in Rand	Note(s)	2021	2020
Revenue			
Revenue from exchange transactions			
Interest received	9	11,179	27,409
Revenue from non-exchange transactions			
Services in-kind			
Employee Cost - Acting CEO (DEDAT)	8	542,769	370,976
Internal audit services	8	161,851	267,131
Transfer revenue			
Government grants & subsidies	10	13,346,200	13,309,000
Total revenue from non-exchange transactions		14,050,820	13,947,107
Total revenue		14,061,999	13,974,516
Expenditure			
Employee related costs	11	(10,092,068)	(10,090,275)
Remuneration of board members	19	(377,080)	(343,061)
Depreciation and amortisation	12	(81,223)	(74,714)
Finance costs	13	(4,207)	-
General Expenses	14	(2,690,805)	(2,689,244)
Total expenditure		(13,245,383)	(13,197,294)
Surplus for the year		816,616	777,222

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2021

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 April 2019	561,263	561,263
Changes in net assets		
Surplus/(Deficit) for the year (restated)	777,222	777,222
Total changes	777,222	777,222
Balance at 01 April 2020	1,338,483	1,338,483
Changes in net assets		
Surplus/(Deficit) for the year	816,616	816,616
Total changes	816,616	816,616
Balance at 31 March 2021	2,155,099	2,155,099

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2021

Disclosures

Figures in Rand	Note(s)	2021	2020
Cash flows from operating activities			
Receipts			
Grants		13,346,200	13,309,000
Interest income		11,179	27,409
		<u>13,357,379</u>	<u>13,336,409</u>
Payments			
Employee costs		(9,620,280)	(10,096,926)
Suppliers		(2,528,693)	(2,393,784)
		<u>(12,148,973)</u>	<u>(12,490,710)</u>
Net cash flows from operating activities	16	1,208,406	845,699
Cash flows from investing activities			
Purchase of property, plant and equipment	2	<u>(63,141)</u>	<u>-</u>
Cash flows from financing activities			
Finance lease payments		28,700	-
Net increase/(decrease) in cash and cash equivalents		1,173,965	845,699
Cash and cash equivalents at the beginning of the year		1,952,577	1,106,878
Cash and cash equivalents at the end of the year	4	3,126,542	1,952,577

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2021

Accounting Policies

Figures in Rand	Note(s)	2021	2020
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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 accounting policies are consistent with the previous period.

GRAP 1: Presentation of Financial Statements

IGRAP 1: Applying the probability test of initial recognition of revenue

GRAP 2: Cash Flow Statement

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

GRAP 4: The effect of changes in foreign exchange rates.

GRAP 5: Borrowing cost

GRAP 6: Consolidation and separate financial statements

GRAP 7: Investments in associates.

GRAP 8: interest in joint venture

GRAP 9: Revenue from exchange transactions.

GRAP 10: Financial reporting in a Hyperinflationary Economics.

GRAP 11: Construction Contracts

GRAP 12: Inventories

GRAP 13: Leases

GRAP 14: Events after reporting

GRAP 16: Investment property

IGRAP 17: Service concession arrangements

IGRAP 18: Recognition and derecognition of land

GRAP 18: Segment Reporting

IGRAP 19: Liabilities to pay levies

GRAP 19: Provisions, Contingent liabilities and assets.

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2021

Accounting Policies

GRAP 20: Related Party Disclosures

GRAP 21: Impairment of Non -cash -generating assets.

GRAP 23: Revenue from Non -Exchange transaction

GRAP 24: Presentation of budget information in the financial statements.

GRAP 25: Employee benefits

GRAP 26: Impairment of Cash -generating assets.

GRAP 27: Agriculture

GRAP 31: Intangible Assets.

GRAP 32: Service Concession Arrangements: Grantor

GRAP 34: Separate Financial Statements

GRAP 35: Consolidation Financial Statements

GRAP 36: Investment in Associates and Joint Ventures

GRAP 37: Joint Arrangement

GRAP 38: Disclosure of Interests in Other Entities

GRAP 100: Discounted Operations

GRAP 103: Heritage Assets

GRAP 104: Financial Statements

GRAP 105: Transfer of function between entities under common control

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

GRAP 107: Mergers

GRAP 108: Statutory Receivables

GRAP 109: Accounting by Principals and Agents; and

GRAP 110: Living and Non -living Resources

Nature and impact once implemented

The effectiveness of these standard 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 financial statements are presented in South African Rand, rounded off to the nearest Rand which is the functional currency of the entity.

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.

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2021

Accounting Policies

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.

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

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, its deemed cost is the carrying amount of the asset(s) given up.

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

Costs include costs incurred initially to acquire 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.

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2021

Accounting Policies

1.4 Property, plant and equipment (continued)

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
Plant and machinery	Straight-line	5 years
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.

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

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

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2021

Accounting Policies

1.4 Property, plant and equipment (continued)

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

1.5 Intangible assets

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.

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.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

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.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2021

Accounting Policies

1.6 Financial instruments (continued)

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.

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

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.

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.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unissued capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2021

Accounting Policies

1.6 Financial instruments (continued)

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

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

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

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

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

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

Classification

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

Class	Category
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

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

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.

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2021

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.

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

Financial assets measured at amortised cost:

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2021

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.

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 - lessor

The entity recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the entity's net investment in the finance lease.

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2021

Accounting Policies

1.7 Leases (continued)

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 .

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.

1.8 Impairment of cash-generating assets

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

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.

Identification

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

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

Irrespective of whether there is any indication of impairment, the entity also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable 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.

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2021

Accounting Policies

1.8 Impairment of cash-generating assets (continued)

Value in use

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

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

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.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2021

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 recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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

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

1.10 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.

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2021

Accounting Policies

1.10 Revenue from exchange transactions (continued)

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.

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

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.

Services in-kind

Except for financial guarantee contracts, the entity recognises services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the entity's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the entity discloses the nature and type of services in-kind received during the reporting period.

1.12 Comparative figures

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

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2021

Accounting Policies

1.13 Irregular expenditure

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.

When irregular expenditure was incurred and identified during 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.

When 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.

1.14 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.

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

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

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

1.15 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:

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2021

Accounting Policies

1.15 Events after reporting date (continued)

- 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 2021

Notes to the Financial Statements

Figures in Rand

2021

2020

2. Property, plant and equipment

	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	326,577	(289,101)	37,476	326,577	(256,444)	70,133
Office equipment	27,802	(26,324)	1,478	27,803	(23,657)	4,146
IT equipment	168,039	(153,183)	14,856	168,039	(143,020)	25,019
Audio - Visual Equipment	12,255	(12,255)	-	12,255	(11,109)	1,146
Other Equipment	63,141	(31,570)	31,571	-	-	-
Telephone systems	108,813	(106,093)	2,720	108,813	(103,372)	5,441
Total	706,627	(618,526)	88,101	643,487	(537,602)	105,885

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	70,133	-	(32,657)	37,476
Office equipment	4,146	-	(2,668)	1,478
IT equipment	25,019	-	(10,163)	14,856
Other property, plant and equipment	1,146	-	(1,146)	-
Other property, plant and equipment # 1	-	63,141	(31,570)	31,571
Telecommunication	5,441	-	(2,721)	2,720
	105,885	63,141	(80,925)	88,101

Reconciliation of property, plant and equipment - 2020

	Opening balance	Revaluations	Depreciation	Impairment loss	Total
Furniture and fixtures	102,791	-	(32,658)	-	70,133
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
Tele communication	-	10,881	(5,440)	-	5,441
	169,178	10,881	(74,116)	(58)	105,885

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2021

Notes to the Financial Statements

Figures in Rand

3. Intangible assets

Patents, trademarks and other rights

Computer software

Total

2021			2020		
Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
-	-	-	-	-	-
14,400	(14,100)	300	14,400	(13,800)	600
14,400	(14,100)	300	14,400	(13,800)	600

Reconciliation of intangible assets - 2021

Computer software

Opening balance	Amortisation	Total
600	(300)	300

Reconciliation of intangible assets - 2020

Computer software

Opening balance	Amortisation	Total
1,200	(600)	600

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances

3,126,542	1,952,577
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Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2021

Notes to the Financial Statements

Figures in Rand	2021	2020
5. Finance lease obligation		
Minimum lease payments due		
- within one year	32,907	-
	32,907	-
less: future finance charges	(1,535)	-
Present value of minimum lease payments	31,372	-

It is entity policy to lease certain Wi-Fi Network under finance leases.

The average lease term was 2 -3 years and the average effective borrowing rate was -% (2021: 8%).

The entity's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 2.

6. Employee Benefits

Reconciliation of employee benefits - 2021

	Opening Balance	Additions	Paid out	Total
Provision for leaves	568,537	306,099	-	874,636
Provision for bonuses	136,148	136,148	(136,148)	136,148
	704,685	442,247	(136,148)	1,010,784

Reconciliation of employee benefits - 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

Non-current liabilities	568,537	-
Current liabilities	442,247	704,685
	1,010,784	704,685

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 leave

Leave accrual :This accrual is based on the number of leave days that are due to the employees at reporting date. Taken the opening balance at the beginning of the reporting period ,plus yearly allocation , minus days taken during the reporting period ,equal to leave of days remaining at the end of reporting period.

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.

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2021

Notes to the Financial Statements

Figures in Rand	2021	2020
7. Payables from exchange transactions		
Trade payables	-	(3)
Accrued expenses	16,153	15,895
	16,153	15,892
The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the Treasury Regulation. No interest is charged for the first 30 days from the date of receipt of invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the entity deals with NCLB is paying all creditors within 30 days of moving received and goods or service rendered.		
Fair value of trade and other payables		
Accrued expenses	16,153	15,895
Rand	16,153	15,895
8. Services in Kind		
Service in kind - DEDAT Acting CEO	542,769	370,976
Service in kind - Internal Audit	161,851	267,131
	704,620	638,107
9. Investment revenue		
Interest revenue		
Bank	11,179	27,409
10. Revenue		
Operating grants		
Grants: Northern Cape Department of Economic Development and Tourism	13,346,200	13,309,000
Services in -kind rendered by NCPT for internal audit & audit committees services	-	-
	13,346,200	13,309,000

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2021

Notes to the Financial Statements

Figures in Rand	2021	2020
11. Employee related costs		
Basic Salary	5,734,397	5,308,254
Remuneration of the CFO	1,209,725	1,211,257
Service Bonus (13th Cheque)	453,188	453,188
UIF Contributions	35,633	64,263
SDL Contribution	51,401	74,062
CFO Cell phone allowance	20,400	-
Staff Cellphone Allowance	69,650	-
Staff Data allowances	53,000	-
ACEO Cell allowance	22,500	-
ACEO Data allowance	6,750	-
Pension	-	-
Remuneration of CEO, 5 year employment contract ended on 31AUG2019	-	714,476
Acting allowances	184,000	192,000
Salaries and Wages - Other	-	156,758
Housing benefits and allowances	303,631	299,879
Remuneration of Acting CEO	949,795	630,445
Taxes and other third party contributions	46,224	-
Basic Salary - Temporary Workers	-	41,120
Pension	706,974	706,973
Medical Allowance	237,600	237,600
CFO Data allowance	7,200	-
	10,092,068	10,090,275
12. Depreciation and amortisation		
Property, plant and equipment	80,923	74,114
Intangible assets	300	600
	81,223	74,714
13. Finance costs		
Finance leases	4,207	-
14. General expenses		
Auditors remuneration	898,953	766,549
Bank charges	26,957	32,465
Cleaning	1,255	16,981
Consulting fees	141,042	6,023
Entertainment	15,873	29,176
Covid 19 Expenditure	43,015	-
General Repairs and Maintenance	11,148	-
IT expenses	1,998	14,000
Printing and stationery	102,584	96,633
Software renewal licenses	89,455	83,531
Subscriptions and membership fees	8,682	34,623
Telephone , Fax, Telegraph & Telex	33,333	45,916
Travel - local	612,269	848,855
Electricity and Water	59,714	70,084
Rent paid	644,527	636,350
Derecognition of asset expense	-	58
Venues and facilities	-	8,000
	2,690,805	2,689,244

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2021

Notes to the Financial Statements

Figures in Rand	2021	2020
15. Auditors' remuneration		
External audit fees	737,102	499,418
Internal audit fees	161,851	267,131
	898,953	766,549
16. Cash generated from operations		
Surplus	816,616	777,222
Adjustments for:		
Depreciation and amortisation	81,223	74,714
Finance costs - Finance leases	4,207	-
Service in Kind - DEDAT Acting CEO	(542,769)	-
Employee Cost	542,769	-
Service in kind rendered by NCPT for internal audit and audit committee services	(161,851)	(638,107)
General expenses : Internal Audit Fees	161,851	638,108
Changes in working capital:		
Payables from exchange transactions	261	43,762
Movement in Employee Benefits	306,099	(50,000)
	1,208,406	845,699
17. Financial instruments disclosure		
Categories of financial instruments		
2021		
Financial assets		
	At amortised cost	Total
Cash and Cash equivalents	3,126,542	3,126,542
Financial liabilities		
	At amortised cost	Total
Accrued expenses	(16,153)	(16,153)
Provision for Leave	(306,099)	(306,099)
Provision for Thirteenth Cheque	(136,148)	(136,148)
Finance lease obligation	(32,907)	(32,907)
	(491,307)	(491,307)

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2021

Notes to the Financial Statements

Figures in Rand	2021	2020
17. Financial instruments disclosure (continued)		
2020		
Financial assets		
	At amortised cost	Total
Cash and Cash equivalents	1,952,777	1,952,777
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)
	(720,580)	(720,580)

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2021

Notes to the Financial Statements

Figures in Rand	2021	2020
18. 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 Economic Development Agency	
Members of key management	Z T Mengo (Acting CEO) K T Oupa Makhale (CFO)	
Related party balances		
Amounts included in Trade receivable (Trade Payable) regarding related parties		
Leave and thirteenth cheque provision receivable (payable) regarding related	-	-
K T Oupa Makhale	(276,771)	(184,444)
R Andrews	-	(56,453)
Provision for Bonus		
K T Oupa Makhale	(91,403)	(91,403)
	-	-
Related party transactions		
Remuneration paid to related parties		
R Andrews	-	714,476
K T Oupa Makhale	1,237,325	1,211,257
Acting CEO T Z Mengo	979,045	630,445
Travel and Subsistence Allowances paid to related parties		
R Andrews	-	1,961
K T Oupa Makhale	4,153	17,961
H J Jack	26,871	46,256
Adv A Sia- Chairperson of the Board	7,582	7,637
S Mbi	14,223	21,120
P L Mabula	552	7,605
Acting CEO-T Z Mengo	18,152	12,869
Sittings Fees paid to Board Members		
T Thobeli	46,500	59,125
P L Mabula	44,000	47,750
S Mbi	96,580	91,405
H J Jack	22,000	18,000
Other Benefits(Cell phone and Data Allowance) paid to Board Members		
T Thobeli	24,000	18,000
P L Mabula	24,000	18,000
S Mbi	24,000	18,000
H J Jack	24,000	18,000
Adv A Sia	24,000	18,000
Adv V Mayisela	24,000	18,000
C Z Oliphant	24,000	18,000

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2021

Notes to the Financial Statements

Figures in Rand	2021	2020
18. Related parties (continued)		
The related actual reimbursement to management		
Chief Financial Officer	6,352	16,007
Grants (received) from or paid to related parties		
Northern Cape Department of Economic and Tourism	(13,346,000)	(13,309,000)
Northern Cape Provincial Treasury	(161,851)	(267,131)
Secondment Acting CEO from Dedat	(542,769)	(370,976)

Key management information

19. Board Members Sitting Fees

Board Members

2021

	Members' fees	Other benefits	Total
Adv A Sia (Chairperson)	-	24,000	24,000
S Mbi (Deputy Chairperson)	96,580	24,000	120,580
Adv V N Mayisela	-	24,000	24,000
H J Jack	22,000	24,000	46,000
C Z Oliphant	-	24,000	24,000
T Thobeli	46,500	24,000	70,500
P L Mabula	44,000	24,000	68,000
	209,080	168,000	377,080

2020

	Emoluments	Other benefits	Total
Adv A Sia (Chairperson)	-	18,000	18,000
S Mbi (Deputy Chairperson)	92,186	18,000	110,186
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
	217,061	126,000	343,061

20. Prior period errors

2020

Property, plant and equipment were fully depreciated (useful life) The useful lives on the fully depreciate assets were not evaluated. If retrospective restatement is impracticable for a particular prior period, disclose the circumstances that led to the existence of that condition and a description of how and from when the error has been corrected.

Services in kind not separately disclosed on the face of the Statement of Financial Performance in the prior financial year.

Movement in the employee cost of R 50 000 was omitted in the Cash generated from (used in) operations Note in the prior year. This note did not agree to the Cashflow Statement in 2020 Financial Year.

Irregular expenditure amounting to (R 1 719 783) was disclosed as condoned in the 2020 Financial Year. This was corrected as this Irregular Expenditure was not condoned by Provincial Treasury.

The correction of the error(s) results in adjustments as follows:

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2021

Notes to the Financial Statements

Figures in Rand	2021	2020
20. Prior period errors (continued)		
Statement of financial position		
Revaluation of accumulated depreciation	-	10,881
Revaluation of retained income	-	(10,881)
Statement of financial performance		
Government grants & subsidies	-	638,107
Services in-kind - Employee Cost -Acting CEO (DEDAT)	-	(370,976)
Services in-kind - Internal Audit Services	-	(267,131)
Disclosures		
Notes to Annual Financial Statements - Cash Generated from operating activities		
Movement in Employee Benefits	-	(50,000)
Notes to Annual Financial Statements - Irregular Expenditure		
Irregular Expenditure not condoned	-	1,719,783

21. Risk management

Financial risk management

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 adequate utilised borrowing facilities are 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 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	(16,153)	-	-	-
Finance lease liability	(32,907)	-	-	-
Employee Benefits	(442,247)	-	-	-
At 31 March 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	(15,892)	-	-	-
Employee Benefits	(704,685)	-	-	-

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.

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

Financial instrument	2021	2020
Cash and Cash Equivalents	3,126,542	1,952,577

22. Going concern

We draw attention to the fact that at 31 March 2021, the entity had an accumulated surplus of R 2,155,099 and that the entity's total assets exceed its liabilities by R 2,155,099.

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2021

Notes to the Financial Statements

Figures in Rand

22. Going concern (continued)

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 materially the scale of the entity.

23. Irregular expenditure

Opening balance as previously reported	1,740,414	1,024,370
Add: Irregular Expenditure-current year	714,175	716,044
Opening balance as restated	2,454,589	1,740,414
Closing balance	2,454,589	1,740,414

Cases under investigation

Government Directory	-	20,631
Telkom wi-fi expired contract payments made	10,290	10,290
Konica Minolta (rental of photo copy machine)	59,358	48,773
Expired contract payments made for building Lessor	644,527	636,350
	714,175	716,044

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2021

Notes to the Financial Statements

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Provision for Bonus		
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	-	-
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