2022 ANNUAL REPORT

31 March

NORTHERN CAPE LIQUOR BOARD

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

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PART A

GENERAL INFORMATION

Northern Cape
Liquor Board

1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME:	Northern Cape Liquor Board
REGISTRATION NUMBER (if applicable):	N/A
PHYSICAL ADDRESS:	31 Mac Dougal Street 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
COMPANY SECRETARY:	Ms. T. Modibela

2. LIST OF ABBREVIATIONS/ACRONYMS

AFS	Annual Financial Statements
AG	Auditor General of South Africa
AOP	Annual Operational Plan
APP	Annual Performance Plan
AR	Annual Report
CEO	Chief Executive Officer
CFO	Chief Financial Officer
DEDaT	Department of Economic Development and Tourism
DPO	Designated Police Officer
DSD	Department of Social Development
HRFRC	Human Resource, Finance and Risk Committee
HR	Human Resource
IYM	In-Year Monitoring
LLCC	Legal, Licensing and Compliance Committee
MEC	Member of Executive Council
MTEF	Medium Term Expenditure Framework
NCLA	Northern Cape Liquor Act, Act 2 of 2008
NCLB	Northern Cape Liquor Board
NLA	National Liquor Authority
NLPC	National Liquor Policy Council
NCPT	Northern Cape Provincial Treasury
PFMA	Public Finance Management Act
SARS	South African Revenue Service
SAPS	South African Police Service
SCM	Supply Chain Management
SEC	Section
SMME	Small Medium and Micro Enterprises
SONA	State of the Nation Address
SOPA	State of the Province Address
SP	Strategic Plan
TR	Treasury Regulations

3. FOREWORD BY THE CHAIRPERSON

It is with pleasure that I present the Annual Report for 2021/22, on behalf of the Northern Cape Liquor Board. I am satisfied that the Board has been able to continue providing cohesive and strategic oversight in the delivery of the organisation's Annual Performance Plan (APP).

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

The challenges faced by the board is sought to improve the regulation of the liquor industry in the Province, and in order realise this objective our shareholder (Department of Economic Development and Tourism) has embarked on the process of reviewing the NCLB Act No 2 of 2008 in order to align with the current trends, and other guiding regulations and laws. If we achieve this process it will further strengthen and enhance our mandate as a Board to do our oversight work and transform the liquor industry in the Province of the Northern Cape in its entirety.

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

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

In closing I would like to thank the NCLB Acting CEO, the management team and staff for their co-operation, hard work, dedication, commitment and support in further developing and maintaining the work of NCLB. I would especially like to express my appreciation for the support from the office of the MEC of Economic Development and Tourism. I would like to thank our Portfolio Committee, DeDaT for their relentless guidance and engagement.

Lastly, I wish to extend a word warm word of appreciation to my colleagues on the Board for their wisdom and outstanding leadership. Our partners the South African Police Service, the Department of Home Affairs (Immigration Services, the department of Social Development, the Local Municipalities, our traders and all NCLB stakeholders who are always part of this great journey.

Mr T. Thobeli
CHAIRPERSON
Northern Cape Liquor Board
Date: 31 August 2022

4. ACTING CHIEF EXECUTIVE OFFICER'S OVERVIEW

It is my pleasure to present the AR of NCLB for the 2021/22 financial year. The 2021/22 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 R13,932,000.00. In direct allocation as service in kind from NCPT (Internal Audit Services) amounting to R38 889.93. This is the cost for rendering the service of internal audit and share audit committee.

For the period 01 April 2021 to 31 March 2022, a total licenses fees were collected by DEDaT on the behalves on NCLB, amounting to R4 108 432. This is comprised mainly with applications fees, new license fees, and annual renewal fees. Due to Disaster Management Act with its regulations, Occasional licenses (Section 18) were restricted, causing a decline in revenue collection.

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 R13,932,000.00 and for the forwarding here 2022-2023 is R14,445,000.00.

The main costs drivers for NCLB as a service regulator organization relate to employee's remuneration, external audit fees, office accommodation, and 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 and no web-site. 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 rationalising the NCLB and NCGB as one entity.

4.5 New or proposed activities.

None.

4.6 Request for roll-over of funds.

No rollover was reported or requested during this period.

4.7 Supply Chain Management (SCM)

The SCM Unit is located within the Office of the Chief Financial Officer (CFO) in line with 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 condone 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 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 organisation.

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 2022

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 annual report as issued by NT.

The AFS (Part E) have been prepared in accordance with the Generally Recognised Accounting Practice standards applicable to the public entity.

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

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

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

Modibela

Acting Chief Executive Officer
Ms TC Modibela
Date: 31 May 2022

6. STRATEGIC OVERVIEW

Vision

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

Mission

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

Values

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

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

7. LEGISLATIVE AND OTHER MANDATES

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

Constitutional Mandate

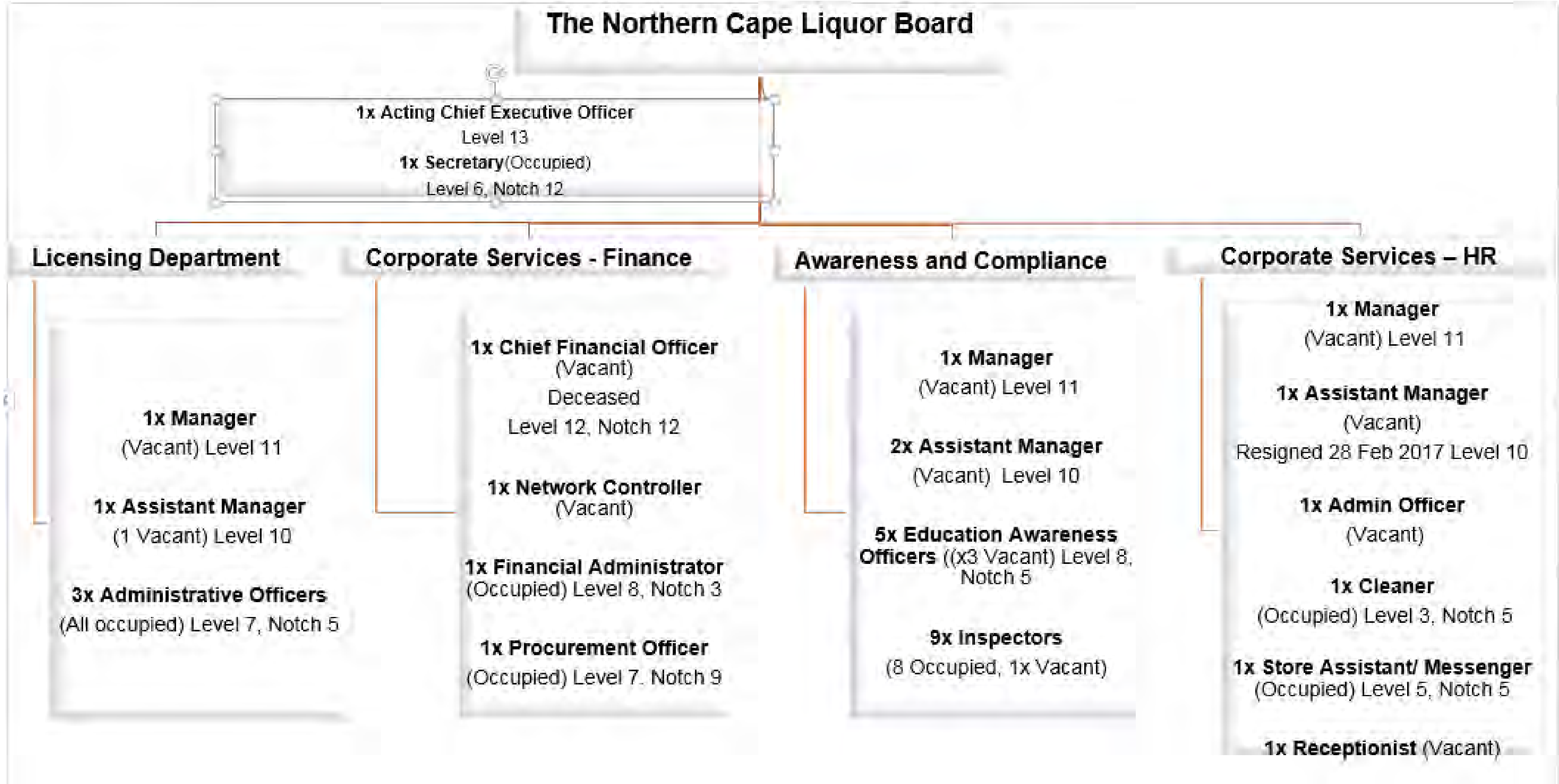
The NCLB has a constitutional mandate **Section 104** of the Constitution (***Act 108 of 1996 as amended***) which provides for the regulation of Liquor by the Provincial and Local spheres of government.

Legislative Mandate

The 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;

9. ORGANISATIONAL STRUCTURE



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

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 43 to 48 of the Auditors Report, published as Part E: Financial Information.

2. Overview of Public Entity's Performance

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 May 2021 as to date. The Chief Financial Officer passed in July 2021, the Acting Chief Financial Officer of the NCGB is currently assisting the NCLB in Finance Department.

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. Management has not been funded since the inception to the NCLB.

2.3 Key policy developments and legislative changes

No Legislative changes occurred during the period under review 2021/22.

The following policies were reviewed during the 2021/22 financial year:

- Risk Management Policy
- HR Policy
- Performance Management Development Policy
- Anti-fraud and Corruption Policy
- Cell phone, Landline and 5G policy
- Assets Management Policy
- Travel and Subsistence Policy
- Supply Chain Policy
- Code of Ethics Policy
- Disciplinary Code of Conduct Policy
- Investment Policy
- Cash Management Policy
- Temporary and Permanent Incapacity Leave Policy
- Acting Policy
- Special Leave Policy
- Sexual Harassment Policy
- Loss Management Policy

2.4 Progress toward achievement of intuitional impacts and Outcomes

Outcome	Outcome Indicator	Progress 2021/22	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

The inconsistency between the APP and APR is mainly due to the output not being well defined. The reason why it is still occurring is that the APP was approved as we resumed with the financial year 2021/2022 and therefore no changes could be made on the APP. The NCLB tried to re-table the APP and made follow ups with the provincial legislature, however I was unsuccessful in its quest to rectify the said APP. The planned targets and indicators on the final APR are reliable and consistent.

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.

<u>Outcomes, Outputs, Output Indicators, Targets and Actual Achievement</u>

Programme 1: Administration								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Actual Targets 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement for 2021/2022	Reasons for Deviations
A regulated liquor industry in the Province	Approved Internal audit charter	Submit approved Audit plan	-	1	1	1	0	None
A Compliant Liquor industry in the Province	Approved strategic risk register and assessments	Conduct strategic and operational assessment	-	1	1	1	0	None
	Approved Audit progress reports	Submit approved audit plan	-	1	1	1	0	None
	Approved quarterly performance report	Timeous submission of quarterly performance reports is compiled	-	4	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

	2020/2021			2021/2022		
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
Compensation						
Goods and services						
Total	**2,242**	**1,244**	**998**	**2,242**		

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

				Sub-Programme: Financial Management				
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2019/2020**	**Audited Actual Performance 2020/2021**	**Planned Actual Targets 2021/2022**	**Actual Achievement 2021/2022**	**Deviation from planned target to Actual Achievement for 2021/2022**	**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	-	4	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	1	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 2019/2020**	**Audited Actual Performance 2020/2021**	**Planned Actual Targets 2021/2022**	**Actual Achievement 2021/2022**	**Deviation from planned target to Actual Achievement for 2021/2022**	**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

	2020/2021			2021/2022		
Programme/ activity/objective	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000			
Compensation						
Goods and services						
Total	**4,464**	**4,316**	**148**	**4,464**		

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

				Programme 3: Licensing				
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2019/2020**	**Audited Actual Performance 2020/2021**	**Planned Actual Targets 2021/2022**	**Actual Achievement 2021/2022**	**Deviation from planned target to Actual Achievement for 2021/2022**	**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	-	95	100	43	57	**The NCLB was without a board for more than six months. The NCLB Board was appointed in October 2021. Therefore, most applications were not finalised within the necessary timeframes. In addition, there were applications that were carried over from the previous financial year that also required finalisation by the Board.**
		Number of Occasional licenses application prepared for adjudication within 14 Days	-	0	400	35	365	**The Disaster Management Act Regulations prohibited the issuing of events liquor licenses**
A regulated Liquor Industry in the Province	License applications outcomes prepared	Number of License applications outcomes communicated within seven (7) working days	-	166	500	248	252	**The Disaster Management Act Regulations prohibited the issuing of events liquor licenses**

Strategy to overcome areas of under performance

Resources were reprioritized in order to achieve the output indicators.

Linking performance with budgets

	2020/2021			2021/2022		
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
Compensation						
Goods and services						
Total	**1,617**	**1,499**	**119**	**1,617**	**1704**	**(87)**

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.

<u>Outcomes, Outputs, Output Indicators, Targets and Actual Achievement</u>

			Programme 4: Compliance and Awareness					
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2019/2020**	**Audited Actual Performance 2020/2021**	**Planned Actual Targets 2021/2022**	**Actual Achievement 2021/2022**	**Deviation from planned target to Actual Achievement for 2021/2022**	**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	2861	2610	2800	3068	268	Joint operations conducted with stakeholders.
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	-	9 complaints received and investigated within 30 days	30 Days	18	0	None
Increased education and awareness campaigns	Reduction in the negative effects of alcohol abuse and responsible trading.	Number of education awareness	52	53	30	44	14	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. DPO'S reached. Compliance inspections were conducted at 3068 licensed outlets.

Linking performance with budgets

	2020/2021			2021/2022		
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	**5,609**	**5,126**	**483**	**5,609**	**4,978**	**631**

4. Revenue collection

	2020/2021			2021/2022		
Sources of revenue	Estimate	Actual Amount Collected	(Over) / Under Collection	Estimate	Actual Amount Collected	(Over) / Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Applications received	44	44		50	79	**(11)**
New license fees	16	16		20	48	**(28)**
Transfer of license fees	35	35		40	49	**(9)**
Notice to review fees	-	-		-	-	
Annual renewal fees	3,643	3,643		4,258	3,765	**415**
Penalties on annual renewal fees				9	169	**(160)**
Total	**3,738**	**3,738**	**N/A**	**4,327**	**4,110**	**N/A**

The NCLB on revenue consist of the following as disclosed in the Statement of the Financial Performance, Part E of this Report. The transfer payment received from oversight department. Interest received on positive bank balance used to cover normal operational budget. The following is not NCLB own revenue.

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.

5. Capital Investment

The current budget allocation does not allow for replacement of fixed assets as and when the assets are fully depreciated, as our budget has zero capital expenditure allocation.

- No infrastructure projects applicable;
- No plans to close down or downgrade any current facilities;
- Computer equipment (laptops) for Staff Members were purchased.

PART C

GOVERNANCE

1. INTRODUCTION

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

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

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
Mr. Thabo Thobeli	Chairperson (Section 7 (1)(a) member)	01 October 2021	N/A	BA Social Science	Administration	N/A	Chairperson, not applicable.	8
Mrs. Patricia Mabula	Deputy Chairperson (Section 7 (1)(b) of the NCLA)	01 October 2021	N/A	Senior Teachers Diploma, Public Relations Certificate and Marketing	Marketing and Administration	N/A	Member LLC	6
Mr Jacob Bobeje	Member (Section 7 (1)(c) of the NCLA)	01 October 2021	N/A	Bachelors in Management	BML	N/A	Chairperson FRHR	5
Mrs.P. Dyantyi	Member (Section 7 (1)(c) of the NCLA)	01 October 2021	N/A	Baccalaurean Commercia	B. COMM	N/A	Member FRHR	6
Ms. N. Madikizela	Member (Section 7 (1)(c) of the NCLA)	01 October 2021	N/A	LL B	Law	N/A	Member LLC	5
Ms. N. Mosikare	Member (Section 7 (1)(c) of the NCLA)	09 October 2017	N/A	Bachelor of Law (LLB)	Law	N/A	Member LLC	7
Mr. S. Mpalala	Member (Section 7 (1)(c) of the NCLA)	01 October 2021	N/A	Senior Teachers Diploma, Project Management	Administration	N/A	Member FRHR	-

Committees

Committee	No. of meetings held	No. of members	Name of members
Finance, Risk Committee and HR Committee	1	2 members, 2 additional members	Mr. Bobeje, Mrs P.A Dyantyi, Adv A. Pietersen-Hendricks and Mrs P. Mabula (Additional Members)
Legal, Licensing and Compliance	1	3 members	Mrs. Mabula, Ms. N. Mosikare and Ms. N. Madikizela
Occasional Liquor License Committee	6	2 members and CEO	Mr. Bobeje, Mrs. Mabula and Ms T. Modibela

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."***
- Mrs P. Dyantyi, Mr S. Mpalala, Mrs P. Mabula and Mr J. Bobeje are fully employed by the state, therefore do not receive remuneration for attending meetings from the NCLB and are only reimbursed for travelling and accommodation.

Name	Remuneration	Cell phone and Data allowance	Travel and Subsistence allowance	Total
Mr. Thabo Thobeli	R49 500.00	-	R1 318.00	**R50 818.00**
Mrs. Patricia Mabula	-	-	R3 221.00	**R3 221.00**
Mr Jacob Bobeje	-	-	R9 114.00	**R9 114.00**
Mrs.P. Dyantyi	-	-	R21 033.00	**R21 033.00**
Ms. N. Madikizela	R14 000.00	-	R2 330.00	**R16 330.00**
Ms. N. Mosikare	R20 000.00	-	R2 560.00	**R22 560.00**
Mr. S. Mpalala	-	-	R20 322.00	**R20 322.00**
Total	**R83 500.00**	nil	**R59 898.00**	**R143 398.00**

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

The Internal Audit unit follows a risk-based audit approach in providing management and the Audit Committee with assurance on the adequacy and effectiveness of governance, risk management, and internal control processes. 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.

6. AUDIT COMMITTEE MEMBERS AND ATTENDANCE

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

7. 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

8. 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.

9. 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 2021/2022.

10. 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.

11. 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.

12. 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).

13. 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.

14. AUDIT COMMITTEE REPORT

1. Internal Audit and Audit Committees

The Northern Cape Provincial Treasury established the shared Internal Audit function. The function was established in terms of section 51(1) (a) (ii) and section 76(4) (e) of the Public Finance Management Act (PFMA) as a shared function for the Northern Cape Provincial Administration, and in terms of paragraph 3.2.3. of the Treasury Regulations. The unit fulfils an independent assurance and consulting function. The function was outsourced to a service provider and the appointment contract ended on 30 June 2021. Provincial Treasury supply chain management processes had technical delays and a new service provider was appointed from February 2022 from the fourth quarter of the financial year.

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.

Summary of audit work done

The Internal Audit work performed for the financial year under review were all completed in line with the approved annual Internal Audit plan.

- Review of Annual Financial Statements
- Review of Annual Performance Information
- Covid-19 Compliance review
- Performance Information review
- Follow-up on previous reported audit findings

The following were areas of concern:

- Over-reliance on the Chief Financial Officer to report to the Audit Committee which constitutes a business continuity risk.
- The potential 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.

Audit Committee members and attendance

Throughout the year under review, the Audit Committee operated in terms of an approved Audit Committee Charter, which was the committee's approved terms of reference. The Audit Committee comprised of three (3) external members and two (2) internal members, all of whom are not employed by the entity.

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

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

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

Name	Qualifications	Internal or external	If internal, position at the entity	Date appointed	No. of Meetings attended
Ms A Mafuleka	- CA (SA) - B Com – Honours	External	n/a	01 December 2020	04
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	04
Mr F Docrat	- Master of Business Administration - Chartered Director (SA) - Certified Information Security Manager	External	n/a	01 December 2020	04

	- 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				
Ms S 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 2020	04
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	00

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

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
- Review of Annual Performance Information
- Covid-19 Compliance review
- Performance Information review
- Follow-up on previous reported audit findings

The following were areas of concern:

- Over-reliance on the Chief Financial Officer to report to the Audit Committee which constitutes a business continuity risk.
- The potential 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 Auditor-General South Africa 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.

We had engagements with management to provide clarity on completeness and quality of the monthly and quarterly reports during our quarterly meetings and officials were able to clarify areas
of concern raised by the Audit Committee. Furthermore, the implementation of recommendations of the Audit Committee was tracked in the quarterly Audit Committee meetings.

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 Auditor-General South Africa audit report;
- reviewed the Auditor-General South Africa management report and management's responses thereto;
- reviewed the entity's compliance with legal and regulatory provisions.

Auditor General's Report

The Auditor-General South Africa'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.

Report To Accounting Authority and Executive Authority

On a quarterly basis the Audit Committee wrote a report to the Accounting Authority and the Executive Authority which highlights the issues that needs attention or improvement within the entity's performance. The Chairperson of the Board has a standing invite to the Audit Committee meetings.

Ms A Mafuleka CA(SA)

Northern Cape Liquor Board

Chairperson of the Audit Committee

17 August 2022

PART D
HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

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

2. HUMAN RESOURCE OVERSIGHT STATISTICS

Personnel Cost by programme

Programme	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)		No. of employees	Average personnel cost per employee (R'000)
Office of the CEO			105%	2	
Licensing			90%	4	
Corporate Services – Finance & HR			52%	4	
Awareness programme, compliance and enforcement			83%	10	
TOTAL				**20**	

Personnel cost by salary band

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management			1	
Senior Management			0	
Professional qualified			1	
Skilled			16	
Semi-skilled			2	
Unskilled				
TOTAL			**18**	

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	n/a

Employment and vacancies

Programme/activity/objective	2020/2021 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	0
Professional qualified	2	0	0	1
Skilled	13	0	0	13
Semi-skilled	4	0	0	4
Unskilled		0	0	0
Total	19	0	0	19

Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	1	5.26%
Resignation	0	0
Dismissal	0	0
Retirement	0	0
Ill health	0	0
Expiry of contract	0	0
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	0							
Senior Management	0							
Professional qualified	0							
Skilled	6							
Semi-skilled	1							
Unskilled								
TOTAL	7	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	1							
Senior Management								
Professional qualified								
Skilled	5		4					
Semi-skilled	2							
Unskilled	0							
TOTAL	7	N/A	4	N/A	N/A	N/A	N/A	N/A

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

PART E

FINANCIAL INFORMATION

Report of the auditor-general to Northern Cape Provincial Legislature on Norther 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 51 to 86, which comprise the statement of financial position as at 31 March 2022, 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 2022, and 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 matter

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

Restatement of corresponding figures

7. As disclosed in note 20 to the financial statements, the corresponding figures for 31 March 2021 were restated as a result of an error in the financial statements of the entity at, and for the year ended, 31 March 2022.

Responsibilities of the accounting authority for the financial statements

8. The board of directors, which constitutes the accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the 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.

9. 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

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

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

Report on the audit of the annual performance report

Introduction and scope

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

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

14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the entity's annual performance report for the year ended 31 March 2022:

Programmes	**Pages in the annual performance report**
Programme 3: Licensing	22 – 23

15. 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.

16. The material findings on the usefulness and reliability of the performance information of the selected programmes are as follows:

Programme 3: Licensing

Various Indicators

17. The reported indicators and targets were not consistent when compared with the planned indicators and targets. In addition, the indicators and targets were also changed without necessary approval for the indicators listed below:

Intial Indicator description	**Revised Indicator description**	**Initial target**	**Revised target**	**Reported achievement**
Number of license applications prepared for adjudication	Number of license applications prepared for adjudication within 90 days	90 days	100	152
Number of occasional license applications prepared for adjudication	Number of occasional license applications prepared for adjudication within 14 days	14 days	400	39
Number of license application outcomes communicated	Number of license application outcomes communicated within 7 working days	7 working days	500	248

Other matter

18. I draw attention to the matter below.

Achievement of planned targets

19. Refer to the annual performance report on pages 17 to 26 for information on the achievement of planned targets for the year and management's explanations provided for the under 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 17 of this report.

Adjustment of material misstatements

20. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of Programme 3: 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

21. 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.

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

Annual Financial Statements

23. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1) (b) of the PFMA. Material misstatements of expenditure, current liabilities, cash flow statement and disclosure items 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

24. Some of the contracts were extended or modified without the approval of a properly delegated official as required by section 56 of the PFMA and Treasury Regulations 8.2.1 and 8.2.2. Similar non-compliance was also reported in the prior year.

Other information

25. 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 presented in the annual performance report that have been specifically reported in this auditor's report.

26. 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.

27. 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.

28. 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

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

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

31. Management did not adequately review the financial statements, this resulted in material misstatements being identified by the auditors which were subsequently corrected.

32. Management did not adequately review the annual performance report, this resulted in material misstatements being identified by the auditors, some were subsequently corrected.

33. Non-compliance with legislation could have been prevented had compliance been properly reviewed and monitored.

Auditor General

Kimberley

31 July 2022

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

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

Financial statements

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

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

Communication with those charged with governance

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

4. I also 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

Northern Cape Liquor Board
Financial statements
for the year ended 31 March 2022

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 2022

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2022

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	Mr T Thobeli(Chairperson) Ms P Mabula (Deputy Chairperson) Mr J Bobeje Ms P Dyantyi Ms N Madikizela Mr S Mpalala Ms IN Moskikare 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
Acting Chief Financial Officer	Miss MH Steenkamp
Acting Chief Executive Officer	Ms T Modibela
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 2022
Executive Authority	Northern Cape Department of Economic Development and Tourism MEC A Vosloo
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 No, 75 of 1997 as amended

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2022

Index

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

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

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2022

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 2023 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 board 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 26.

The financial statements set out on page 26, which have been prepared on the going concern basis, were approved by the board on 31 May 2022 and were signed on its behalf by:

Northern Cape Liquor Board
Financial Statements for the year ended 31 March 2022

Members' Report

The members submit their report for the year ended 31 March 2022.

1. Review of activities

Main business and operations

Net surplus of the entity was R 1,789,809 (2021: surplus R 1,367,411).

2. Going concern

We draw attention to the fact that at 31 March 2022, the entity had an accumulated surplus (deficit) of 4,511,858 and that the entity's total assets exceed its liabilities by 4,511,858.

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

3. Subsequent events

The members are not aware of any matter or circumstance arising since the end of the financial year.

4. Members' interest in contracts

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

5. Accounting policies

The financial statements prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GAAP), including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

6. Board

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

Name	Nationality
Mr T Thobeli(Chairperson)	South African
Ms P Mabula (Deputy Chairperson)	South African
Mr J Bobeje	South African
Ms P Dyantyi	South Africa
Ms N Madikizela	South African
Mr S Mpalala	South African
Ms IN Moskikare	South African
T Thobeli	South African
P L Mabula	South African

7. Auditors

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

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.

Northern Cape Liquor Board
Financial Statements for the year ended 31 March 2022

Members' Report

The financial statements set out on page 26, which have been prepared on the going concern basis, were approved by the board on 31 May 2022 and were signed on its behalf by:

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2022

Statement of Financial Position as at 31 March 2022

Figures in Rand	Note(s)	2022	2021
Assets			
Current Assets			
Cash and cash equivalents	2	5,407,024	3,126,542
Non-Current Assets			
Property, plant and equipment	3	185,992	90,041
Intangible assets	5	34,978	300
		220,970	**90,341**
Total Assets		**5,627,994**	**3,216,883**
Liabilities			
Current Liabilities			
Finance lease obligation	7	-	32,907
Payables from exchange transactions	4	368,891	16,154
Employee Benefits	9	405,278	461,928
		774,169	**510,989**
Non-Current Liabilities			
Operating lease liability	6	341,967	-
Total Liabilities		**1,116,136**	**510,989**
Net Assets		**4,511,858**	**2,705,894**
Accumulated surplus		4,511,858	2,705,894
Total Net Assets		**4,511,858**	**2,705,894**

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2022

Statement of Financial Performance

Figures in Rand	Note(s)	2022	2021
Revenue			
Revenue from exchange transactions			
Interest received		4,891	11,179
Revenue from non-exchange transactions			
Services in-kind			
Employee Cost - Acting CEO (DEDAT)		1,034,849	542,769
Internal audit services		38,890	161,851
Transfer revenue			
Government grants & subsidies		13,932,000	13,346,200
Total revenue from non-exchange transactions		**15,005,739**	**14,050,820**
Total revenue	8	**15,010,630**	**14,061,999**
Expenditure			
Employee related costs	10	(9,353,316)	(9,543,212)
Remuneration of board members	18	(83,500)	(377,080)
Depreciation and amortisation	11	(77,594)	(79,284)
Finance costs	12	(1,535)	(4,207)
General Expenses	13	(3,704,876)	(2,690,805)
Total expenditure		**(13,220,821)**	**(12,694,588)**
Surplus for the year		**1,789,809**	**1,367,411**

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2022

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 April 2020	**1,338,483**	**1,338,483**
Changes in net assets		
Surplus/(Deficit) for the year (restated)	1,367,411	1,367,411
Total changes	1,367,411	1,367,411
Balance at 01 April 2021	**2,722,049**	**2,722,049**
Changes in net assets		
Surplus/(Deficit) for the year	1,789,809	1,789,809
Total changes	1,789,809	1,789,809
Balance at 31 March 2022	**4,511,858**	**4,511,858**

Northern Cape Liquor Board
Financial Statements for the year ended 31 March 2022

Disclosures

Figures in Rand	Note(s)	2022	2021
Cash flows from operating activities			
Receipts			
Grants		13,932,000	13,346,200
Interest income		4,891	11,179
		13,936,891	13,357,379
Payments			
Employee costs		(8,458,617)	(9,620,280)
Suppliers		(2,955,127)	(2,528,693)
Finance costs		(1,535)	-
		(11,415,279)	(12,148,973)
Net cash flows from operating activities	15	**2,521,612**	**1,208,406**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(170,230)	(63,141)
Purchase of other intangible assets	5	(37,994)	-
Net cash flows from investing activities		**(208,224)**	**(63,141)**
Cash flows from financing activities			
Finance lease payments		(32,906)	28,700
Net increase/(decrease) in cash and cash equivalents		**2,280,482**	**1,173,965**
Cash and cash equivalents at the beginning of the year		3,126,542	1,952,577
Cash and cash equivalents at the end of the year	2	**5,407,024**	**3,126,542**

The accounting policies on pages 32 to 45 and the notes on pages 46 to 57 form an integral part of the financial statements.

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2022

Accounting Policies

Figures in Rand	Note(s)	2022	2021

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.

1.1 Presentation currency

These financial statements are presented in South African 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.

1.3 Cash and Cash Equivalents

Cash and cash equivalents are measured at amortised cost.

Cash includes cash on hand and cash with banks. Cash equivalents are short - term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks.

1.4 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.

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2022

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

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 [name a key assumption] 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.

1.5 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

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

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

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

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2022

Accounting Policies

1.5 Property, plant and equipment (continued)

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.

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.

1.6 Intangible assets

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

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:

Northern Cape Liquor Board
Financial Statements for the year ended 31 March 2022

Accounting Policies

1.6 Intangible assets (continued)

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.

1.7 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.

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

Northern Cape Liquor Board
Financial Statements for the year ended 31 March 2022

Accounting Policies

1.7 Financial instruments (continued)

- 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 unitised 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.

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;

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2022

Accounting Policies

1.7 Financial instruments (continued)

- 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 Equivalents	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

1.8 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.

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.

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Accounting Policies

1.8 Leases (continued)

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

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

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

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

1.9 Impairment of cash-generating assets

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

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

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Accounting Policies

1.9 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.

1.10 Trade and other payables from exchange transactions

Trade payables are initially measured at fair value plus transaction cost that are directly attributable to the acquisition and are subsequently measured at amortised cost using the effective interest rate method.

1.11 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 2022

Accounting Policies

1.11 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.

1.12 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

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

Northern Cape Liquor Board

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Accounting Policies

1.12 Provisions and contingencies (continued)

Provisions are not recognised for future operating surplus (deficit).

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

A constructive obligation to restructure arises only when an entity:

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

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity

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

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 24.

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

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

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

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the entity for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the entity considers that an outflow of economic resources is probable, an entity recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

Northern Cape Liquor Board

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Accounting Policies

1.13 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.

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

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.

1.14 Revenue from non-exchange transactions

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.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2022

Accounting Policies

1.14 Revenue from non-exchange transactions (continued)

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

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

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Measurement

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

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

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

Services in-kind

Except for financial guarantee contracts, the entity recognise 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 disclose the nature and type of services in-kind received during the reporting period.

1.15 Comparative figures

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

1.16 Fruitless and wasteful expenditure

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

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2022

Accounting Policies

1.16 Fruitless and wasteful expenditure (continued)

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

1.17 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 reguired 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 proggramme /expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.18 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.

Northern Cape Liquor Board

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Accounting Policies

1.18 Related parties (continued)

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.

1.19 Events after reporting date

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

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

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

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

Notes to the Financial Statements

Figures in Rand	2022	2021

2. Cash and cash equivalents

Cash and cash equivalents consist of:

	2022	2021
Bank balances	5,407,024	3,126,542

3. Property, plant and equipment

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	326,577	(307,897)	18,680	326,577	(289,101)	37,476
Office equipment	27,802	(25,641)	2,161	27,802	(24,384)	3,418
IT equipment	302,519	(138,728)	163,791	168,039	(153,183)	14,856
Audio - Visual Equipment	-	-	-	12,255	(12,255)	-
Other Equipment	63,141	(63,141)	-	63,141	(31,570)	31,571
Telephone systems	108,813	(107,453)	1,360	108,813	(106,093)	2,720
Total	**828,852**	**(642,860)**	**185,992**	**706,627**	**(616,586)**	**90,041**

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	37,476	-	(18,796)	18,680
Office equipment	3,418	-	(1,257)	2,161
IT equipment	14,856	170,230	(21,295)	163,791
Other property, plant and equipment # 1	31,571	-	(31,571)	-
Telecommuincation	2,720	-	(1,360)	1,360
	90,041	**170,230**	**(74,279)**	**185,992**

Notes to the Financial Statements

Figures in Rand

3. Property, plant and equipment (continued)

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	-	(728)	3,418
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
Tele communication	5,440	-	(2,720)	2,720
	105,884	**63,141**	**(78,984)**	**90,041**

A register containing the information required by the Public Finance Management Act is available for inspection at the registered office of the entity.

4. Payables from exchange transactions

Trade payables	(1)	(2)
Late CFO Leave Gratuity	23,071	-
Accrued expenses	345,821	16,156
	368,891	**16,154**

Notes to the Financial Statements

Figures in Rand

5. Intangible assets

	2022			2021		
	Cost / Valuation	**Accumulated amortisation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation and accumulated impairment**	**Carrying value**
Computer software	52,394	(17,416)	34,978	14,400	(14,100)	300

Reconciliation of intangible assets - 2022

	Opening balance	**Additions**	**Amortisation**	**Total**
Computer software	300	37,994	(3,316)	34,978

Reconciliation of intangible assets - 2021

	Opening balance	**Amortisation**	**Total**
Computer software	600	(300)	300

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Financial Statements for the year ended 31 March 2022

Notes to the Financial Statements

Figures in Rand	2022	2021

6. Operating lease asset (accrual)

Non-current liabilities	(341,967)	-

The lease agreement was entered into on 1 June 2021. Lease payments are to be made in advance.Lease payments escalates annually by 6.5%

Future minimum lease payments		
Not Later than one year	1,339,534	-
Later than one year but not later than 5 years	8,122,570	-
Later than 5 years	5,115,422	-
	14,577,526	**-**

7. 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**

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

8. Revenue

Interest received - Bank	4,891	11,179
Service in Kind - Internal Audit	38,890	161,851
Grant: Northern Cape Department of Economic Development and Tourism	13,932,000	13,346,200
Service in-kind: DEDAT Acting Ceo	1,034,849	542,769
	15,010,630	**14,061,999**

The amount included in revenue arising from exchanges of goods or services are as follows:		
Interest received - Bank	4,891	11,179

The amount included in revenue arising from non-exchange transactions is as follows:		
Service in-kind		
Service in Kind - DEDAT Acting CEO	1,034,849	542,769
Service inKind - Internal Audit	38,890	161,851
Transfer revenue		
Government grants & subsidies	13,932,000	13,346,200
	15,005,739	**14,050,820**

Northern Cape Liquor Board

Financial Statements for the year ended 31 March 2022

Notes to the Financial Statements

Figures in Rand	2022	2021

9. Employee Benefits

Reconciliation of employee benefits - 2022

	Opening Balance	Additions	Utilised during the year	Leave days forfeited current year	Total
Provision for leave	325,780	464,569	(174,323)	(325,780)	290,246
Provision for bonuses	136,148	115,032	(136,148)	-	115,032
	461,928	**579,601**	**(310,471)**	**(325,780)**	**405,278**

Reconciliation of employee benefits - 2021

	Opening Balance	Additions	Utilised during the year	Leave days forfeited from prior years	Total
Provision for leaves	568,537	550,099	(224,281)	(568,575)	325,780
Provision for bonuses	136,148	136,148	(136,148)	-	136,148
	704,685	**686,247**	**(360,429)**		**461,928**

Employee Benefits.

Short - term employee benefits.

The cost of all short tern 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 yearly leave allocation minus days taken and forfeited during the reporting period.

Provision of 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 be paid annually during December month.

Northern Cape Liquor Board

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Notes to the Financial Statements

Figures in Rand	2022	2021

10. Employee related costs

Basic Salary	5,499,436	5,428,298
Remuneration of the CFO	279,554	1,209,725
Service Bonus (13th Cheque)	460,127	453,188
UIF Contributions	28,029	35,633
SDL Contribution	60,753	51,401
CFO Cell phone allowance	2,550	20,400
Staff Cellphone Allowance	70,500	69,650
Staff Data allowances	56,400	53,000
ACEO Cell allowance	13,750	22,500
ACEO Data allowance	4,125	6,750
Acting allowances	144,000	184,000
Housing benefits and allowances	317,091	303,631
Remuneration of Acting CEO	1,247,243	949,795
Taxes and other third party contributions	393,339	46,224
Non Pensionable Allowance	159,097	-
Pension Allowance	412,401	706,974
Medical Allowance	237,600	237,600
CFO Data allowance	900	7,200
Leave and Bonus Provision	(33,579)	(242,757)
	9,353,316	**9,543,212**

The Acting Chief Financial Officer, Ms Steenkamp has been assisting the Northern Cape Liquor Board. The time spent on the entity cannot be measured reliably and is fairly impractical to determination due to the nature of assistance provided.

11. Depreciation and amortisation

Property, plant and equipment	74,278	78,984
Intangible assets	3,316	300
	77,594	**79,284**

12. Finance costs

Finance leases	1,535	4,207

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Financial Statements for the year ended 31 March 2022

Notes to the Financial Statements

Figures in Rand	2022	2021

13. General expenses

Auditors remuneration	631,131	898,953
Bank charges	29,935	26,957
Cleaning	10,623	1,255
Legal Fees	160,800	141,042
Entertainment	35,443	15,873
Covid 19 Expenditure	7,362	43,015
General Repairs and Maintenance	-	11,148
Consulting Fees	3,120	-
IT expenses	-	1,998
Postage and courier	19,638	-
Printing and stationery	221,269	102,584
Software renewal licenses	92,887	89,455
Subscriptions and membership fees	2,330	8,682
Telephone , Fax,Telegraph & Telex	107,072	33,333
Transport and freight	26,000	-
Travel - local	719,319	612,269
Electricity and Water	67,247	59,714
Rent paid	1,503,062	644,527
Operating Cost	66,912	-
Bereavement Expenditure	726	-
	3,704,876	**2,690,805**

14. Auditors' remuneration

External audit fees	592,241	737,102
Internal audit fees	38,890	161,851
	631,131	**898,953**

15. Cash generated from operations

Surplus	1,789,809	1,367,411
Adjustments for:		
Depreciation and amortisation	77,594	79,284
Finance costs - Finance leases	-	4,207
Movements in operating lease assets and accruals	341,967	-
Service in Kind - DEDAT Acting CEO	(1,034,849)	(542,769)
Employee Cost	1,034,849	542,769
Service in kind rendered by NCPT for internal audit and audit committee services	(38,890)	(161,851)
General expenses : Internal Audit Fees	38,890	161,851
Changes in working capital:		
Payables from exchange transactions	368,892	261
Movement in Employee Benefits	(56,650)	(242,757)
	2,521,612	**1,208,406**

16. Financial instruments disclosure

Categories of financial instruments

2022

Financial assets

	At amortised cost	Total
Cash and cash equivalents	5,407,024	5,407,024

Northern Cape Liquor Board
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Notes to the Financial Statements

Figures in Rand	2022	2021

16. Financial instruments disclosure (continued)

Financial liabilities

	At amortised cost	Total
Accrued Expenses	(345,821)	(345,821)
Late CFO Leave Gratuity	(23,071)	(23,071)
	(368,892)	**(368,892)**

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)
Finance lease obligation	(32,907)	(32,907)
	(49,060)	**(49,060)**

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Notes to the Financial Statements

Figures in Rand	2022	2021

17. Related parties

Relationships

Members	Refer to members' report note
Board Members (Dissolved 31 March 2021)	Adv A Sia (Chairperson) S Mbi (Deputy Chairperson) Adv VN Mayisela H J Jack C Z Oliphant T Thobeli P L Mabula
Department with significant control	Department of Economic Development and Tourism
Department/Entities under common control	Northern Cape Provincial Treasury Northern Cape Gambling Board Northern Cape Economic Develop Agency Northern Cape Tourism Authority
Members of key management	Ms T Modibela (Acting CEO - May 2021 - March 2022) Mr Z T Mengo (Acting CEO September 2019 - March 2021) K T Oupa Makhale CFO (Deceased July 2021) Ms MH Steenkamp (Acting CFO July 2021 - March 2022)

Related party balances

	2022	2021
Amounts included in Trade receivable (Trade Payable) regarding related parties		
KT Oupa Makhale	(23,071)	(276,771)
Provision for Bonus		
KT Oupa Makhale	-	(91,403)

Related party transactions

	2022	2021
Remuneration paid to related parties		
KT Oupa Makhale	277,658	1,237,325
Acting CEO TZ Mengo	-	979,045
Acting CEO T Modibela	230,269	-
Travel and Subsistence Allowance paid to from related parties		
KT Oupa Makhale	-	4,153
H J Jack	-	26,871
Adv A Sia - Chairperson of the Board	-	7,582
S Mbi	-	552
P L Mabula	3,221	18,152
Acting CEO - TZ Mengo	-	14,223
T Thobeli	1,318	-
P Dyantyi	21,033	-
N Mosikare	2,560	-
J Bobeje	9,114	-
S Mpalala	20,322	-
N Madikizela	2,330	-
Adv A Petersen - Hendrics	1,956	-
Sitting Fees paid to related parties		
T Thobeli	49,500	46,500
P L Mabula	-	44,000
S Mbi	-	96,580
H J Jack	-	22,000
N Mosikare	20,000	-
N Madikizela	14,000	-

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Notes to the Financial Statements

Figures in Rand	2022	2021

17. Related parties (continued)

Other Benefits (Cell phone and Data Allowance) paid to Board Members		
T Thobeli	-	24,000
P L Mabula	-	24,000
S Mbi	-	24,000
H J Jack	-	24,000
Adv A Sia	-	24,000
Adv V Mayisela	-	24,000
C Z Oliphant	-	24,000
Actual Reimbursement to management		
Chief Financial Officer	-	6,352
Grants received from related parties		
Northern Cape Department of Economic Development and Tourism	(13,932,000)	(13,346,000)
Northern Cape Provincial Treasury	(38,890)	(161,851)
Secondment Acting CEO from DEDAT	(1,034,849)	(542,769)

18. Board Members Sitting Fees

Board Members

2022

	Members' fees	Total
Mr T Thobeli(Chairperson)	49,500	49,500
Ms N Madikizela	14,000	14,000
Ms IN Moskikare	20,000	20,000
	83,500	**83,500**

2021

	Members' fees	Other Benefits	Total
Mr T Thobeli(Chairperson)	-	24,000	24,000
Ms P Mabula (Deputy Chairperson)	96,580	24,000	120,580
Mr J Bobeje	-	24,000	24,000
Ms P Dyantyi	22,000	24,000	46,000
Ms N Madikizela	-	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**

19. Prior period errors

The useful life of certain office equipment were not evaluated in the prior financial year. The useful life of certain office euipment was estimated to be 5 years. At the end of the current period management have revised their useful estimate to a remaining 5 years retrospectively from 2018 as these assets are still in a very good condition. The effect of this revision has decreased the accumulated depreciation.

The provision for leave was not correctly calculated in accordance with the HR Policy. Employees were incorrectly accumulating leave days from prior years, instead of forfeiting leave days within 18 months of the start of the leave cycle. (i.e. by 30 June of the following year). This resulted in employees accruing more than 22 days that they are entitled to. The effect of this revision has decreased the employee benefits provision.

During the prior financial year, employee benefits was incorrectly disclosed under financial instruments

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Notes to the Financial Statements

Figures in Rand	2022	2021

19. Prior period errors (continued)

The Provision for Leave and Bonus was incorrectly disclosed in Note 10 under Basic Salary. Management corrected this by included this as a seperate line item under employee Cost. This do not have an effect on the total Employee cost. But this have reduced the Basic Salary amount.

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

Statement of financial position		
Property, plant and equipment	-	1,939
Employee Benefits - Provision for Leave	-	548,856
Statement of financial performance		
Depreciation expense	-	(1,939)
Provision for leave	-	(548,856)

Disclosures

Notes to Annual Financial Statements		
Provision for Leave incorrectly included as Financial Liabilities under the Financial Instruments Disclosure Note	-	306,099
Provision for Thirteen Cheque incorrectly included as Financial Liabilities under the Financial Instruments Disclosure Note	-	136,148
	-	**442,247**

Notes to Annual Financial Statements		
Basic Salary	-	(306,099)
Leave and Bonus Provision	-	306,099
	-	**-**

20. 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.

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	2022	2021
Cash and Cash Equivalents	5,407,024	3,126,542

21. Going concern

We draw attention to the fact that at 31 March 2022, the entity had an accumulated surplus (deficit) of 4,511,857 and that the entity's total assets exceed its liabilities by 4,511,857.

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.

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21. Going concern (continued)

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

22. Fruitless and wasteful expenditure

The Northern Cape Liquor Board did not incur any Fruitless and Wasteful Expenditure for year under review.

23. Irregular expenditure

	2022	2021
Opening balance as previously reported	2,454,589	1,740,414
Add: Irregular Expenditure-current year	201,228	714,175
Opening balance as restated	**2,655,817**	**2,454,589**
Less: Amount written off - current	(8,125)	-
Less: Correction - Prior Year Irregular	(10,290)	-
Closing balance	**2,637,402**	**2,454,589**

Cases under investigation

	2022	2021
Telkom wi-fi expired contract payments made	16,487	10,290
Konica Minolta (rental of photo copy machine)	77,319	59,358
Expired contract payments made for building Lessor	107,421	644,527
	201,227	**714,175**

24. Contingencies

Northern Cape Liquor Board vs Joseph Reed

Mr Joseph Reed submitted an application in 2002 to obtain a liquour License. This application was rejected by the Board, in 2003-2004, he took the decision of the Board under review wherby the Board reviewed such decision but still came to the conclusion not to grant the license.

Numerous cases eminated from the above:

1) There was an contempt application at the Kimberley High Court. The Northern Cape Liquour Board made an application for security for cost of the above mentioned matter. Matter is still pending and the Board is awaiting judgement. The total amount of the Northern Cape Liquor Boards legal cost is estimated at R 300 000.

2) Mr Reed took this matter for recission. He seeks to rescind a judgement from an application for condonation. This condonation was in relation to review a case from 2003. Matter is still pending and the Board is awaiting a court date. The total amount of the Northern Cape Liquour Boards legal cost is estimated at R 300 000.

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