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REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE ON VOTE NO. 3: GAUTENG LIQUOR BOARD

Report on the audit of the Financial Statement

Opinion

1. I have audited the financial statements of the Gauteng Liquor Board set out on pages **213** to **242**, which comprise the statement of financial position as at 31 March 2023, 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 Gauteng Liquor Board as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.

4. I am independent of the trading 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 unqualified 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 24 to the financial statements, the corresponding figures for 31 March 2022 were restated as a result of an error in the financial statements of the trading entity at, and for the year ended, 31 March 2023.

Other matters

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

Unaudited irregular expenditure and fruitless and wasteful expenditure

9. On 23 December 2022, the National Treasury issued Instruction Note 4 of 2022-23, which came into effect on 3 January 2023, in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA. The instruction note deals with the PFMA compliance and reporting framework and addresses, amongst others, the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Irregular expenditure and fruitless and wasteful expenditure incurred in prior financial years and not yet addressed no longer need to be disclosed in either the annual report or the disclosure notes to the annual financial statements. Only the current year and prior year figures are disclosed in note 26 and 27 to the financial statements of the Gauteng Liquor Board. Movements in respect of irregular expenditure and fruitless and wasteful expenditure also no longer need to be disclosed in the notes to the annual financial statements. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) is now included as part of the other information in the annual report of the Department. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

Responsibilities of the accounting officer for the financial statements

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

11. In preparing the financial statements, the accounting officer is responsible for assessing the trading 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 trading entity or to cease operations, or has no realistic alternative but to do so.

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

12. 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.

13. 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

14. Section 40(3)(a) of the PFMA requires the trading entity to prepare an annual performance report. The performance information of the trading entity was reported in the annual performance report of the Gauteng Department of Economic Development. The usefulness and reliability of the reported performance information was tested as part of the audit of the Gauteng Department of Economic Development and any audit findings are included in the management and auditor's reports of the Gauteng Department of Economic Development.

Report on compliance with legislation

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

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

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

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

Other information in the annual report

19. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information referred to does not include the financial statements and the auditor's report.

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

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

22. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

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

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

Auditor-General

Johannesburg

31 July 2023

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and on the trading entity's compliance with selected requirements in key legislation.

Financial statements

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

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

Communication with those charged with governance

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

I also provide the accounting officer 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.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act No.1 of 1999 (PFMA)	Section 38(1)(a)(iv); 38(1)(b); 38(1)(c'); 38(1)(c)(i); 38(1)(c)(ii); 38(1)(d); 38(1)(h)(iii); Section 40(1)(a); 40(1)(b); 40(1)(c)(i) Section 44; 44 (1) and (2) ; 45(b); Section 50(3); 50(3)(a)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Regulation 4.1.1; 4.1.3 Regulation 5.2.1; 5.2.3(d); 5.3.1 Regulation 7.2.1 Regulation 8.1.1; 8.2.1; 8.2.2; 8.2.3; 8.4.1 Regulation 9.1.1; 9.1.4 Regulation 10.1.1(a); 10.1.2 Regulation 11.4.1; 11.4.2; 11.5.1 Regulation 12.5.1 Regulation 15.10.1.2(c') Regulation 16A3.1; 16A 3.2; 16A 3.2(a); 16A 6.1; 16A6.2(a) & (b);16A6,2(e); 16A 6.3(a); 16A 6.3(a)(i); 16A 6.3(b); 16A 6.3(c); 16A6,3(d) 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; 16A8.2(1) and (2); 16A 8.3; 16A8,3(d); 16A 8.4; 16A9; 16A9,1; 16A9.1(b)(ii); 16A9.1(c); 16A 9.1(d); 16A 9.1(e); 16A9.1(f);16A9.2; 16A 9.2(a)(ii); 16A9.2(a)(iii); Regulation 17.1.1. Regulation 18.2 Regulation 19.6.1 Regulation 19.8.4
Public service regulations	PSR 13 (c);18;18(1) and 18(2)
PRECCA	Section 29; 34(1)
PPPFA	Section 1(i); 2.1(a); 2.1(b); 2.1(f)
PPR 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 10.1; 10.2 Paragraph 11.1; 11.2 Paragraph 12.1 and 12.2

Legislation	Sections or regulations
PPR 2022	Paragraph 3.1 Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
PFMA SCM Instruction no. 09 of 2022/2023	Paragraph 3.1; 3.3 (b); 3.3 (c); 3.3 (e); 3.6
National Treasury Instruction No.1 of 2015/16	Paragraph 3.1; 4.1; 4.2
NT SCM Instruction Note 03 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4; 4.4 (a); 4.4(c); 4.4(d); 4.6 Paragraph 5.4 Paragraph 7.2; 7.6
NT SCM Instruction 4A of 2016/17	Paragraph 6
NT SCM Instruction Note 03 2019/20	Par 5.5.1(vi); Paragraph 5.5.1(x);
NT SCM Instruction Note 11 2020/21	Paragraph 3.1; 3.4 (a) and (b); 3.9; 6.1;6.2;6.7
NT SCM Instruction note 2 of 2021/22	Paragraph 3.2.1; 3.2.2; 3.2.4(a) and (b) ; 3.3.1; 3.2.2 Paragraph 4.1
PFMA SCM Instruction 04 of 2022/23	Paragraph 4(1); 4(2); 4(4)
Practice Note 5 of 2009/10	Paragraph 3.3
PFMA SCM instruction 08 of 2022/23	Paragraph 3.2 Paragraph 4.3.2; 4.3.3
Competition Act	Section 4(1)(b)(ii)
NT instruction note 4 of 2015/16	Paragraph 3.4

RECLASSIFICATION OF REVENUE TO PAYABLES IN 2022/23 FINANCIAL YEAR

Reclassification of Revenue to Payables in 2022/23 Financial Year

In the 2022/23 financial year, Gauteng Provincial Treasury appropriated the full operational budget/grant amounting to R79 327 000 to GLB to cover all the operational costs of the entity. As part of the conditions of the full appropriation, that became effective in the 2022/23 financial year, the entity (GLB) is required to pay-over all the revenue collected by the entity to Provincial Revenue Fund (PRF) as and when collected. As a result the money collected by the entity has been reclassified to a payable to the Provincial Revenue Fund (PRF).

The reclassification of revenue to payables affected the following items on the AFS:-

The statement of Financial Performance – There are no revenue amounts in the current financial year (2022/23) as the money collected by the entity has been reclassified to payables as disclosed on note 6 of the AFS.

The statement of Financial Position – The payables for the current financial year is high due to the reclassification of revenue to payable to PRF as disclosed on note 6 of the AFS.

Note 6 for payables – The entity disclosed a payable to PRF in the current financial year (2022/23 FY). This note gives a breakdown of the money collected and reclassified to payables.

Note 8, 9, 10, 11 and 13 for revenue – There are no amounts disclosed in the current financial year (2022/23 FY) as the money collected by the entity no longer meets definition of revenue and the recognition criteria's of revenue and were reclassified to payables in line with GRAP 1.

The narrations have been provided below the notes affected by the reclassification of revenue to payables to make users of the Financial Statements comprehend the AFS of the entity

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Note(s)	2023 R '000	2022 Restated* R '000
Assets			
Current Assets			
Receivables from exchange transactions	2	564	477
Receivables from non-exchange transactions	3	544	437
Cash and cash equivalents	4	136 516	68 369
		137 624	**69 283**
Non-Current Assets			
Property, plant and equipment	5	175	247
Total Assets		**137 799**	**69 530**
Liabilities			
Current Liabilities			
Payables from exchange transactions	6	98 650	44 208
Provisions	7	1 712	2 052
		100 362	**46 260**
Total Liabilities		**100 362**	**46 260**
Net Assets		**37 437**	**23 272**
Accumulated surplus		37 437	23 272
Total Net Assets		**37 437**	**23 272**

**See Note 24*

STATEMENT OF FINANCIAL PERFOMANCE FOR THE YEAR ENDED 31 MARCH 2023

	Note(s)	2023 R '000	2022 Restated* R '000
Revenue			
Revenue from exchange transactions			
License and Permits	10	-	62 423
Rental Parking	9	-	39
Commission Received	9	-	15
Interest Received - Bank	11	-	947
Total revenue from exchange transactions		**-**	**63 424**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	12	79 327	10 423
Fines, Penalties and Forfeits	13	-	5 954
Total revenue from non-exchange transactions		**79 327**	**16 377**
Total revenue	8	**79 327**	**79 801**
Expenditure			
Employee related costs	14	(49 889)	(48 777)
Depreciation and amortisation	15	(72)	(87)
Loss on disposal of assets		-	(10)
Impairment Loss - Penalty		(1 312)	(266)
Bad Debts		(1)	(424)
Goods and Services	16	(13 888)	(17 881)
Total expenditure		**(65 162)**	**(67 445)**
Surplus for the Year Ended		**14 165**	**12 356**

**See Note 24*

STATEMENT OF CHANGES IN NET ASSETS AS AT 31 MARCH 2023

	Accumulated surplus / deficit R '000	Total net assets R '000
Balance at 01 April 2021	**10 944**	**10 944**
Changes in net assets	12 356	12 356
Surplus for the year		
Total	23 302	23 302
Balance as previously reported	26 599	26 599
Adjustments		
Correction of errors -SFP Note* 24	(3 297)	(3 297)
Correction of errors- SCNA Note* 24	(30)	(30)
Restated* Balance at 01 April 2022	**23 272**	**23 272**
Changes in net assets		
Surplus for the year	14 165	14 165
Total changes	14 165	14 165
Balance at 31 March 2023	**37 437**	**37 437**

**See Note 24*

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

	Note(s)	2023 R '000	2022 Restated* R '000
Cash flows from operating activities			
Receipts			
Surrender Account		58 535	-
Licence Fees		-	62 380
Government Grant and Subsidies		79 327	10 423
Interest income		-	947
Fines and Penalties		(107)	5 758
Commission Received and Parking		-	54
		137 755	**79 562**
Payments			
Compensation of Employees		(52 156)	(46 969)
Goods and Services		(17 453)	(16 042)
		(69 609)	(63 011)
Net cash flows from operating activities	17	**68 146**	**16 551**
Net increase/(decrease) in cash and cash equivalents		**68 146**	**16 551**
Cash and cash equivalents at the beginning of the year		68 370	51 819
Cash and cash equivalents at the end of the year	4	**136 516**	**68 370**

**See Note 24*

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2023

1. Presentation of Annual Financial Statements

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

1.1 Basis of preparations

The annual 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 annual 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.

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.

As Gauteng Liquor Board (GLB) has the responsibility of issuing the liquor license and monitoring and enforcing compliance to the Gauteng Liquor Board Amendment Act, the significant accounting policies relates to revenue recognition, employee related costs, properties expenses related to running of offices in major centers in Gauteng.

Presentation of Budget Information

The presentation of budget information that is required to be prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The entity does not meet the requirements to disclose the budget information due to its budget not being published and due to the fact that its budget is incorporated in the Gauteng Department of Economic Development Vote.

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

These accounting policies are consistent with the previous period.

1.2 Presentation currency

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

1.3 Going concern assumption

These annual 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.

1.4 Significant judgements and sources of estimation uncertainty

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

Provisions for employee related costs

Performance Bonus

The provision for performance bonus is calculated at 0.5% of all total compensation for all staff members for 2020/21 financial year.

The provision for performance bonus is calculated at 0.0% of all total compensation for all staff members for 2021/22 and 2022/23 financial years.

The bonus liability is paid to qualifying employees based on performance award policy.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2023

Provision for capped leave

Provision for capped leave is the leave accrued until 30 June 2000 and was audited, calculated and capped(i.e. not forfeited). The capped leave increases annually as the gross basis salary adjusted, also when an entitled employee get promotion and new appointees with the capped leave also affect the increase. The cash value payable in respect of personnel with the capped and audited leave credits is determined using formula included in the DPSA guide:
Determination on leave of absence in the public service, 2008.

Any unused capped leave shall be utilised where an employee has insufficient annual leave days or paid out in the event of death or retirement.

Provision for long service awards

Provision for long service awards calculation is based on the DPSA calculation.

Revenue recognition

Accounting policy on revenue from non-exchange and exchange transactions describes the conditions under which revenue will be recognised by the management of the entity.
In making their judgment, management considered the detailed criteria for recognition of revenue as set out in GRAP 9: Revenue from exchange transactions and GRAP 23: Revenue from non-exchange transactions.

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.

Property, plant and equipment is subsequently carried at cost less accumulated depreciation and any impairment losses. Depreciation is charged so as to allocate the cost of assets less their fair values over their estimated useful life, using the straight line method. Management expects to abandon the assets at the end of their useful life and therefore the residual are estimated to be negligible. Useful lives and residual values are assessed when there is an indication that there is a change in useful life.

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

Property, plant and equipment is subsequently carried at cost less accumulated depreciation and any impairment losses. The depreciable amount of an asset is allocated on a systematic basis over its useful life.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2023

1.5 Property, plant and equipment (continued)

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

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight-line	5-10 years
Computer equipment	Straight-line	3-5 years

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.

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 assets future economic benefits or service potential through depreciation. Impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount and it is charged against the surplus or deficit.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Subsequent expenditure incurred on items of property, plant and equipment is only capitalised to the extent that such expenditure meets the definition and recognition criteria of an asset. Repairs and maintenance not deemed to enhance the economic benefits or service potential of items of property, plant and equipment are expensed as incurred.

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 Financial instruments

Initial recognition and measurement

Financial instruments are recognised when Gauteng Liquor Board becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. Subsequent to initial recognition, these instruments are measured at amortised costs.

Offsetting

Financial assets and financial liabilities are not offset in the Statement of Financial Position.

Financial assets

Financial assets are comprised mainly of receivable from overdue licences and penalty debt arising from licences/permits issued. Financial assets are initially recognised at fair value and subsequently measured at amortised costs less provisions for impairment. Provision for impairment is established when there is objective evidence that the entity will not be able to collect the amount due.

Financial liabilities

Financial liabilities are comprised mainly of income received in advance for licences, trade payables and provisions for employee benefits. Financial liabilities are recognised initially at fair value and subsequently measure at amortised cost.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2023

1.6 Financial instruments (continued)

Statutory receivables

Statutory receivables are receivables that arise from legislation, supporting regulations or similar means and require settlement by another entity in cash or other financial asset. Carrying amount is the amount at which an asset is recognised in the statement of financial position.

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

Nominal interest rate is the interest rate and or basis specified in legislation, supporting regulations or similar means. The transaction amount (for purpose of this standard) for a statutory receivables means the amount specified in or calculated levied or charged in accordance with legislation, supporting regulations or similar means.

1.7 Employee benefits

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. The cost of short term employee benefits are expensed in the statement of financial performance in the year in which it occurs. Short term employee benefits that give rise to a present constructive obligation are recognised and disclosed in the notes of the financial statements. This is limited to leave pay accrual and service bonus.

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.

Termination benefits such as severance packages are recognised as an expense in the statement of financial performance.

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.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

The entity contributes to Government Employee Pension Fund (GEPF) on behalf of employees. The funds and related benefits are managed by GEPF on behalf of Government.

1.8 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.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2023

1.9 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.

Liquor license fees

The liquor board collect license fees in terms of gauteng liquor Act no 2 of 2003 and regulations. License fees are levied in terms of Gauteng Liquor Act for different types of liquor permits. Permits are valid for one year from the date of issue except for occasional licenses.

In the 2022/23 financial year the liquor license fees, parking, commission received and interest received by the entity have been reclassified to payables in line with the appropriation bill for the 2022/23 financial year.

Interest income

Interest income is recognised on a time proportionate basis using the effective interest rate method.

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.

In the 2022/23 financial year interest received by the entity have been reclassified to payables in line with the appropriation bill for 2022/23 financial year.

Other Income

Other income is recognised when it is probable that future economic benefits will flow to the GLB and when the amount can be measured reliably.

In the 2022/23 financial year the Other income received by the entity have been reclassified to payables in line with the appropriation bill for 2022/23 financial year.

1.10 Revenue from non-exchange transactions

Government Grant

The Gauteng Liquor Board received a government grant in the form of a transfer from the Gauteng Department of Economic Development to cover operational costs. The transfer is recognised when it is probable that future economic benefits will flow to the Gauteng Liquor Board and when the amount can be measured reliably.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2023

1.10 Revenue from non-exchange transactions (continued)

Services in-kind

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

Gauteng Liquor Board makes use of the following services at no cost:
- Employee Costs for Chief Director
- Cellphone costs:
- Corporate services, financial services and human resource services and
- Rental costs for regional offices.
- The costs are covered by Gauteng Department of Economic Development.

Penalty fees

Penalties are charged on late renewals of license. Penalty shall be recognised in accordance with the Gauteng Liquor Act when the penalty is due as follow:

Penalty period from renewal	Penalty (% of license renewal fees)
1 month	50%
2 months	100%

In the 2022/23 financial year the penalty fees received by the entity have been reclassified to payables in line with the appropriation bill for 2022/23 financial year.

1.11 Comparative Information

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are restated, unless a statement of GRAP does not require the restatement of comparative information. The nature and reasons for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as it is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as it is practicable, and the prior year comparatives are restated accordingly.

1.12 Fruitless and wasteful expenditure

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the 12 months period that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.13 Irregular expenditure

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

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

National Treasury practice note no. 4 of 2008/2009 which was issued repealed and replaced by the irregular expenditure framework that came into effect on 1 December 2018 in terms of section 76(1) to 76(4) of the PFMA which requires the following:

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

Irregular expenditure that was incurred and identified during the current financial year and which condonement is being

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2023

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 statement

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and disclosure note to the financial statement must be updated with 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 the 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 statement. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.14 Events after reporting date

Events after reporting date are those events, both favorable and unfavorable, 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.

1.15 Leases

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

Operating lease payments are recognised as an expense over the lease term according to the agreed payment basis.

The total of future minimum Lease payments under non-cancellable operating leases are disclosed for each of the following periods;

- Not later than 1 year ;
- Later than 1 year and not later than 5 years ; and
- Later than 5 years;

1.16 Related Parties

The entity has adopted the disclosure requirements as per GRAP 20: Related Party Disclosures.

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.

Related party transaction is a transfer of resources, services or obligations between the reporting entity and 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.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2023

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

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

An entity shall disclose the remuneration of management per person and in aggregate, for each class of management remuneration.

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

Where the entity is exempt from the disclosures in accordance with the above, the disclosure 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 annual financial statement.

1.17 GRAP standards, amendments to GRAP standards and interpretation issued but not yet effective

GRAP 104: Financial instruments (revised) is approved but not yet effective, the standard will be effective on 1 April 2025.

GRAP 01: Presentation on financial statements (revised) is approved but yet effective ,the standard will be effective on 1 April 2023.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
	R '000	R '000
2. Receivables from exchange transactions		
Recoveries of staff expense	242	278
Under-Paid Liqour Licence Fees	393	269
Provision for doubtful debts	(71)	(70)
	564	**477**

Statutory receivables general information

Receivables past due but not impaired

Trade and other receivables past due but not impaired

The ageing of amounts past due but not impaired is as follows:

	2023	2022
Current (0 - 30 days)	114	117
31-60 days	181	270
120 days and above	269	90

3. Receivables from non-exchange transactions

	2023	2022
Penalties	2 122	703
Provisions for penalty debt	(1 578)	(266)
	544	**437**

Receivables from non-exchange transactions past due but not impaired

The ageing of amounts past due but not impaired is as follows:

	2023	2022
1 month past due	544	417
More than 3 months past due	-	20

Reconciliation of provision for impairment of receivables from non-exchange transactions

	2023	2022
Opening balance	266	1 856
Provision for impairment	1 312	266
Provision utilised	-	(1 856)
	1 578	**266**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
	R '000	R '000
4. Cash and cash equivalents		
Cash and cash equivalents consist of:		
FNB - Main Bank Account	302	68 342
STD - Main Bank Account	136 214	-
STD - BNK Adjustment Acc: DOM	-	27
	136 516	**68 369**

5. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	1 211	(1 104)	107	1 211	(1 066)	145
IT equipment	890	(822)	68	890	(788)	102
Total	**2 101**	**(1 926)**	**175**	**2 101**	**(1 854)**	**247**

Reconciliation of property, plant and equipment -March 2023

	Opening balance	Depreciation	Total
Furniture and fixtures	145	(38)	107
Computer equipment	102	(34)	68
	247	**(72)**	**175**

Reconciliation of property, plant and equipment -March 2022

	Opening balance	Disposals	Depreciation	Total
Furniture and fixtures	184	(1)	(38)	145
Computer equipment	161	(10)	(49)	102
	345	**(11)**	**(87)**	**247**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
	R '000	R '000

6. Payables from exchange transactions

	2023 R '000	2022 R '000
Trade payables	2 820	5 014
Income Received in Advance	-	29 469
Sal: ACB Recalls	206	335
SAL: Tax Debt	5	5
SAL: Official Unions	-	1
SAL: Financial Institution Study Loans	-	2
SAL: Medical Aid	4	371
SAL: Pension Fund	-	1
SAL: GEHS Refund Control Acc: CL	5	-
Trading Entity: Payable to Provincial Revenue Fund	87 041	-
Staff Leave Accrual	3 757	4 555
Service Bonus Accrual	1 141	1 177
Sal: Insurance Deductions	-	6
SAL: Income Tax: CL	-	652
Payable: Adv: P/Dept	3 671	2 620
	98 650	**44 208**

Reconciliation of Payable to provincial revenue fund - March 2023		
Total Amount received as per database	**68 452**	-
• Licence Fees	67 008	-
• Penalty Fees	1 444	-
Add: IRA Previous Year & recoveries	**29 339**	-
Add: Total Other Income	**2 732**	-
• Parking Fees	36	-
• Interest Fees	2 681	-
• Commission Fees	15	-
Add: Underpayments	**1 542**	-
Less: Overpayments	**(932)**	-
Less: Amounts paid to PRF	**(14 092)**	-
Trading entity: Payable to provincial revenue fund	**87 041**	-
Less Underpayments	1 542	-
Balance Payable to PRF	**85 499**	**-**

In the 2022/23 financial year the entity reclassified liquor license fees, parking, commission received to payable inline with the appropriation bill for the 2022/23 financial year. As a result the entity recognised surrender payable to Provincial Revenue Fund (PRF) in relation to the fees collected by the entity and not yet paid to PRF at year-end. The entity did not recognise Income received in advance in relation to the Liquor licence fees collected .
In the 2021/22 financial year an amount of R2 620 192.19 reclassified from Income received in advance to the payable for overpayments by the liquor traders.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
	R '000	R '000

7. Provisions

Reconciliation of provisions - March 2023

	Opening Balance	Utilised during the year	Total
Provision for Performance Bonus	288	(245)	43
Provision for Capped Leave	599	(95)	504
Provision for Litigation	1 165	-	1 165
	2 052	**(340)**	**1 712**

Reconciliation of provisions - March 2022

	Opening Balance	Additions	Total
Provision for Performance Bonus	294	(6)	288
Provision for Capped Leave	621	(22)	599
Provision for Litigation	1 177	(12)	1 165
	2 092	**(40)**	**2 052**

The entity disclosed an amount of R 1 165 465,97 as a provision on litigation for a civil claim. The plaintiff is claiming the amount based on the service level agreement for document management solution tender. The entity disclosed a provision based on the invoices received from the service provider, however, uncertainty about the amount or timing of any resulting outflow expected as the matter is currently with the state attorney.

	2023	2022
	R '000	R '000

8. Revenue

	2023	2022
License and Permits	-	62 423
Rental income	-	39
Commission Received	-	15
Interest received - bank	-	947
Government grants & subsidies	79 327	10 423
Fines, Penalties and Forfeits	-	5 954
	79 327	**79 801**

The amount included in revenue arising from exchanges of goods or services are as follows:

	2023	2022
License and Permits	-	62 423
Rental income	-	39
Commission Received	-	15
Interest received - bank	-	947
	-	**63 424**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
	R '000	R '000
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Transfer revenue		
Government grants & subsidies	79 327	10 423
Fines, Penalties and Forfeits	-	5 954
	79 327	**16 377**

9. Other revenue

Rental Parking	-	39
Commission Received	-	15
	-	**54**

In the 2022/23 financial year other revenue received by the entity have been reclassified to the payable account created for the income collected by the entity on behalf of the Provincial Revenue Fund (PRF) by the entity, in line with the appropriation bill for 2022/23 financial year.

10. Licences and permits (Exchange)

Activations	-	1 572
Alterations of Structure	-	42
Copies	-	6
Duplicates of Licenses	-	92
Inspector Report	-	9
Management	-	839
New Applications	-	3 354
Occasional Licenses	-	1 705
Pending Lodgment	-	814
Renewals	-	78 871
Restorations	-	640
Transfers of License	-	773
Unallocated	-	1 934
Income Received in Advance	-	(32 089)
Overdue Licenses	-	172
Lapse Licenses	-	3 689
Financial Interest	-	-
Wine Testing	-	-
	-	**62 423**

In the 2022/23 financial year the Liquor license fees received by the entity have been reclassified to payables in line with the appropriation bill for 2022/23 financial year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
	R '000	R '000
11. Interest Received - Bank		
Interest Earned-Bank	**-**	**947**

In the 2022/23 financial year the interest received by the entity have been reclassified to payables in line with the appropriation bill for 2022/23 financial year.

12. Government grants & subsidies

Operating grants

	2023	2022
Government grant (Operating)	**79 327**	**10 423**

13. Fines, Penalties and Forfeits

	2023	2022
Fines, Penalties and Forfeits	-	**5 954**

In the 2022/23 financial year the penalty fees received by the entity have been reclassified to payables in line with the appropriation bill for 2022/23 financial year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
	R '000	R '000
14. Employee related costs		
Basic Salary	37 511	35 335
Medical Aid - Company Contributions	2 706	2 598
Leave pay provision charge	(1 181)	429
Employee benefits Expensed - other	11	22
Housing benefits and allowances	1 110	1 091
Leave Gratuity	313	206
Bargain council - Company Contribution	9	9
S&W:CMPNS/CIRCM (RES)	79	-
13th Cheque	2 781	2 489
Non - Pensionable Allowances	2 630	2 649
Pension - Company Contribution	3 920	3 949
	49 889	**48 777**
15. Depreciation and amortisation		
Property, plant and equipment	**72**	**87**
16. Goods and Services		
Audit fees	851	811
Advertising	-	84
Bank charges	2	20
Cleaning	588	554
Legal Expenses	75	573
Consumables	538	6
Departmental Consumptions	394	39
External Comp Serv: Infor Services	173	74
Levies Paid (Water, Sewerage, Waste and Mun Rates)	473	423
Professional Fees	-	3 278
Printing and stationery	-	3
Rental of Buildings	6 110	7 712
Security Costs	588	554
Travel - local	42	-
Electricity	1 241	1 529
Travel Agency Fees	2	-
A&S Professional Staff Services	125	-
Venues and Facilities	1 102	700
Contracted Maintenance	1 584	1 521
	13 888	**17 881**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
	R '000	R '000
17. Cash generated from operations		
Surplus	14 165	12 356
Adjustments for:		
Depreciation and amortisation	72	87
Gain/Loss on disposal of assets	-	10
Impairment loss: Penalty	1 312	266
Movements in provisions	(340)	(40)
Bad debts- overdue licenses	-	167
Bad debts: Penalty debt	-	231
Bad debts: recoveries of staff expenses	1	27
Changes in working capital:		
Receivables from exchange transactions	(88)	(12)
Other receivables from non-exchange transactions	(1 418)	(693)
Payables from exchange transactions	83 911	4 072
Income received in advance	(29 469)	80
	68 146	**16 551**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
	R '000	R '000

18. Financial instruments disclosure

Categories of financial instruments

March 2023

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	564	564
Receivables from non-exchange transactions	544	544
Cash and cash equivalents	136 516	136 516
	137 624	**137 624**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	98 650	98 650

March 2022

Financial assets

	At amortised cost	Total
	477	
Trade and other receivables from exchange transactions		477
Receivables from non-exchange transactions	437	437
Cash and cash equivalents	68 370	68 370
	69 284	**69 284**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	44 208	44 208

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
	R '000	R '000

19. Commitments

Lease commitments

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

	2023 R '000	2022 R '000
Operating leases - as lessee (expense)		
Minimum lease payments due		
• within one year	6 482	6 110
• Later than 1 year but not more than 5 Years	11 278	17 749
	17 760	**23 859**

During the 2022/23 financial year, the entity disclose commitments in line with GRAP standard and only disclosed the operating lease commitments in terms of GRAP 13 and did not have any capital commitments as at 31 March 2023.

20. Related parties

Relationships

Controlled entities of the Gauteng Department of Economic Development

The Gauteng Liquor Board is trading as an entity of the Gauteng Department of Economic Development and its business operations are regulated as per the Gauteng Liquor Act no 2 of 2003. The entity is under the control of MEC and the Accounting Officer of the Gauteng Department of Economic Development.

Gauteng Liquor Board receives a subsidy from the Gauteng Department of Economic Development to run its operational costs, including office lease rentals. Gauteng Liquor Board is related to all Gauteng Provincial Government Departments and its trading entities by virtue of being under the same control by Gauteng Premier and Gauteng Legislature.

	2023 R '000	2022 R '000
Related party balances		
Balances - Owing (to) by related parties		
Gauteng Department of Economic Development - Billed and Confirmed Balances	(687)	(415)
Gauteng Department of Economic Development - Unbilled and Unconfirmed Balances	(277)	-
Provincial Revenue Fund - Trade payable surrender	(87 041)	-

The Gauteng Liquor Board is a sub program within business regulation and governance (program 4) and it is established as a trading entity of the Gauteng Department of Economic Development. The purpose of the Gauteng Liquor Board is to ensure effective governance and regulation of the Gauteng Liquor Board license industry and the collection of Gauteng Liquor license fees in accordance with the Gauteng Liqour Act no 2 of 2003 and section 23 of the Tariff Act structures. Effective from 2022/23 financial onwards, the Gauteng Liquor Board`s budget will be appropriated in the budget book (EPRE).

Related party transactions

Service in kind

In the 2022/23 financial year Gauteng Liquor Board received the following services at no cost from the Gauteng Department of Economic Development:

- Human Resources
- Finance
- Corporate services
- In the 2022/23 financial year Gauteng Liquor Board received the following service at no cost from the Department of E- Government through Department of Economic Development:

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

- Telephone Expenses.

	2023	2022
	R '000	R '000

20. Related parties (continued)

Remuneration of management

Management class: Executive management

March 2023

Name	Basic salary	Bonuses and performance related payments	Other short-term employee benefits	Total
Bodibe- Lushaba CK	758	63	463	1 284
Shabangu OM	781	65	477	1 323
Matlhaku P	336	17	123	476
	1 875	**145**	**1 063**	**3 083**

March 2022

Name	Basic salary	Bonuses and performance related payments	Other short-term employee benefits	Total
Bodibe- Lushaba CK	736	61	451	1 248
Martin R	1 063	89	387	1 539
Shabangu OM	759	63	463	1 285
	2 558	**213**	**1 301**	**4 072**

** The entity received in kind services from the Department of Economic Development for Chief Director: GLB position. Mr. F Manamela was seconded to GLB at no costs to replace Mr. R Martin who was seconded to GDED*

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THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

21. Members' emoluments

The Gauteng Liquor Board is a juristic person established in terms of Section 2 of the Gauteng Liquor Act. Act No 2 of 2003 (the Act) The Board does not perform the powers and functions of an executive board but performs the functions of an application board. In this regard the Board considers applications for liquor licenses and either grant or refuse such applications. The board meets two (2) days per week. Local Committees meet one (1) day per week. Because of its status as a juristic person the Board is sued directly and may institute legal actions instituted by and against the Board.

In terms of Section 3 of the Act the Board has the following powers and functions:

(1) The Board shall receive applications referred to in section 21 from the local committees and after considering such applications.
(2) The Board may, after the consideration by it or any other matter contemplated in this Act
   (a) Suspend for (an indefinite time or for such period as it may determine or withdraw from such date as it may determine, a license which is subject of a report, compliant or objection concerned, or any right privilege which is attached thereto.
   (b) Declare the license concerned to be subject to such conditions or further conditions as it may in its direction impose.
   (c) Rescind the suspension of the license concerned of any right of privilege which is attached thereto, with immediate effect or from such date as it may determine, subject to such conditions as it may in its discretion impose or,
   (d) take any such other steps it may think fit.

The board consist of 34 members appointed in terms of Section 4 of the Act. In addition the Act also make provision for the established local committees of the Board in each of the areas of the municipalities in the Province, known as Metropolitan Councils or Districts Council may determine.

Section 5 of the Act stipulates that a member shall be appointed for term not exceeding five (5) years and shall be eligible for reappointment at the lapse of the initial term. No person shall be reappointed as a member if the Board for more than two (2) terms. A member of the board shall be paid such remuneration and allowance out of the funds of the Board as the Member of Executive Council may determine.

(a) Section 16 of the Act stipulates that the funds of the Board shall consist of -
(b) Money approached by the Provincial Legislature; and Money accruing to the Board from any other source approved by the Member of the Executive Council including fees paid in terms of the Act.

	2023	2022
	R '000	R '000

21. Members' emoluments (continued)

Non-executive

March 2023

	Members' fees	Total
Letlonkane J	517	517
Lottering SR	102	102
Mabaso STI	595	595
Maboye MM	343	343
Madileng KM	49	49
Magerman TN	993	993
Magwaza SA	160	160
Mamabolo IM	76	76
Mamatela MMJ	148	148
Mashiloane TL	66	66
Matsabu ML	97	97
Moeti RD	139	139
Mogwebi WW	92	92
Molapo MJ	6	6
Molebeledi L	56	56
Morabe TZ	431	431
More RE	111	111
Mthembu TP	150	150
Mudau SP	114	114
Nkosi DL	95	95
Nkuna BL	417	417
Pinana MC	78	78
Raborife M	393	393
Ramapuputla MV	152	152
Samuel P L	161	161
Serutha RF	375	375
Sithole E	85	85
Sithole ST	70	70
Tlagadi MP	96	96
Teffo BM	73	73
Thobejane PM	143	143
Van Der Westhuizen FJ	65	65
Vakalisa SM	94	94
Van Der Schyf	76	76
	6 618	**6 618**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
	R '000	R '000

21. Members' s emoluments (continued)

March 2022

	Members' fees	**Total**
Ka- Mbonane II	107	107
Khoza MP	113	113
Khumalo BN	72	72
Lebona PW	82	82
Lentlonkane J	91	91
Lephekula SM	144	144
Mabaso STI	647	647
Maboye MM	332	332
Madileng KM	71	71
Magerman TN	678	678
Magwaza SA	148	148
Mamatela MMJ	125	125
Mashiloane TL	80	80
Mogwebi WW	76	76
Mohale MK	144	144
Molapo MJ	53	53
Morabe TZ	179	179
More RE	87	87
Mthembu TP	121	121
Mudau SP	79	79
Nkosi DL	59	59
Nkuna BL	84	84
Pamla Y	224	224
Pinana MC	57	57
Raborife M	84	84
Ramapuputla MV	89	89
Sefatsa NT	41	41
Seforo DG	36	36
Serutha RF	365	365
Sithole E	71	71
Sithole ST	52	52
Teffo BM	59	59
Thobejane PM	127	127
Vakalisa SM	76	76
Van der Schyf	48	48
Van der Westhuizen	42	42
	4 943	**4 943**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
	R '000	R '000
22. Auditors' remuneration		
Fees	**851**	**811**

23. Risk management

Financial risk management

Liquidity risk

The entity's risk to liquidity is as 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. The entity`s approach to managing liquidity is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses.

At 31 March 2023	Less than 1year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables from exchange transactions	95 864	2 786	-	-

At 31 March 2022	Less than 1year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payable from exchange transactions	41 850	2 358	-	-

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:

	2023	2022
Financial instrument		
Penalties and other receivables		
The entity did not individually rate its customers due to its diverse customer base.	**1 108**	**437**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
	R '000	R '000

24. Prior period errors

During the 2022/23 financial year, the following prior period errors were discovered:

The 2021/22 trade and other payable were understated by an amount of R52 395.00 due to of employee related costs. The Adjustment resulted in an increase in accrual and board fees by the said amount.

The 2021/22 Trade and other payable were understated by an amount of R 31 013.39 due to understatement of employee related costs. The Adjustment resulted in an increase in Income tax and Leave Gratuity by the said amount.

The 2021/22 Trade and other payables were understated by an amount of R3 277 759.00. The adjustment resulted in an increase in accruals, and Goods and services Project Management consulting fees.

The 2021/22 Trade and other payables were overstated by an amount of R35 859.03. The adjustment resulted in a decrease in accruals, and Goods and services (Levies Paid and Electricity).

The 2021/22 License and Permits was understated by an amount of R27 600.00. The adjustment resulted in an increase in cash and cash equivalents, Bank Charges and License and Permits.

The 2021/22 Trade and other receivable were overstated by an amount of R5026.30 due to understatement of employee related cost. The adjustment resulted in an increase in leave gratuity and decrease in trade debtors by the said amount.

The 2021/22 Trade and other receivable were understated by an amount of R5000.00 due to understatement of restoration fee. The adjustment resulted in an increase in accrued penalty overdue license and Gauteng Liquor Board License penalty revenue.

The Accumulated surplus is restated by an amount of R30 000.00 due to a salary claim payable which was omitted in the previous financial years.

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

Statement of Financial Position -SFP- March 2022

	As previously reported	Correction of error	Restated
Trade Payables	40 853	3 355	44 208
Cash and Cash equivalents	68 342	28	68 370
Trade and other receivable -Exchange Transactions	478	(1)	477
	109 673	**3 382**	**113 055**

Statement of Financial Performance -SFP- March 2022

	As previously reported	Correction of error	Restated
Licence and Permits	62 396	27	62 423
Liquor Licence: Penalties	5 949	5	5 954
Goods and Services	14 639	3 241	17 880
Employee Related costs	48 688	89	48 777
	131 672	**3 362**	**135 034**

Statement of Changes in Net Assets -SCNA- March 2022	As previously reported	Correction of error	Restated
Accumulated Surplus	**23 302**	**(30)**	**23 272**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
	R '000	R '000
25. Fruitless and wasteful expenditure		
Add: Fruitless and wasteful expenditure identified - current	15	-

The prior year figures for fruitless and wasteful expenditure have been restated in line with the revised framework issued in the 2022/23 financial year. In terms of the new framework the entity is required to only disclose fruitless and wasteful expenditure incurred and confirmed in that particular financial year.

The full details and cumulative closing balances from prior years of fruitless and wasteful expenditure are now required to be disclosed in the annual report part E for PFMA compliance reports.

	2023	2022
Details of Fruitless and Wasteful expenditure		
Sheriff costs and Interests charged on overdue accounts	15	-
26. Irregular expenditure		
Irregular Expenditure	-	2 154
Irregular expenditure is presented inclusive of VAT		
Analysis of expenditure awaiting condonation per age classification		
Prior years	-	2 154

Recoverability steps taken/criminal proceedings

The prior year irregular expenditure relate to the lease agreement for regional offices which were extended over the allowed threshold. The investigation were conducted in line with irregular expenditure framework.

The entity did not incur any irregular expenditure in the current financial year. The prior year figures of irregular expenditure have been restated in line with the revised framework issued in the 2022/23 financial year. In terms of the new framework the entity is required to only disclose irregular expenditure incurred and confirmed in that particular financial year.

The full details and cumulative closing balances from prior years of irregular expenditure are now required to be disclosed in the annual report part E for PFMA compliance reports.

GAUTENG PROVINCE
ECONOMIC DEVELOPMENT
REPUBLIC OF SOUTH AFRICA

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