WESTERN CAPE
LIQUOR AUTHORITY

Annual Report 2019/20

Western Cape Liquor Authority

Annual Report

2019/2020

Western Cape Province

CONTENTS

PART A:

GENERAL INFORMATION

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1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME:	Western Cape Liquor Authority
REGISTRATION NUMBER (if applicable):	
PHYSICAL ADDRESS:	3rd Floor Sunbel Building 3 Old Paarl Road Bellville 7530
POSTAL ADDRESS:	Private Bag X6 Sanlamhof Bellville 7532
TELEPHONE NUMBER/S:	021 204 9700
FAX NUMBER:	086 525 4513
EMAIL ADDRESS:	Liquor.Enquiries@wcla.gov.za
WEBSITE ADDRESS:	www.wcla.gov.za
EXTERNAL AUDITORS:	Auditor General South Africa
BANKERS:	Nedbank (PTY) LTD
BOARD SECRETARIAT:	Caylynne Symes

2. LIST OF ABBREVIATIONS/ACRONYMS

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ACT	Western Cape Liquor Act (4 of 2008) as amended
AHRI	Alcohol Harms Reduction Initiatives
AGSA	Auditor General of South Africa
BBBEE	Broad Based Black Economic Empowerment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CPF	Community Police Forum
GB	Governing Board
GRAP	Generally Recognised Accounting Principles
LLT	Liquor Licencing Tribunal
LMATS	Licence Management and Tracking System
MEC	Member of Executive Council
MTEF	Medium Term Expenditure Framework
PFMA	Public Finance Management Act
PRF	Provincial Revenue Fund
SALGA	South African Local Government Association
SCM	Supply Chain Management
SITA	State Information Technology Agency
SMME	Small Medium and Micro Enterprises
TR	Treasury Regulations

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3. FOREWORD BY THE CHAIRPERSON

On behalf of the Governing Board, it gives me pleasure to present the Annual Report for the 2019/2020 financial year. The Annual Report provides an opportunity to reflect on the financial and non-financial performance of the Western Cape Liquor Authority (WCLA) for the year under review.

It should be noted that shortly after the end of the 2019/20 financial year, a lockdown was declared by the President under the Disaster Management Act and that this had a profound impact on all activities, including preparing a proper report on the 2019/20 financial year.

During the period under review the Authority refocused its efforts on implementing the principles and programmes identified in the Alcohol Harms Reduction White Paper. The compliance interventions embarked on in the three Alcohol Harms Reduction Pilot Areas proved successful to the extent that we could explore province-wide implementation, supported by the additional resources appointed to the Liquor Licencing Tribunal (LLT) for ensuring compliance with the regulations in support of our strategic plan to reduce alcohol harms. Post the year end, the work of the compliance team was proactively involved with monitoring activities during the COVID-19 crisis.

The backlog of licence approvals was significantly reduced during the year under review due to increased capacity within the LLT.

The Board is pleased to note that the external auditors have provided an audit opinion that is unqualified with no findings, which is due reward to the Management team at the Authority.

The WCLA provides a regulatory service to the people of the Western Cape. This requires the Authority to continuously assess the regulatory environment impacting liquor production, distribution and consumption, and how it impacts its own capacity to deliver, given the resource constraints within the Authority.

Strategic partnerships were formed with the Department of Transport and Public Works, Department of Community Safety (Community Police Forums and Neighbourhood Watches), Department of Social Development (Local Drug Action Committees), and the Drakenstein Municipality through their policy development process. Furthermore, the WCLA has also engaged academic and civil society organisations in its mission to reduce harms related to alcohol.

In order to build capacity within the industry, all prospective licence holders and appointed managers will be required to attend training before liquor licenses are issued.

Besides the ongoing priority of reducing harms caused by alcohol, the key challenge facing the Authority during the last year was the goal to be self-sufficient as an entity and despite good progress being made, this will now be a key deliverable for the New Year. Further challenges were the capacitation of the LLT and key vacancies in management which were filled, with the exception of the Chief Executive Officer which remains vacant. With the support of the respective MECs this key appointment should be made in the current year. Lastly the lease agreement for the WCLA office space, which expired on the 31st of May 2020, required extensive engagement at all levels of the Authority, and the Board is intent on resolving this before the end of 2020.

Safe and Cohesive Communities is the top strategic priority of the Western Cape Government. To achieve this Vision Inspired Priority (VIP), the Authority must ensure that the impact of alcohol misuse is effectively addressed. With critical legislative amendments and attention given to community views on the extent and availability of alcohol in their neighbourhoods, the WCLA will contribute to this VIP. All role-players will be urged to contribute to and participate in this process.

Our efforts to achieve the optimal regulatory environment in the public interest are based on the following key objectives:

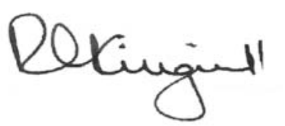
- Active support for the WCG's VIP for Safe and Cohesive Communities Empowering People;
- Increase community participation in the liquor license application process and in receiving and dealing with complaints;
- All liquor license applications are processed without undue delays and within the prescribed timeframes in a manner that is accessible to all;
- Achieve and maintain full financial viability of the WCLA; and
- Introduce a liquor license fee structure that is fair and market related

In June 2020, after the year end, the Board received the resignations of the Board Chairperson Adv. Thembalihle Sidaki and Ms Undere Deglon, whose contribution to the Board's activities were greatly appreciated and their knowledge and experience will be sorely missed. To the remaining members of the Board, your professional contribution and commitment to the Board's activities are applauded.

On behalf of the Board we would like to acknowledge the contribution made by all staff of the Authority and for their dedication during the year as they rose to the challenges presented to them.

Finally, and in particular the Board would like to thank the MEC Adv. Albert Fritz and the Department of Community Safety for their continuous support in our endeavours. Special mention should be made of the secondments to the Authority during the year and the contribution they made in stabilising the Authority during a time of key vacancies. The support of MEC Mr David Maynier is also noted with appreciation.

The Authority through its Board, Management team and the LLT have emerged from a challenging year better positioned to focus on the strategic goals to be achieved in the years ahead.



Ronald Kingwill
Deputy Chairperson of the Governing Board
Western Cape Liquor Authority
Date: 31 July 2020

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4. CHIEF EXECUTIVE OFFICER'S OVERVIEW

For the year under review numerous initiatives were developed and implemented that contributed significantly towards the Authority's ability to effectively deliver on its mandate. We continued to improve on the initiatives of the previous financial year, such as the processes implemented to act against non-compliant licence holders. The Authority is however, also fully committed to participate in various Alcohol Harms Reduction policy initiatives going forward.

As part of the implementation of the recommendations contained in the Alcohol Related Harms (AHR) White Paper, a legislative review process was embarked upon to respond to these recommendations and to enable the WCLA to institutionalize the approach as outlined therein. Amendments proposed were informed by two key objectives. The first was to introduce provisions that will directly and indirectly impact on harms associated with liquor and in the second instance, a need exists to simplify and enhance systems and processes of the WCLA in order to improve operational efficiency of the WCLA. The Authority's custodial department, the Department of Community Safety (DOCS), is the lead department required to facilitate the implementation of the legislative review process and the Authority, forming part of the legislative drafting committee, played an active and integral role in this review process and will continue to do so until finalisation.

The automation of the Licence Management and Tracking System (LMaTS) within the Application Processing unit and the Tribunal Management and Tracking System (TMaTS) within the Liquor Licensing Tribunal (LLT) is still fully functional and has greatly assisted in streamlining the processing and consideration of applications. The automated module for the Compliance and Enforcement unit has also since been completed and has resulted in improved process efficiencies within this division. The system has been adapted to allow for the capturing of information through all stages of the prosecution process, which further allows the tracking of cases throughout the process as well as measuring performance.

Various compliance interventions have been employed in an effort towards addressing alcohol related harms. Great reliance was placed on the ability of the LLT to impose sanctions which include fines, revocations, additional conditions, suspensions or a combination of such sanctions. These sanctions are believed to act as an effective deterrent for irresponsible trading. Fines to the value of just above one and a half million rand were issued to license holders who acted contrary to the provisions of the Western Cape Liquor Act, Act 4 of 2008.

The Authority has expanded on its communication footprint though social media, since the need to explore new modes of communication has arisen. The Authority continues to raise awareness about the irresponsible consumption of liquor and to advocate against the social harms brought about by liquor abuse. Strategic partnerships have also been formed with various local authorities in order to achieve a wider reach to the public.

Since our strategic initiatives are dependent on sufficient funding, the Authority has embarked on the road to self-sustainability with much vigour. This will also enable the organization to efficiently execute its mandate and take a lead role in the reduction of alcohol related harms.

Revenue collection in the year under review has continued to improve as a result of fee increases which came into effect during the year, to the extent that the Authority is close to being self-sustainable. Self-sustainability will be achieved by improving the ability of the WCLA to mobilise resources as own revenue and on behalf of the Provincial Revenue Fund. The main objective is to ensure the Authority collects and pays over more resources to the Provincial Revenue Fund than it receives in allocations from the fiscus. This will be achieved by ensuring that the fees charged are cost reflective through progressive annual fee increases over the MTEF period.

The WCLA spent 102% of the original budget that was approved at the beginning of the financial year. The additional expenditure was funded through a roll-over of unspent funds from the 2018/19 financial year. The attached Annual Financial Statements compiled according to Generally Recognised Accounting Practice (GRAP) standards outlines the financial position and financial performance of the entity in detail for the 2019/20 financial year.

Supply chain management policies and revenue management systems were reviewed to ensure alignment with the updated National and Provincial Treasury Regulations and Instructions. Integration of financial and administrative systems and processes to manage revenue will receive priority going forward.

Matters raised by the Auditor General in the 2018/19 financial year were addressed by the management of the Authority with a permanent CFO appointed from 1 December 2019. I am pleased to note that the external auditors have concluded their audit and provided the Authority with an audit opinion that is unqualified with no findings.

In conclusion, I wish to express my sincere appreciation to the WCLA staff, the Governing Board of the Liquor Authority, the Liquor Licencing Tribunal, the Department of Community Safety and the Minister of Community Safety for their continued support.

Leatitia Petersen
Acting Chief Executive Officer
Western Cape Liquor Authority
Date: 31 July 2020

5. STATEMENT OF RESPONSIBILITY

AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

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

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

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

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

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

The accounting authority is responsible for establishing, and implementing a system of internal control 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 annual financial statements.

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

Yours faithfully

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Acting Chief Executive Officer
Leatitia Petersen
Date: 31 July 2020

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Deputy Chairperson of the Board
Ronald Kingwill
Date: 31 July 2020

6. STRATEGIC OVERVIEW

6.1. Vision

Effectively regulate liquor in the Western Cape.

6.2. Mission

- Creating an enabling environment for the optimal regulation of the liquor industry in the Western Cape.
- Maintaining sustainable partnerships with all relevant stakeholders to assist in the reduction of alcohol related harms.

6.3. Values

In the execution of their collective functions, the Authority places the highest value on:

- **Integrity**
  The quality of possessing and steadfastly adhering to a moral or ethical code and high professional standards.
- **Honesty**
  The quality, condition, or characteristic of being fair, truthful, and morally upright in conduct and adherence to the facts.
- **Incorruptibility**
  Moral uprightness and selfless service of public servants.
- **Transparency**
  The principle that the organisation (WCLA) will conduct its business in an accessible, clear and visible manner and that its activities are open to examination by its stakeholders.
- **Responsibility**
  Having the authority to make decisions and following through on the expectation to make those decisions and take necessary action.
- **Accountability**
  The principle that the organisation is obligated to demonstrate and take responsibility for its actions, decisions and policies and that it is answerable to the public at large.

7. LEGISLATIVE AND OTHER MANDATES

7.1 Constitutional mandates

The Regulation of liquor licencing is a provincial competency in terms Schedule 5 of the Constitution. For this reason the Western Cape Liquor Authority has been established in terms of Section 2(1) of the Western Cape Liquor Act, Act 4 of 2008.

7.2 Legislative mandates

The Constitution, together with the Acts listed hereunder, guide and direct the actions, performance and responsibilities carried out in the Authority.

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- Magistrate Court Act, 1944 (32 of 1944
- Supreme Court Act, 1959 (59 of 1959)
- Criminal Procedures Act, 1977 (51 of 1977)
- Liquor Act, 1989 (27 of 1989)
- Businesses Act, 1991 (Act 71 of 1991)
- Occupational Health and Safety Act, 1993 (85 of 1995)
- Labour Relations Act, 1995 (66 of 1995)
- South African Police Service Act, 1995 (68 of 1995)
- Basic Conditions of Employment Act, 1997 (75 of 1997)
- Employment Equity Act, 1998 (55 of 1998)
- Local Government: Municipal Structures Act, 1998 (117 of 1998)
- Public Finance Management Act, 1999 (1 of 1999)
- Promotion of Access to Information Act, 2000 (2 of 2000)
- Promotion of Administrative Justice Act, 2000 (3 of 2000)
- Local Government: Municipal Systems Act, 2000 (32 of 2000)
- Liquor Act, 2003 (59 of 2003)
- Western Cape Liquor Act, 2008 (4 of 2008)
- Western Cape Liquor Amendment Act, 2010 (10 of 2010)
- Western Cape Liquor Amendment Act, 2015 (3 of 2015)
- Public Finance Management Act, Act 1 of 1999 as amended by Act 29 of 1999
- Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000)
- Broad-Based Black Economic Empowerment Act, 2003 (Act 53 of 2003)

7.3 Policy mandates

The Western Cape Alcohol-Related Harms Reduction Policy White Paper, 2017

The Western Cape Cabinet adopted the White Paper as published in the Government Gazette dated 11 September 2017.

The purpose of the policy is to:
- provide interventions to contribute to the reduction of alcohol-related harms in the Western Cape.
- provide for ancillary matters to increase the efficiency and effectiveness of supplementary supporting structures that are related to alcohol-related harms reduction.

In response to the White Paper the current liquor legislation is being reviewed.

7.4 Relevant court rulings

The Constitutional Court matter known as Ex Parte the President of the Republic of South Africa in re: Constitutionality of the Liquor Bill, heard as case CCT 12/99 by the Constitutional Court of South Africa on 31 August 1999 and decided on 11 November 1999 with the judgment delivered by Cameron AJ refers. The State President, at the time, took the unprecedented step to utilise section 79(4)(b) of the 1996 Constitution to refer a bill to the Constitutional Court to have the constitutionality thereof tested after the bill has been approved by the National Assembly. The State President stated his reasons to include that the bill clearly intends to deal with the registration for the manufacture, wholesale distribution and retail-sale of liquor and that according to his understanding it might be in conflict with the "liquor licensing" a provincial competency in terms of Part A of Schedule 5 of the Constitution, 1996.

The Constitutional Court found that if the exclusive provincial legislative competence regarding "liquor licenses" in Schedule 5 applies to all liquor licenses, the national government has made out a case in terms of Section 44(2) justifying its intervention in creating a national system of registration for manufacturers and wholesale distributors of liquor and in prohibiting cross-holdings between the three tiers in the liquor trade. No case has however been made out in regard to retail sales of liquor, whether by retailers or by manufacturers, nor for micro-manufacturers whose operations are essentially provincial. The Minister has to this extent failed to establish that Parliament had the competence to enact the Liquor Bill and it is therefore unconstitutional.

This finding is of utmost importance in establishing the legislative and functional powers and responsibilities of the national and the provincial governments regarding liquor licensing.

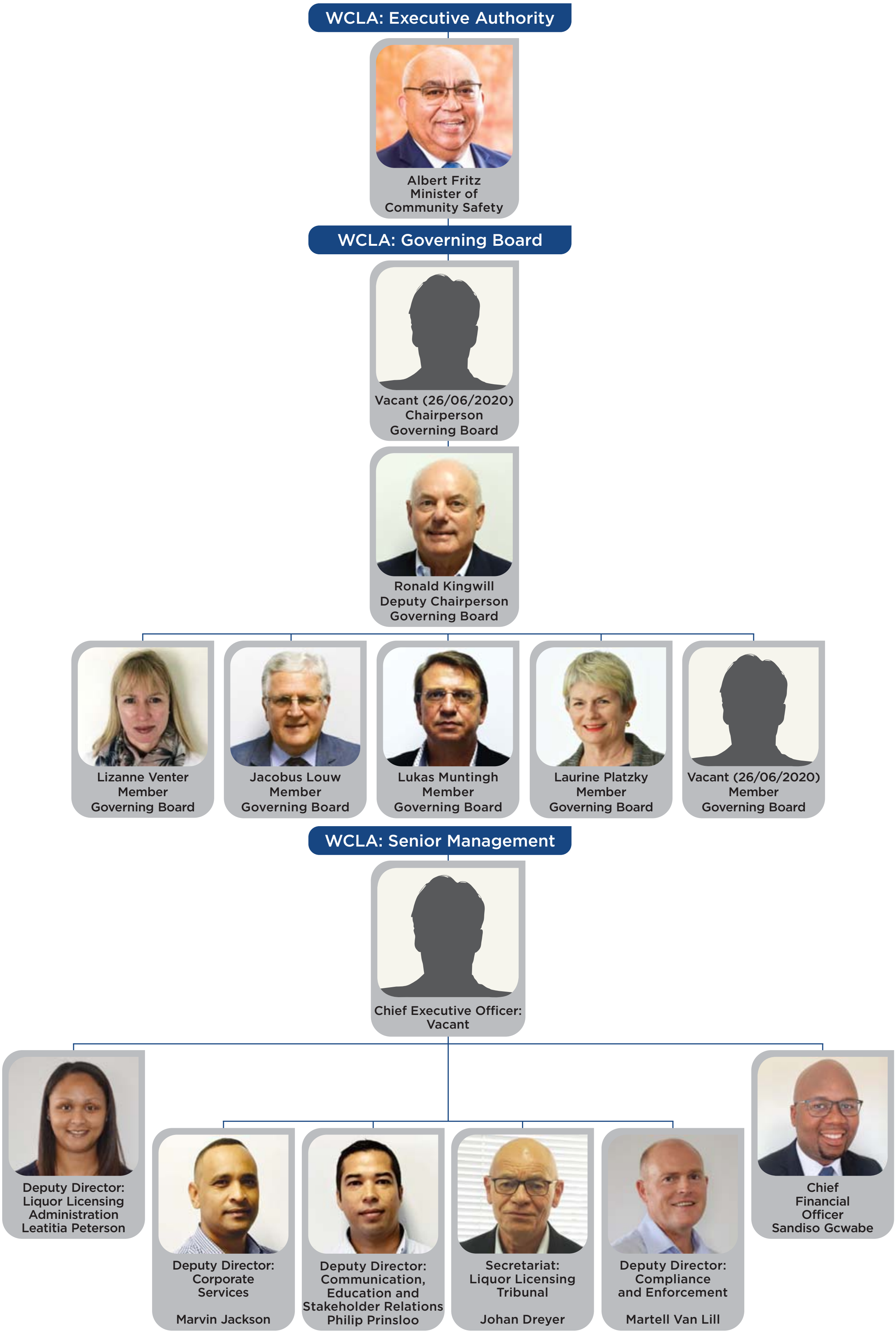
7.5 Planned policy initiatives

The Western Cape Liquor Authority is closely involved in the Alcohol Harms Reduction Game Changer. Various initiatives have been implemented to support the Game Changer. These initiatives include amongst others:

- increase in fines
- notices issued to illegal traders
- additional inspectors dedicated to the Alcohol Harms Reduction Game Changer (AHRGC) focus areas

8. ORGANISATIONAL STRUCTURE

AS AT 31 JULY 2020



PART B:

PERFORMANCE INFORMATION

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1. AUDITOR'S REPORT:

PREDETERMINED OBJECTIVES

The AGSA 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 pre-determined objectives is included in the report to management, with 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 page 64 of the Auditors Report, published as Part E: Financial Information.

2. SITUATIONAL ANALYSIS

2.1. Service Delivery Environment

The Western Cape Liquor Authority is mandated by the Western Cape Liquor Act (4 of 2008) to administer liquor regulation in an area spanning over 129 462 km2 in the Western Cape and serving a population numbering 6 510 300 (Statistics South Africa Mid-year population estimates, 2017).

In 2015 the Western Cape Provincial Cabinet agreed that an alcohol-related harms reduction policy should be developed to guide the Western Cape Government's approach to the regulation of alcohol. In August 2017, a White Paper on Alcohol Harms Reduction was adopted by the Western Cape Provincial Cabinet which was published in the Provincial Government Gazette Extraordinary, number 7824.

According to the Alcohol Harms Reduction White Paper Policy, 2017, excessive alcohol consumption costs the public coffers approximately R37.9 billion annually, this includes the cost of health care, crime and social welfare, alcohol treatment and prevention, and road traffic accidents.

The White Paper expresses concerns that the current alcohol legislation largely regulates the activities of licensing and enforcement of the production, distribution and sale of alcohol, with inadequate consideration of the impact of alcohol–related harms on society. The current legislation also does not address the consequences of these harms; hence the development of the alcohol harms reduction White Paper.

The Western Cape Liquor Authority provides a regulatory service to the people of the Western Cape. This requires the Authority to continuously assess the "environment" of liquor production, distribution and consumption as well as its own capacity to deliver given the resource constraints.

Using the traditional methodologies of SWOT and PESTEL analysis along with a desktop review, a comprehensive situational analysis was presented in the 2015 – 2020 Authority's Strategic Plan, as well as in the 2019/20 Annual Performance Plan. The weakened outlook for the global economy, continued drought conditions, water insecurity and low consumer and business confidence, emphasise the continued constrained economic and fiscal situation.

As part of the shift towards addressing the alcohol-related harms, a greater focus is placed on stricter enforcement of non-compliance with legislation. The financial penalties are more severe and surveillance is heightened. The maximum penalty for non-compliant licensed premises has been increased from R20,000 to R110,000. The liquor inspectors are further empowered to visit all premises where reasonable suspicion exists that liquor is being sold without a license and to issue administrative notices to the owners of such premises. These notices are forwarded to the SAPS who are still responsible for the investigation of these matters.

The 2014-19 Provincial Strategic Goals selected several priority projects called Game Changers. The Game Changers were innovative attempts to influence changes in society. Alcohol Harms Reduction was identified as one of seven Game Changers that government hoped would aid in the transformation of our society from one with severe gender-based and domestic violence issues to a more peaceful and socially appropriate culture.

The three pillars of the Alcohol Harms Reduction Game Changer were:

1. The legalization of illegal outlets to create safer environments around the taverns as well as in the broader community;
2. Introduction of alternative recreational activities designed to divert high-risk users from alcohol abuse (and where possible create entrepreneurial opportunities);
3. Provision of alcohol harms-related social and health services to communities.

The shift in the policy position of the Western Cape Government required the Authority to give effect to the alcohol harms reduction approach within the current legislative mandate. The three areas identified by the Authority in support of the alcohol harms reduction policy within the existing legal framework are:

- entrance of responsible unlicensed liquor outlets into the regulated space;
- enforcement with an emphasis on upstream prosecution (illegal distribution of liquor by license holders); and
- focused approach to community-based educating and communicating the harms of alcohol abuse.

2.2. Organisational environment

The organisational structure has been designed to cater for the different deliverables as demanded by the legislation. Six components are currently in place to deal with the processing of applications, enforcement and compliance, communication, education and stakeholder relations and a liquor licencing tribunal to adjudicate on licence applications. The support and auxiliary services are provided by the corporate services and finance components.

In developing its strategies for the 2019/ 20 financial year the Authority conducted a situational analysis which included a review of past and current performance and an assessment of the environment in which it functions. Techniques such as SWOT and PESTEL analysis were utilised for this purpose.

Liquor Licencing Administration

The Liquor Licencing Administration (LLA) component is tasked with the responsibility of administering all liquor licence applications for consideration by the Liquor Licencing Tribunal, the issuing of licences, certificates and notices as well as the renewal of all valid liquor licences in the Western Cape.

During the year under review, the Standard Operating Procedure for the lodgement of section 36 new licence applications was reviewed to assist in ensuring that complete applications are submitted to prevent the system from being constrained by incomplete and non-compliant applications. This process entailed the revision of the checklist that is provided to prospective licence holders and consultants as a guide to the lodgement of applications. Upon lodgement the application is screened to ensure compliance, after which if anything was omitted the applicant is required to supplement the outstanding requirements. This resulted in improved compliance to the legislative prescripts and yielded quality applications being received for adjudication by the LLT.

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LMATS enhancements

The WCLA has enhanced the License Management and Tracking system (LMaTS) in light of various operational developments and requirements. During the year under review the automation of the application process was reviewed and amendments were made where processes were further streamlined e.g. the introduction of a tracking system for matters postponed by the LLT. New work actions were added to provide for the submission of further information in postponed matters and the re-enrolment of such matters to the LLT case roll. Furthermore applications withdrawn by the applicant were previously referred to the Tribunal to consider and finalise. Since there is no formal deliberation on such cases, this responsibility was shifted to the administration to formally close off these matters.

The renewal process

Historically the Authority has seen a considerable number of licences lapse due to various reasons. One of these reasons is where licence holders intentionally allow their licences to lapse due to economic constraints and the closing down of the licensed establishments to which these licences relates. Apart from these cases, a large number have however also lapsed due to short payments and renewal fees, with later penalties imposed not being paid timeously.

For this reason the Authority has employed various initiatives to prevent the unintended lapsing of licences during the 2019/2020 financial year. It was found that by widening the communication footprint, we were able to reach an increased number of licence holders, thus ensuring that renewal notices are emailed to those with email addresses, SMS communication, as reminders to pay timeously and the correct amount as well as regular updates to our website. Renewal information has also been displayed at our reception area and as part of our education and awareness campaigns, education officers have also included information on renewals in the education sessions. In partnership with the SAPS we have also managed to relay information on renewals to licence holders. Various media releases containing renewal information have also been published.

The renewal rate in excess of 95% is an improvement on prior year renewal figures.

Another initiative, that is currently still in progress, is the provision of alternative payment options for the payment of all fees. This initiative, once implemented will allow license holders to make payments using various electronic platforms.

Liquor Licencing Tribunal

The Tribunal has been established, as the independent judiciary, vested within the Western Cape Liquor Authority, to perform the quasi-judicial functions regarding the consideration and adjudication of all applications related to liquor licenses as provided for in the Act and must exercise their functions according to the provisions of this Act, impartially and without fear, favour or prejudice.

In terms of the Act, the Liquor Licensing Tribunal is made up as follows:

- Presiding Officer
- 3 Deputy Presiding Officers
- SAPS representative
- SALGA representative
- 2 Citizens of the Republic, who are permanently resident in the Province (Representatives from the broader public)

The composition and structure of the Tribunal was amended in the Western Cape Liquor Amendment Act, Act 3 of 2015 promulgated on 14 August 2015. The amendments provided for four substitute member positions on the Tribunal. The additional members allowed for the more efficient functioning of the Tribunal. The substitute members were utilised to form part of a Section 24 Committee as well as the Tribunal, as and when needed. The Section 24 Committee may be tasked with the adjudication of Removal and Transfer applications. This assisted the Tribunal in reducing the existing backlog on applications.

The automated module within the LMaTS system, the Tribunal Management and Tracking System (TMaTS) was further enhanced. The adjudication of enforcement matters was included in the automated system which will enable the Tribunal to also finalise enforcement matters on an entirely electronic basis when it comes to the consideration of all applications. It will assist tremendously in the tracking and implementation of enforcement matters, as well as assisting the Tribunal to consider enforcement applications more efficiently, replacing time consuming manual systems, and provide for an electronic record of all Tribunal decisions.

During the year under review the SALGA member position on the Tribunal became vacant. The Governing Board is in the process of filling the vacancy.

Communication, Education and Stakeholder Relations

The WCLA has continued with developing and nurturing positive relationships and partnerships with identified stakeholders. A protocol document for engaging with stakeholders was developed to provide guidance to the WCLA with regards to forming partnerships with like-minded organisations. Such partnerships do not only expand the WCLA brand, but also the footprint of getting relevant information to targeted audiences.

Strategic partnerships were formed with the Department of Transport and Public Works, Department of Community Safety (Community Police Forums and Neighbourhood Watches), Department of Social Development (Local Drug Action Committees), and the Drakenstein Municipality through their policy development process.

The WCLA in partnership with the Department of Transport and Public Works rolled out branded educational material at liquor licensed premises in the Cape Winelands municipal area relating to alcohol and the road environment. The relationship with the Department of Community Safety and the Department of Social Development will enable the WCLA to engage with CPFs, accredited Neighbourhood Watch structures, and LDACS to share information and printed material with them and in order for them to be informed regarding relevant liquor-related matters. They are also encouraged to share this information with local communities within their networks. Such liquor-related matters include the sharing of all new liquor licence applications with the aforementioned structures in order for them to comment on such applications.

The WCLA developed and printed 2 pamphlets in English, Afrikaans and Xhosa that provide details on:

- How to raise objections during the liquor licence application process; and
- How to report complaints against a non-compliant liquor licence establishment.

The WCLA expanded on its communication channels and towards the end of the financial year developed social media channels (Facebook, Instagram, Twitter, and YouTube). A new interactive, customer friendly website was designed. The launch date for the new website was planned for 1 April 2020, however, due to the COVID-19 pandemic the launch date for the website was postponed. Subsequently the new website was launched on the 20th of May 2020.

The WCLA also embarked on a campaign using local newspapers and radio stations to further create awareness to stakeholders regarding how to raise objections during the liquor licence application process and how to report complaints against a non-compliant liquor licenced establishment.

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The WCLA continues its engagement with its stakeholders through a variety of means and channels, formal and informal, scheduled and ad hoc sessions. During the year under review the Authority continued to engage with the following stakeholders:

- **Liquor Licence Holders**
  These sessions are held to educate liquor licence holders regarding the relevant liquor legislation applicable to them and their business.
- **Communities**
  The WCLA visited different communities to engage with them and share relevant information such as the role of communities in the liquor licensing application process, to create awareness on the negative consequences of liquor abuse, and to answer questions for clarity from community representatives in order for them to understand liquor legislation.
- **Schools:**
  Engagements were held with learners during Life Orientation classes regarding the negative consequences of liquor abuse. Promotional material such as rulers with relevant messages was also distributed.
- **New Applicants:**
  All new liquor licence applicants and managers of licensed businesses are being trained on the Western Cape Liquor Act and presented with a certificate of attendance before a liquor licence is issued.
- **Other Stakeholders:**
  Training sessions with community police forums and the neighbourhood watch groups were also conducted. The Western Cape Liquor Authority also trained numerous liquor traders including their staff in order for their employees to also be aware of the relevant liquor legislation. Three engagements were held with Liquor Consultants where they had the opportunity to engage with the Liquor Licensing Tribunal.

Compliance and Enforcement

This component monitors and enforces compliance with the provisions of the Western Cape Liquor Act and licence conditions throughout the Province. Furthermore, the component serves as a visible compliance, monitoring and enforcement tool to create awareness of the role that the WCLA plays in liquor regulation.

Routine inspections and pre-inspections are conducted as part of our compliance regime at licenced premises. The component also embarks on joint enforcement operations with SAPS and other law enforcement agencies. The component continues to receive, process and investigate complaints from the members of the public and other stakeholders. Compliance notices are issued for less serious offences while serious matters will be referred to the LLT for consideration in terms of section 20 of the Act.

Finance

During the 2019/20 financial year the Finance component developed additional capacity to ensure sound financial management and a permanent CFO was appointed to lead the component. The process of preparing financial statements was strengthened and GRAP training was provided to staff to address a training gap which existed.

The Finance component aims to deliver cost-effective and timely support in a manner that ensures the self-sustainability of the WCLA. Self-sustainability will be achieved by improving the ability of the WCLA to mobilise resources as own revenue and on behalf of the Provincial

Revenue Fund. The main objective is to ensure the WCLA collects and pays over more resources to the Provincial Revenue Fund than it receives in allocations from the fiscus. This will be achieved by ensuring that the fees charged by the WCLA are cost reflective through progressive annual fee increases. The WCLA will also work towards the implementation of a differentiated pricing model, through further legislative amendments that will introduce differentiated categories of licenses. The differentiated pricing model, once implemented, will provide some relief to smaller players while ensuring that the liquor industry sustainably contributes towards the costs of regulating the industry and the reduction of alcohol related harms.

Corporate Services

The Authority has successfully navigated the 2019/20 financial year. ICAS has been appointed as the Authority's Employee Wellness service provider. Staff, including their family members, now has a resource available to them that will assist with dealing with any work or personal related stresses or anxiety. The Authority views its employees as its major asset and top priority. As such, getting ICAS on board will go a long way to ensuring the mental, sociological and physical fitness of its employees. One staff satisfaction survey was conducted with a view of improving on the working conditions of employees as well as to gauge the level of staff satisfaction among the employees. The performance evaluation period was successfully completed and all staff members will have new performance agreements for the 2020/21 financial year.

2.3. Key policy developments and legislative changes

Relevant policies and internal controls were reviewed and amended where deemed necessary to better suit the business needs of the Western Cape Liquor Authority.

A second amendment bill, the Western Cape Liquor Amendment Act, Act 3 of 2015 was promulgated on 14 December 2015. On 15 March 2016 the Premier enacted certain sections of the Amendment Act, Act 3 of 2015. The rest of the amendments took effect on 1 July 2017 together with the Amended Regulations.

2.4 Strategic Outcome Oriented Goals

Strategic Outcome Oriented Goal 1	Optimal regulation of the retail sale and micro-manufacturing of liquor in the Western Cape.
Goal statement	Promotion of an enabling environment that allows for the entry into the regulated liquor trading space, meanwhile ensuring that all liquor licence holders stringently comply with the Western Cape Liquor Act 4 of 2008 as amended.
Progress towards achievement of goal	The Authority has implemented various measures towards the achievement of the set Strategic Outcome Oriented Goals. These included the completion of the enhancement phase of the Authority's License Management and Tracking System that has enabled the Authority to streamline internal processes. A more focused approach to enforcement with the implementation of the settlement agreement process which significantly contributed to a more intensified focus on enforcement.

b

Strategic Outcome Oriented Goal 2	Facilitating and participating in interventions that support a reduction in the social ills attributable to the consumption of liquor in the Western Cape.
Goal statement	Creating partnerships in order to educate and increase awareness surrounding the negative social impact of liquor as well as informing the community about their rights and responsibilities in terms of the Act.
Progress towards achievement of goal	The Authority has implemented various measures towards the achievement of the set Strategic Outcome Oriented Goals. These included continuous engagements, awareness and educational sessions that enabled the Authority to effectively spread the message on the negative social ills of liquor abuse versus responsible trading and consumption of alcohol.

b

3. PERFORMANCE INFORMATION BY COMPONENT

3.1 Component 1: Liquor Licencing Administration

The purpose of the Liquor Licencing Administration component is to administer all liquor licence applications in the Western Cape for consideration by the Liquor Licencing Tribunal.

STRATEGIC OBJECTIVE

Strategic Objective 1.1	To administer all liquor license applications in accordance with the provisions of the WCL Act (Act 4 of 2008, as amended).
Objective statement	To administer all liquor license applications in accordance with the provisions of the WCL Act (Act 4 of 2008) by receiving and processing all new, secondary, minor, special event and temporary liquor license applications and the issuing of liquor licenses (straight and conditional, transfer and removal certificates as well as special event and temporary liquor licenses).
Baseline	Number of applications lodged with the WCLA.

** These applications refer to new applications that will be processed over the 5 year strategic plan period.*

Component: Liquor Licencing Administration

Strategic objective	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Number of applications processed	4 088	4 250	4 141	(109)	Due to the National State of Disaster declaration on 17 March 2020 and the subsequent lockdown on from 26 March 2020 less applications were processed. This was especially in relation to event and temporary licences where gatherings of more than 50 persons were prohibited.

PERFORMANCE INDICATORS

Component: Liquor Licencing Administration

Perfor-mance Indicator	Actual Achieve-ment 2016/2017	Actual Achieve-ment 2017/2018	Actual Achieve-ment 2018/2019	Planned Target 2019/2020	Actual Achieve-ment 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Number of applications received	4 653	4 112	3 965	4 500	4 483	(17)	The under achieve-ment on this indicator can be attributed to the COVID-19 restrict-ions announced and the sub-sequent lockdown that resulted in a decrease in the number of event licence and temporary licence applications submitted. We also saw a drop in all other application types as well.

b

Component: Liquor Licencing Administration							
Perfor-mance Indicator	Actual Achieve-ment 2016/2017	Actual Achieve-ment 2017/2018	Actual Achieve-ment 2018/2019	Planned Target 2019/2020	Actual Achieve-ment 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Number of licences issued	1 906	2 005	1 673	2 000	2 137	137	The over achievement on this indicator is as a result of improved internal processes that included the automation of the issuing of licences on the LMaTS system.
Percentage of all section 36 applications processed within 130 days	New	New	95.60	90%	96.83%	6.83%	The reason for the over achievement on this indicator is as a result of the improved internal processes such as the strict adherence to the receipt of complete applications.
Number of reports on licences issued in the identified Pilot areas	New	New	4	4	4	-	

ANALYSIS OF PERFORMANCE INDICATORS

The Liquor Licensing Administration component under-achieved in respect of two performance indicators, namely applications received and applications processed. The target for "Number of applications received" and "Number of applications processed" was not achieved as a result of the fact that less applications were received than what was expected. The number reported for applications received comprises the sum of all application types. A reduction in the number of applications received for only certain application types will thus result in the reported figure for all applications received decreasing. As a result of COVID-19 restrictions being announced and the subsequent lockdown, the number of event licence and temporary licence applications in particular reduced which had a direct impact on the number of applications considered. The prohibition of gatherings of more than 50 persons led to applications for event and temporary licences applications in the system not being processed while some of these applications were also withdrawn by the applicants.

In respect of the number of licences issued, the over-achievement with this indicator results from the increase in number of applications considered and granted by the LLT. Applications received is considered by the LLT/PO and only if the application complies with the legislative prescripts, the LLT/PO will approve the application. The updated LMaTS automated system and improved internal processes such as the revised process for the lodgement of new licence applications contributed to the over achievement in the number of Section 36 applications processed within 130 days.

Further activities that have been achieved on by this component:-

Application administration:

- An automated Licence Management and Tracking System (LMATS) is in place for the processing of all applications
- Standard operating procedures are in place for all application processes
- Checklists are in place for all application types

Renewals

Renewal notices issued for all valid licences

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

Not applicable.

CHANGES TO PLANNED TARGETS

Not applicable.

LINKING PERFORMANCE WITH BUDGET

Component/Activity/ Objective	2019/2020			2018/2019		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Liquor Licencing Administration	12 645	12 157	488	11 934	11 721	213
Total	**12 645**	**12 157**	**488**	**11 934**	**11 721**	**213**

b

3.2 Component 2: Liquor Licencing Tribunal

This component is tasked with the responsibility of adjudicating liquor licence applications.

STRATEGIC OBJECTIVE

Strategic Objective 2.1	To perform the judicial function regarding any application in terms of the Act.
Objective statement	To perform judicial functions regarding any application for liquor licences as provided for in section 20 of the WCL Act (Act 4 of 2008 as amended) (Consider an estimated 12 000 liquor licence applications.*)
Baseline	Number of applications prepared by the LLA & considered by the LLT

* *These applications refer to all applications that will be considered over the 5 year strategic plan period.*

Component: Liquor Licencing Tribunal					
Strategic objective	**Actual Achievement 2018/2019**	**Planned Target 2019/2020**	**Actual Achievement 2019/2020**	**Deviation from planned target to Actual Achievement for 2019/2020**	**Comment on deviations**
Number of applications considered	3 960	4 500	6 008	1 508	The appointment of the additional Deputy Presiding Officer and the continued availability of the Section 24 Committee has allowed the LLT to consider more applications.

PERFORMANCE INDICATORS

Component: Liquor Licencing Tribunal							
Perfor-mance Indicator	**Actual Achieve-ment 2016/2017**	**Actual Achieve-ment 2017/2018**	**Actual Achieve-ment 2018/2019**	**Planned Target 2019/2020**	**Actual Achieve-ment 2019/2020**	**Deviation from planned target to Actual Achievement for 2019/2020**	**Comment on deviations**
Percentage of all section 36 applications considered within 50 days**	New	New	53.67%	65%	91.50%	26.50%	The appointment of the additional Deputy Presiding Officer and the continued availability of the Section 24 Committee has allowed the LLT to over achieve on this indicator.
Percentage of all section 65(1) applications considered within 30 days**	New	New	7.49%	65%	65.60%	0.60%	The appointment of the additional Deputy Presiding Officer and the continued availability of the Section 24 Committee has

Component: Liquor Licencing Tribunal							
Perfor-mance Indicator	**Actual Achieve-ment 2016/2017**	**Actual Achieve-ment 2017/2018**	**Actual Achieve-ment 2018/2019**	**Planned Target 2019/2020**	**Actual Achieve-ment 2019/2020**	**Deviation from planned target to Actual Achievement for 2019/2020**	**Comment on deviations**
							allowed the LLT to over achieve on this indicator.
Percentage of all section 66 applications considered within 30 days**	New	New	66%	65%	79.48%	14.48%	The appointment of the additional Deputy Presiding Officer and the continued availability of the Section 24 Committee has allowed the LLT to over achieve on this indicator.
Number of reports relating to non-compliant matters considered by the LLT	New	New	4	4	4	-	
Number of reports on section 36 applications considered from the identified Pilot areas	New	4	4	4	4	-	

** *The numerator is equal to the number of applications considered within 30 days within the financial year.*
** *The denominator is equal to all applications considered in the financial year.*

ANALYSIS OF PERFORMANCE INFORMATION

The outcomes of applications considered will include applications approved, applications conditionally approved, applications rejected for various reasons and applications postponed for further information.

The appointment of additional substitute members and the filling of the vacant Deputy Presiding Officer position created capacity to fully utilise a Section 24 Committee which focussed on transfer, removal and appointment of manager applications. This created capacity within the Tribunal to focus on new applications and enforcement matters.

The meeting procedure of the Tribunal was reviewed to shorten the time within which applications could be finalised by the Tribunal. The shortened procedure together with the utilisation of a Section 24 Committee contributed in assisting the Tribunal to eradicate the backlogs on the case roll.

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

Not applicable

CHANGES TO PLANNED TARGETS

Not applicable.

b

LINKING PERFORMANCE WITH BUDGET

Component/Activity/ Objective	2019/2020			2018/2019		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Liquor Licencing Tribunal	3 900	3 761	139	3 573	3 574	(1)
Total	**3 900**	**3 761**	**139**	**3 573**	**3 574**	**(1)**

3.3 Component 3: Communication, Education and Stakeholder Relations

The purpose of this component is to provide a communication, marketing, education and awareness service for and on behalf of the Western Cape Liquor Authority.

STRATEGIC OBJECTIVE

Strategic Objective 3.1	To ensure a consistent application of the Social and Education Fund strategy as required by Section 31 of the Act*.
Objective statement	To create awareness on the negative social consequences of liquor abuse, to educate persons engaged in the sale and supply of liquor and to educate the general public on responsible consumption of liquor. (600 targeted specific interventions to create awareness of the harms related to liquor abuse and educate liquor license holders and reaching 20 000 people through these interventions. **)
Baseline	Annually updated Social and Education Fund strategy reflecting the different initiatives.

** In terms of section 31 of the Western Cape Liquor Act. The Authority must establish a fund for the purpose of—*

a) Combatting the negative social consequences of the abuse of liquor;

b) Educating persons engaged in the sale and supply of liquor; and

c) Educating the general public in the responsible sale, supply and consumption of liquor.

*** These interventions refer to interventions that will be carried out over the 5 year strategic plan period.*

Strategic Objective 3.2	To increase awareness of the WCLA services through communication activities and education and awareness sessions which are aligned to the WCLA communication plan.
Objective statement	To ensure a consistent application of the communication plan and corporate brand of the Western Cape Liquor Authority and to co-ordinate education and awareness sessions to the liquor industry and the residents of the Western Cape. (600 targeted specific interventions to create awareness of the harms related to liquor abuse and educate liquor licence holders and reaching 20 000 people through these interventions.*)
Baseline	Annually updated communication plan reflecting the different communication activities planned.

** These interventions refer to interventions that will be carried out over the 5 year strategic plan period.*

b

Component: Communication, Education and Stakeholder Relations					
Strategic objective	**Actual Achievement 2018/2019**	**Planned Target 2019/2020**	**Actual Achievement 2019/2020**	**Deviation from planned target to Actual Achievement for 2019/2020**	**Comment on deviations**
Percentage of the social and education fund budget spent or contractually committed annually	100%	98%	107%	9%	The reason for the over achievement on this indicator is as a result of a campaign the Authority embarked on to inform the public regarding objections and complaints relating to liquor applications and trading.
Com-munication plan developed	1	1	1	-	

PERFORMANCE INDICATORS

Component: Communication, Education and Stakeholder Relations							
Perfor-mance Indicator	**Actual Achieve-ment 2016/2017**	**Actual Achieve-ment 2017/2018**	**Actual Achieve-ment 2018/2019**	**Planned Target 2019/2020**	**Actual Achieve-ment 2019/2020**	**Deviation from planned target to Actual Achievement for 2019/2020**	**Comment on deviations**
Number of awareness inter-ventions conducted	243	275	291	270	320	50	The reason for the over achievement on this indicator is as a result of an increased need to educate CPF's and communities to monitor licenced premises and to report irresponsible trading. There was also an increase in the training of managers and applicants.
Number of persons reached through an awareness intervention	12 041	9 720	9 117	8 500	7 768	(732)	Due to the National State of Disaster declaration during March 2020, planned school and community sessions were cancelled.

b

PERFORMANCE INDICATORS

Component: Communication, Education and Stakeholder Relations							
Performance Indicator	**Actual Achievement 2016/2017**	**Actual Achievement 2017/2018**	**Actual Achievement 2018/2019**	**Planned Target 2019/2020**	**Actual Achievement 2019/2020**	**Deviation from planned target to Actual Achievement for 2019/2020**	**Comment on deviations**
Number of social responsibility Programmes conducted	1	1	1	1	1	-	
Entity website events calendar maintained	New	1	1	4	4	-	
Number of internal newsletters published	New	4	12	12	12	-	
Number of circulars issued to external stakeholders	New	49	30	35	51	16	The over achievement on this indicator is as a result of more information that was communicated with stakeholders during the year under review.
Number of updates to the website	New	34	37	70	95	25	The over achievement on this indicator is as a result of more information updates that were required on the website than planned.
Number of reports on the activities and programs conducted in the identified Pilot areas	New	New	4	4	4	-	

b

ANALYSIS OF PERFORMANCE INDICATORS

The Communication, Education and Stakeholder Relations component achieved all the planned targets for the year as set out in the Annual Performance Plan.

Number of awareness sessions conducted:
Number of awareness interventions conducted included interventions with the following stakeholders:

- **Liquor Licence Holders** – Training and information sessions with liquor licence holders were rolled out across the province in partnership with the South African Police Service.
- **Communities** – Awareness sessions with communities were rolled out across the province.
- **Schools** – Awareness sessions with schools were rolled out across the province.
- **New Applicants** – All new liquor licence applicants and managers who applied during the year under review were trained on the Western Cape Liquor Act and presented with a certificate of attendance before a liquor licence is issued.
- **Liquor Consultant**s – Engagements were held with liquor consultants.
- **Neighbourhood watch** - Training and information sessions were held with neighbourhood watches.
- **Community Police Forums** - Information sessions were held with Community Police Forums.
- **Municipalities and Government Departments** – Meetings were held with municipalities and Government Departments.

Number of persons reached through an awareness intervention:
For each intervention session, an attendance register is passed around for attendees to complete and it is used to keep record of the attendance at the interventions.

Number of social responsibility Programmes conducted:
As part of the Social Responsibility programs conducted, we engaged with communities via contact sessions. Two A4 pamphlets were handed out to the public that addresses the complaint procedures against licensed and unlicensed premises, as well as liquor license application representations/objections.

The WCLA further also engaged with schools where talks were held regarding Foetal Alcohol Syndrome and alcohol abuse, linking this to motivational messages.

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

Not applicable.

CHANGES TO PLANNED TARGETS

Not applicable.

LINKING PERFORMANCE WITH BUDGET

Component/Activity/ Objective	2019/2020			2018/2019		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Communication, Education and Stakeholder Relations	4 536	4 052	484	4 348	4 278	70
Total	**4 536**	**4 052**	**484**	**4 348**	**4 278**	**70**

b

3.4 Component 4: Compliance and Enforcement

The purpose of this component is to monitor and enforce compliance with all applicable liquor legislation within the Western Cape.

STRATEGIC OBJECTIVE

Strategic Objective 4.1	To monitor and enforce compliance of licenced liquor outlets with the provisions of the Act.
Objective statement	To monitor and enforce compliance of licenced liquor outlets with the provisions of the Act by conducting inspections, the issuing of compliance notices, enforcement operations, the investigation of complaints against licenced liquor outlets and the prosecution of the breaches of the Act and licence conditions. (Ensuring that approximately 30 000 licenced liquor outlets are inspected and prosecuting approximately 125 non-compliant licence holders.)
Baseline	In excess of 8000 liquor licence holders in the Western Cape.

Component: Compliance and Enforcement					
Strategic objective	**Actual Achievement 2018/2019**	**Planned Target 2019/2020**	**Actual Achievement 2019/2020**	**Deviation from planned target to Actual Achievement for 2019/2020**	**Comment on deviations**
Number of enforcement interventions conducted	3 988	3 580	4 020	440	The over achievement on this indicator is as a result of better planning and co-operation with other law enforcement agencies.

PERFORMANCE INDICATORS

Component: Compliance and Enforcement							
Performance Indicator	**Actual Achievement 2016/2017**	**Actual Achievement 2017/2018**	**Actual Achievement 2018/2019**	**Planned Target 2019/2020**	**Actual Achievement 2019/2020**	**Deviation from planned target to Actual Achievement for 2019/2020**	**Comment on deviations**
Number of inspections conducted	4 421	3 204	3 909	3 500	3 929	429	The over achievement on this indicator is as a result of the festive season operational plans as well as more joint enforcement operations with other law enforcement agencies that were conducted throughout the year.

b

PERFORMANCE INDICATORS

Component: Compliance and Enforcement							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Report on number of compliance notices issued	New	New	4	4	4	-	
Number of enforcement operations conducted	69	80	79	80	91	11	The over achievement is as a result of more joint enforcement operations that took place between the WCLA and other law enforcement agencies throughout the year.
Report on the number of non-compliance matters referred to the LLT	New	New	4	4	4	-	
Report on the number of administrative notices served	New	New	4	4	4	-	

ANALYSIS OF PERFORMANCE INDICATORS

The Tribunal has the power to impose a wide range of sanctions which include the revocation or suspension of a licence, the issuing of fines, the amendment of conditions or any other action which it deems appropriate. The Authority therefore, often utilizes its ability to impose fines as an effective punitive function which also acts as a deterrent against potential irresponsible trading.

Due to expected fluctuations in compliance levels, certain interventions were rather measured in the form of reports. These interventions which include the number of non-compliance matters referred to the LLT, compliance notices and administrative notices issued also contributed to the successes of the component. 344 non-compliance matters were considered by the prosecutor of which 210 matters were referred to the LLT. A wide range of sanctions were imposed which included fines, the revocation and suspension of licenses. These sanctions served as a deterrent in many areas based on the increased levels of compliance.

Although inspectors were required to follow a more rigorous approach towards irresponsible trading, a total of 521 compliance notices were still issued for lessor contraventions. Compliance notices are also used as a tool to educate and guide licensees or managers who are not that familiar with all the provisions of the Act. A total of 257 administrative notices were issued to unlicensed outlets. In most of these cases criminal action was taken against the owners of such premises by the SAPS.

The joint provincial enforcement operations between the WCLA, SAPS Law Enforcement and other stakeholders partly contributed to the over achievement in the number of inspections conducted. The general public is also more aware of the complaints procedure at the WCLA which resulted in more inspections and in some cases compliance notices being issued.

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

Not applicable.

CHANGES TO PLANNED TARGETS

Not applicable.

LINKING PERFORMANCE WITH BUDGET

Component/Activity/ Objective	2019/2020			2018/2019		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Compliance and Enforcement	10 394	9 084	1 310	8 707	8 702	5
Total	**10 394**	**9 084**	**1 310**	**8 707**	**8 702**	**5**

b

3.5 Component 5: Finance

Provide and ensure quality financial and other operational support services to the Authority.

STRATEGIC OBJECTIVE

Strategic Objective 5.1	To provide an effective, efficient, compliant and transparent financial management service to the Authority.
Objective statement	Deliver a fully effective supply chain management, fleet and asset management, financial and management accounting; and financial compliance service to the Authority to achieve good governance and clear and transparent reporting.
Baseline	Unqualified audit.

Component: Finance					
Strategic objective	**Actual Achievement 2018/2019**	**Planned Target 2019/2020**	**Actual Achievement 2019/2020**	**Deviation from planned target to Actual Achievement for 2019/2020**	**Comment on deviations**
Percentage of the approved budget spent or contractually committed	99%	98%	102%	4	The expenditure is measured against the budget that was approved at the beginning of the year. However, during the current financial year, the Provincial Treasury approved the roll-over of unspent funds from the previous financial year.

PERFORMANCE INDICATORS

Component: Finance							
Performance Indicator	**Actual Achievement 2016/2017**	**Actual Achievement 2017/2018**	**Actual Achievement 2018/2019**	**Planned Target 2019/2020**	**Actual Achievement 2019/2020**	**Deviation from planned target to Actual Achievement for 2019/2020**	**Comment on deviations**
Audit Outcome issued by the AGSA for the previous financial year	New	New	Unqualified Audit Opinion	Unqualified Audit Opinion	Unqualified Audit Opinion	-	
Number of asset counts conducted	New	2	2	2	1	1	The risk of the COVID-19 on the asset count was communicated to the Governing Board as part of the WCLA COVID-19 action plan. Even though finance was classified as an essential service the asset count could still not be conducted due to senior finance officials observing the 14 day self-isolation period in response to potential COVID-19 exposure.

b

Component: Finance							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Numbers of annual financial statements submitted*	New	1	1	4	3	(1)	Due to COVID-19, National Treasury issued exemption from timelines for the preparation of Annual Financial Statements and extended the deadline for the AFS. This had an impact on the 4th quarter submission.
Number of In-year monitoring reports submitted to Provincial Treasury	New	4	4	4	4	-	
Number of updates on the risk register	New	4	4	4	4	-	
Number of quarterly progress reports submitted to DOCS in terms of the transfer payment agreement	New	New	4	4	4	-	
Number of demand management reports submitted to Provincial Treasury	New	5	-	5	5	-	

* *The short definition of the indicator includes annual financial statements (AFS), interim financial statements (IFS) and quarterly financial statements (QFS) are submitted to the PT and Governing Board*

ANALYSIS OF PERFORMANCE INFORMATION

The Finance component achieved a majority of the planned targets for the year. The two planned targets that were not achieved were due to the declaration of the National State of Disaster in response to the COVID-19 pandemic.

Further activities that have been achieved on by this component:-

Supply Chain Management
- All Bid and Asset Disposal Committee Members duly appointed in 2018/19
- Updated contract register in place
- SCM committees trained
- Circulars developed to guide end users
- Finance policies updated and approved by the Board
- Standard operating procedures updated and workshopped with staff

Revenue
- Revenue received from licence applications is processed monthly and paid over to DOCS

b

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

Not applicable.

CHANGES TO PLANNED TARGETS

Not applicable.

LINKING PERFORMANCE WITH BUDGET

Component/Activity/ Objective	2019/2020			2018/2019		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Finance	13 114	11 953	1 161	12 957	12 774	183
Total	**13 114**	**11 953**	**1 161**	**12 957**	**12 774**	**183**

b

3.6 Component 6: Corporate Services

Provide strategic direction and ensure quality financial and other operational support services to the Governing Board and Authority.

The core functions of this component include the following areas:

- Human Resource Management
- Performance Management (PDO's)
- Information Technology
- Records Management

STRATEGIC OBJECTIVE

Strategic Objective 6.1	To provide a strategic support function to the Western Cape Liquor Authority.
Objective statement	To ensure an effective, efficient and compliant human resource management, performance monitoring and evaluation, information technology and auxiliary support service to the Authority.
Baseline	All funded positions on the approved organisational structure filled.

Component: Corporate Services					
Strategic objective	**Actual Achievement 2018/2019**	**Planned Target 2019/2020**	**Actual Achievement 2019/2020**	**Deviation from planned target to Actual Achievement for 2019/2020**	**Comment on deviations**
N/A*	-	-	-	-	-

* The split between the Finance component and the Corporate Services component occurred during the current 5 Year Strategic Plan (2015 – 2020). A strategic objective indicator will be drafted in consultation with the Department with the development of the new 5 Year Strategic Plan of the Authority.

PERFORMANCE INDICATORS

Component: Corporate Services							
Performance Indicator	**Actual Achievement 2016/2017**	**Actual Achievement 2017/2018**	**Actual Achievement 2018/2019**	**Planned Target 2019/2020**	**Actual Achievement 2019/2020**	**Deviation from planned target to Actual Achievement for 2019/2020**	**Comment on deviations**
Number of employee performance reviews facilitated	New	2	2	2	2	-	
Number of employee wellness programmes conducted	New	4	2	2	2	-	
Number of staff satisfaction surveys conducted	New	2	2	1	1	-	

b

Component: Corporate Services							
Performance Indicator	**Actual Achievement 2016/2017**	**Actual Achievement 2017/2018**	**Actual Achievement 2018/2019**	**Planned Target 2019/2020**	**Actual Achievement 2019/2020**	**Deviation from planned target to Actual Achievement for 2019/2020**	**Comment on deviations**
Number of quarterly performance reports submitted	New	4	4	4	4	-	
Number of Annual Performance Plans published	New	New	1	1	1	-	
Number of Annual Reports published	New	New	1	1	1	-	

Component: Corporate Services							
Performance Indicator	**Actual Achievement 2016/2017**	**Actual Achievement 2017/2018**	**Actual Achievement 2018/2019**	**Planned Target 2019/2020**	**Actual Achievement 2019/2020**	**Deviation from planned target to Actual Achievement for 2019/2020**	**Comment on deviations**
Number of quarterly peformance reports submitted to DOCS	New	New	4	4	4	-	

ANALYSIS OF PERFORMANCE INFORMATION

The Corporate Services component achieved all the planned targets for the year. There were no significant achievement of targets on this components performance indicators.

Some of the activities that have been achieved on by this component:-

Performance Management System

- As a result of the National State of Disaster declaration and the subsequent lockdown the Authority is, at the time of preparing this narrative, in the process of completing it performance management cycle for the 2019/20 financial years
- Final performance reviews have been scheduled to be completed by the end of June 2020
- Performance agreements for the 2020/21 financial year will be completed by the end of October 2020

Employee Wellness and Assistance Program

- 2 employee health and wellness sessions were facilitated

Skills development

- Bursaries to the value of R84 851 was paid out to 6 staff members in 2019/20
- Some of the training attended by the staff of the Authority included:
  - Enterprise Risk Management Training
  - Employment Equity Training
  - Management and Leadership Programme

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

Not applicable.

CHANGES TO PLANNED TARGETS

Not applicable.

LINKING PERFORMANCE WITH BUDGET

Component/Activity/ Objective	2019/2020			2018/2019		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Corporate Services	10 176	10 651	475	10 800	10 802	(2)
Total	**10 176**	**10 651**	**475**	**10 800**	**10 802**	**(2)**

b

4. REVENUE COLLECTION

Sources of revenue	2019/2020			2018/2019		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Licence issuing fee	990	1 833	(843)	495	695	(200)
Licence fee temp & special	1 673	1 966	(293)	867	1 844	(977)
Auto renewal	41 583	41 430	153	34 858	36 276	(1 418)
Transfer of licencee	482	682	(200)	442	230	212
Application fee temp & special	356	440	(84)	326	533	(207)
Total	**45 084**	**46 351**	**(1 267)**	**36 988**	**39 578**	**(2 590)**

The WCLA is mainly funded from a grant received from the Province via the Department of Community Safety. The entity also raises own revenue from licence fees and fines which are not required to be paid over to the Provincial Revenue Fund as well as interest earned on investments.

The WCLA's own revenue is made up of the following:

- Fines imposed by the Liquor Licencing Tribunal (LLT);
- Penalties on late renewal and payment of licences;
- Application and issuing fees for licences not paid over to the PRF;
- Interest earned; and
- Other revenue form copies and write offs.

The Authority recorded an over-collection of own revenue mainly due to more applications received, fines imposed by the LLT, and penalties for late submission of event & temp licence applications as well as higher interest earned. Penalties on late renewal of liquor licences are usually realised after the renewal period of 31 December which fall in the fourth quarter. The Authority has exceeded the revenue target set for the 2019/20 financial year.

Over collection on own revenue were as follows:

- Penalty on condonation of late event & temp applications – R0.442 million
- License issuing fees – R0.743 million
- License fees for event & temp – R0.649 million
- Transfer of license fees – R0.241 million
- Interest – R0.284 million

4.1. Capital investment

The Authority has its own independent IT Infrastructure and is technically supported by the State Information Technology Agency (SITA).

The Authority has also embarked on further enhancements to be made to the LMaTS system. The enhancements include automating work-flows for the Compliance and Enforcement component and allowing the inspectors greater access to the system by way of remote access.

The Authority currently possess moveable assets in excess of R10 million, of which 97% of these assets are in a good condition and 3 % are in a fair condition. The Authority disposes of assets that had reached their useful life expectancy or have been damaged and cannot be repaired. The useful lives of all assets are depreciated in accordance with the depreciation schedule as set out

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in the accounting policy. Maintenance of all Authority assets takes place on an as and when required basis. The asset register is updated on a continuous basis adding new assets when they are purchased and disposing of assets when they become redundant or obsolete.

The Authority has an Insurance policy in place should any loss or damage occur to moveable assets.

The Western Cape Liquor Authority does not invest in infrastructure capital projects as we are a service geared entity. The IT infrastructure contracts have provision for any maintenance that could be required.

Infrastructure projects	2019/2020			2018/2019		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
LMaTS	401	401	0	535	892	(357)
Website	53	74	(21)	0	0	0
Total	**454**	**475**	**(21)**	**535**	**892**	**(35)**

NOTES

PART C:

GOVERNANCE

C

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

In respect of the year under review the Governing Board of the Authority has established 5 sub committees. These Sub Committees are identified as follows:

- Operations Committee
- Finance, HR, IT and Ethics Committee
- Risk committee
- Communications and Stakeholder Relations Committee
- Audit Committee

These committees meet prior to the quarterly Governing Board meetings where they report back on challenges as well as significant strides made in terms of achieving objectives in respect of the mandates of the said Sub Committees.

3. EXECUTIVE AUTHORITY

The Executive Authority performs its oversight over the Western Cape Liquor Authority as prescribed by the PFMA. As set out in the Act the Executive Authority has the power to appoint and dismiss the Members of the Governing Board. The Western Cape Liquor Authority reports to the Executive Authority as required by the PFMA on a quarterly basis where feedback is provided on quarterly financial and non-financial performance as well as the general well-being of the Authority.

4. THE ACCOUNTING AUTHORITY/BOARD

The Western Cape Liquor Authority must regulate the micro-manufacturing and the retail sale of liquor in the province. The Governing Board of the Western Cape Liquor Authority must oversee the regulation of the Western Cape Liquor Authority.

The Governing Board of the Authority must ensure the implementation of the Western Cape Liquor Act and must manage the business of the Authority. The Governing Board is responsible for policy, control, strategy direction, leadership, proper accountability, probity and transparency in respect of all aspects, the conduct of the business of the Western Cape Liquor Authority, ensuring sufficient budget and other resources and the establishment and functioning of the Social and Education Fund.

The fiduciary responsibilities of the Board are as follows:

- has the powers and functions conferred or imposed on it by this Act;
- must manage the business of the Authority;
- may exercise the powers and must perform the duties conferred or imposed on the Authority by this Act or any other law, excluding powers or duties conferred or imposed specifically on the Liquor Licensing Tribunal; and
- may appoint committees consisting of members of the Board.

The members of the Board and its committees jointly and severally derive their fiduciary responsibilities from the provisions of the Western Cape Liquor Act (4 of 2008), as amended, the PFMA, its charter and the terms of reference of its various committees of the Board.

Composition of the Board

Table 1 indicates the composition of the current Governing Board that took up office on 12 March 2018.

Table 1

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 Meetings attended
Thembalihle Sidaki	Chairperson	12/03/2018	26/06/2020	B Iuris, LLB	Governance, and Legal		N/A	3
Ronald Kingwill	Deputy Chairperson	12/03/2018	N/A	CA(SA), CTC, B Comm	Governance, Finance and Risk	CPGR	Finance, HR, IT & Ethics Committee, Risk Committee, Audit Committee	21
Jacobus Louw	Member	12/03/2018	N/A	B.Sc B.Eng. (US) LLB (UNISA) MBL (UNISA)	Governance, Finance and Risk	Council Member: Cape Peninsula Organisation for the Aged ("CPOA")	Finance, HR, IT & Ethics Committee, Risk Committee	12
Laurine Platzky	Member	12/03/2018	N/A	BA, BSoc Sci, M (City and Regional Planning) PhD (Regional Development Planning)	Planning, strategy, spatial development, Alcohol Harms Reduction	Baxter Theatre Board, SA Students' Travel Service	Communication and stakeholder Relations, Ops Committee	11

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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 Meetings attended
Lukas Muntingh	Member	12/03/2018	N/A	BA, Hons, M Phil (SUN), PhD Law (UWC)	Criminal justice and human rights	N/A	OPS Committee, Communications and Stakeholder Relations Committee, Risk Committee	16
Undere Deglon	Member	12/03/2018	26/06/2020	BA HDE (UWC), Post graduate Certificate in Human Resource Management (UNISA), Masters in Research Psychology (UCT)	Governance, HR and Finance	South African Disability Development Trust	OPS Committee, Finance, HR, IT & Ethics Committee, Communications and Stakeholder Relations Committee	12
Lizanne Venter	Member	15/04/2019	N/A	B Comm Law (SBU) LLB (SBU)	Governance, and Legal	Council Member: False Bay TVET College	Finance, HR, IT & Ethics Committee, OPS Committee	10

Governing Board and Committee meetings

Governing Board/ Committee	No. of meetings held	No. of members	Name of members
Governing Board	3	7	Thembalihle Sidaki, Ronald Kingwill, Jacobus Louw, Laurine Platzky, Lukas Muntingh, Undere Deglon and Lizanne Venter
Operations Committee	4	4	Lizanne Venter, Undere Deglon, Lukas Muntingh and Laurine Platzky
Finance, HR, IT and Ethics Committee	5	4	Ronald Kingwill, Jacobus Louw, Lizanne Venter and Undere Deglon
Communications and Stakeholder Relations Committee	4	3	Undere Deglon, Lukas Muntingh and Laurine Platzky
Risk Committee	4	3	Ronald Kingwill, Jacobus Louw and Lukas Muntingh
Audit Committee	9	1	Ronald Kingwill

* Board members, individually, also attended other meetings, for example, stakeholder sessions, meetings with the Minister, reporting to SCOPA, bi-laterals with DoCS, were members of interview panels and any other engagements. These meetings are not provided for in the above table.

Remuneration of board members

The evaluation process has taken place and the Governing Board was categorised at a B2 level. Payments per hour and day rate will be as follows:

Sub-catergory B2	R.p.d	R.p.h
Chairperson	3 888	486
Deputy Chairperson	2 738	342
Member	2 382	298

Name	Remuneration	Other allowance	Other re-imbursements	Total
Thembalihle Sidaki	26 568	1 849	0	28 417
Ronald Kingwill*	60 920	9 716	0	70 636
Laurine Platzky	34 879	5 485	0	40 364
Jacobus Louw	34 792	1 558	0	36 350
Undere Deglon	35 778	7 592	0	43 370
Lukas Muntingh	36 590	12 983	0	49 573
Lizanne Venter	28 230	3 634	0	31 864

** Mr Kingwill serves as a member of the Audit Committee of the Governing Board as well.*

5. RISK MANAGEMENT

Risk and risk management is dynamic and is therefore continuously monitored and adjusted by risk owners within the organisation. It is important that risks are addressed by implementing appropriate controls as soon as they become evident within the organisation. Risk management meetings are held quarterly to discuss and address any risk that may have become relevant in-between meetings. Controls are then assessed and evaluated to ensure they will mitigate the risk to prevent major impact on the operations of the organisation.

6. INTERNAL CONTROL UNIT

The Western Cape Liquor Authority does not have an internal control unit.

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7. INTERNAL AUDIT AND AUDIT COMMITTEES

The Authority does not have the capacity to provide an internal control function. This service is provided by an external service provider SNG Grant Thornton. The internal audit plan is informed by the risk management plan. The internal audit plan is approved by the Audit Committee of the Authority and the internal audit service provider operates in terms of the internal audit plan.

The internal audit service provider is appointed on a 3 year cycle. To date they have performed internal audits on the following functions:

- Liquor Licencing Administration
- Compliance and Enforcement
- Human Resource Management
- IT
- SCM and Assets
- Pre-determined objectives
- Communication

The Audit Committee of the Authority meet once a quarter to review the internal audit reports and to benchmark the activities of the internal audits against the internal audit plan. The Audit Committee takes note of the risk register and how it aligns to the internal audit plan.

The tabled below discloses relevant information on the audit committee members.

Name	Qualifications	Internal or External	If internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
Rozan Jaftha	CA(SA); CIA	External	-	1 April 2014	-	9
Terence Arendse	CA (SA)	External	-	1 May 2019	-	9
Ronald Kingwill	CA(SA), CTC, B Comm	Internal	Board member	9 April 2018	-	9

8. COMPLIANCE WITH LAWS AND REGULATIONS

The entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters, save for those identified in the Audit Report.

9. FRAUD AND CORRUPTION

The Authority echoes the stance of the Province in terms of fraud and corruption. Every effort is made to minimise the occurrence of potential fraudulent activities. Fraud and corruption prevention forms an integral focus area of the risk assessment.

The Authority has adopted and implemented its own fraud policy. Management and staff are responsible for the detection and prevention of fraud, misappropriations, and other irregularities.

10. MINIMISING CONFLICT OF INTEREST

On an annual basis and at all meetings, all staff and Board members are required to complete the Declaration of Interest forms.

For the 2019/20 financial year, there was no conflict of interest identified.

11. CODE OF CONDUCT

The Western Cape Liquor Authority Board members and its employees adhere to the guidelines as stipulated in the Code of Conduct. The Code of Conduct is there to guide the employees as well as the Board of the Authority in terms of the manner in which the aforesaid parties represents themselves, both internally and externally. Breach of the Code of Conduct by the employees and/or Board members is viewed as a serious offence and will be dealt with according to the disciplinary proceedings of the Authority.

12. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The Authority has established an Occupational Health and Safety Committee ("Committee") in accordance with the Occupational Health and Safety Act 85 of 1993 to manage occupational health and safety ("OHS") issues in the workplace. All members of the committee have been appointed and received training to execute their duties as required by the OHS Act.

13. COMPANY/BOARD SECRETARY (IF APPLICABLE)

N/A

14. SOCIAL RESPONSIBILITY

While the Authority itself did not have any social responsibility programmes for the year, the Authority does impose conditions on licence holders to ensure that they trade in liquor responsibly.

The Communication, Education and Stakeholder Relations component of the Authority also focuses on spreading the message of responsible trading to licence holders as well as the consequences of the abuse of liquor to schools and communities.

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15. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2020.

Audit Committee Responsibility

The Committee reports that it has complied with its responsibilities arising from Section 77 of the Public Finance Management Act and Treasury Regulation 27.1. The Committee reports that it has adopted appropriate formal terms of reference as approved by the Governing Board of the Authority as its Charter. The Committee has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein. It does not assume the function of management; it acts in an advisory and oversight capacity; it does not relieve management of its responsibilities but makes objective and independent recommendations.

Audit Committee Members and Attendance

As requested by its Charter, the Audit Committee listed below, is required to meet at least four (4) times per annum, although additional meetings may be scheduled as the need arises. Nine (9) meetings were held during the 2019/20 financial year.

	No. of Meetings attended
Mr T. Arendse	9
Ms R. Jaftha	9
Mr R. Kingwill	9

The Effectiveness of Internal Control

The Committee has considered the reports received from Internal Audit on the Authority's system of internal controls. Management action plans in response to the areas of improvement identified have been assessed and the Committee continues to monitor progress with the implementation of these action plans.

Further comment on the Authority's system of internal controls will be made once the outcome of the external audit has been considered.

In-Year Management and Monthly/Quarterly Report

The Committee has extensively reviewed quarterly financial and performance reporting, together with findings from the Auditor General and Internal Audit. These findings have been discussed with management. Based on the processes and assurances obtained, the Committee believes that the significant internal controls are generally effective and that accounting practices are appropriate. The Committee is satisfied with the quality of quarterly reports prepared and issued by the Authority during the period under review.

Governance of Risk

The Committee is responsible for the oversight of the risk management process.

The Committee considered the risk management plan, the risk register and the updates thereto on a quarterly basis.

Auditor-General's Report

The Committee has:

- Reviewed the Auditor General's Audit and Management reports and management response's thereto; and
- Met with the Auditor General to ensure that there are no unresolved issues that emanated from the regulatory audit.

Corrective actions on the detailed finding raised by the AGSA are monitored by the Audit Committee on a quarterly basis. The Committee concurs and accepts the AGSA's opinion regarding the Annual Financial Statements and proposes that these Audited Annual Financial Statements be accepted and read together with their report.

The Audit Committee commends the entity for achieving an unqualified audit opinion with no findings.

Evaluation of Financial Statements

The Committee has reviewed the Authority's financial statements prior to its submission to the Auditor General and made a recommendation for the Board's approval.

Appreciation

The Committee wishes to express its appreciation to the Management of the Authority, the Internal Auditors and the Auditor General for the co-operation and information they have provided to enable the compilation of this report.

Francois Barnard
Chairperson of the Audit Committee
Western Cape Liquor Authority
Date: 7 October 2020

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16. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with the compliance to the BBBEE requirements of the BBBEE Act of 2013 and as amended by the Department of Trade and Industry.

Has the Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following		
Criteria	**Response Yes/No**	**Discussion (include a discussion on your response and indicate what measures have been taken to comply)**
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	The qualification criteria for the issuing of licences is determined by the Western Cape Liquor Act 4 of 2008, as amended. The Act does not provide for BEE criteria in the granting of licences.
Developing and implementing a preferential procurement policy?	Yes	The SCM policy (S1.4) of the WCLA makes provision for the implementation of preferential procurement.
Determining qualification criteria for the sale of state-owned enterprises?	No	The WCLA does not engage in the sale of state owned enterprises.
Developing criteria for entering into partnerships with the private sector?	No	The WCLA does not participate in partnerships with the private sector.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	No	The WCLA is not involved in the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment.

PART D:

HUMAN RESOURCE MANAGEMENT

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1. INTRODUCTION

The Human Resources (HR) section provides a support and auxiliary service to the Members, CEO and employees of the Authority by incorporating and encapsulating the vision, mission and objectives of the Authority. The HR team supports and strives to uphold the Authority's goals by striving to promote a positive and participative work environment while identifying and responding to the changing needs of a culturally diverse workforce.

The HR section has successfully rolled out an Employee Wellness and Assistance program for its employees. ICAS has been appointed as the Authority's service provider to ensure that the Authority, as the employer, does everything within its power to look after and nurture the well-being of its employees. The HR section will continue to focus on the well-being of the Authority's employees and strive to roll out programs that caters to the holistic needs of said employees.

There are furthermore approved Human Resource policies within which the WCLA operates. All activities and the implementation of Human Resources are guided and implemented within the framework of these policies.

At the beginning of the 2019/20 financial year, staff members entered into performance agreement contracts with the organisation. All performance assessments have been finalised and plans have been put in place to address and monitor underperformance and to reward over achievers.

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2. HUMAN RESOURCE OVERSIGHT STATISTICS

Personnel Cost by component / activity/ objective

Programme/Activity/ Objective	Total Expenditure for the Entity (R'000)	Personnel Expenditure (R'000)	Personnel Expenditure as a % of Total Expenditure (R'000)	No. of Employees	Average Personnel Cost per Employee (R'000)
Liquor Licencing Administration	26 704	7 589	28.42%	16	474
Communication, Education and Stakeholder Relations	26 704	2 845	10.65%	5	569
Compliance and Enforcement	26 704	8 516	31.89%	15	568
Finance	26 704	3 560	13.33%	9	396
Corporate Services	26 704	4 701	17.60%	12	392

Personnel cost by salary band

Level	Personnel Expenditure (R'000)	% of Personnel Expenditure to Total Personnel Cost (R'000)	No. of Employees	Average Personnel Cost per Employee R'000)
Top Management	330	1.24%	1	330*
Senior Management	3 827	14.33%	5	765
Professional qualified	9 546	35.74%	20	477
Skilled	11 340	42.47%	27	420
Semi-skilled	1 661	6.22%	9	185
TOTAL	**26 704**	**100%**	**62**	**2 177**

** The low average for the top management position is as a result of the vacant Chief Executive Officer position.*

Performance Rewards

Programme/Activity/ Objective	Performance Rewards	Personnel Expenditure (R'000)	% of Performance Rewards to Total Personnel Cost (R'000)
-	-	-	-

** The Authority does not pay out performance bonuses.*

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Training Costs

Programme/Activity/ Objective	Total Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost (R'000)	No. of Employees Trained	Average Training Cost per Employee (R'000)
Liquor Licencing Administration	7 589	65	0.86%	34	2
Communication, Education and Stakeholder Relations	2 845	6	0.21%	3	2
Compliance and Enforcement	8 516	61	0.72%	32	2
Finance	3 560	29	0.81%	15	2
Corporate Services	4 701	52	1.11%	27	2

Employment and vacancies

Programme/Activity/ Objective	2018/2019 No. of Employees	2019/2020 Approved Posts	2019/2020 No. of Employees	2019/2020 Vacancies	% of Vacancies
Liquor Licencing Administration	15	16	16	0	-
Communication, Education and Stakeholder Relations	5	7	6	1	14%
Compliance and Enforcement	15	15	15	0	-
Finance	8	10	9	1	10%
Corporate Services	10	14	12	2	14%

Programme/Activity/ Objective	2018/2019 No. of Employees	2019/2020 Approved Posts	2019/2020 No. of Employees	2019/2020 Vacancies	% of Vacancies
Top Management	0	1	0	1	100%
Senior Management	4	5	5	0	-
Professional qualified	18	19	19	0	-
Skilled	26	26	25	1	4%
Semi-skilled	6	6	6	0	-
Unskilled	0	5	3	2	40%
TOTAL	**53**	**62**	**58**	**4**	6%

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Employment changes

Salary Band	Employment at Beginning of Period	Appointments	Terminations	Employment at End of the Period
Top Management	0	0	0	0
Senior Management	4	1	0	5
Professional qualified	18	2	1	19
Skilled	26	3	4	25
Semi-skilled	6	0	0	6
Unskilled	0	4	1	3
TOTAL	**54**	**10**	**6**	**58**

Reasons for staff leaving

Reason	Number	% of Total no. of Staff Leaving
Death	-	-
Resignation	5	8% (62)
Dismissal	-	-
Retirement	-	-
Ill health	-	-
Expiry of contract	2	3% (62)
Other	-	-
TOTAL	**7**	**11% (62)**

Note: Exit interviews are held with all staff on termination and the new formal recruitment process starts. If it is a temporary position where the contract has expired the position will not necessarily be filled again (it is dependent on the need and approvals from all relevant parties) but all permanent positions are advertised and filled immediately once an employee resigns.

Labour Relations: Misconduct and disciplinary action

Nature of Disciplinary Action	Number
Verbal Warning	-
Written Warning	1
Final Written Warning	1
Dismissal	-

* *Counselling sessions are conducted and minutes are kept of these sessions with employees should there be issues that need to be addressed but that does not warrant a verbal or written warning. In most instances, issues are resolved by having these types of interventions with staff members to correct behaviour.*

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Equity Target and Employment Equity Status

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	1	0	0	0	0
Senior Management	1	1	2	1	0	0	1	0
Professional qualified*	2	4	6	6	1	0	2	1
Skilled	3	5	6	7	0	0	2	2
Semi-skilled	0	1	1	2	0	0	0	1
Unskilled	0	1	1	1	0	0	0	0
TOTAL	**6**	**12**	**16**	**18**	**1**	**0**	**5**	**4**

Levels	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	0	0
Senior Management	0	1	1	1	0	0	0	1
Professional qualified*	2	3	6	4	0	0	0	1
Skilled	4	4	7	6	0	0	3	2
Semi-skilled	1	1	4	1	0	0	0	0
Unskilled	1	1	1	1	0	0	0	0
TOTAL	**8**	**10**	**19**	**13**	**0**	**0**	**3**	**4**

Employment changes

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

Note: The WCLA has an approved Employment Equity Plan. Every attempt is made in terms of appointing the preferred equity targets once a position becomes vacant. The WCLA has included standard wording on the vacancy adverts indicating that preference in appointments will be given to employment equity targets groups.

PART E:

FINANCIAL INFORMATION

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REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL PARLIAMENT ON THE WESTERN CAPE LIQUOR AUTHORITY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the Western Cape Liquor Authority set out on pages 72 to 127, which comprise the statement of financial position as at 31 March 2020, statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Western Cape Liquor Authority as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP), the requirements of the Public Finance Management Act of South Africa, (Act No. 1 of 1999) (PFMA) and the requirements of the Western Cape Liquor Act, 2008 (Act No. 4 of 2008) (Western Cape Liquor Act).

Basis for opinion

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

4. I am independent of the entity in accordance with sections 290 and 291 of the *Code of ethics for professional accountants* and parts 1 and 3 of the *International Code of Ethics for Professional Accountants (including International Independence Standards)* of the International Ethics Standards Board for Accountants (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.

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

Emphasis of matter

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

Restatement of corresponding figures

7. As disclosed in note 29 to the financial statements, the corresponding figures for 31 March 2019 were restated as a result of an error in the financial statements of the entity at, and for the year ended, 31 March 2020.

Subsequent event

8. I draw attention to note 31 to the financial statements, which deals with non-adjusting events after the reporting date specifically relating to management's response to the effects of the COVID-19 pandemic.

Irregular Expenditure

9. As disclosed in note 33 to the financial statements, the entity incurred irregular expenditure amounting to R3 986 299 (2019: R3 828 801) relating to rental related expenses paid against a lease agreement.

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Responsibilities of accounting authority for the financial statements

10. 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 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.

11. 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

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

Introduction and scope

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

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

16. 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 component presented in the annual performance report of the entity for the year ended 31 March 2020:

Component	Pages in the annual performance report
Component 2 – Liquor Licencing Tribunal	28 - 30

17. 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.

18. I did not identify any material findings on the usefulness and reliability of the reported performance information for this component:
    - Component 2 – Liquor Licencing Tribunal

Other matter

19. I draw attention to the matter below.

Achievement of planned targets

20. Refer to the annual performance report on pages 28 to 30 for information on the achievement of planned targets for the year and explanations provided for the under-/overachievement of a number of targets.

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. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

OTHER INFORMATION

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

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

25. 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 component presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

26. If based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.

27. I have nothing to report in this regard.

INTERNAL CONTROL DEFICIENCIES

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

Auditor-General

Cape Town
30 September 2020

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

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ANNEXURE

AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected components 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 related to events or conditions that may cast significant doubt on the ability of the 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 an entity to cease operating as a going concern
   - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

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

4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Western Cape Liquor Authority
Annual Financial Statements for the year ended 31 March 2020

General Information

Country of incorporation and domicile:	South Africa
Nature of business and principal activities:	Regulation of the liquor industry in the Western Cape
Members of the Governing Board:	Adv T Sidaki (Chairperson - Resigned 26 June 2020) Mr R Kingwill (Deputy Chairperson) Ms L Venter Mr J Louw Dr L Muntingh Dr L Platzky Ms U Deglon (Resigned 26 June 2020)
Registered office:	3rd Floor Sunbel Building 3 Old Paarl Road Bellville 7530
Postal address :	Private Bag X6 Sanlamhof Bellville 7532
Bankers:	Nedbank Limited
Auditors:	Office of the Auditor-General of South Africa Chartered Accountants (S.A.) Registered Auditors
Secretary:	C Symes
Attorneys:	State Attorney
Acting Chief Executive Officer:	L Petersen
Audit Committee members:	F Barnard (Chairperson - current) R Jaftha (Chairperson - 1 April 2019 to 31 March 2020) T Arendse R Kingwill

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Western Cape Liquor Authority
Annual Financial Statements for the year ended 31 March 2020

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

List of abbreviations

CEO	Chief Executive Officer
CFO	Chief Financial Officer
DoCS	Western Cape Department of Community Safety
GRAP	Generally Recognised Accounting Practice
PFMA	Public Finance Management Act
SETA	Sector Education and Training Authority
WCLA	Western Cape Liquor Authority

Western Cape Liquor Authority
Annual Financial Statements for the year ended 31 March 2020

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Governing Board 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 annual financial statements and related financial information included in this report. It is the responsibility of the members to ensure that the annual 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 annual financial statements and was given unrestricted access to all financial records and related data.

The annual 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 annual 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 annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

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

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements.

The annual financial statements set out on pages 72 to 127, which have been prepared on the going concern basis, were approved by the board on 31 July 2020 and were signed on its behalf by:

R Kingwill
Deputy Chairperson of the Governing Board

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Western Cape Liquor Authority
Annual Financial Statements for the year ended 31 March 2020

Statement of Financial Position as at 31 March 2020

Figures in Rand	Note(s)	2020	2019 Restated*
Assets			
Current Assets			
Cash and cash equivalents	2	12 950 065	11 019 094
Receivables from exchange transactions	3	418 933	154 284
Receivables from non-exchange transactions	4	1 218 656	1 527 028
		14 587 654	**12 700 406**
Non-Current Assets			
Intangible assets	5	3 539 050	3 443 889
Property, plant and equipment	6	12 048 386	12 968 112
		15 587 436	**16 412 001**
Total Assets		**30 175 090**	**29 112 407**
Liabilities			
Current Liabilities			
Payables from exchange transactions	7	3 768 075	2 247 248
Operating lease liability	8	69 437	381 084
Unspent conditional grants and funds to be surrendered	9	2 216 000	3 528 000
Unallocated deposits	10	1 335 499	1 516 303
Finance lease obligation	11	624 138	968 765
Employee benefit obligation	12	2 165 652	1 871 334
Provisions	13	45 798	42 627
		10 224 599	**10 555 361**
Non-Current Liabilities			
Operating lease liability	8	-	69 437
Finance lease obligation	11	1 608 584	1 090 762
Employee benefit obligation	12	481 841	405 023
Provisions	13	1 325 542	1 265 277
		3 415 967	**2 830 499**
Total Liabilities		**13 640 566**	**13 385 860**
Net Surplus		**16 534 524**	**15 726 547**
Reserves			
Social and education fund reserve		24 582	24 582
Accumulated Surplus		16 509 945	15 701 966
Total Net Assets		**16 534 527**	**15 726 548**

** See note 29*

Western Cape Liquor Authority
Annual Financial Statements for the year ended 31 March 2020

Statement of Financial Performance

Figures in Rand	Note(s)	2020	2019 Restated*
Revenue			
Revenue from Exchange Transactions			
Application fees	14	2 297 561	2 207 268
Granting fees	15	3 968 640	2 769 005
Interest earned		1 066 719	693 285
Other Income		40 911	57 340
Total Revenue from Exchange Transactions		**7 373 831**	**5 726 898**
Revenue from Non-Exchange Transactions			
Transfer revenue			
Fines, penalties and forfeits	16	3 941 748	4 801 370
Government grants and subsidies	17	43 420 000	43 389 385
Services in-kind	18	1 631 109	785 710
Total Revenue from Non-Exchange Transactions		**48 992 857**	**48 976 465**
Total Revenue		**56 366 688**	**54 703 363**
Expenditure			
Employee related costs	19	(30 254 965)	(26 696 982)
Remuneration of governing board members	20	(257 758)	(272 310)
Depreciation and amortisation	21	(3 119 040)	(2 759 498)
Reversal of impairments		-	(601)
Finance costs	22	(937 823)	(882 115)
General expenses	23	(20 989 120)	(18 289 705)
Total Expenditure		**(55 558 706)**	**(48 901 211)**
Surplus for the year		**807 982**	**5 802 152**

** See note 29*

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Western Cape Liquor Authority
Annual Financial Statements for the year ended 31 March 2020

Statement of Changes in Net Assets

Figures in Rand	Social and education fund reserve	Accumulated surplus	Total net assets
Opening balance as previously reported	15 805	9 943 008	9 958 813
Adjustments			
Prior year adjustments	-	(43 194)	(43 194)
Balance at 01 April 2018 as restated*	**15 805**	**9 899 814**	**9 915 619**
Changes in net assets			
Movement in Social and Education Fund	8 776	-	8 776
Movement in Social and Education Fund	8 776	-	8 776
Surplus for the year	-	5 802 152	5 802 152
Total recognised income and expenses for the year	8 776	5 802 152	5 810 928
Total changes	8 776	5 802 152	5 810 928
Opening balance as previously reported	**24 582**	**15 134 272**	**15 158 854**
Adjustments			
Prior year adjustments	-	567 691	567 691
Restated* Balance at 01 April 2019 as restated*	**24 582**	**15 701 963**	**15 726 545**
Changes in net assets			
Surplus for the year	-	807 982	807 982
Total changes	-	807 982	807 982
Balance at 31 March 2020	**24 582**	**16 509 945**	**16 534 527**

* *See note 29*

Western Cape Liquor Authority
Annual Financial Statements for the year ended 31 March 2020

Cash Flow Statement

Figures in Rand	Note(s)	2020	2019 Restated*
Cash flows from operating activities			
Receipts			
Total amount collected on behalf of provincial revenue fund		41 083 609	36 283 661
Government Grants		43 420 000	42 701 757
Interest		1 066 719	632 330
Other Receipts		12 946 805	9 440 175
		98 517 133	**89 057 923**
Payments			
Suppliers and employees		(52 155 864)	(47 528 012)
Total amount of provincial revenue fund collections paid to DoCS		(41 212 490)	(35 975 591)
Finance costs		(869 998)	(686 011)
		(94 238 352)	(84 189 614)
Net cash flows from operating activities	24	**4 278 781**	**4 868 309**
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(1 387 384)	(577 269)
Purchase of Intangible Assets	5	(1 093 306)	(1 450 864)
Net cash flows from investing activities		**(2 480 690)**	**(2 028 133)**
Cash flows from financing activities			
Finance Lease Capital Redemption		132 880	(187 765)
Net increase in cash and cash equivalents		**1 930 971**	**2 652 411**
Cash and cash equivalents at the beginning of the year		11 019 094	8 366 683
Cash and cash equivalents at the end of the year	2	**12 950 065**	**11 019 094**

** See note 29*

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Western Cape Liquor Authority
Annual Financial Statements for the year ended 31 March 2020

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved Budget	Adjust-ments	Final Budget	Actual Amounts	Difference between final budget and actual	%
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Granting fees	2 335 412	-	**2 335 412**	3 968 640	**1 633 288**	70
Application fees	2 272 090	-	**2 272 090**	2 297 561	**25 471**	1
Other income	63 258	-	**63 258**	40 911	**(22 347)**	(35)
Interest received	781 800	-	**781 800**	1 066 719	**284 919**	36
Total revenue from exchange transactions	**5 452 560**	**-**	**5 452 560**	**7 373 831**	**1 921 271**	
Revenue from non-exchange transactions						
Transfer revenue						
Government Grants & Subsidies	42 108 000	-	**42 108 000**	43 420 000	**1 312 000**	3
Fines, penalties and forfeits	3 957 555	-	**3 957 555**	3 941 748	**(15 807)**	-
Service in-kind	-	-	**-**	1 631 109	**1 631 109**	100
Other transfer revenue	6 347 000	-	**6 347 000**	-	**(6 347 000)**	(100)
Total revenue from non-exchange transactions	**52 412 555**	**-**	**57 412 555**	**48 992 857**	**(3 419 698)**	
Total revenue	**57 865 115**	**-**	**57 865 115**	**56 366 688**	**(1 498 427)**	
Expenditure						
Employee Related Costs	(30 692 763)	-	**(30 692 763)**	(30 254 965)	**437 798**	(1)
Remuneration of Governing Board Members	(344 138)	-	**(344 138)**	(257 758)	**86 380**	(25)
Depreciation and amortisation	-	-	**-**	(3 119 040)	**(3 119 040)**	100
Finance costs	-	-	**-**	(937 823)	**(937 823)**	100
General Expenses	(22 793 204)	-	**(22 793 204)**	(20 989 120)	**1 804 084**	(8)
Total expenditure	**(53 830 105)**	**-**	**(53 830 105)**	**(55 558 706)**	**(1 728 601)**	
Operating Surplus	**4 035 010**	**-**	**4 035 010**	**807 982**	**(3 227 028)**	

Western Cape Liquor Authority
Annual Financial Statements for the year ended 31 March 2020

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
Figures in Rand	Approved Budget	Adjust-ments	Final Budget	Actual Amounts	Difference between Final Budget and Actual	%
Statement of Financial Position						
Assets						
Current Assets						
Receivables from exchange transactions	1 432 000	-	1 432 000	418 933	(1 013 067)	(71)
Receivables from non-exchange transactions	84 799	-	84 799	1 218 656	1 133 857	1 337
Cash and cash equivalents	11 019 094	-	11 019 094	12 950 065	1 930 971	18
	12 535 893	-	12 535 893	14 587 654	2 051 761	
Non-Current Assets						
Property, plant and equipment	15 352 000	-	15 352 000	12 048 386	(3 303 614)	(22)
Intangible assets	4 343 000	-	4 343 000	3 539 050	(803 950)	(19)
Total Assets	19 695 000	-	19 695 000	15 587 436	(4 107 564)	
Total Assets	32 230 893	-	32 230 893	30 175 090	(2 055 803)	
Liabilities						
Current Liabilities						
Finance lease	968 765	-	968 765	624 138	(344 627)	(36)
Operating lease liability	-	-	-	69 437	69 437	100
Payables from exchange transactions	1 183 728	-	1 183 728	3 768 075	2 584 347	218
Employee benefit obligation	1 801 849	-	1 801 849	2 165 652	363 803	20
Unspent conditional grants and funds to be surrendered	2 819 772	-	2 819 772	2 216 000	(603 772)	(21)
Provisions	42 627	-	42 627	45 798	3 171	7
Over payments from License Holders	213 500	-	213 500	-	(213 500)	(100)
Unallocated deposits	2 366 321	-	2 366 321	1 335 499	(1 030 822)	(44)
	9 396 562	-	9 396 562	10 224 599	828 037	
Non-Current Liabilities						
Finance lease obligation	1 090 762	-	1 090 762	1 608 584	517 822	47
Operating lease liability	450 521	-	450 521	-	(450 521)	(100)
Employee benefit obligation	1 100 702	-	1 100 702	481 841	(618 861)	(56)
Provisions	1 265 277	-	1 265 277	1 325 542	60 265	5
Total Assets	3 907 262	-	3 907 262	3 415 967	(491 295)	
Net Surplus	13 303 824	-	13 303 824	13 640 566	336 742	
Net Assets	18 927 069	-	18 927 069	16 534 524	(2 392 545)	
Net Assets						
Reserves						
Social and Education Fund Reserve	24 582	-	24 582	24 582	-	-
Accumulated surplus	18 902 487	-	18 902 487	16 509 942	(2 392 545)	(13)
Net surplus	18 927 069	-	18 927 069	16 534 524	(2 392 545)	

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Western Cape Liquor Authority
Annual Financial Statements for the year ended 31 March 2020

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved Budget	Adjustments	Final Budget	Actual Amounts	Difference between Final Budget and Actual	%
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Total amount collected on behalf of provincial revenue fund	-	-	-	41 083 609	41 083 609	100
Grants	42 108 000	-	42 108 000	43 420 000	1 312 000	3
Interest receipts	781 800	-	781 800	1 066 719	284 919	36
Other receipts	14 975 487	-	14 975 487	12 946 805	(2 028 682)	(14)
	57 865 287	-	57 865 287	98 517 133	40 651 846	
Payments						
Suppliers and employees	(53 830 109)	-	(53 830 109)	(52 155 864)	1 674 245	(3)
Total amount of provincial revenue fund collections paid to DoCS	-	-	-	(41 212 490)	(41 212 490)	100
Finance costs	-	-	-	(869 998)	(869 998)	100
	(53 830 109)	-	(53 830 109)	(94 238 352)	(40 408 243)	
Net cash flows from operating activities	4 035 178	-	4 035 178	4 278 781	243 603	
Cash flows from investing activities						
Purchase of property, plant and equipment	(2 650 936)	-	(2 650 936)	(1 387 384)	1 263 552	(48)
Purchase of other intangible assets	(1 384 242)	-	(1 384 242)	(1 093 306)	290 936	(21)
Net cash flows from investing activities	(4 035 178)	-	(4 035 178)	(2 480 690)	1 554 488	
Cash flows from financing activities						
Finance lease payments	-	-	-	132 880	132 880	
Net increase/(decrease) in cash and cash equivalents	-	-	-	1 930 971	1 930 971	100
Cash and cash equivalents at the beginning of the year	11 019 094	-	11 019 094	11 019 094	-	
Cash and cash equivalents at the end of the year	11 019 094	-	11 019 094	12 950 065	1 930 971	

Please refer to note 36 for explanation of material budget variances.

The accounting policies on pages 79 to 105 and the notes on pages 106 to 127 form an integral part of the annual financial statements.

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Accounting Policies

1. Presentation of Annual Financial Statements

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.

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 annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period, except for the changes set out in note Changes in accounting policy.

1.1 Presentation currency

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

1.2 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.

1.3 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

When the final accounts have been closed, any transaction that occurs in respect of a prior period, is considered by management individually and collectively for materiality and the annual financial statements are amended with transactions that are material in amount or by nature.

Accounting Policies

1.4 Comparative figures

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

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

1.5 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:

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

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.

Provisions
Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 13 - Provisions.

Useful lives of non-current assets
The entity's management determines the estimated useful lives and related depreciation or amortisation charges for non-current assets. This estimate is based on industry norm. Management also considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. Reference was made to non-current assets used within the entity and other public entities to determine the useful life of the assets.

Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Employee benefits obligation
The present value of the post-retirement obligation depends on a number of factors that are determined using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of employee benefits obligations.

The entity determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the employee benefits obligation.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 12.

Accounting Policies

Effective interest rate
The entity used the most relevant contractual risk rate applicable where relevant to each category of assets and liabilities to discount future cash flows. Where none exists the prime interest rate is used to discount future cash flows.

Impairment of statutory receivables
If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the entity measures and impairment loss. The impairment loss is measured as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, are reduced, either directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

In estimating the future cash flows, the entity considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable are revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

1.6 Standards, amendments to standards and interpretations issued but not yet effective

In the current year the entity has adopted all new and revised standards and interpretations issued by the ASB that are relevant to its operations and are effective. The following GRAP standards have been issued, but are not yet effective during the current reporting period and the entity did not early adopt these GRAP standards.

Reference	Topic	Effective date
GRAP 34	Separate financial statements	Unknown
GRAP 35	Consolidated financial statements	Unknown
GRAP 36	Investments in associates and joint ventures	Unknown
GRAP 37	Joint arrangement	Unknown
GRAP 38	Disclosure of interest in other entities	Unknown
GRAP 110	Living and non-living resources	1 April 2020

Management has considered all of the above-mentioned GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the entity.

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1.7 Budget information

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2019/04/01 to 2020/03/31.

The annual financial statements and the budget are not on the same basis of accounting therefore a reconciliation between the statement of financial performance and the budget have been included in the annual financial statements. Refer to note 34.

A difference of 10% or more, and if the amount exceeds R200 000, between budgeted and actual amounts is regarded as material. Comparative information is not required.

1.8 Financial instruments

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

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

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

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

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

A financial asset is:

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

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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.

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.

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;
- 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

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- 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
Receivables from exchange transactions	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
Finance lease liability	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Unallocated deposits	Financial liability measured at amortised cost

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

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

The entity recognises financial assets using trade date accounting.

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

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

Subsequent measurement of financial assets and financial liabilities
The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

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

Fair value measurement considerations
The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another

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instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

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

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

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

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

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

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

Derecognition

Financial assets
The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to

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- exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities
The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

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

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

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

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

1.9 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.

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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.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

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.

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. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited in revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

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

Item	Depreciation Method	Average Useful Life
Furniture and fixtures	Straight line	5 - 30 years
Motor vehicles	Straight line	7 years
Office equipment	Straight line	3 - 30 years
Computer equipment	Straight line	5 - 10 years
Leasehold improvements	Straight line	15 years
Capital restoration costs	Straight line	15 years
Safety and security	Straight line	10 years

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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.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 6).

1.10 Site restoration and dismantling cost

The entity has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:
(a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
(b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
(c) if the adjustment results in an addition to the cost of an asset, the entity considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

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1.11 Intangible assets

An asset is identifiable if it either:
- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

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.

An intangible asset is recognised when:
- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

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

When licence fees comply with the recognition criteria of intangible assets then they are recognised as intangible assets. Licence fees are expensed when the following conditions are met:

When licence fees comply with the recognition criteria of intangible assets then they are recognised as intangible assets. However, licence fees are expensed when the following conditions are met:
- the licence fee is for a period of one year or less; and
- the one year or less period falls exactly within the financial reporting period of the entity.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

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The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

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.

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

Item	Depreciation Method	Average Useful Life
Computer software, other	Straight line	1 - 18 years

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

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised.

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.

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

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.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 27.

- 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.

Decommissioning, restoration and similar liability
Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy and 1.18.
- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
  - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
  - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

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The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

1.13 Leases

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

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

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

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

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

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

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.

1.14 Statutory receivables

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

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

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

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

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

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Recognition

The entity recognises statutory receivables as follows:

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

Initial measurement

The entity initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

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

Accrued interest

Where the entity levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

Impairment losses

The entity assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the entity considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the entity measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

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In estimating the future cash flows, an entity considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

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

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

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

1.15 Employee benefits

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

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

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.

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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

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.

The entity provides long-service awards in the form of cash payments and additional leave days to eligible employees, after completion of every three years' service up to 15 years. The projected unit credit method has been used to value the obligation.

Staff leave accrued to employees according to service conditions. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an 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 contribution in the cost of an asset.

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1.16 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 municipality 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
Revenue arising from the use by others of entity assets yielding interest 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.

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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.

1.17 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.

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.

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

Recognition
An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

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

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

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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.

Transfers
Apart from Services in kind, which are not recognised, the entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Fines and penalties
Fines and penalties are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the entity.

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.

1.18 Impairment of cash and non-cash-generating assets

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

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

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

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

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

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

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- none of the assets are managed with the objective of generating positive cash flows are expected to be significantly higher than the cost of the asset; and
- although certain services assets generate positive cash flows, these are used for cross subsidisation of services assets that generate negative cash flows.

Designation
At initial recognition, the entity designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of an entity's objective of using the asset.

The entity designates an asset or a cash-generating unit as cash-generating when:
- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The entity designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the entity expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the entity designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

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

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

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

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

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

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

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

Reversal of an impairment loss

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

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

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

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

Redesignation

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

1.19 Capital commitments

Capital commitments disclosed in the annual financial statements represent the contractual balance committed to capital projects on reporting date that will incurred in the period subsequent to the specific reporting date.

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1.20 Accounting by principals and agents

Identification
An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent
When the entity is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an entity is a principal or an agent requires the entity to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement
The entity assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Assessing which entity benefits from the transactions with third parties
When the entity in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the entity concludes that it is not the agent, then it is the principal in the transactions.

The entity is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the entity has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The entity applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the entity is an agent.

The entity acts as an agent for the Provincial Revenue Fund for the collection of licence renewal fees. The principal-agent relationship is defined in terms of the Western Cape Liquor Act of 2008 as amended. The entity collects licence renewal fees on behalf of the Provincial Revenue Fund, which is paid to DOCS who then pays the fees collected to the Provincial Revenue Fund.

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Recognition

The entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The entity, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.21 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

1.22 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.

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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 annual financial statements.

1.23 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.

1.24 Irregular expenditure

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

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

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

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

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

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

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is

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not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.25 Fruitless and wasteful expenditure

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

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

1.26 Social and education fund reserve

The entity established a fund in terms of section 31 of the Western Cape Liquor Act for the following purpose—

(a) combatting the negative social consequences of the abuse of liquor;
(b) educating persons engaged in the sale and supply of liquor; and
(c) educating the general public in the responsible sale, supply and consumption of liquor.

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Notes to the Annual Financial Statements

Figures in Rand	2020	2019
2. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	1 127	1 135
Bank balances	203 323	2 687 268
Call Investment Deposits	12 745 615	8 330 691
	12 950 065	**11 019 094**

The entity had the following bank accounts

Account number/ description	Bank statement balance			Cash book balances		
	31 March 2020	31 March 2019	31 March 2018	31 March 2020	31 March 2019	31 March 2018
Nedbank - account no 1452069883 (Income account)	90 864	206 239	70 121	112 463	206 239	70 121
Nedbank - account no 1452069905 (Expense account)	112 463	2 481 029	811 004	90 864	2 481 029	811 004
Nedbank - call account no 037881100168 (Grant)	10 350 842	531 490	5 281 242	10 350 842	531 490	5 281 242
Nedbank - call account no 037881100168 - (Income)	2 370 192	7 774 620	2 174 353	2 370 192	7 774 620	2 174 353
Nedbank - call account no 037881100168 - (Social and education fund)	24 581	24 581	15 805	24 581	24 581	15 805
Procurement card (cancelled in 2019)	-	-	13 888	-	-	13 888
Total	**12 948 942**	**11 017 959**	**8 366 413**	**12 948 942**	**11 017 959**	**8 366 413**

	2020	2019
3. Receivables from exchange transactions		
Trade debtors	65 644	93 329
Accrued interest	79 231	60 955
Prepaid expenses	274 058	-
	418 933	**154 284**
4. Receivables on non-exchange transactions		
Fines	836 363	855 600
Other receivables	382 293	671 428
	1 218 656	**1 527 028**

Statutory receivables included in receivables from non-exchange transactions above are as follows:

	2020	2019
Fines	836 363	863 300
Penalties	179 555	-
W&R SETA	-	468 688
	1 015 916	**1 431 988**
Financial asset receivables included in receivables from non-exchange transactions above	**202 740**	**95 040**
Total receivables from non-exchange transactions	1 218 656	1 527 028

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Statutory receivables general information

Transaction(s) arising from statute
Fines are issued in terms of sections 20(3)(b)(v) and 82(2)(b) of the Western Cape Liquor Act for breach of licence conditions or violation of a provision in the act.

Penalties are raised in terms of section 63(4) of the Western Cape Liquor Act for late renewal of licences.

SETAs pay grants to employers in terms of the SETA Grant Regulations.

Determination of transaction amount
The fines are determined by the Liquor Licensing Tribunal, after considering the merits of each matter brought before it, subject to the limit of R115 610 as set out in the Western Cape Liquor Regulations 2011 as amended.

The penalties for late renewal of licences are prescribed in section 63(4) of the Western Cape Liquor Act as 150% of the prescribed renewal fee.

The grant amount is determined by the SETAs in terms of SETA Grant Regulations 4, 5 and 6.

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Figures in Rand	2020			2019		
	Cost/ Valuation	Accumulated depreciation & accumulated impairment	Carrying Value	Cost/ Valuation	Accumulated depreciation & accumulated impairment	Carrying Value

5. Intangible assets

	Cost/ Valuation	Accumulated depreciation & accumulated impairment	Carrying Value	Cost/ Valuation	Accumulated depreciation & accumulated impairment	Carrying Value
Computer software, other	5 262 577	(1 723 527)	3 539 050	4 727 552	(1 283 663)	3 443 889

Reconciliation of intangible assets - 2020

	Opening balance	Additions	Disposals - Cost	Disposal - Accumulated amortisation	Amortisation	Total
Computer software, other	3 443 889	1 093 306	(558 280)	558 280	(998 145)	3 539 050

Reconciliation of intangible assets - 2019

	Opening balance	Additions	Disposals - Cost	Disposal - Accumulated amortisation	Amortisation	Total
Computer software, other	2 843 941	1 450 864	(477 200)	477 200	(850 916)	3 443 889

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Figures in Rand	2020			2019		
	Cost/ Valuation	Accumulated depreciation & accumulated impairment	Carrying Value	Cost/ Valuation	Accumulated depreciation & accumulated impairment	Carrying Value
6. Property, plant and equipment						
Furniture and fixtures	3 707 197	(1 114 154)	2 593 043	3 704 238	(874 665)	2 829 573
Motor vehicles (Leased assets)	2 612 364	(968 393)	1 643 971	2 593 415	(881 912)	1 711 503
Office equipment	1 278 576	(530 074)	748 502	1 227 122	(393 819)	833 303
Computer equipment	5 854 136	(3 749 885)	2 104 251	5 046 214	(2 593 555	2 452 659
Leasehold improvements (Leased assets)	4 773 173	(1 489 928)	3 283 245	4 773 173	(1 170 844)	3 602 329
Safety and Security	1 095 101	(484 945)	610 156	1 099 867	(376 912)	722 955
Office equipment (Leased assets)	528 542	(207 584)	320 958	170 420	(148 977)	21 443
Capital restoration costs (Leased assets)	1 024 804	(280 544)	744 260	1 021 790	(227 443)	794 347
Total	**20 873 893**	**(8 825 507)**	**12 048 386**	**19 636 239**	**(6 668 127)**	**12 968 112**

	Opening Balance	Additions	Disposals - cost	Disposals - accumulated depreciation	Depreciation	Total
Reconciliation of property, plant and equipment - 2020						
Furniture and fixtures	2 829 573	4 350	(1 391)	260	(239 749)	2 593 043
Motor vehicles (Leased assets)	1 711 503	207 182	(188 233)	29 599	(116 080)	1 643 971
Office equipment	833 303	51 454	-	-	(136 255)	748 502
Computer equipment	2 452 659	641 636	(17 454)	6 229	(978 819)	2 104 251
Leasehold improvements (Leased assets)	3 602 329	-	-	-	(319 084)	3 283 245
Safety and Security	722 955	-	(4 766)	1 777	(109 810)	610 156
Office equipment (Leased assets)	21 443	482 762	(124 641)	112 407	(171 013)	320 958
Capital restoration costs (Leased assets)	794 347	-	-	-	(50 087)	744 260
	12 968 112	**1 387 384**	**(336 485**	**150 272**	**(2 120 897)**	**12 048 386**

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Figures in Rand	Opening Balance	Additions	Disposals - cost	Disposals - accumulated depreciation	Depreciation	Impairment Loss	Total
Reconciliation of property, plant and equipment - 2019							
Furniture and fixtures	3 057 272	10 963	-	-	(238 662)	-	2 829 573
Motor vehicles (Leased assets)	1 866 685	-	-	-	(155 182)	-	1 711 503
Office equipment	776 079	179 508	-	-	(122 284)	-	833 303
Computer equipment	2 908 825	353 127	(191 411)	191 411	(809 293)	-	2 452 659
Leasehold improvements (Leased assets)	3 920 541	-	-	-	(318 212)	-	3 602 329
Safety and Security	796 671	33 671	-	-	(107 387)	-	722 955
Office equipment (Leased assets)	122 222	-	(529 123)	529 123	(100 779)	-	21 443
Capital restoration costs (Leased assets)	851 729	-	-	-	(56 781)	(601)	794 347
	14 300 024	**577 269**	**(720 534)**	**720 534**	**(1 908 580)**	**(601)**	**12 968 112**

Assets subject to finance lease (Net carrying amount)		
Motor vehicles	1 643 971	1 711 503
Leasehold improvements	3 283 245	3 602 329
Office equipment	320 958	21 443
Capital restoration costs	744 260	794 347
	5 992 434	**6 129 622**

Maintenance of property, plant and equipment

The entity spent R71 315 (2019: R146 425) on repairs and maintenance of property, plant and equipment.

Western Cape Liquor Authority
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Figures in Rand	2020	2019
7. Payables from exchange transactions		
Trade payables	1 412 907	580 309
Licence-holder refunds	1 612 793	1 022 872
Income received in advance	257 086	40 645
Provincial revenue fund	460 189	589 070
Other	25 100	14 352
Total Payables from Exchange Transactions	**3 768 075**	**2 247 248**
Provincial revenue fund		
Opening balance	589 070	281 000
Total amount collected on behalf of provincial revenue fund	41 083 609	36 283 661
Total amount of provincial revenue fund collections paid to DoCS	(41 212 490)	(35 975 591)
Balance at the end of the year	**460 189**	**589 070**
8. Operating Lease Liabilities		
Non-current liabilities	-	69 437
Current liabilities	69 437	381 084
	69 437	**450 521**
Minimum lease payments due		
- within one year	479 740	2 842 903
- in second to fifth year inclusive	-	479 740
The minimum lease obligations	**479 740**	**3 322 643**

The operating lease relates to the lease of office space. The lease period is for 5 years and the contract lapses on 31 May 2020. The lease payments escalate at a rate of 8% per annum. Renewal of the lease at the end of the term is available.

The Authority does not engage in any sub-lease arrangements.

The Authority did not pay any contingent rent during the year.

9. Unspent conditional grants and funds to be surrendered

Unspent Conditional Grant & Funds to be surrendered comprises of:

	2020	2019
Unspent conditional grants and receipts		
Department of Community Safety (DoCS)	2 216 000	3 528 000
Movement during the year		
Balance at the beginning of the year	3 528 000	3 956 879
Grants received	42 108 000	42 701 757
Grants recognised as income	(43 420 000)	(43 130 636)
	2 216 000	**3 528 000**

Notes to the Annual Financial Statements

Figures in Rand	2020	2019

10. Unallocated deposits

Unallocated deposits	1 335 499	1 516 303

The amount includes unverified payments from licence holders. This is as a result of deposits made without appropriate references for identification and which the licence holders have not yet provided proof of payments to enable verification.

11. Finance lease obligation

Minimum lease payments due		
- within one year	624 138	968 765
- in second to fifth year inclusive	1 608 584	1 090 762
Present value of minimum lease obligations	**2 232 722**	**2 059 527**
Present value of minimum lease payments due		
- within one year	(387 441)	(968 762)
Non-current liabilities	1 608 584	1 090 762
Current liabilities	624 138	968 765
	2 232 722	**2 059 527**

It is entity policy to lease certain motor vehicles and equipment under finance leases.

Finance leases relate to vehicles with a lease term of between 5 to 8 years. The effective annual interest rate on the finance lease payables is between 29% and 57%. Interest on finance lease payables are charged by Government Motor Transport to replace vehicles at the end of their useful lives and to recoup operating expenditure such as tracking, insurance and GMT overhead expenditure. The average lease term for equipment was 2 years and the average effective borrowing rate was 7% (2019: 17%).

Interest rates are fixed at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The ownership of the leases does not transfer to the Authority at the end of the lease term.

The entity's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 6.

12. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:		
Long service awards	511 841	456 023
Staff incentive bonus	1 508 043	1 481 605
Staff leave	627 609	338 729
	2 647 493	**2 276 357**
Non-current liabilities	481 841	405 023
Current liabilities	2 165 652	1 871 334
	2 647 493	**2 276 357**

The movement in current employee benefits is reconciled as follows:

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Figures in Rand	2020	2019
12.1 Long service awards		
Balance at beginning of the year	405 023	357 761
Benefits paid	(51 000)	(138 000)
Net expense recognised in the statement of financial performance	127 818	185 262
	481 841	**405 023**
Net expense recognised in the statement of financial performance		
Current service cost	105 906	153 958
Interest cost	21 912	31 304
	127 818	**185 262**
12.2 Staff incentive bonus		
Opening balance	1 481 605	1 470 782
Benefits paid	(1 481 605)	(1 470 782)
Net expense recognised in the statement of financial performance	1 508 043	1 481 605
	1 508 043	**1 481 605**
Net expense recognised in the statement of financial performance		
Current service cost	1 508 043	1 481 605
12.3 Staff leave		
Opening balance	338 729	481 513
Benefits paid	(29 227)	(65 147)
Net expense recognised in the statement of financial performance	318 107	(77 637)
	627 609	**338 729**
Net expense recognised in the statement of financial performance		
Current service cost	318 107	(77 637)

Staff leave accrued to employees according to service conditions. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

Defined contribution plan
The entity has retirement annuity and pension fund defined contribution plans with Allan Gray for it's employees. Pension and retirement contributions amounting to R2 855 250 (2019: R3 022 364) were paid to the funds during the financial year.

The entity is under no obligation to cover any unfunded benefits.

Notes to the Annual Financial Statements

Figures in Rand	Opening Balance	Additions	Utilised during the year	Interest charges	Total
13. Provisions					
Reconciliation of provisions - 2020					
Provision for Restoration of Leased Premises	1 265 277	-	-	60 265	1 325 542
Workmen's Compensation	42 627	44 189	(41 018)	-	45 798
	1 307 904	**44 189**	**(41 018)**	**60 265**	**1 371 340**
Reconciliation of provisions - 2019					
Provision for Restoration of Leased Premises	1 190 849	-	-	74 428	1 265 277
Workmen's Compensation	45 584	43 692	(46 649)	-	42 627
	1 236 433	**43 692**	**(46 649)**	**74 428**	**1 307 904**

Figures in Rand	2020	2019
Non-current liabilities	1 325 542	1 265 277
Current liabilities	45 798	42 627
	1 371 340	**1 307 904**

Restoration of Leased Premises Provision
The current lease contract state that at termination date, the Authority will be liable for the restoration of the leased premises back to "base building condition".

The calculation for the restoration provision was compiled by qualified contractors in order to determine the present value to restore the leased premises.

A retrospective calculation of time value of money, based on an average weighted investment rate of prime less 4%, was used. This rate used is also within the inflation target range of the South African Reserve Bank of between 3% to 6%.

Workman's Compensation Provision
Provision for Workmen's Compensation is based on the risk factor of 0.15% as indicated by the Department of Labour. The provision is calculated by multiplying the risk factor with employee's earnings. This is regarded as a provision as the timing and amount of the final assessment is an uncertainty.

14. Application fees

New licences	1 090 945	1 085 750
Licence for transfer of licence to new owner	182 095	152 200
Alterations of premises	217 905	154 310
Interim or pending licence fee	152 036	141 905
Transfer of financial interest on existing licence	120 580	64 760
Temporary and event licences	449 340	532 975
Other	84 660	75 368
	2 297 561	**2 207 268**

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Figures in Rand	2020	2019
15. Granting fees		
Licence issuing fee	1 094 250	589 215
Issuing fee for temporary and event licences	1 965 770	1 844 105
Transfer of licence issuing fee	750 675	229 970
Other	157 945	105 715
	3 968 640	**2 769 005**
16. Fines, Penalties and Forfeits		
Fines imposed by the Liquor Licencing Tribunal	1 610 805	1 868 200
Penalties on late payments of licence renewals	889 008	1 543 388
Penalties on late payments of event licences	1 441 935	1 382 282
Other	-	7 500
	3 941 748	**4 801 370**
17. Government grants and subsidies		
Operating grants		
Western Cape Department of Community Safety	43 420 000	43 130 635
WR SETA grant	-	258 750
	43 420 000	**43 389 385**
18. Services in-kind		
Seconded CEO salary paid by DoCS	957 900	306 413
Seconded CFO salary paid by DoCS	673 209	479 297
	1 631 109	**785 710**

The entity received services in-kind under voluntary or non-voluntary schemes which included free security services, training, workshops, legal advice and technical assistance from government departments and entities. These services in-kind have not been recognised as they were assessed not to be significant to the entity's operations and/or basic service delivery objectives.

19. Employee Related Costs		
Salaries and wages	24 694 640	22 208 047
Staff incentive bonus	1 508 043	1 481 605
UIF	97 643	196 224
Workmen's Compensation	44 189	43 692
Leave pay	291 883	(147 122)
Defined contribution plans	2 858 742	3 022 364
Overtime payments	165 614	133 169
Long-service awards	84 906	(685 058)
Group risk and funeral benefits	245 750	196 235
Cellphone allowances	263 555	247 826
	30 254 965	**26 696 982**

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Figures in Rand	2020	2019
Management personnel		
Chief Executive Officer - Dr. Luzuko Mdunelwya (April 2018 - January 2019)*		
Basic salary	-	753 128
Pension fund	-	141 875
Incentive bonus	-	72 031
Other	-	14 966
	-	**981 982**

**The Chief Executive Officer's contract ended on 31 January 2019.*

Figures in Rand	2020	2019
Acting Chief Executive Officer - Simion George (February 2019 - November 2019)*		
Basic salary	698 114	165 902
Pension fund	90 754	21 567
Incentive bonus	-	82 951
Other	169 032	35 723
	957 900	**306 143**

** Mr Simion George was seconded from DoCS to act as a Chief Executive Officer for the period 1 February 2019 to 30 November 2019. His salary was paid by DoCS during the period of secondment.*

Figures in Rand	2020	2019
Acting Chief Executive Officer - Adv. Leatitia Petersen (1 December 2019 - current)		
Basic salary	232 364	-
Pension fund	40 868	-
Acting allowance	46 967	-
Other	9 483	-
	329 682	**-**
Chief Financial Officer - Victoria Letswalo (1 April 2018 - 30 September 2018)*		
Basic salary	-	378 560
Pension fund	-	42 851
Other	-	7 397
	-	**428 808**

**Ms Victoria Letswalo resigned with effect from 30 September 2018.*

Figures in Rand	2020	2019
Acting Chief Financial Officer - Maria Vos (1 October 2018 - December 2019)*		
Basic salary	538 955	343 127
Pension fund	70 063	44 606
Incentive bonus	-	56 360
Other	64 209	35 204
	673 209	**479 297**

** Mrs Maria Vos was seconded from DoCS to act as a Chief Financial Officer for the period 1 October 2018 to 30 November 2019. Her salary was paid by DoCS during the period of secondment.*

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Figures in Rand	2020	2019
Chief Financial Officer - Sandiso Gcwabe (1 December 2019 - current)		
Basic salary	296 709	-
Pension fund	41 774	-
Other	7 039	-
	345 522	**-**
Deputy Director: Liquor Licencing Administration - Adv. Leatitia Petersen*		
Basic salary	472 039	663 142
Pension fund	64 233	89 051
Incentive bonuses	56 613	53 019
Other	14 139	12 449
	607 024	**817 661**

**Adv. Leatitia Petersen was appointed as Acting Chief Executive Officer from 1 December 2019.*

Figures in Rand	2020	2019
Acting Deputy director: Liquor Licencing Administration - Johan Dreyer		
Basic salary	160 534	-
Pension fund	39 329	-
Acting allowance	29 298	-
Other	7 463	-
	236 624	**-**

**Mr Johan Dreyer was appointed as Acting Deputy Director: Liquor Licencing Administration from 1 December 2019.*

Figures in Rand	2020	2019
Deputy Director: Corporate Services - Marvin Jackson		
Basic salary	717 700	672 678
Pension fund	96 351	89 213
Incentive bonuses	57 462	53 814
Other	23 302	12 449
	894 815	**828 154**
Deputy Director: Compliance and Enforcement - Adv. Martell Van Lill		
Basic salary	676 208	633 793
Pension fund	95 400	87 030
Incentive bonuses	54 140	50 703
Other	21 203	12 449
	846 951	**783 975**
Deputy Director: Communications, Education and Stakeholder Relations - Philip Prinsloo		
Basic salary	717 701	672 681
Pension fund	99 117	88 794
Incentive bonuses	57 462	53 814
Other	20 535	12 449
	894 815	**827 738**

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Figures in Rand	Fees	Total
20. Remuneration of Governing Board Members		
Governing Board Members		
31 March 2020		
Adv Thembalihle Sidaki (Chairperson) *	26 568	26 568
Mr Ronald Kingwill (Deputy Chairperson)	60 921	60 921
Ms Lizanne Venter	28 230	28 230
Mr Jacobus Louw	34 792	34 792
Dr Lukas Muntingh	36 590	36 590
Dr Laurine Platzky	34 879	34 879
Ms Undere Deglon*	35 778	35 778
	257 758	**257 758**
31 March 2019		
Adv Thembalihle Sidaki (Chairperson)	34 395	34 395
Mr Ronald Kingwill (Deputy Chairperson)	61 642	61 642
Mr Andre du Plessis	2 739	2 739
Mr Jacobus Louw	34 789	34 789
Dr Lukas Muntingh	49 878	49 878
Dr Laurine Platzky	40 856	40 856
Ms Undere Deglon*	48 011	48 011
	272 310	**272 310**

* *The Governing Board members resigned with effect from 26 June 2020*

Figures in Rand	2020	2019
21. Depreciation and Amortisation		
Property, plant and equipment	2 120 895	1 908 581
Intangible assets	998 145	850 917
	3 119 040	**2 759 498**
22. Finance costs		
Finance leases	869 998	686 011
Other	67 825	196 104
	937 823	**882 115**

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Figures in Rand	2020	2019
24. General Expenses		
Advertising Fees	4 994 868	4 797 618
Audit fees - external	1 991 905	1 840 203
Bank charges	43 620	34 876
Cleaning services	143 263	135 736
Consulting and professional fees	836 252	411 183
Computer equipment support	69 580	41 333
Insurance	314 167	361 849
Conferences and seminars	93 200	128 582
Computer equipment support	1 343 061	1 395 225
Postage and courier	61 050	42 665
Printing and stationery	630 442	368 166
Repairs and Maintenance	71 315	146 426
Security costs	-	45 540
Software licence fees	421 483	(6 569)
Subscriptions and membership fees	213 611	25 807
Telephone and fax	451 958	496 002
Training	390 351	282 168
Travel and subsistence	1 066 699	864 916
Water and electricity	757 164	637 230
Rates and taxes	250 047	216 614
Audit fees - internal	107 383	183 755
Social and education fund	333 595	279 885
Liquor licencing tribunal	3 654 214	2 723 217
Loss on fixed asset disposal	8 847	-
Operating leases	2 621 257	2 786 906
Legal fees	54 395	1 281
Other	65 393	49 091
	20 989 120	**18 289 705**
25. Cash generated from operations		
Surplus	807 982	5 802 152
Adjustments for:		
Depreciation and amortisation	3 119 040	2 759 498
Finance costs - finance leases	67 825	196 104
Impairment deficit	-	601
Movements in retirement benefit assets and liabilities	371 136	(847 992)
Movements in provisions	63 436	71 471
Other non-cash items	(330 084)	(2 362 429)
Changes in working capital:		
Receivables from exchange transactions	(264 649)	923 935
Other receivables and non-exchange transactions	416 072	702 250
Payables from exchange transactions	1 520 827	(586 575)
Unspent conditional grants and funds to be surrendered	(1 312 000)	(428 879)
Unallocated deposits	(180 804)	(1 361 827)
	4 278 781	**4 868 309**

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Figures in Rand	At amortised cost	Total
25. Financial Instruments Disclosure		
Categories of financial instruments		
2020		
Financial assets		
Cash and cash equivalents	12 950 065	12 950 065
Receivables from exchange transactions	418 933	418 933
	13 368 998	**13 368 998**
Financial liabilities		
Payables from exchange transactions	3 768 075	3 768 075
Finance lease liability	2 232 722	2 232 722
Unallocated deposits	1 335 499	1 335 499
	7 336 296	**7 336 296**
2019		
Financial assets		
Cash and cash equivalents	11 019 094	11 019 094
Receivables from exchange transactions	154 284	154 284
	11 173 378	**11 173 378**
Financial liabilities		
Payables from exchange transactions	2 2247 248	2 247 248
Finance lease liability	2 059 527	2 059 527
Unallocated deposits	1 516 303	1 516 303
	5 823 078	**5 823 078**
Financial instruments in Statement of financial performance		
2020		
Interest income (calculated using effective interest method) for financial instruments at amortised cost	1 066 719	1 066 719
Interest expense (calculated using effective interest method) for financial instruments at amortised cost	(915 911)	(915 911)
	150 808	**150 808**
2019		
Interest income (calculated using effective interest method) for financial instruments at amortised cost	693 285	693 285
Interest expense (calculated using effective interest method) for financial instruments at amortised cost	(850 812)	(850 812)
	(157 527)	**(157 527)**

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Figures in Rand	2020	2019

26. Commitments

Authorised capital expenditure

Already contracted for but not provided for

Property, plant and equipment	28 741	539 827
Intangible assets	400 999	817 233
	429 740	**1 357 060**

27. Contingent Liability

Mbeko Venfolo N.O vs WCLA: WCP/038239 - 21 on Washington	600 000	-

Mbeko Venfolo N.O vs WCLA

The State Attorney is assisting the entity in appealing a High Court order relating to licence number WCP/038239 - 21 on Washington. The judgement on the matter was handed down by the Western Cape High Court on 31 January 2020.

George municipality - H1/2020

A licence was issued in terms of the old act where zoning was not part of the requirements for a licence. The Municipality brought an application to inter alia have the licence declared invalid based on the fact that the premises are not zoned appropriately. The case has been postponed *sine die*.

28. Related parties

Relationships

Western Cape Provincial Minister of Community Safety	Mr Alan Winde (1 November 2018 - 21 May 2019)
Western Cape Provincial Minister of Community Safety	Mr Albert Fritz (22 May 2019 - Current)
Custodial department	Western Cape Department of Community Safety
Management of government motor vehicles of the Authority	Western Cape Government Motor Transport
Governing board members	Refer to note 20
Members of management personnel	Refer to note 19

Related party balances

Department of Community Safety		
Unspent conditional grants and funds to be surrendered	(2 216 000)	(3 528 000)
Government Motor Transport		
Accrued expenses	(129 720)	(126 181)
Leased vehicles	1 643 971	1 711 503

Related party transactions

Department of Community Safety		
Government grants and subsidies	45 636 000	43 389 385
Seconded CEO salary	957 900	306 413
Seconded CFO salary	673 209	479 297

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Figures in Rand	2020	2019
Government Motor Transport		
Interest paid on finance lease liability included under finance charges	869 998	686 011
Kilometre tariff included under general expense	199 063	278 939
Operating lease -Vehicles	40 667	257 213

Remuneration of management

The compensation of management personnel and governing board members' sitting allowances are set out in notes 19 and 20 to the financial statements

29. Prior-year adjustments

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

Statement of financial position

2018	As previously reported	Correction of error	Restated
Intangible assets	2 430 677	413 264	2 843 941
Employee benefit obligations (current)	(2 090 295)	1 251 021	(839 274)
Employee benefit obligations (Non-current)	(1 034 054)	(585 551)	(1 619 605)
Accumulated surplus	(9 943 008)	(1 078 734)	(11 021 742)
	(10 636 680)	**-**	**(10 636 680**

2019	As previously reported	Correction of error	Re-classification	Restated
Receivables from exchange transactions	84 799	69 485	-	154 284
Receivables from non-exchange transactions	1 431 988	95 040	-	1 527 028
Intangible assets	2 958 685	485 204	-	3 443 889
Payables from exchange transactions	(1 183 728)	(850 020)	(213 500)	(2 247 248)
Operating lease liability (Current)	-	(381 084)	-	(381 084)
Unspent conditional grants	(2 819 772)	(708 228)	-	(3 528 000)
Unallocated deposits	(2 366 321)	850 018	-	(1 516 303)
Employee benefit obligation	(1 801 849)	(69 485)	-	(1 871 334)
Over payments from license holders	(213 500)	-	213 500	-
Operating lease liability (Non-current)	(450 521)	381 084	-	(69 437)
Employee benefit obligations (Non-current)	(1 100 702)	695 679	-	(405 023)
Accumulated surplus	(15 134 272)	(567 693)	-	(15 701 965)
	(20 595 193)	**-**	**-**	**(20 595 193)**

Statement of financial performance

2019	As previously reported	Correction of error	Restated
Fines, penalties and forfeits	4 706 330	95 040	4 801 370
Government grants and subsidies	44 097 614	(708 229)	43 389 385
Employee related costs	(26 638 255)	(58 727)	(26 696 982)
Depreciation and amortisation	(2 273 158)	(486 340)	(2 759 498)
Finance charges	(850 812)	(31 303)	(882 115)
Services in-kind	(785 710)	785 710	-
General expenses	(19 304 442)	1 014 737	(18 289 705)
Surplus for the year	**(1 048 433)**	**610 888**	**(437 545)**

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Notes to the Annual Financial Statements

Figures in Rand	As previously reported	Correction of error	Restated
Cash flow statement			
2019			
Cash flow from operating activities			
Total amount collected on behalf of provincial revenue fund	-	36 283 661	36 283 661
Other receipts	9 345 135	95 040	9 440 175
Suppliers and employees	(46 648 422)	(879 590)	(47 528 012)
Total amount of provincial revenue fund collections paid over to DoCS	-	(35 975 591)	(35 975 591)
Interest paid	(700 661)	14 650	(686 011)
	(38 003 948)	**(461 830)**	**(38 465 778)**
Cash flow from investing activities			
Purchase from Intangible Assets	(829 585)	(558 279)	(1 450 864)
Cash flow from financing activities			
Movements in over payments from license holders	(416 500)	416 500	-
Movement in unallocated deposits	(416 769)	416 769	-
Finance Lease Capital Redemption	(374 605)	186 840	(187 765)
	(1 207 874)	**1 020 109**	**(187 765)**

Errors

Receivables from exchange transactions - The employees were provided leave in advance and is now being accounted for as a receivable.

Receivables from non-exchange transactions - Fines are now recognised when they accrue to the entity and not when paid.

Intangible assets - Software licences that meet the definition and recognition criteria for intangible assets are now recognised. They were previously expensed.

Payables from exchange transactions - Refunds due to license holders are now recognised as part of payables.

Operating lease liability (current) - The current portion is now being recognised.

Unspent conditional grants - The liability relating to funds that were applied for roll-over was understated. Employee benefit obligation - Current portion of the liability being corrected.

Employee benefit obligations (non-current) - The obligation was overstated due to a calculation error and is now corrected.

Accumulated surplus - Cumulative impact of all the changes.

Government grants and subsidies - The liability relating to funds that were applied for roll-over was understated.

Employee related costs - The employee benefit obligation was overstated due to a calculation error and is now corrected. Services in kind received from DoCS are now being accounted for by nature.

Finance charges - Finance costs on employee benefit obligations now being adjusted.

Services in kind received from DoCS are now accounted for by nature.

Total amount collected on behalf of provincial revenue fund was previously not reflected on the cashflow statement.

Notes to the Annual Financial Statements

Figures in Rand	2020	2019

Total amount of provincial revenue fund collections paid over to DoCS was previously not reflected on the cashflow statement.

Unallocated deposits and over payments from license holders were incorrectly classified as financing activities instead of operating activities.

30. Financial Risk Management

Financial risk management
The entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the entity's financial performance.

Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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 is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Authority to incur a financial loss.

Credit risk arises mainly from cash and cash equivalents, instruments and deposits with banks and financial institutions.

The Authority only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure is disclosed below.

The banks utilised by the Authority for current investments are all listed on the JSE (Nedbank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

Receivables from exchange transactions are individually evaluated annually at Financial Position date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment, where applicable. The maximum exposure is disclosed below.

Receivables from exchange transactions are individually evaluated annually at Financial Position date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment, where applicable. The maximum exposure is disclosed below.

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

Financial instrument		
Interest rate swap	96 858	84 799

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Notes to the Annual Financial Statements

Figures in Rand	2020	2019

Market risk

Interest rate risk
As the entity has interest-bearing assets however, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

The entity's interest rate risk arises from cash in current banking institutions and call deposit investments. This financial asset is at variable rates thus expose the entity to cash flow interest rate risk.

At 31 March 2020, if the weighted average interest rate on the financial asset had been 1% higher/lower with all other variables held constant, surplus for the year would have been 129 501 (2019: 110 191) lower/higher, mainly as a result of higher/lower interest income on financial assets at variable rates.

Cash flow interest rate risk	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
Financial instrument						
Cash in current banking institutions	5.00%	12 950 065	-	-	-	-

31. Events after the reporting date Non-adjusting event

The global pandemic of Coronavirus disease 2019 (COVID-19) was first reported on 31 December 2019 by the World Health Organization following a cluster of pneumonia cases in Wuhan City, Hubei Province of China. The disease has seen a rapid spread globally, and was declared a Public Health Emergency of International Concern on 30 January 2020. South Africa declared a State of National Disaster on 15 March 2020 and promulgated a series of regulations to address COVID-19. On 26 March 2020, South Africa entered the different levels of 'lockdown' bringing the economy and businesses to a halt in an attempt to 'flatten the curve'.

This resulted in the sale, dispensing or transportation of liquor being prohibited for the period 26 March 2020 to 31 May 2020. The prohibition on the sale, dispensing or transportation of liquor was reinstated with effect from 13 July 2020 and remains in place. The entity estimates that it will lose about R3.1 million in licencing revenue (Application and licence issuing fees) in the next financial year due to COVID-19 pandemic and the measures that were put in place to respond to it.

32. Fruitless and wasteful expenditure

	2020	2019
Opening balance as previously reported	8 747	-
Opening balance as restated	**8 747**	**-**
Add: Expenditure identified - current	-	8 747
Closing balance	**8 747**	**8 747**

Expenditure identified in the current year include those listed below:

33. Irregular expenditure

	2020	2019
Opening balance as previously reported	22 222 396	10 234 631
Correction of prior period error	-	(250)
Opening balance as restated	**22 222 396**	**10 234 381**
Add: Irregular Expenditure - current year	4 024 896	3 828 801
Add: Irregular Expenditure - prior period	45 414	8 159 214
Closing balance	**26 292 706**	**22 222 396**

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
Incidents/cases identified in the current year include those listed below:		
Remuneration paid to an Audit Committee member employed by a municipality	84 011	-
Rental related expenses paid against the lease agreement	3 986 299	3 828 801
	4 070 310	**3 828 801**

During the previous years the results of a forensic report conducted on behalf of the entity were received with regards to the fitment and refurbishment of the leased offices. The irregular expenditure relating to this was previously reported to be R9 458 000 (2019 and 2018) in value. However the investigation also brought to light that the initial procurement process to obtain the leased offices was not in line with standard supply chain process as prescribed by provincial legislation. Thus the resulting effect is that the lease agreement entered into and the corresponding lease payments constitute irregular expenditure.

Remuneration to the total value of R84 010.79 was paid to an Audit Committee member employed by a municipality in contravention of Treasury Regulations TR20.2.2. Of this amount, R38 596.89 related to the current year and R45 413.90 to the prior year.

Amounts recoverable

Irregular expenditure to the total value of R250 was recovered in the previous years however, the disclosure was not updated in prior years.

34. Reconciliation between budget and statement of financial performance

Reconciliation of budget surplus with the surplus in the statement of financial performance:

	2020	2019
Net surplus per the statement of financial performance	807 982	5 802 152
Adjusted for:		
Government grants & subsidies	2 216 000	3 528 000
Accrued income	(576 515)	(963 300)
Service in-kind	(1 631 109)	(785 710)
Employee related costs	1 806 405	2 067 811
Depreciation and amortisation	3 119 040	2 759 498
Finance costs	937 823	541 843
Accrued expenses	(317 997)	564 520
Net surplus per approved budget	**6 361 629**	**13 514 814**

35. Segment information

General information

Identification of segments
There are no segments for which separate financial information is available, and therefore the Authority only has one reporting segment.

Geographic Segment Reporting
The entity's operations are in the Western Cape Province from its offices based in Cape Town. No geographical segment information is available and the cost to develop such information would be excessive. Therefore, no geographical segment information has been disclosed.

Notes to the Annual Financial Statements

36. Budget differences

Material differences between budget and actual amounts

Statement of Financial Performance
Granting fees are higher than originally budgeted for, due to more licences being granted than originally anticipated.

Interest income is higher than originally budgeted for, due to lower levels of spending and higher than anticipated revenue which resulted in more funds being available to invest.

Services in-kind were not budgeted for as they are a non-cash item.

Other transfer Revenue included roll-over of unspent funds. The roll-over of unspent funds were incorrectly budgeted for. The actual amount is included under government grants & subsidies as it relates to unspent government grants.

Depreciation and amortisation were not budgeted for as they are non-cash items.

Finance costs were not budgeted for in error. The total amount payable for finance leases was budgeted for under general expenditure.

Statement of Financial Position
Cash and cash equivalents were higher than originally budgeted for, due to lower levels of spending and higher than anticipated revenue which resulted in more funds being available.

Receivables from exchange transactions were higher than originally anticipated due to year-end accrual of income.

Receivables from non-exchange transactions were higher than anticipated due to penalties relating to condonation applications for late renewal of licences that were not yet paid.

Property, plant and equipment was less than budgeted due to underspending of the capital budget. The entity struggled to secure computer equipment due to the Global COVID-19 Pandemic that affected the supply value chain world-wide.

Intangible assets was less than budgeted due to the underspending of the capital budget. The implementation of key IT infrastructure projects was disrupted by the declaration of the National State of Disaster towards the end of the financial year.

Finance lease split between current and non-current was not correctly budgeted for.

Operating lease liability split between current and non-current was not correctly budgeted for and its also less than originally anticipated.

Payables from exchange transactions is higher than originally budgeted for due to license holder refunds which are now accounted for as a payable. The refunds were originally budgeted for under unallocated deposits.

Employee benefit obligation split between current and non-current was not correctly budgeted for. The total employee benefit obligation is also less than originally anticipated.

Unspent conditional grants and funds to be surrendered is less than originally anticipated when the budget was prepared. The entity will apply for the funds to be rolled-over and will be used to fund advertising costs for licence applications.

37. BBBEE Performance

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

NOTES

To obtain additional copies of this document, please contact:

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