Western Cape Government

Annual Report 2013/2014

Western Cape Liquor Authority

Western Cape Liquor Authority

Annual Report

2013/2014 Financial Year

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PART A: GENERAL INFORMATION

1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME:	Western Cape Liquor Authority
REGISTRATION NUMBER (if applicable):	
PHYSICAL ADDRESS:	80 St Georges Mall NBS Waldorf Building Cape Town
POSTAL ADDRESS:	PO BOX 398 Cape Town 8000
TELEPHONE NUMBER/S:	021 483 9487
FAX NUMBER:	086 525 4513
EMAIL ADDRESS:	marvin.jackson@westerncape.gov.za
WEBSITE ADDRESS:	www.westerncape.gov.za/wclb
EXTERNAL AUDITORS:	Auditor General South Africa
BANKERS:	Nedbank (PTY) LTD
COMPANY/ BOARD SECRETARY	Caylynne Symes

2. LIST OF ABBREVIATIONS/ACRONYMS

AGSA	Auditor General of South Africa
MEC	Member of Executive Council
BBBEE	Broad Based Black Economic Empowerment
GB	Governing Board
CEO	Chief Executive Officer
LLT	Liquor Licencing Tribunal
CFO	Chief Financial Officer
PFMA	Public Finance Management Act
TR	Treasury Regulations
MTEF	Medium Term Expenditure Framework
SMME	Small Medium and Micro Enterprises
SCM	Supply Chain Management

3. FOREWARD BY THE CHAIRPERSON

It is my pleasure to present the annual report of the Western Cape Liquor Authority, encompassing the financial and non–financial performance for the year 2013/2014. This financial year brought an end to the Western Cape Liquor Authority's second year in existence. Against the background of challenging circumstances and as a young public entity, we have continued to build on our first year's successes.

Financial expenditure has generally been remarkable, having an expenditure of ninety nine percent (99%) against plan. Despite some challenges in the operating environment, major milestones have been achieved. Some of these are outlined in the CEO's introductory remarks while details are provided under the section on performance information. During the year under review we managed to meet and exceed all performance indicators directly under our control. The three targets not met are demand driven. The Board in conjunction with the Management team finalised a detailed strategic plan which is geared to assist us with overcoming our future challenges. The main thrusts of the Strategic Plan are:

- Regulation of the liquor industry
- Responsiveness to the communities and the liquor industry
- Establish stakeholder inclusive model
- To be sustainable, independent, effective, accountable and transparent
- To be and efficient and productive entity.

As a reasonably new entity, the authority faced many challenges during the year under review. Unintended consequences of the act and the processing of the backlog in terms of the Liquor Act of 1989 remains a challenge.

The Authority will continue to build on the solid foundation that has been laid but also realises that in order to do this we must continually examine the value and impact of our work. Some of the key milestones for the future are, the role out of our Administrative functions, processes and the automation thereof , in addition the implementation of the proposed changes to the Act will contribute enormously to the effectiveness and effeciencies of the Authority and the Liquor Licensing Tribunal.

In closing I would like to express my gratitude to my fellow board members for their commitment to the Authority. I also wish to thank the CEO: Mr Thys Giliomee and the rest of his team for their efforts, enthusiasm and commitment towards the Authority. Although we have achieved many successes over the past 2 years, we still face many challenges ahead.

In addition I would like to thank Minister Alan Winde as well as the Department of Economic Development and Tourism for their ongoing commitment and support.

Mervyn Burton

Western Cape Liquor Authority

Date: 15 August 2014

4. CHIEF EXECUTIVE OFFICER'S OVERVIEW

The 2013/14 financial reporting cycle is again evidence of the commitment of the Western Cape Liquor Authority towards its mandate. It is a pleasure to look back on the achievements in the second year of existence of the Western Cape Liquor Authority. In its first year of existence the Authority had received a clean audit. Matters raised in the audit report of the previous financial year related to internal control deficiencies. All these aforesaid internal control deficiencies were addressed accordingly.

The Authority inherited an, at the time, unknown backlog of liquor licence applications (section 19 applications). Not only was this backlog assessed and the total determined as 4 494, but the administration prepared the majority of these applications and the Liquor Licencing Tribunal has started considering some. Interns assisted in assessing and addressing the section 19 backlog.

The Authority complied with the statutory requirements of advertisement of new and secondary applications, thus ensuring public participation in the liquor licencing process. The newly established Western Cape Liquor Authority ensured that no new backlog was built up and that applications are prepared within the minimum time, given the statutory mandatory time frames.

Throughout the year under review the Authority has increased its education initiatives. The Authority engaged with liquor licence holders and liquor forums to educate them on the relevant liquor legislation and liquor licence conditions and distributed relevant training material to assist them. Communities and schools were visited and educated on the social ills of liquor abuse. The interaction with communities and schools was mainly through industrial theatre, motivational talks and information brochures.

The Western Cape Liquor Authority performed routine inspections, formal inspections and night blitzes throughout the province. A number of joint operations with South African Police Services (SAPS), Immigration, City Police and South African Revenue Services (SARS) were undertaken. The Authority is devising a strategy to join forces with the SAPS to fight unlicensed liquor trading. Talks around this subject have taken place at various management and relevant stakeholder meetings and the Authority is busy putting together a proposal on how to address the unlicenced liquor territory. This proposal will include funding and staffing capacity that will allow the Authority to operationally achieve on this vision.

The Liquor Licencing Tribunal has revoked seven liquor licences, suspended five liquor licences and issued fines to the value of R108 000. Two licenced premises were fined R50 000 and R40 000 respectively.

The fully approved and budgeted staff complement of the Western Cape Liquor Authority was appointed by 31 March 2014. Ninety nine percent (99%) of the allocated budget for the financial year under review was spent or committed by 31 March 2014. By 31 March 2014 two of the six phases of the Liquor Management and Tracking System application was implemented successfully and the third was being developed. The attached Annual Financial Statements compiled according to GRAP standards outlines the financial position and financial performance of the entity in detail for the 2013/14 financial year. In the year under review the Authority reviewed the Human Resources Policy and it is currently reviewing its Supply Chain Management policy.

The staff structure of the Authority is not in line with the mandate of the Authority. An Organisational Redesign Study will be conducted in 2014/15. The Authority employed a number of interns to assist in the day to day operations and special projects. In respect of the year under review the Authority was sufficiently funded.

The Liquor Licencing Tribunal (LLT) and more specifically the Presiding Officer (PO) are working with limited remunerated hours allocated to them. We prioritised the matters to be considered by the LLT and the PO. The member of the Appeals Tribunal resigned at the end of the financial year under review and the position has been advertised.

Some of the Authority's exciting projects for 2014/15 include a baseline research study, piloting economic zones and enforcement in respect of unlicensed liquor outlets.

The achievements of the Western Cape Liquor Authority was accomplished by the passionate, motivated, dedicated, professional and loyal staff. I would like to express special thanks to them. However going forward the success of the Authority is dependent on the budget allocation.

In order for the Authority to fulfil on its mandate it will require continued sufficient financial budget allocations. In conclusion, I would like to thank the Governing Board of the Authority, the Department of Economic Development and Tourism, and especially Minister Alan Winde for their continued support.

Thys Giliomee

Chief Executive Officer

Western Cape Liquor Authority

Date: 15 August 2014

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

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 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 utilised 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 2014.

Yours faithfully

Chief Executive Officer

Thys Giliomee

Date: 15 August 2014

Chairperson of the Board

Mervyn Burton

Date: 15 August 2014

6. STRATEGIC OVERVIEW

6.1 Vision

- To regulate the micro–manufacturing and retail of liquor and to deal with liquor related matters in the Western Cape.
- To be the best run regional public entity in the world.

6.2 Mission

- Facilitate the responsible micro–manufacturing and retail of liquor in the Western Cape.
- Regulate the entry of new liquor licence holders in the Western Cape.
- Ensure the responsible use of liquor in the Western Cape.

6.3 Values

The values identified to guide the conduct of the Western Cape Liquor Authority are:

- A high standard of professional ethics must be promoted and maintained at all times, in respect of any action by all members and all staff.
- The efficient, economic and effective use of resources must be adhered to.
- Services must be provided and our conduct in all matters must be impartial, objective, fair, equitable and without bias.
- We strive to promote the values inherent to an open and democratic society based on human dignity, equality and freedom.
- Public participation must be encouraged.
- Responsiveness.
- High levels of competency and care.
- Accountability.
- Highest levels of integrity.
- Application of the rule of law and natural justice principles.
- Transparency in respect of procedures and actions.
- The optimisation of the human capital.

7. LEGISLATIVE AND OTHER MANDATES

7.1 Constitutional mandates

The Western Cape Liquor Authority is a schedule 3C public entity in terms of the Public Finance Management Act. Liquor licencing is a provincial competency in terms Schedule 5 of the Constitution. In this regard the Western Cape Liquor Authority has been established in terms of Section 2(1) of the Western Cape Liquor Act, Act 4 of 2008. The relevant sections pertaining to liquor in the Constitution of the Republic of South Africa of 1996 is as follows:

Schedule 5 of the Constitution: Functional Areas of exclusive provincial legislative competence:

PART A – Liquor Licences – Provincial Competency

PART B – Control of undertakings that sell liquor to the public – Local Government Competency

7.2 Legislative mandates

Significant changes have been made to the Western Cape Liquor Legislation. In December 2010, the Western Cape Provincial Parliament passed the Western Cape Liquor Amendment Act, 2010 (Act 10 of 2010) ("the Amendment Act") to be read in conjunction with the Western Cape Liquor Act No. 4 of 2008. On 21 December 2011 the Western Cape Liquor Regulations were passed which contained the current price schedules. A second amendment Act is being drafted.

Other Legislation includes:

Public Finance Management Act, Act 1 of 1999 as amended by Act 29 of 1999 – To regulate the financial management of provincial entities like the Western Cape Liquor Authority and to ensure that all revenue, expenditure, assets and liabilities are managed efficiently and effectively and to provide the responsibilities and authorities to persons entrusted with financial management.

Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000)

To give effect to section 217(3) of the 1996 Constitution by providing a framework for the implementation of the procurement policies contemplated in section 217(2) of the 1996 Constitution and to provide for matters connected therewith.

7.3 Policy mandates

The Western Cape Liquor Policy, 2005

This policy, commonly referred to as the Liquor White Paper, was the result of a process of intensive and extensive public participation based on the Liquor Green Paper of 2004. It was drafted by a Policy Drafting Panel consisting of the Department of Economic Development and Tourism (DEDAT) officials, legal experts and health professionals specialising in the research and treatment of alcohol–related ill effects.

The policy had five objectives, namely:

- to make it possible for bona fide unlicensed traders in the historically disadvantaged communities to legitimise their businesses without encountering unnecessary barriers when applying for a liquor licence and to create an environment that would encourage them to do so;
- to consider land use planning issues as determined by the municipal planning authorities;
- to provide for the involvement of communities in determining the location of licensed liquor outlets;
- to involve the municipalities in the Western Cape; and
- to reduce the social cost of liquor abuse to society in general, and to the people of the Western Cape in particular.

The policy formed the basis on which the initial Western Cape Liquor Bill of 2006 was drafted.

7.4 Relevant court rulings

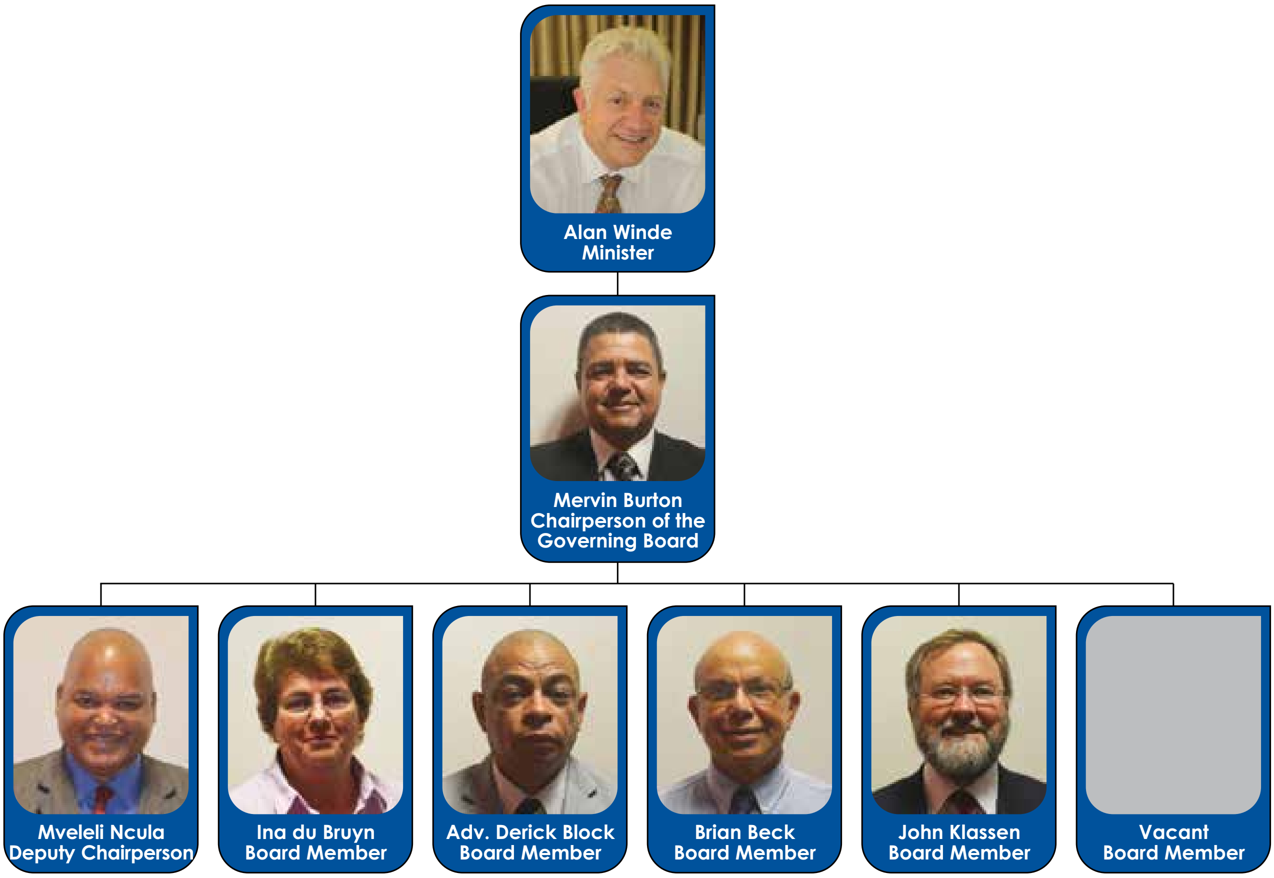
The Constitutional Court matter known as Ex Parte the President of the Republic of South Africa in re: Constitutionality of the Liquor Bill, heard as case CCT 12/99 by the Constitutional Court of South Africa on 31 August 1999 and decided on 11 November 1999 with the judgment delivered by Cameron AJ refers.

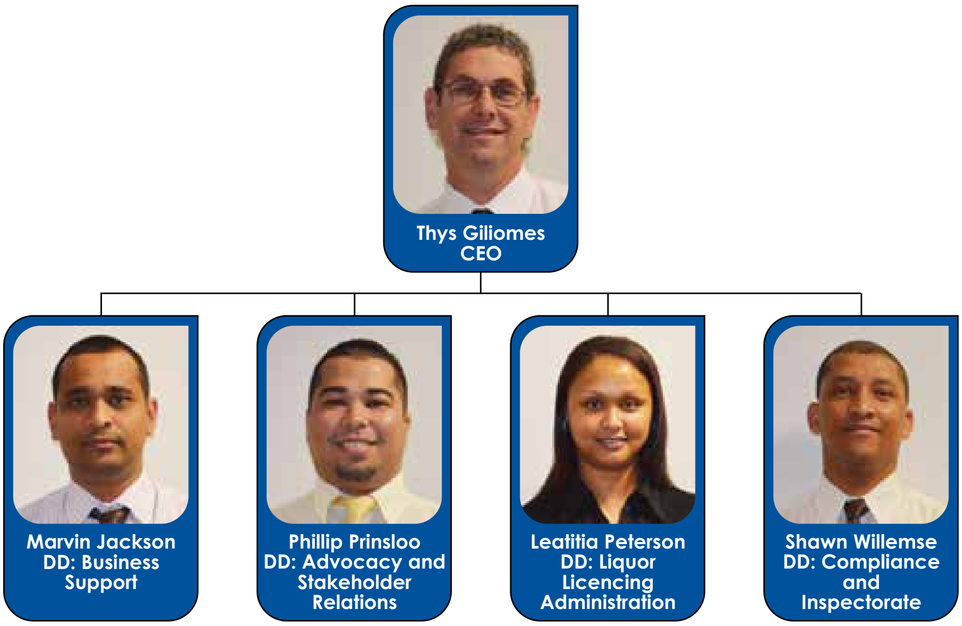
The State President, at the time, took the unprecedented step to utilise section 79(4)(b) of the 1996 Constitution to refer a bill to the Constitutional Court to have the constitutionality thereof tested after the bill had been approved by the National Assembly. The State President stated his reasons to include that the bill clearly intended 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 licencing", 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 licences" in Schedule 5 applies to all liquor licences, 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 licencing.

8. ORGANISATIONAL STRUCTURE





PART B: PERFORMANCE INFORMATION

1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

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

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 predetermined 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.

2. SITUATIONAL ANALYSIS

2.1 Service Delivery Environment

The Western Cape Liquor Act was enacted to provide for the licensing of the retail sale and the micro–manufacture of liquor in the Western Cape Province and to provide for incidental matters.

The Western Cape Liquor Authority (hereinafter referred to as the WCLA) is a Provincial Public Entity established by sub section 2(1) of the Western Cape Liquor Act (4 / 2008) as amended by the Amendment Act (10 / 2010) and as referred to in section 5 of the National Liquor Act (27/1989) as amended. The WCLA is listed as a Provincial Public Entity in Schedule 3 C of the PFMA. In order to assist users of the annual report to gain an understanding of the challenges, successes and other factors that might impact on a public entity's performance, it is necessary to provide the users with an overview of the context within which the public entity operated and sought to implement its strategic plan and annual performance plan.

The subject of liquor is a very contentious issue and the regulation thereof is complex. Based on the previous statement the WCLA operates in an environment that brings with it many challenges and obstacles. Be that as it may, the Authority still managed to achieve on all of its performance targets and in some way made a difference in the lives of not only the licence holders but that of the broader community as well. The Authority continuously strives to provide the best service to its stakeholders and ensure that whatever interventions they implement not only allows them to achieve on their performance targets but in some way positively impacts the citizens of the Western Cape.

ACHIEVEMENTS

Event attendance

Part of the growing success of the Authority is its increased presence at major events within the greater Western Cape. The Western Cape is the preferred destination for hosting major events. These events include sporting events, festivals and hosting major music concerts. Some of these events attended by the Authority include but are not limited to:

- Major music concerts
- Wine festivals
- National and International sporting events (rugby, cricket and soccer)
- Arts festivals

Being present at these events have successfully improved the Authority's corporate image and made more citizens aware of the existence of the Authority. Many challenges and uncertainties regarding licence conditions faced by licence holders were also addressed at these events thus mitigating any compliance issues that may have occurred.

Co–operative enforcement operations

The Minister of Finance, Economic Development and Tourism is the custodian of the Western Cape Liquor Act in terms of which the WCLA is mandated to regulate the liquor industry in conjunction with other law enforcement agencies. Inter–governmental relations and co–operation is of major strategic importance to the Authority. This relationship allows the inspectorate of the Authority to obtain assistance to conduct inspections at night in dangerous areas and outlets. This co–operation will in future enable the Authority to act against unlicenced liquor traders to ensure a more inclusive and effective regulation of the liquor industry.

Stakeholder engagements

As a regulator of the liquor industry in the Western Cape, the Authority sees it as a priority to have regular engagements with all relevant stakeholders. These stakeholders include liquor licence holders, communities, schools, the liquor industry and governmental departments.

During the past year the Authority engaged in structured interventions to meet the needs of these stakeholders. Education sessions were held with liquor licence holders to educate them on the relevant liquor legislation. During these sessions formal PowerPoint presentations were facilitated and training manuals, application handbooks, brochures and liquor licencing charters were handed out. This was also an opportunity for liquor licence holders or new entrants to engage with the Authority on specific matters for clarity. Liquor licence holders were sensitised on their obligation to be responsible liquor traders.

The Authority also engaged communities and schools to educate them about the social ills of liquor and to inform them about liquor legislation and the role they can play as a community to ensure responsible trading. During these sessions they were also informed that the Western Cape liquor legislation encourages public participation during the application process. The Authority also informed the relevant stakeholders on the process of reporting irresponsible liquor trading. The Authority is using industrial theatre (drama) and motivational talks to bring these messages across.

The Authority engaged with the industry on a regular basis through circulars and meetings. Currently the Authority is in the process of developing a website that will be an additional tool to provide information to stakeholders. During the 2013 festive period the Authority engaged with communities at taxi ranks to encourage them to be responsible liquor consumers. During this period key messages were also published in local community newspapers. Radio interviews were conducted and a radio advert was broadcast in an attempt to educate the broader community on the liquor legislation.

PROGRESS

Liquor licencing system

The Authority has made huge strides in identifying the number of old section 19 applications in terms of the old Act, Act No 27 of 1989. This backlog totals 4 494 and the applications date back as far as 2001. Although the Authority managed to address some of these applications (851 thus far) the impact in eradicating this backlog is not as big as the Authority would have liked. This is due to capacity constraints especially in the Liquor Licencing Tribunal and Liquor Licencing Administration components. Amendments to the current Western Cape Liquor Act 4 of 2008 (as amended) is in the process of being tabled and these amendments will allow the Liquor Licencing Tribunal to address the backlog more efficiently.

The Authority has since embarked on enhancing the CMaTS system and outphasing the Clipper system. The new enhanced CMaTS system will be known as the LMaTS system (Liquor Management and Tracking System). The LMaTS system will integrate with the financial system utilised by the Authority. This will eliminate the manual entry of information into two systems and will eliminate the risk of incomplete or inaccurate information. The enhancement of the system project will take place in a phased approach. Two phases have already been completed and the project is scheduled to be completed with the advent of the 2015/2016 financial year.

CHALLENGES / KEY INITIATIVES

Office accommodation

The Authority is in the process of sourcing suitable office accommodation that will address its current needs. The Department of Public Works and Transport is assisting the Authority with this project and the Authority is hopeful that it will take occupancy of the new office accommodation within the 2014/2015 financial year.

Budget

The 2013/2014 budget allocation allowed the Authority to achieve most of its performance targets. Although the Authority had targeted specific interventions to address the different needs of its stakeholders and met most of its performance targets in order to fulfil its mandate, the Authority needs to improve on its past performance. The Authority wishes to become a regulator to be reckoned with in its business environment and make greater strides towards sounder education, awareness and responsible liquor trading interventions in order to try and combat the negative social ills of liquor. We recognise that in order to reach these objectives greater enforcement will also have to be maintained. A cause of concern that will limit this endeavour is the fact that the budget allocation for the 2014/2015 financial year has been severely reduced.

Backlog of old applications

The Authority has made huge strides in identifying the number of old section 19 applications in terms of the old Act, Act No 27 of 1989. This backlog totals 4 494 and the applications date back as far as 2001. Although the Authority managed to address some of these applications (851 thus far) the impact in eradicating this backlog is not as big as the Authority would have liked. This is due to capacity constraints especially in the Liquor Licencing Tribunal and Liquor Licencing Administration components. Amendments to the current Western Cape Liquor Act 4 of 2008 (as amended) is in the process of being tabled and these amendments will allow the Liquor Licencing Tribunal to address the backlog more efficiently.

Organisational structure

The Western Cape Liquor Authority was previously a programme within the Department of Economic Development and Tourism. Being a programme all of the support services for the Liquor Board were performed by other Department. Parts of the licencing functions were previously performed by magistrates and their staff. In terms of the current Act, all of these (support and licencing) functions must be performed by the Authority. The Authority has a licence database numbering more than 8000 and has 8 liquor inspectors who have to do inspections at all of these licenced premises. Adding to the difficulty faced by the inspectors in performing their function is a fact that these licences are scattered throughout the entire Western Cape Province.

The Authority has requested the Department of the Premier to assist it with an organisational redesign to address the above mentioned shortcomings. The Premiers office has indicated that they will be able to assist the Authority in October 2014.

The Western Cape Liquor Authority will continuously endeavour to promote skills development and employment in the Western Cape liquor industry and make a considerable impact in ensuring that the negative impact the liquor industry has on the Western Cape Province is significantly reduced.

2.2 Organisational environment

The Western Cape Liquor Act 4 of 2008 (as amended) stipulates the functions and responsibilities attached to the Authority. Many of the functions now attached to the Authority were assigned to the Liquor Board under the previous Act, the Liquor Act 27 of 1989. Compounding to the problem is the backlog which adds extra burden on not only the current capacity of the Authority but also on the Liquor Licencing Tribunal of the Authority. The LLT was appointed to consider licence applications under the new Act and in addition have the responsibility to also consider the backlog applications under the old Act.

The Authority in addressing the limited capacity of the LLT to attend to the backlog has proposed amendments to the Act which will assist the LLT in terms of capacity. These amendments have been published in the provincial gazette and are in the process of public participation. The LLT in the meanwhile has scheduled their diaries in such a manner that they ensure that all new applications (in terms of the current Act) are being disposed of in the prescribed timeframe.

The inspectors of the Compliance and Inspectorate Component are responsible for ensuring compliance at over 8000 licenced liquor outlets across the province. These include inspections, investigations, the issuing of compliance notices and joint enforcement operations. It is extremely challenging for the inspectors to effectively perform their duties. When issuing compliance notices the licence holder has 30 days within which to comply i.e. should an inspector issue a compliance notice in Beaufort West, 30 days later he has to drive back to Beaufort West to verify whether the licence holder has in fact complied. Furthermore this also poses a challenge in response times to complaints i.e. inspectors are all based in Cape Town and need to respond to complaints throughout the entire province as far as Plettenberg Bay. This is not a very efficient approach to service delivery. The organisational redesign exercise by the Department of the Premier will also seek to address this challenge.

The Western Cape Liquor Act 4 of 2008 (as amended) makes provision for the establishment of a social and educational fund. This fund is to be utilised to address the negative social ills caused by the abuse of liquor and for education. This fund was utilised to educate communities and schools on the negative social ills caused by the abuse of liquor. Liquor licence holders were also trained on the relevant liquor legislation. This fund was also utilised to develop teaching aids to assist in educating the target audiences and to procure industrial theatre performances to communicate the message of responsible alcohol usage. Unfortunately the limited budget of this fund does not allow for the intended impact that the Authority would like to make in addressing the negative social ills associated with the abuse of liquor.

The Authority in conjunction with the Department of Economic Development and Tourism is in the process of amending the Act. As with many pieces of legislation teething problems were experienced and a need for amendments were identified. These amendments are currently being addressed.

2.3 Key policy developments and legislative changes

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

The Western Cape Liquor Act (4/2008) as amended came into effect on the 1 April 2012. The second amendments to the Act are in the process of being tabled at the Legislature.

2.4 Strategic Outcome Oriented Goals

As a regulating entity the Authority wants to create a regulatory environment that reflects high levels of participation by the public, maximising the benefits of the industry for the Province and its people and minimising its negative effects through increased awareness, improved regulation of the liquor industry and better law enforcement.

3. PERFORMANCE INFORMATION BY Programme

3.1 Programme 1: Governing Board

The Governing Board of the Western Cape Liquor 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, strategy, direction, leadership, macro management, control, proper accountability, probity and openness in all aspects and the conduct of the business of the Western Cape Liquor Authority and the establishment and functioning of the Social and Education Fund.

Strategic objectives, performance indicators planned targets and actual achievements

Strategic objectives

A regulatory environment that reflects high levels of participation by the public, a reduction in the negative effects of the industry and major transformation in terms of ownership, outlet density and the level of regulation (as per the 2010/2015 5 Years Strategic Plan of the Department of Economic Development and Tourism Sub programme 4.3 Liquor Regulation).

Key performance indicators, planned targets and actual achievements

Programme: Governing Board					
Performance Indicator	**Actual Achievement 2012/2013**	**Planned Target 2013/2014**	**Actual Achievement 2013/2014**	**Deviation from planned target to Actual Achievement for 2013/2014**	**Comment on deviations**
Number of meetings of the Governing Board	–	4	11	7	The governing board had to meet more than what was estimated in order to address pertinent issues facing the Authority
Number of sub–committee meetings of the Governing Board	–	10	24	14	The sub committees of the board had to meet more than what was estimated in order to address pertinent issues facing the Authority

Strategy to overcome areas of under performance

The Authority has over-achieved on all of its performance indicators.

Changes to planned targets

No changes to performance indicators within the year under review.

Linking performance with budgets

The Governing Board's budget is included in the budget of Business Support.

3.2 Programme 2: Liquor Licence Tribunal

The Liquor Licence Tribunal is an independent adjudicatory body and is responsible for considering all liquor licence applications and also conducts hearings. These hearings are made-up of objection hearings, inspectorate hearings and hearings in respect of the applications for renewal of licences.

Strategic objectives, performance indicators planned targets and actual achievements

Strategic objectives

A regulatory environment that reflects high levels of participation by the public, a reduction in the negative effects of the industry and major transformation in terms of ownership, outlet density and the level of regulation (as per the 2010/2015 5 Years Strategic Plan of the Department of Economic Development and Tourism Sub programme 4.3 Liquor Regulation).

Key performance indicators, planned targets and actual achievements

Programme: Liquor Licence Tribunal					
Performance Indicator	**Actual Achievement 2012/2013**	**Planned Target 2013/2014**	**Actual Achievement 2013/2014**	**Deviation from planned target to Actual Achievement for 2013/2014**	**Comment on deviations**
Number of new licences approved	–	500	362	(138)	This is directly linked to the number of applications received as well as the time and legislative constraints
Number of new licences issued	–	500	1 609	1 109	This is inclusive of all licence application types approved by the LLT and Presiding Officer
Number of secondary applications approved	–	100	649	549	This is directly linked to the number of applications received
Number of special and temporary licences approved	–	1 000	1 192	192	This is directly linked to the number of applications received

Strategy to overcome areas of under performance

Amendments to the Western Cape Liquor Act 4 of 2008 is currently underway that is envisaged to address time constraints in respect of the LLT.

Changes to planned targets

No changes to performance indicators within the year under review.

Linking performance with budgets

	2013/2014			2012/2013		
Programme/ activity/ objective	**Budget**	**Actual Expenditure**	**(Over)/ Under Expenditure**	**Budget**	**Actual Expenditure**	**(Over)/ Under Expenditure**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Liquor Licence Tribunal	R1 951	R1 816	R135	–	–	–
Total	**R1 951**	**R1 816**	**R135**	**–**	**–**	**–**

3.3 Programme 3: Appeals Tribunal

The Appeals Tribunal is responsible for adjudicating all appeals lodged against decision of the LLT.

Strategic objectives, performance indicators planned targets and actual achievements

Strategic objectives

A regulatory environment that reflects high levels of participation by the public, a reduction in the negative effects of the industry and major transformation in terms of ownership, outlet density and the level of regulation (as per the 2010/2015 5 Years Strategic Plan of the Department of Economic Development and Tourism Sub programme 4.3 Liquor Regulation).

Key performance indicators, planned targets and actual achievements

Programme: Appeals Tribunal					
Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
Number of complaints received	–	25	9	(16)	The Western Cape Liquor Authority has no control over the number of complaints received
Number of sittings	–	25	14	(11)	This figure is dependent on the availability of witnesses and the number of complaints

Strategy to overcome areas of under performance

As part of the education and engagements with licence holders and communities their right to appeal was explained to them.

Changes to planned targets

No changes to performance indicators within the year under review.

Linking performance with budgets

The Appeal Tribunals budget is included in the budget of the Liquor Licence Tribunal.

3.4 Programme 4: Liquor Licence Administration

The Liquor Licence Administration unit is responsible for the administration of all liquor applications in the Western Cape for consideration by the Liquor Licensing Tribunal, for the issuing of liquor licences and certificates and the issuing of renewal notices for all valid liquor licences.

Strategic objectives, performance indicators planned targets and actual achievements

Strategic objectives

A regulatory environment that reflects high levels of participation by the public, a reduction in the negative effects of the industry and major transformation in terms of ownership, outlet density and the level of regulation (as per the 2010/2015 5 Years Strategic Plan of the Department of Economic Development and Tourism Sub programme 4.3 Liquor Regulation).

Key performance indicators, planned targets and actual achievements

Programme: Liquor Licence Administration					
Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement for 2013/2014	Comment on deviations
Number of applications received (new licences and secondary applications)	3 364	1 500	3 308	1 808	The Western Cape Liquor Authority has no control over the number of applications received. The increase can be attributed to the increase in the number of special and temporary licence applications received during the festive period.
Number of licences issued	916	500	1 602	1 102	The increase in the number of temps and special events licences has significantly added to the over achievement of licences issued
Number of new applications received and processed	–	500	636	136	The Western Cape Liquor Authority has no control over the number of new applications received
Number of secondary applications received and processed	–	500	1 133	633	The Western Cape Liquor Authority has no control over the number of secondary applications received
Number of Special and temporary licence applications received and processed	–	1 000	1 539	539	The Western Cape Liquor Authority has no control over the number of special and temporary applications received

Strategy to overcome areas of under performance

The Authority has over-achieved on all of its performance indicators.

Changes to planned targets

No changes to performance indicators within the year under review.

Linking performance with budgets

	2013/2014			2012/2013		
	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 Licence Admini–stration	R8 416	R8 264	R152	–	–	–
Total	**R8 416**	**R8 264**	**R152**	**–**	**–**	**–**

3.5 Programme 5: Advocacy and Stakeholder Relations

This Unit will inform the industry and stakeholders of new and important developments within the Authority by active, efficient and effective communication and intervention. Actions will include, but are not limited to, an up to date website, workshops with industry specific stakeholders, information sessions with stakeholders and on–going electronic communication with the major players in the industry.

Strategic objectives, performance indicators planned targets and actual achievements

Strategic objectives

A regulatory environment that reflects high levels of participation by the public, a reduction in the negative effects of the industry and major transformation in terms of ownership, outlet density and the level of regulation (as per the 2010/2015 5 Years Strategic Plan of the Department of Economic Development and Tourism Sub programme 4.3 Liquor Regulation).

Key performance indicators, planned targets and actual achievements

Programme: Advocacy and Stakeholder Relations					
Performance Indicator	**Actual Achievement 2012/2013**	**Planned Target 2013/2014**	**Actual Achievement 2013/2014**	**Deviation from planned target to Actual Achievement for 2013/2014**	**Comment on deviations**
Number of awareness interventions conducted	123	100	103	3	More sessions were held due to an increase in stakeholder interests in the services of the Authority
Number of people reached through awareness interventions	1 212	2 000	4 331	2 331	The number of people reached exceeded the target due to more people attending the stakeholder engagements than anticipated
Number of updates to the website	–	6	10	4	The increase in updates to the website was as per operational requirements and improved communication to stakeholders
Number of hits to the website	–	1 000	12 024	11 024	This is directly related to the fact that communication to stakeholders has significantly improved
Number of call centre queries received	–	1 000	4 861	3 861	This is directly related to the fact that communication to stakeholders has significantly improved
Number of circulars	–	40	44	4	The increase in number of circulars was as per operational requirements and improved communication to stakeholders
Percentage of the Social and Educational fund budget spend	–	100%	100%	–	

Strategy to overcome areas of under performance

The Authority has over-achieved on all of its performance indicators.

Changes to planned targets

No changes to performance indicators within the year under review.

Linking performance with budgets

	2013/2014			2012/2013		
Programme/ activity/ objective	**Budget**	**Actual Expenditure**	**(Over)/ Under Expenditure**	**Budget**	**Actual Expenditure**	**(Over)/ Under Expenditure**
	R'000	R'000	R'000	R'000	R'000	R'000
Advocacy and Stakeholder Relations	R4 638	R3 422	R1 216	–	–	–
Total	**R4 638**	**R3 422**	**R1 216**	**–**	**–**	**–**

3.6 Programme 6: Compliance and Inspectorate

This Unit is responsible for monitoring and enforcing compliance with the provisions of the Act, regulations and liquor licence conditions by:

- Conducting inspections to monitor compliance with liquor licence conditions
- Issuing compliance notices to address non–compliance
- Joint enforcement operations aimed at addressing targeted non–compliance
- Prosecution of non–compliant liquor licence holders
- Attending liquor forum meetings with the Advocacy and Stakeholder Relations component to educate licence holders about the Act and responsible trading

Strategic objectives, performance indicators planned targets and actual achievements

Strategic objectives

A regulatory environment that reflects high levels of participation by the public, a reduction in the negative effects of the industry and major transformation in terms of ownership, outlet density and the level of regulation (as per the 2010/2015 5 Years Strategic Plan of the Department of Economic Development and Tourism Sub programme 4.3 Liquor Regulation).

Key performance indicators, planned targets and actual achievements

Programme: Compliance and Inspectorate					
Performance Indicator	**Actual Achievement 2012/2013**	**Planned Target 2013/2014**	**Actual Achievement 2013/2014**	**Deviation from planned target to Actual Achievement for 2013/2014**	**Comment on deviations**
Number of inspections conducted	2 404	2 000	3 820	1 820	More enforcement operations were conducted than anticipated as a result of an increase in complaints lodged by communities and requests for assistance from law enforcement agencies
Number of routine inspections conducted	–	2 000	3 545	1 545	More enforcement operations were conducted than anticipated as a result of an increase in complaints lodged by communities and requests for assistance from law enforcement agencies
Number of formal inspections conducted	–	200	275	75	More enforcement operations were conducted than anticipated as a result of an increase in complaints lodged by communities and requests for assistance from law enforcement agencies
Number of compliance notices issued	–	200	227	27	This is directly linked to the increased enforcement interventions

Strategy to overcome areas of under performance

The Authority has over-achieved on all of its performance indicators.

Changes to planned targets

No changes to performance indicators within the year under review.

Linking performance with budgets

	2013/2014			2012/2013		
Programme/ activity/ objective	Budget	Actual Expenditure	(Over)/ Under Expenditure	Budget	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Compliance and Inspectorate	R5 843	R5 403	R440	–	–	–
Total	**R5 843**	**R5 403**	**R440**	**–**	**–**	**–**

3.7 Programme 7: Business Support

The Business Support unit provides strategic and administrative support to the components of the WCLA to ensure that the Authority achieves its performance targets. This unit will strive to ensure compliance with all relevant rules and legislations that govern public sector procurement and finance. It is the aim of this unit to ensure resources for the continuous efficient and effective day to day operations of the Authority

Strategic objectives, performance indicators planned targets and actual achievements

Strategic objectives

A regulatory environment that reflects high levels of participation by the public, a reduction in the negative effects of the industry and major transformation in terms of ownership, outlet density and the level of regulation (as per the 2010/2015 5 Years Strategic Plan of the Department of Economic Development and Tourism Sub programme 4.3 Liquor Regulation).

Key performance indicators, planned targets and actual achievements

Programme: Business Support					
Performance Indicator	**Actual Achievement 2012/2013**	**Planned Target 2013/2014**	**Actual Achievement 2013/2014**	**Deviation from planned target to Actual Achievement for 2013/2014**	**Comment on deviations**
Number of days from invoice to payments to creditors – 30 days	–	95%	100%	5%	The Authority strives to pay all invoices received within 30 days
Actual expenditure as percentage of adjusted budget	–	90%	100%	10%	The Authority managed to spend all of its allocated budget on its operations
Actual revenue as percentage of adjusted budget	–	80%	82.53%	2.53%	The Authority was in line with its projection in terms of revenue generation
Maintaining a vacancy rate of 10% or less	–	10%	0	(100%)	All post on establishment filled on 31 March 2014
Number of funded posts	–	50	43	(14%)	Approved post on the establishment
Number of posts filled within 2 months from placing of adverts	–	100%	100%	–	
Maintaining a staff turnover of 15% or less per annum	–	15%	6.97%	(54%)	Staff turnover was less than the planned target.
Unqualified audit report	–	–	–	–	–

Strategy to overcome areas of under performance

The Authority has over-achieved on all of its performance indicators.

Changes to planned targets

No changes to performance indicators within the year under review.

Linking performance with budgets

	2013/2014			2012/2013		
Programme/ activity/ objective	Budget	Actual Expenditure	(Over)/ Under Expenditure	Budget	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Business Support	R14 271	R6 872	R7 399	–	–	–
Chief Executive Officer	R1 215	R1 200	R15	–	–	–
Total	**R15 486**	**R8 072**	**R7 414**	**–**	**–**	**–**

4. REVENUE COLLECTION

	2013/2014			2012/2013		
Sources of revenue	Estimate	Actual Amount Collected	(Over)/ Under Collection	Estimate	Actual Amount Collected	(Over)/ Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Licence issuing fee	R500 000	R494 767	R5 233	R750 000	R878 613	(R128 613)
Licence fee temp & special	R900 000	R1 200 468	(R300 468)	R900 000	R852 707	R47 293
Auto renewal	R24 000 000	R24 428 043	(R428 043)	R24 000 000	R24 630 278	(R630 278)
Transfer of licencee	R150 000	R187 225	(R37 225)	R5 000	R4 375	R625
Application fee temp & special	R300 000	R383 900	(R83 900)	R300 000	R317 000	(R17 000)
Total	**R25 850 000**	**R26 694 403**	**(R844 403)**	**R25 955 000**	**R26 682 973**	**(R727 973)**

The Western Cape Liquor Authority according to the Western Cape Liquor Act, 2008 (Act 4/2008) as amended and GRAP principles, acts as an agent to the Provincial Revenue Fund. All monies collected in the form of licence fees for temporary and special event licences, licence renewal fees, transfer of licences and licence issuing fees are paid over to the Provincial Revenue Fund via the Department of Economic Development and Tourism. The Western Cape Liquor Authority has set itself a target amount of R24 million as part of its budgeting process. The Authority has reached its set targets in terms of the budget and has paid over the amount of R 28 million to the Provincial Revenue Fund. The Authority received funding from the Department to the value of R30, 936 million.

The over-collection on revenue is linked to the increase in secondary, special and temporary licence applications. The increase in these types of licence applications is outside of the control of the Authority and is solely based on the demand as per applicants.

In order to ensure that the Authority achieves on its "revenue" targets for the financial year, the Authority capacitated the revenue section of the Business Support Component. This allowed the Authority to ensure that all monies were received where there were cases of incorrect or limited referencing as per the bank statement. This involved cold-calling applicants and requesting proof of payments as well as reasons for payments. This also enabled the Authority to reduce its suspense account entries.

The Authority it is not dependant on the revenue that it collects as an agent to the Provincial Revenue Fund as the Authority receives funding from Treasury via the Department of Economic Development and Tourism for its day to day operations and service delivery.

4.1 Capital investment

The Authority has as part of the 2013/2014 financial year taken ownership of the assets transferred to them from the Department of Economic Development and Tourism. These assets have been accounted for on the asset register of the Authority and in accordance with the GRAP standards that the Authority has to adhere to as its accounting standards.

The Authority has rolled out a planned systems enhancement of its current financial and licencing system. The new licencing system will be known as the Licencing Management and Tracking System (LMaTS). The project aims to outphase the current Liquor Licencing System known as Clipper and enhancing the current Correspondence Management and Tracking System (CMaTS). This project is on track for completion on 1 April 2015. To date phase two of a six phase development programme has been implemented.

As a public entity the Authority has to have an independent IT Infrastructure. Currently the Authority is enjoying the services of the Centre for E-innovation but this relationship will have to come to an end once the Authority has established its own IT Infrastructure. In terms of establishing its own IT Infrastructure the Authority has approached the State Information Technology Agency (SITA) to assist them with the development of an ICT Plan, which has been developed and approved by the Board, as well as the procurement of their IT Infrastructure hardware and software requirements. The implementation of the IT Infrastructure is subject to the relocation of the Authority.

In line with its long term strategic objectives the Authority has embarked on the development of its own unique website. This website will eventually allow the public to apply for licences on-line. The development of this website has reached an advanced stage and currently a service provider is developing the first phase of the website. Part of the first phase of development is to have a website with current and relevant information. The first phase of the website design will be complete by the end of August 2014.

90% of the Authority's assets are in a good condition and 10 % are in a fair condition. With the intended move to new office accommodation the Authority will adhere to the principles as prescribed by the office modernisation. Resulting from this, the majority of the Authority's office furniture currently utilised will have to be disposed of. The Authority will also dispose of assets that have reached their useful life expectancy and this will take place in accordance with the depreciation schedule as set in the asset register or as and when required.

The Authority had one report of theft relating to assets during the year under review. This related to a laptop that was stolen when an inspector's home was burgled. The theft was reported to the SAPS and to the Authority's insurance broker. A claim amounting to R9 000 was instituted which the Authority was paid out for. No loss, disposal, and scrapping of assets has taken place during the period under review.

In terms of maintenance projects, the Authority has not embarked on such an exercise. Maintenance of all Authority assets takes place on an as and when required basis.

	2013/2014			2012/2014		
Infra–structure projects	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	R1 260	R361	R899	–	–	–
IT Infra–structure	R2 810	–	R2 810	–	–	–
Website	R300	–	R300	–	–	–
Office Modernis–ation	R3 505	–	R3 505	–	–	–
Total	**R7 875**	**R361**	**R7 511**	**–**	**–**	**–**

PART C: GOVERNANCE

1. INTRODUCTION

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

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

2. PORTFOLIO COMMITTEES

The Governing Board of the Authority has established 4 sub committees. These Sub Committees are identified as follows:

- Operations Committee
- Human Resources Committee
- Finance and IT Committee
- Social 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 respective mandates of the said Sub Committees.

3. EXECUTIVE AUTHORITY

The Governing Board meets on a quarterly basis where feedback is provided on quarterly financial and non-financial performance as well as the general wellbeing 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 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 strategic objective in this regard is to ensure an effective, efficient and informed Governing Board to lead the Western Cape Liquor Authority to be the best regional entity in the world

The role of the Board is 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.

Board Charter

The Western Cape Liquor Authority came into existence on the 1 April 2012.

The charter was formulated and officially adopted on the 17 March 2014.

Although its official adoption was nearly two years after the initial inception of the Entity, the Board needed to satisfy itself that the Charter accommodated the necessary legislation, regulations and appropriate Governance prescripts such as King III, where applicable, before finalisation. This was quite a complex process as the Board needed to consider the relationships and management of the Two Tier structure as prescribed by the WCL Act of 2008, namely the Board and the Liquor Licencing Tribunal. The Charter in effect drives our Governance structures. Overall the Board has discharged its legislative mandate efficiently and effectively.

Composition of the Board

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Director–ships (List the entities)	Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
Mervyn Burton	Chairperson	15/03/2012	N/A	CA(SA)	Finance and General Management	N/A	Fin Com and HR Com	11
Mveleli Ncula	Deputy Chairperson	15/03/2012	N/A	Senior Teaching Diploma, Personnel and Training Diploma, Labour Relations Diploma	Governance and Communication	South African Rugby Union, Urban Foundation Port Elizabeth, ENERGOS Foundation Cape Town	Fin Com, OPS Com and HR Com	11
Derrick Block	Member	15/03/2012	N/A	B.Iuris, LLB, H Dip Tax, Admitted Advocate	Compliance and Governance	Board Member of MINTEK, CSOSv	OPS Com	7
John Klassen	Member	15/03/2012	N/A	B Comm (Hons)	Social Fund	N/A	Soc Com and OPS Com	11
Brian Beck	Member	15/03/2012	N/A	Dip Theology	Governance	N/A	HR Com, Soc Com and Risk Com	7
Ina du Bruyn	Member	15/03/2012	N/A	Professional Business Coaching	Governance, HR and Finance	Cape Nature	HR Com, Fin Com and Audit Com	11
Siphiwo Mavumen–gwana	Member	15/03/2012	18/12/2013	MDP, ND Marketing, Cert. Banking Finance	Business Consultant, Corporate Governance and Due diligence	NA	Fin Com, Soc Com and OPS Com	4

Committees

Committee	No. of meetings held	No. of members	Name of members
OPS Committee	6	4	Derrick Block, Siphiwo Mavumengwana, Mveleli Ncula and John Klassen
Finance Committee	6	4	Mervyn Burton, Siphiwo Mavumengwana, Mveleli Ncula and Ina du Bruyn
HR Committee	7	4	Ina du Bruyn, Mervyn Burton, Brian Beck and Mveleli Ncula
Social Fund Committee	5	3	John Klassen, Brian Beck and Siphiwo Mavumengwana

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	R3 056	R382
Deputy Chairperson	R2 160	R270
Member	R1 872	R234

Name	Remuneration	Other allowance	Other re–imbursements	Total
Mervyn Burton	R112 697.63	R6 056.52	–	R118 754.15
Mveleli Ncula	R33 367.36	R4 359.18	–	R37 726.54
Derrick Block	R27 664.00	R2 213.30	R264.00	R30 141.30
John Klassen	R52 598.91	R10 212.68	R245.00	R63 056.59
Brian Beck	R17 940.00	R2 368.68	R44.00	R20 352.68
Ina du Bruyn	R47 963.50	R8 861.56	R240.00	R57 065.06
Siphiwo Mavumengwana	R20 634.25	R9 489.51	R223.50	R30 347.26

5. RISK MANAGEMENT

The Governing Board is responsible for the governance of risk.

The Governing Board is assisted in their task regarding the governance of risk by the Risk Management Committee comprised out of the Management of the Authority and the Chief Risk Officer. The Governing Board performs an oversight function with regard to the management of risks. The Risk Management Committee is responsible for the design, implementation and monitoring of the risk management plan.

The Risk Management Committee meets on a quarterly basis. The Chief Risk Officer fulfils the secretarial role for this committee. The Audit Committee chair and a representative of Internal Audit will have a standing invitation to the quarterly Risk Management Committee Review meeting. A six–monthly report is drafted by the Risk Management Committee. This report is presented by the Chair of the Risk Management Committee to the Governing Board at their meetings

The Inherent risk rating is an indication of the severity of the risks facing the entity. The expectation would therefore be that the risks with the highest Inherent risk rating would be those issues that are regularly discussed at Executive Committee and Governing Board meetings; and have the most effective risk mitigating measures currently.

The risk mitigating measures, as well as their strength ratings are discussed at the quarterly operational meetings.

Any amendments are then fed through to the Chief Risk Officer by the Executive Process owner, who will update the Risk Register.

6. INTERNAL CONTROL UNIT

The Authority does not have an internal control unit.

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. The internal audit plan is based on 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:

- Recruitment, selection and dismissals
- Licencing and application processing
- Inspections process
- IT

The Audit Committee of the Authority meets 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 table below discloses relevant information on the audit committee members

Name	Qualifi–cations	Internal or external	If internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
Ethel Hamman	CASA; PGDA	External	–	1 April 2013	–	5
Stephanus Claassen	B Com (Accounting); M Com (Accounting); CASA; Company Secretary	External	–	1 April 2013	20 February 2014	2
Ina Du Bruyn	Professional Business Coaching	Internal	Board member	1 April 2013	-	5

8. COMPLIANCE WITH LAWS AND REGULATIONS

The Western Cape Liquor Authority is governed by the Western Cape Liquor Act, Act 4 of 2008, as amended. Every effort is made by the Authority to enforce the Act in the regulation of licenced premises and the adjudication of liquor licences.

Not only is the Authority guided by the Liquor Act but it is also the responsibility of the Authority to adhere to all policies and procedures as set out in other regulatory legislation that governs the Western Cape.

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 for which the Authority's internal audit service providers performed in the financial year (2013/2014).

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. Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his injury. Each member of the management team and staff will be familiar with the types of improprieties that might occur within his area of responsibility, and be alert to any indication of irregularity.

Any irregularity that is detected or suspected must be reported immediately to a Deputy Director and/or the CEO and the CEO will and may involve any organ of state or department in the investigation.

An employee who discovers or suspects fraudulent activity will contact the CEO immediately. The employee or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual, his attorney or representative, or any other inquirer should be directed to the CEO. No information concerning the status of an investigation will be revealed.

If an investigation results in a recommendation to discipline an employee, the recommendation will be reviewed for approval by the designated representative from Human Resources, before any such action is taken. No outside unit has the authority to terminate the services of an employee. The decision to terminate the services of an employee is made by the CEO based on the recommendation received from the chairperson of a disciplinary hearing.

10. MINIMISING CONFLICT OF INTEREST

All employees involved (directly or indirectly) in the supply chain processes of the Authority is subject to completing a declaration of interest form. This form endeavours to curtail any potential incidences where possible conflict of interest may occur. The employees also subscribe to the policies as outlined in the Provincial Treasury regulations (chapter 16A) which specifically deals with the Supply Chain Management of goods and services. This piece of regulation outlines the specific detail as to how public sector organisations need to procure goods and services.

11. CODE OF CONDUCT

The Western Cape Liquor Authority 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

As far as possible the Authority adheres to the Health and Safety Act. Training will be provided on a continuous basis so as to keep the Authority's staff updated with the latest developments within the health and safety environment. The Authority has appointed its health and safety representatives and the Health and Safety Committee meets on a regular basis.

13. COMPANY /BOARD SECRETARY (IF APPLICABLE)

N/A

14. SOCIAL RESPONSIBILITY

The Western Cape Liquor Authority is an organisation that endeavours to participate in as many social responsibility programmes as possible. In the year under review the Authority has participated in the widely supported Mandela Day charitable initiatives. As an organisation the Authority selected the Athlone School for the Blind where the staff painted classrooms and planted a vegetable garden for the school. As part of the Mandela Day celebrations the Authority also made up hampers that they distributed to the learners of the school. This or similar initiatives is one of the events that the Authority will lend its weight to every year.

In support of the initiative launched by the Department of the Premier the Authority makes use of interns. By supporting this initiative the Authority not only manages to be more productive but provides much needed skills transfer and development training to these interns. With this initiative the Authority has already permanently employed one of the interns in its structure and has enabled a number of others to obtain permanent employment in other departments as well as in the private sector. The internship programme is one that the Authority is very proud of.

The Authority will strive to make its social responsibility footprint more prominent in the years to come.

15. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2014.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 77 of the Public Finance Management Act and Treasury Regulation 27. The Committee also reports that it has adopted appropriate formal terms of reference as approved by the Governing Board of the Authority as its Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The Effectiveness of Internal Control

We have reviewed the Audit report on the Annual Financial Statements and the Management Report of the Auditor-General of South Africa (AGSA). Other than matters already reflected in the AGSA's audit and management reports and the various reports of the Internal Audit process, no material deficiencies in the system of internal control were noted.

Internal audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective.

This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes resulting from the procedures conducted as part of the Internal Audit Plan.

Accordingly we report that the committee is satisfied with the identification of corrective actions on the reported deficiencies and with the commitment of the internal audit function and management to address the associated shortcomings.

We have reviewed and concur with management's acceptance of the AGSA's management report. We can confirm that there are no unresolved issues.

In-Year Management and Monthly/Quarterly Report

The Committee is satisfied with the quality of management and quarterly reports prepared and issued by the Authority during the review. It was noted that the Auditor-General raised findings in regard to the usefulness of reported performance information systems and the commitment of the Authority to remedy the findings. The Auditor-General raised findings regarding the usefulness of the reported performance information. The Audit Committee noted the Authority's commitment to address the reported findings.

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.

Evaluation of Financial Statements

The Audit Committee has discussed and reviewed the financial statements prepared by the Authority to be included in the annual report.

The Committee has reviewed the AGSA's audit and the management report as well as management's responses thereto; and reviewed the adjustments resulting from the audit thereof. The Audit Committee accepts the conclusions, and the shortcomings raised will be remedied.

Auditor-General's Report

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

Appreciation

The Audit Committee wishes to express its appreciation to the Management of the Authority and the AGSA for the co-operation and information they have provided to enable us to compile this report.

EHamman

Ethel Hamman

Chairperson of the Audit Committee

Western Cape Liquor Authority

Date: 15 August 2014

PART D: HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

The Authority invested in its human capital through induction programmes and provincial training and development courses to ensure that employees are better equipped.

Regarding recruitment, all funded vacancies were filled. HR policies have been reviewed and an employment equity plan has been drafted, presented to the Board for comment and approval and it has been communicated to all staff members. A staff performance management policy is in place and all qualifying staff members will be evaluated accordingly during the performance appraisal period.

In the years to come focus and emphasis will be placed on employee wellbeing by organising employee wellness days which will focus on emotional, physical and financial health of staff members. In-house the Authority will arrange nature walks and other staff recreational activities to assist in the team building and the overall moral boosting of the organisation. The Authority also implemented its own staff social committee which focuses on fundraising initiatives towards team building, year–end functions and charity initiatives.

The following internal HR committees have been established to comply with relevant Acts:

- Employment Equity Committee
- Health and Safety Committee
- Training and Development Committee

These committees are made up of staff of the Authority.

Challenges faced by the Authority in terms of human resources are mentioned below but not limited to:

- Organisational re–design and benchmarking
- Suitable office accommodation
- Employee benefits
- Shortage of staff to execute the mandate more effectively
- Training and development budget for further education

The focus of HR for the coming financial year will be to successfully address the challenges faced by the Authority. The future plans for the Authority is geared towards making the Western Cape Liquor Authority an employee of choice. These plans are listed below but not limited to:

- Competitive remuneration and benefits to ensure the WCLA is an employer of choice;
- Investing in human capital and technology (ICT Plan, staff development etc.);
- Create a working environment conducive to efficiency and productivity; and
- Continuous benchmarking, monitoring and evaluation.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

The public entity must provide the following key information on human resources. All the financial amounts must agree to the amounts disclosed in the annual financial statements. Where considered appropriate provide reasons for variances.

Personnel Cost by programme/ activity/ objective

Programme/ activity/ objective	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Office of the CEO	R13 594 587	R1 005 300	7.39%	2	R502 650
Business Support	R13 594 587	R3 524 633	25.93%	22	R160 211
Advocacy and Stakeholder Relations	R13 594 587	R 892 831	6.57%	5	R178 566
Liquor Licencing and Administration	R13 594 587	R4 983 333	36.66%	44	R113 258
Compliance and Inspectorate	R13 594 587	R3 188 490	23.45%	11	R289 863

Personnel cost by salary band

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	R771 306	5.67%	1	R771 306
Senior Management	R1 982 412	14.58%	4	R495 603
Professional qualified	R4 706 849	34.62%	15	R313 790
Skilled	R4 314 814	31.74%	23	R187 601
Semi–skilled	R 368 293	2.72%	3	R122 764
Unskilled	R1 450 913	10.67%	38	R 38 182
TOTAL	**R13 594 587**	**100%**	**84**	**R161 840**

Performance Rewards

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

Training Costs

Programme/ activity/ objective	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Avg training cost per employee
Governing Board	R377 169	R21 250	5.63%	7	R3 036
Liquor Licencing Tribunal	R1 533 889	R42 964	2.80%	6	R7 161
Administration	R4 597 009	R103 500	2.25%	16	R6 469
Liquor Licencing Administration	R5 401 670	R73 230	1.36%	11	R6 657
Compliance and Inspectorate	R3 234 290	R55 071	1.70%	8	R6 884
Advocacy and Stakeholders Relations	R904 231	R24 805	2.74%	3	R8 268

Employment and vacancies

Programme/ activity/ objective	2012/2013 No. of Employees	2013/2014 Approved Posts	2013/2014 No. of Employees	2013/2014 Vacancies	% of vacancies
Office of the CEO	1	1	1	–	–
Business Support	3	15	15	–	–
Liquor Licencing Administration	11	11	11	–	–
Advocacy and Stakeholder Relations	2	3	3	–	–
Compliance and inspectorate	9	9	9	–	–

Programme/ activity/ objective	2012/2013 No. of Employees	2013/2014 Approved Posts	2013/2014 No. of Employees	2013/2014 Vacancies	% of vacancies
Top Management	–	–	–	–	–
Senior Management	4	4	4	–	–
Professional qualified	12	13	13	–	–
Skilled	10	19	19	–	–
Semi–skilled	–	3	3	–	–
Unskilled	–	–	–	–	–
TOTAL	**26**	**39**	**39**	**–**	**–**

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	–	–	–	–
Senior Management	4	–	–	4
Professional qualified	13	1	1	13
Skilled	10	10	2	19
Semi–skilled	1	2	–	3
Unskilled	–	–	–	–
Total	**28**	**13**	**3**	**39**

Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	–	–
Resignation	2	5.13%
Dismissal	1	2.56%
Retirement	–	–
Ill health	–	–
Expiry of contract	–	–
Other	–	–
Total	**3**	**7.69%**

Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	
Written Warning	1
Final Written warning	1
Dismissal	1

Levels	MALE							
	African	Coloured	Indian	White				
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	–	–	–	–	–	–	–	–
Senior Management	–	0.7	3	0.9	–	–	–	0.3
Professional qualified	2	2.2	2	3.1	–	0.1	3	1
Skilled	2	3.2	3	4.5	1	0.1	–	1.4
Semi–skilled	1	0.5	1	0.7	–	–	–	0.2
Unskilled	–	–	–	–	–	–	–	–
TOTAL	**5**	**6.5**	**9**	**9.2**	**1**	**0.2**	**3**	**2.9**

Levels	FEMALE							
	AFRICAN	COLOURED	INDIAN	WHITE				
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	–	–	–	–	–	–	–	–
Senior Management	–	0.6	1	1	–	–	–	0.3
Professional qualified	2	2.3	4	3.3	–	0.1	–	1.1
Skilled	4	3.1	6	4.8	–	0.1	3	1.6
Semi–skilled	–	0.5	1	0.8	–	0	–	0.2
Unskilled	–	–	–	–	–	–	–	–
TOTAL	**6**	**6.3**	**12**	**9.9**	**–**	**0.2**	**3**	**3.2**

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

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

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Western Cape Liquor Authority set out on pages 50 to 100, which comprise the statement of financial position as at 31 March 2014, the statement of financial performance, statement of changes in net assets, statement of cash flow and statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the financial statements

2. The governing board, which constitutes the accounting authority, is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Western Cape Liquor Act, 2008 (Act No. 4 of 2008), 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.

Auditor–general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

6. 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 2014 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the PFMA and the Western Cape Liquor Act.

Emphasis of matter

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

Material underspending of the budget

8. As disclosed in note 41.3 to the financial statements, the entity materially underspent the budget by R2,5

million (8%) and, as disclosed in note 7 to the financial statements, the unspent funds of R8,9 million (2012–13: R6,5 million) had to be surrendered to the provincial revenue fund.

Additional matter

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

Unaudited supplementary schedules

10. The supplementary information set out on page 101 does not form part of the financial statements and is presented as additional information. I have not audited this schedule and accordingly I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

11. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, non–compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

12. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2014:

    - Programme 2: liquor licence tribunal, on page 23
    - Programme 4: liquor licence administration, on pages 26 to 27
    - Programme 5: advocacy and stakeholder relations, on page 28
    - Programme 6: compliance and inspectorate, on page 30

13. I evaluated the reported performance information against the overall criteria of usefulness and reliability.

14. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPI).

15. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

16. The material findings in respect of the selected programmes are as follows:

Programme 2: liquor licence tribunal

Usefulness of reported performance information

17. Appropriate reasons for variances between planned and actual achievements reported in the annual performance report were not given for all four of the targets over– or under–achieved, as required by the National Treasury's Guide for the preparation of the annual report. This was due to a lack of documented and approved internal policies and procedures to address reporting requirements and a limited review of the presentation of the annual performance report by management.

18. The FMPPI requires that the period or deadline for delivery of targets must be specified. Significantly important targets in relation to the approval and issuing of all types of licences were not time bound.

19. The FMPPI requires that performance indicators must be well defined by having clear data definitions so

that data can be collected consistently and is easy to understand and use. A total of 50% of the indicators for programme 2 were not well defined.

Programme 4: liquor licence administration

Usefulness of reported performance information

20. Appropriate reasons for variances between planned and actual achievements reported in the annual performance report were not given for all five of the targets over–achieved, as required by the National Treasury's Guide for the preparation of the annual report. This was due to a lack of documented and approved internal policies and procedures to address reporting requirements and a limited review of the presentation of the annual performance report by management.

21. The FMPPI requires that the period or deadline for delivery of targets must be specified. Significantly important targets in relation to the processes of received applications were not time bound.

22. The FMPPI requires that performance indicators must be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use. A total of 20% of the indicators for programme 4 were not well defined.

Additional matter

23. I draw attention to the following matter:

Achievement of planned targets

24. Refer to the annual performance report on pages 15 to 26 for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness of the reported performance information for the selected programmes reported in paragraphs 12 to 22 of this report.

Compliance with legislation

25. I performed procedures to obtain evidence that the public entity had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non–compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Financial statements, performance report and annual report

26. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and were not supported by full and proper records, as required by section 55(1)(a) and (b) of the PFMA.

27. Material misstatements of revenue, payables and disclosure notes identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records provided, resulting in the financial statements receiving an unqualified audit opinion.

Internal audit

28. The internal audit function did not evaluate the reliability and integrity of financial and operational information systems, as required by treasury regulation 27.2.10(b).

29. The internal audit function did not evaluate compliance with laws and regulations in relation to supply chain management (SCM), as required by treasury regulation 27.2.10(e).

Internal control

30. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on non–compliance with legislation included in this report.

Leadership

31. Management did not have adequately documented policies and procedures to guide the operations of the entity, resulting in material misstatements in the financial statements submitted for auditing, which were not detected by the entity's internal controls and reviews.

32. Management did not establish internal policies and procedures for the planning of performance information in respect of the usefulness of indicators.

Financial and performance management

33. Management did not ensure that the financial statements were free from material misstatements, as revenue, payables and disclosure notes were materially misstated in the financial statements. These misstatements were not detected by management's reviews and had to be corrected to prevent a qualified opinion.

Governance

34. Management did not ensure that the internal audit function evaluated the reliability and integrity of financial and operational information systems and compliance with laws and regulations relating to SCM, as required by the Treasury regulations.

Auditor General

Cape Town

30 July 2014

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNUAL FINANCIAL STATEMENTS

GENERAL INFORMATION

COUNTRY OF INCORPORATION AND DOMICILE:	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES:	Regulation of the liqour industry in the Western Cape.
REGISTERED OFFICE:	80 St George's Mall 6th Floor NBS Waldorf Building Cape Town 8001
BANKERS:	Nedbank Corporate
AUDITORS:	Office of the Auditor General of South Africa
CHIEF EXECUTIVE OFFICER:	MG Giliomee
CHAIRPERSON OF THE GOVERNING BOARD:	MR Burton
ATTORNEYS	State Attorney
AUDIT COMMITTEE MEMBERS	E Hamman
	I du Bruyn

INDEX

GOVERNING BOARD MEMBERS' RESPONSIBILITIES AND APPROVAL

The Governing Board members are required by section 55 of the Public Finance Management Act, 1999 as amended, 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 their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Authority as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with Generally Recognised Accounting Practice (GRAP). The external auditors are engaged to express an independent opinion on the annual financial statements.

The Governing Board members acknowledge that they are ultimately responsible for the system of internal financial control established by the Authority and place considerable importance on maintaining a strong control environment. To enable the Governing Board members to meet these responsibilities, the Governing Board members set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the 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 Authority and all employees are required to maintain the highest ethical standards in ensuring the Authority's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Authority is on identifying, assessing, managing and monitoring risk across the Authority. While operating risk cannot be fully eliminated, the Authority endeavours to minimise it by ensuring that appropriate controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Governing Board members are of the opinion, based on the information and explanations given by the audit committee and 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 loss.

The Governing Board members have reviewed the Authority's cash flow forecast for the year to 31 March 2015 and, in the light of this review and the current financial position, they are satisfied that the Authority has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently providing reasonable assurance by reviewing and reporting on the Authority's annual financial statements.

The annual financial statements set out on pages 50 to 101, which have been prepared on the going concern basis, were approved by the board and were signed on its behalf by:

Mr Mervyn Burton

Chairperson of the Governing Board

Western Cape Liquor Authority

Date: 15 August 2014

GOVERNING BOARD'S REPORT

1 Main business and operations

The bringing into operation of the Western Cape Liquor Act 2008, as amended, allows for the establishment of a fully functional provincial public entity, the "Western Cape Liquor Authority.

The Western Cape Liquor Authority (WCLA) is an entity that is established to regulate the retail sale and micro–manufacturing of liquor in the Province. It also facilitates transformation of the liquor industry in the Western Cape by promoting the entry of new licence holders and aim to ensure the responsible use of liquor. This is achieved by enforcing a regulatory environment that reflects a high level of participation by the public, maximising the benefits of the industry for the Province and its people, and minimising negative effects of alcohol through increased awareness, and better law enforcement. The WCLA only has a regulatory power with respect to licenced outlets.

2 General review of the state of financial affairs

The Authority has spent the majority of its allocated budget during the current financial year to fulfil on its mandate.

3 Activities conducted in current year

Within its first year of existence the Authority has identified a number of ambiguities and impracticalities within the Western Cape Liquor Act 4 of 2008. Subsequently the Authority has embarked on a process of amending the Act to address the aforementioned.

Workshops and education sessions were held between the Authority, the public and licence holders in order to educate them about the new Western Cape Liquor Act. This was also an opportunity for the licensees and public to have a question and answer session.

As part of its compliance and enforcement the Authority has increased its footprint at major sporting and cultural events. This has brought about an increase awareness of the Authority and its operations.

4 Future activities and prospects

The Authority inherited a backlog of section 19 (Liquor Licence Applications under the old Act). The Authority aims to clear this backlog (being 4494 applications) within the next 3 years.

The Authority is in the process of upgrading its C–Mats system and phasing out the liquor licencing system known as Clipper. Phase one and two has been completed. The project is envisioned to be completed during the last quarter of the 2014/2015 financial year.

The old Liquor Board was housed on the 6th floor of the NBS Waldorf Building. The Authority inherited the said office space from the Liquor Board. Under the Department of Economic Development and Tourism, the Liquor Board was a sub–programme and the office space was sufficient. With the establishment of the Authority, the current office space has to accommodate an entire organisation and not just a sub–programme. It is our intention to relocate. The Department of Public Works is in the process of identifying new accommodation that satisfy the business requirements. Once new office space has been identified, this office space will need to be furnished.

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2014

	Notes	2014 R	Restated 2013 R
NET ASSETS AND LIABILITIES			
Net Assets		**2 302 557**	**736 855**
Social and Education Fund Reserve	2	3 453	460 000
Accumulated Surplus		2 299 104	276 855
Non–Current Liabilities		**1 619 290**	**–**
Long–term Liabilities	3	1 619 290	–
Current Liabilities		**12 102 098**	**9 231 116**
Provisions	4	580 000	–
Current Employee Benefits	5	737 077	156 475
Payables from Exchange Transactions	6	1 819 659	2 562 623
Unspent Government Grants	7	8 894 604	6 512 018
Current Portion of Long–term Liabilities	3	70 758	–
Total Net Assets and Liabilities		**16 023 945**	**9 967 971**
ASSETS			
Non–Current Assets		**3 426 922**	**276 855**
Property, Plant and Equipment	8	2 785 670	276 855
Intangible Assets	9	641 252	–
Current Assets		**12 597 023**	**9 691 116**
Receivables from Exchange Transactions	10	66 838	46 664
Cash and Cash Equivalents	11	12 530 185	9 644 452
Total Assets		**16 023 945**	**9 967 971**

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2014

	Notes	2014 R	Restated 2013 R
REVENUE			
Revenue from Non-exchange Transactions		**30 225 333**	**19 010 720**
Government Grants and Subsidies	**12**	28 553 414	18 249 482
Penalties and Fines	**13**	1 106 941	761 238
Third Party Payments	**14**	8 440	-
Transfer of Assets	**15**	556 538	-
Revenue from Exchange Transactions		**1 642 765**	**1 181 298**
Application Fees	**16**	1 014 922	865 293
Interest Earned - External Investments		585 225	282 830
Other Income	**17**	42 618	33 175
Total Revenue		**31 868 098**	**20 192 018**
EXPENDITURE			
Employee Related Costs	**18**	14 615 052	9 021 449
Remuneration of Governing Board Members	**19**	312 866	293 648
Depreciation and Amortisation	**20**	261 635	16 056
Finance Charges	**21**	430 760	-
Grants and Subsidies Paid	**22**	1 185 000	-
General Expenses	**23**	13 472 343	10 124 010
Loss on disposal of Property, Plant and Equipment	**24**	9 660	-
Loss on transfer of Property, Plant and Equipment	**25**	15 080	-
Total Expenditure		**30 302 396**	**19 455 163**
NET SURPLUS FOR THE YEAR		**1 565 702**	**736 855**

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2014

	Notes	Social and Education Fund Reserve R	Accum–ulated Surplus R	Total R
Balance at 1 April 2012		–	–	–
Net Surplus for the year		–	736 855	736 855
Movement in Social and Education Fund Reserve	**2**	460 000	(460 000)	–
Balance at 31 March 2013		**460 000**	**276 855**	**736 855**
Net Surplus for the year		–	1 565 702	1 565 702
Movement in Social and Education Fund Reserve	**2**	(456 547)	456 547	–
Balance at 31 March 2014		**3 453**	**2 299 104**	**2 302 557**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

	Notes	2014 R	2013 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Other Receipts		2 177 667	1 659 706
Government Grant		30 936 000	24 761 500
Interest		560 305	236 166
Payments			
Suppliers and employees		(28 017 110)	(16 720 009)
Finance Charges		(396 273)	–
Grants and subsidies paid		(1 185 000)	–
Net Cash from Operating Activities	**27**	**4 075 589**	**9 937 363**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(487 915)	(292 911)
Purchase of Intangible Assets		(657 983)	–
Net Cash from Investing Activities		**(1 145 898)**	**(292 911)**
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(43 958)	–
Net Cash from Financing Activities		**(43 958)**	**–**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**2 885 733**	**9 644 452**
Cash and Cash Equivalents at the beginning of the year		9 644 452	–
Cash and Cash Equivalents at the end of the year	**28**	12 530 185	9 644 452
NET INCREASE IN CASH AND CASH EQUIVALENTS		**2 885 733**	**9 644 452**

STATEMENT OF COMPARISION OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2014

STATEMENT OF FINANCIAL POSITION	Original Budget R	Adjust-ments R	Final Budget R	Reconciled Actual R	Actual vs Final Budget R
NET ASSETS AND LIABILITIES					
Net Assets					
Social and Education Fund Reserve	–	–	–	–	–
Accumulated Surplus	7 932 983	839 379	8 772 362	3 577 940	(5 194 422)
Total Net Assets	**7 932 983**	**839 379**	**8 772 362**	**3 577 940**	**(5 194 422)**
Non–Current Liabilities					
Long–term Liabilities	–	–	–	–	–
Total Non-Current Liabilities	**–**	**–**	**–**	**–**	**–**
Current Liabilities					
Provisions	–	–	–	–	–
Current Employee Benefits	–	–	–	–	–
Payables from Exchange Transactions	–	–	–	1 496 450	1 496 450
Unspent Government Grants	–	–	–	8 894 604	8 894 604
Current Portion of Long–term Liabilities	–	–	–	–	–
Total Current Liabilities	**–**	**–**	**–**	**10 391 054**	**10 391 054**
Total Net Assets and Liabilities	**7 932 983**	**839 379**	**8 772 362**	**13 968 994**	**5 196 632**
ASSETS					
Non–Current Assets					
Property, Plant and Equipment	602 911	6 663 000	7 265 911	780 826	(6 485 085)
Intangible Assets	–	300 000	300 000	657 983	357 983
Total Non–Current Assets	**602 911**	**6 963 000**	**7 565 911**	**1 438 809**	**(6 127 102)**
Current Assets					
Receivables from Exchange Transactions	–	–	–	–	–
Cash and Cash Equivalents	7 330 072	(6 123 621)	1 206 451	12 530 185	11 323 734
Total Current Assets	**7 330 072**	**(6 123 621)**	**1 206 451**	**12 530 185**	**11 323 734**
Total Assets	**7 932 983**	**839 379**	**8 772 362**	**13 968 994**	**5 196 632**

Refer to note 41.1 for explanations of material variances between the original and final budget.
Refer to note 41.2 for explanations of material variances between actual amounts and the final budget.
Refer to note 41.3 for reconciliation between the cash and accrual basis.
Material variances are considered to be any variances greater than R300 000.

STATEMENT OF COMPARISION OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2014

STATEMENT OF FINANCIAL PERFORMANCE	Original Budget R	Adjust-ments R	Final Budget R	Reconciled Actual R	Actual vs Final Budget R
REVENUE					
Government Grants and Subsidies	30 873 500	62 500	30 936 000	28 553 414	(2 382 586)
Penalties and Fines	–	761 238	761 238	1 106 941	345 703
Third Party Payments	–	7 900	7 900	8 440	540
Transfer of Assets	–	–	–	–	–
Application Fees	–	865 293	865 293	1 014 922	149 629
Interest Earned – External Investments	–	560 000	560 000	560 305	305
Other Income	–	33 175	33 175	42 618	9 443
Total Revenue	**30 873 500**	**2 290 106**	**33 163 606**	**31 286 640**	**(1 876 966)**
EXPENDITURE					
Employee Related Costs	12 486 636	1 163 364	13 650 000	14 169 381	519 381
Remuneration of Governing Board Members	618 560	(308 560)	310 000	332 296	22 296
Depreciation and Amortisation	–	–	–	–	–
Finance Charges	–	–	–	–	–
Grants and Subsidies Paid	–	–	–	1 185 000	1 185 000
General Expenses	17 458 304	595 922	18 054 226	13 132 988	(4 921 238)
Loss on disposal of Property, Plant and Equipment	–	–	–	–	–
Loss on transfer of Property, Plant and Equipment	–	–	–	–	–
Total Expenditure	**30 563 500**	**1 450 726**	**32 014 226**	**28 819 665**	**(3 194 561)**
NET SURPLUS FOR THE YEAR	**310 000**	**839 380**	**1 149 380**	**2 466 975**	**1 317 595**

Refer to note 41.1 for explanations of material variances between the original and final budget.

Refer to note 41.2 for explanations of material variances between actual amounts and the final budget.

Refer to note 41.3 for reconciliation between the cash and accrual basis.

Material variances are considered to be any variances greater than R300 000.

STATEMENT OF COMPARISION OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2014

CASH FLOW STATEMENT	Original Budget R	Adjust-ments R	Final Budget R	Actual R	Actual vs Final Budget R
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Other	–	1 667 606	1 667 606	2 177 667	510 061
Government Grant	30 873 500	62 500	30 936 000	30 936 000	–
Interest	–	560 000	560 000	560 305	305
Payments					
Suppliers and Employees	(30 563 500)	(1 450 726)	(32 014 226)	(28 061 068)	3 953 158
Finance Charges	–	–	–	(396 273)	(396 273)
Grants and subsidies paid	–	–	–	(1 185 000)	(1 185 000)
Net Cash from Operating Activities	**310 000**	**839 380**	**1 149 380**	**4 031 631**	**2 882 251**
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of Property, Plant and Equipment	(310 000)	(6 663 000)	(6 973 000)	(487 915)	6 485 085
Intangible Assets	–	(300 000)	(300 000)	(657 983)	(357 983)
Net Cash from Investing Activities	**(310 000)**	**(6 963 000)**	**(7 273 000)**	**(1 145 898)**	**6 127 102**
CASH FLOW FROM FINANCING ACTIVITIES					
Loans repaid	–	–	–	–	–
Net Cash from Financing Activities	**–**	**–**	**–**	**–**	**–**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**–**	**(6 123 620)**	**(6 123 620)**	**2 885 733**	**9 009 353**

Refer to note 41.1 for explanations of material variances between the original and final budget.
Refer to note 41.2 for explanations of material variances between actual amounts and the final budget.
Material variances are considered to be any variances greater than R300 000.

ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1 BASIS OF PREPARATION

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The financial statements have been prepared in accordance with the Public Finance Management Act (PFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 90(1) of the Public Finance Management Act, (Act No 1 of 1999).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the ASB.

The Authority resolved to early adopt the following GRAP standards which have been issued but are not yet effective.

Standard	Description	Effective Date
GRAP 5 (Revised Feb 2013)	Borrowing Costs	1 April 2014
GRAP 100 (Revised – Feb 2013)	Discontinued Operations (formerly known as Non–current assets held for Sale and Discontinued Operations)	1 April 2014

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

1.2 PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand.

1.3 GOING CONCERN ASSUMPTION

These financial statements have been prepared on a going concern basis.

1.4 COMPARATIVE INFORMATION

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material 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 AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include a change in accounting policy.

1.6 PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as a separate additional financial statement, namely Statement of Comparison of Budget and Actual amounts.

Budget information is based on the same period as the actual amounts, i.e. 1 April 2013 to 31 March 2014. The budget information is based on the cash basis of accounting and is therefore not on a comparable basis to the actual amounts as per the financial statements which is accounted for on the accrual basis of accounting. Reconciliations are performed on the actual amounts in order to eliminate all accrual type entries in order to make it comparable to the budgeted amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- reconciled actual amounts and final budget amounts

Explanations for differences between the approved and final budget are included in the Notes to the Financial Statements.

Explanations for material differences between the final budget amounts and actual amounts are included in the Notes to the Financial Statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24. No amendments or disclosure requirements in terms of GRAP 3 (Revised – March 2012) has been made.

1.7 MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.8 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Authority:

Standard	Description	Effective Date
GRAP 6 (Revised – Nov 2010)	Consolidated and Separate Financial Statements The objective of this Standard is to prescribe the circumstances in which consolidated and separate financial statements are to be prepared and the information to be included in those financial statements so that the consolidated financial statements reflect the financial performance, financial position and cash flows of an economic entity as a single entity. No significant impact is expected as the Authority does not have any entities at this stage to be consolidated.	Unknown
GRAP 8 (Revised – Nov 2010)	Interest in Joint Ventures The objective of this Standard is to prescribe the accounting treatment of jointly controlled operations, jointly controlled assets and jointly controlled entities and to provide alternatives for the recognition of interests in jointly controlled entities. No significant impact is expected as the Authority is not involved in any joint ventures.	Unknown
GRAP 18 (Original – Feb 2011)	Segment Reporting The objective of this Standard is to establish principles for reporting financial information by segments. The Authority does not have any major segments so therefore this standard will have a minimal impact.	Unknown
GRAP 20 (Original – June 2011)	Related Party Disclosure The objective of this Standard is to ensure that a Authority's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties. The Authority resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.	Unknown

Standard	Description	Effective Date
GRAP 32 (Original – Aug 2013)	Service Concession Arrangements: Grantor The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity. No such transactions or events are expected in the foreseeable future.	Unknown
GRAP 105 (Original – Nov 2010)	Transfer of Functions Between Entities Under Common Control The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control. No such transactions or events are expected in the foreseeable future.	Unknown
GRAP 106 (Original – Nov 2010)	Transfer of Functions Between Entities Not Under Common Control The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. No such transactions or events are expected in the foreseeable future.	Unknown
GRAP 107 (Original – Nov 2010)	Mergers The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger. No such transactions or events are expected in the foreseeable future.	Unknown
GRAP 108 (Original – Sept 2013)	Statutory Receivables The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables. No significant impact is expected as the Authority's current treatment is already in line with the Standards treatment.	Unknown
IGRAP 11	Consolidation – Special Purpose Entities (SPE) The objective of this Interpretation of the Standard is to prescribe under what circumstances an entity should consolidate a SPE. No significant impact is expected as the Authority does not have any SPE's at this stage.	Unknown

Standard	Description	Effective Date
IGRAP 12	Jointly Controlled Entities non–monetary contributions The objective of this Interpretation of the Standard is to prescribe the treatment of profit/loss when an asset is sold or contributed by the venturer to a Jointly Controlled Entity (JCE). No significant impact is expected as the Authority does not have any JCE's at this stage.	Unknown

These standards, amendments and interpretations will not have a significant impact on the Authority once implemented.

1.9 RESERVES

1.9.1 Social and Education Fund Reserve

The Authority is required to establish a Social and Education Fund in terms of section 31 of the Western Cape Liquor Act.

The purpose of the Fund is:

- combating the negative social consequences of the abuse of liquor;
- educating persons engaged in the sale and supply of liquor; and
- educating the general public in the responsible sale, supply and consumption of liquor.

The budget of the Fund is included within the budget of the Authority that is submitted in accordance with the Public Finance Management Act, 1999.

The Authority must open an account for the fund in the name of the Authority with an institution registered as a bank in terms of the Banks Act, 1990 (Act 94 of 1990).

1.10 LEASES

1.10.1 Authority as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Authority. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Authority uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangible assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de–recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight–line basis over the term of the relevant lease. The difference between the straight–lined expenses and actual payments made will give rise to a liability.

The Authority recognises benefit of incentives as a reduction of rental expense over the lease term, on a straight–line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.10.2 Authority as Lessor

Under a finance lease, the Authority recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Authority, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de–recognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight–line basis over the term of the relevant lease. The difference between the straight–lined revenue and actual payments received will give rise to an asset. The Authority recognises the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight–line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

1.11 PROVISIONS

Provisions are recognised when the Authority has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non–current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Authority does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The Authority has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented.

(b) The Authority 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.

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

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is de–recognised.

1.12 EMPLOYEE BENEFITS

1.12.1 Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year–end and also on the total remuneration package of the employee.

Accumulated leave is vesting.

1.12.2 Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to all employees who qualify, is recognised as it accrues to employees. Performance bonus provisions are based on the performance management policy and procedures as well as previous performance bonus payment trends.

1.13 PROPERTY, PLANT AND EQUIPMENT

1.13.1 Initial Recognition

Property, plant and equipment are tangible non–current 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 year. The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Authority, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded 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 the Authority. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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.

Where an asset is acquired by the Authority for no or nominal consideration (i.e. a non–exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

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 assets acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Authority expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.13.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Where the Authority replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

1.13.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight–line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

Other Assets	Years
Computer Equipment	5 - 10
Furniture and Fittings	5 - 30
Office Equipment	3 - 30
Motor Vehicles	7

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.13.4 De–recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.14 INTANGIBLE ASSETS

1.14.1 Initial Recognition

An intangible asset is an identifiable non–monetary asset without physical substance.

An asset meets the identifiability criteria in the definition of an intangible asset when it:

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

The Authority recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Authority and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Authority intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Authority has the resources to complete the project;
- it is probable that the Authority will receive future economic benefits or service potential; and
- the Authority can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

Where an intangible asset 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 is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.14.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.14.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight–line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

Other Assets	Years
Computer Software	10

1.14.4 De–recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.15 IMPAIRMENT OF NON–FINANCIAL ASSETS

1.15.1 Cash–generating assets

Cash–generating assets are assets held with the primary objective of generating a commercial return.

The Authority assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Authority estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Authority considers the following indications:

(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- Significant changes with an adverse effect on the Authority have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Authority operates or in the market to which an asset is dedicated.
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset.
- Significant changes with an adverse effect on the Authority have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than infinite.
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re–designation 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 shall only occur when there is clear evidence that such a re–designation is appropriate. A re–designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash–generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Authority estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.15.2 Non–cash–generating assets

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

The Authority assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Authority estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Authority considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset.
- Significant long–term changes with an adverse effect on the Authority have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Authority operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset.
- Significant long–term changes with an adverse effect on the Authority have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
- A decision to halt the construction of the asset before it is complete or in a usable condition.
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non–cash–generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recognised in the Statement of Financial Performance.

The value in use of a non–cash–generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

- Depreciation replacement cost approach – the present value of the remaining service potential of an 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 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.
- Restoration cost approach – the cost of restoring the service potential of an asset to its pre–impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- Service unit approach – the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

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.

An impairment loss is recognised immediately in surplus or deficit.

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

An impairment loss recognised in prior periods for an 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. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. 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. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.16 FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (from exchange transactions), cash and cash equivalents and loans and payables (from exchange transactions).

1.16.1 Initial Recognition

Financial instruments are initially recognised when the Authority becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Authority, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.16.2 Subsequent Measurement

Financial assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.16.2.1 Receivables

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Authority first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Authority determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss 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 expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Authority. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write–off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.16.2.2 Payables

Financial liabilities consist of payables. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.16.2.3 Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short–term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Authority categorises cash and cash equivalents as financial assets carried at amortised cost.

1.16.3 De–recognition of Financial Instruments

1.16.3.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Authority has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement; and either (a) the Authority has transferred substantially all the risks and rewards of the asset, or (b) the Authority has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Authority has transferred its rights to receive cash flows from an asset or has entered into a pass–through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Authority's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Authority could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Authority's continuing involvement is the amount of the transferred asset that the Authority may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Authority's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.16.3.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de–recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.16.4 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

1.17 REVENUE

1.17.1 Revenue from Non–Exchange Transactions

Revenue from non–exchange transactions refers to transactions where the Authority received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non–exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Funding from the Western Cape Provincial Treasury department via the Western Cape Department of Economic Development and Tourism received or receivable is recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised. The liability is transferred to revenue as and when the operating or capital expenditure has been recognised.

Penalties and Fines are charged in accordance with section 20(3)(b)(v), 63(4) and 82(2)(b) of the Western Cape Liquor Act. Penalties constitute additional charges on late payment on licence fees. Fines are imposed by the Liquor Licensing Tribunal for non–compliance by the licensee. Revenue is recognised when payment is received.

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Authority.

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Authority's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by law. At year–end, the Authority also evaluates revenue streams received during the year. Based on the historic revenue streams, unknown receipts is reallocated to Revenue from Exchange Transactions, Revenue from Non–Exchange Transactions, payable to the principle in terms of the agency function or remain as unknown receipts.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is recognised when the recovery thereof from the responsible officials is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non–exchange transaction, an Authority 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 present 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 will be recognised as revenue.

1.17.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Authority directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Authority has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Authority retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- 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 Authority.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Authority has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Authority does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Interest revenue is recognised using the effective interest rate method.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the Authority acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the Authority as compensation for executing the agreed services.

Application Fees are charged in accordance with section 26(8), 36(1)(e), 38, 64(1) and 65(9) of the Western Cape Liquor Act. Application Fees mainly include applications for new liquor licenses or amendments to existing liquor licenses. The application documents are only supplied to the applicants on confirmation that the application fees have been received in the Authority's bank account. Revenue is recognised when payment is received.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the Authority and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Authority.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating;
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.18 RELATED PARTIES

The Authority resolved to adopt the disclosure requirements as per GRAP 20 – "Related Party Disclosures".

A related party is a person or an entity:

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

The following are regarded as related parties of the Authority:

(a) A person or a close member of that person's family is related to the Authority if that person:

- has control or joint control over the Authority.
- has significant influence over the Authority. Significant influence is the power to participate in the financial and operating policy decisions of the Authority.
- is a member of the management of the Authority or its controlling entity.

(b) An entity is related to the Authority if any of the following conditions apply:

- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
- one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
- both entities are joint ventures of the same third party.
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- the entity is a post–employment benefit plan for the benefit of employees of either the Authority or an entity related to the Authority. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
- the entity is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

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 Authority. A person is considered to be a close member of the family of another person if they:

(a) are married or live together in a relationship similar to a marriage; or

(b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") are all persons having the authority and responsibility for planning, directing and controlling the activities of the Authority, including:

(a) all members of the governing body of the Authority;

(b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Authority;

(c) any key advisors of a member, or sub–committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Authority; and

(d) the executive management team of the Authority, including the Chief Executive Officer or permanent head of the Authority, unless already included in (a).

Management include:

(a) All members of the governing body of the Authority.

(b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Authority being the Chief Executive Officer and all other Deputy Directors reporting directly to the Chief Executive Officer or as designated by the Chief Executive Officer.

Remuneration of management includes remuneration derived for services provided to the Authority in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Authority for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Authority.

1.19 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, Authority or organ of state and expenditure in a form of a grant that is not permitted in terms of the Public Finance Management Act (Act No. 1 of 1999). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.20 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Public Finance Management Act (Act No. 1 of 1999) the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Authority's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.21 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.22 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non–occurrence of one or more uncertain future events not wholly within the control of the Authority. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measures with sufficient reliability.

The Authority does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

1.23 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Authority's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

1.23.1 Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. For other assets management 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. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment.

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Industry guides was used to assist with the deemed cost and useful life of infrastructure assets.

1.23.2 Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management 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 intangibles used within the Authority and other public entities to determine the useful life of the assets.

1.23.2 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

1.23.3 Revenue Recognition

Accounting Policy 1.17.1 on Revenue from Non–Exchange Transactions and Accounting Policy 1.17.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Authority.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non–Exchange Transactions. Specifically, whether the Authority, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Authority is satisfied that recognition of the revenue in the current year is appropriate.

1.23.4 Provision for Staff leave

Staff leave is accrued to employees according to agreements. 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.

1.23.5 Provision for Performance bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation.

1.24 CAPITAL COMMITMENTS

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

1.25 EVENTS AFTER REPORTING DATE

Events after the 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).

If non–adjusting events after the reporting date are material, the Authority discloses the nature and an estimate of the financial effect.

	2013 R	2014 R

2. NET ASSET RESERVES

Social and Education Fund Res		
Opening balance	460 000	–
Contributions made	780 000	460 000
Expenditure incurred	(1 236 547)	–
Total Net Asset Reserves	**3 453**	**460 000**

The Social and Education Fund Reserve is cash backed. The funds to cash back the reserve is included in the Call Investment Deposits as disclosed in note 11.

3. LONG–TERM LIABILITIES

Capitalised Lease Liabilities – At amortised cost	1 690 048	–
Less: Current Portion transferred to Current Liabilities	(70 758)	–
Total – At amortised cost using the effective interest rate method	**1 619 290**	**–**

Capitalised Lease Liabilities are secured by Property, Plant and Equipment as set out in note 8.

Capitalised Leased Liabilities consist out the following contracts:

Supplier	Description of leased item	Effective Interest rate	Annual escalation	Lease term	Maturity Date
Minolco (Pty) Ltd	Printer/Fax/Copier (Model C554)	13,66%	0%	3 years	30 Apr 2016
Minolco (Pty) Ltd	Printer/Fax/Copier (Model C554E)	24,46%	0%	3 years	28 Feb 2017
Government Motor Transport	Toyota Etios – 1.5 XS	34,80%	5,37%	7 years	28 Jan 2020
Government Motor Transport	Toyota Etios – 1.5 XS	34,83%	5,37%	7 years	28 Jan 2020
Government Motor Transport	Hyundai H1.2.4 GLS Wagon	36,46%	5,37%	7 years	29 Mar 2020
Government Motor Transport	Toyota Etios – 1.5 XS	35,07%	5,37%	7 years	28 Jan 2020
Government Motor Transport	Toyota Etios – 1.5 XS	31,11%	5,37%	7 years	28 Jul 2020
Government Motor Transport	Toyota Etios – 1.5 XS	34,13%	5,37%	7 years	28 Apr 2020
Government Motor Transport	Toyota Hilux 2.7 4x2 D/CAB	33,74%	5,37%	7 years	27 Nov 2020
Government Motor Transport	Volkswagen Polo 1.4 Trendline	35,19%	5,37%	7 years	28 Aug 2020
Government Motor Transport	Volkswagen Polo 1.4 Trendline	35,19%	5,37%	7 years	28 Aug 2020
Government Motor Transport	Toyota Etios – 1.5 XS	35,93%	5,37%	7 years	27 Feb 2020

	2014 R	2013 R
The obligations under finance leases are scheduled below:		
	Minimum lease payments	
Amounts payable under finance leases:		
Payable within one year	621 252	–
Payable within two to five years	2 520 940	–
Payable after five years	1 512 853	–
	4 655 045	–
Less: Future finance obligations	(2 964 997)	–
Present value of lease obligations	**1 690 048**	**–**

4. PROVISIONS

	2014 R	2013 R
Legal Fees	580 000	–
Total Provisions	**580 000**	**–**
Legal Fees		
Opening balance	–	–
Contribution for the year	580 000	–
Expenditure for the year	–	–
	580 000	**–**

The High Court ruled against the Authority in a matter which it opposed. The Authority was ordered to repay the legal fees of the opposing party. At reporting date, no correspondence has been received as what the amount payable is and by which date it should be paid. As there is an uncertainty with regards to both the timing and amount payable, a provision has been created. The provision is based on the legal fees the Authority incurred and on advice received from the State Attorney. Management is of the opinion that the opposing party's legal fees should be in the same region as that of the Authority.

5. CURRENT EMPLOYEE BENEFITS

	2014 R	2013 R
Provision for Staff Leave	484 607	156 475
Provision for Performance Bonuses	252 470	–
Total Current Employee Benefits	**737 077**	**156 475**

The movement in current employee benefits is reconciled as follows:

Provision for Staff Leave

	2014 R	2013 R
Balance at beginning of year	156 475	–
Contribution to current portion – note 18	408 795	159 601
Expenditure incurred	(80 663)	(3 126)
Balance at end of year	**484 607**	**156 475**

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.

Provision for Performance Bonuses

	2014 R	2013 R
Balance at beginning of year	–	–
Contribution to current portion – note 18	252 470	–
Expenditure incurred	–	–
Balance at year–end	**252 470**	**–**

Performance bonuses are being paid to qualifying staff members after an evaluation of performance.

6. PAYABLES FROM EXCHANGE TRANSACTIONS

	2014 R	2013 R
Trade Payables	288 722	243 497
Provincial Revenue Fund	702 620	1 856 930
Unknown Receipts	793 830	432 006
Sundry Payables	–	30 190
Accrued Interest on Finance Leases	34 487	–
Total Payables from Exchange Transactions	**1 819 659**	**2 562 623**

	2014 R	2013 R

Trade Payables are being recognised net of any discounts. Payables are being paid within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices. Discounting of payables on initial recognition is not deemed necessary.

Sundry Payables consist of salary suspense accounts for deduction from employee's salaries which need to be paid over to third parties. Payments are made within the first week of every month.

The Authority acts as an agent for the Provincial Revenue Fund for the collection of licence fees.

	2014 R	2013 R
Outstanding balance at beginning of year	1 856 930	–
Total amount collected on behalf of the Provincial Revenue Fund	26 619 977	26 682 773
Total amount of Unknown Receipts deemed to be monies belonging to the Provincial Revenue Fund	553 345	–
Total amount of collections paid to the Provincial Revenue Fund	(28 327 632)	(24 825 843)
Outstanding balance as at year-end	**702 620**	**1 856 930**

Unknown receipts consist out of deposits from unknown sources into the entity's bank account. Once the source of these deposits become known, the appropriate reclassifications entries are done. At year-end, a portion of Unknown Receipts is reallocated to the different income streams based on historic data. Unknown Receipts were reallocated as follows:

	2014 R	2013 R
Unknown Receipts prior to reallocation	1 391 251	–
Reallocated as follow:	(597 421)	–
Provincial Revenue Fund (Licenses)	(553 345)	–
Penalties and Fines - note 13	(22 541)	–
Application Fees - note 16	(20 667)	–
Other Income - note 17	(868)	–
Unknown Receipts after reallocation	**793 830**	**–**

7. UNSPENT GOVERNMENT GRANTS

	2014 R	2013 R
Western Cape Department of Economic Development and Tourism	8 894 604	6 512 018
As previously reported	–	-
Change in Accounting Policy - note 26	–	6 512 018
Total Unspent Government Grants	**8 894 604**	**6 512 018**

In terms of Section 53 of the PFMA all accumulated cash surpluses should be surrendered to the Provincial Revenue Fund.

8. PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value	Cost					Accumulated Depreciation and Impairment					
	Opening Balance R	Additions R	Transfers R	Disposals R	Closing Balance R	Opening Balance R	Depreciation Charge R	Transfers R	Disposals R	Closing Balance R	Carrying Value R
31 March 2014											
Other Assets	292 911	487 915	556 538	(10 376)	1 326 988	(16 056)	(109 408)	–	716	(124 748)	1 202 240
Computer Equipment	271 430	342 232	128 593	(10 376)	731 879	(15 188)	(86 245)	–	716	(100 717)	631 162
Office Equipment	3 373	145 683	69 495	–	218 551	(203)	(10 525)	–	–	(10 728)	207 823
Furniture and Fittings	18 108	–	358 450	–	376 558	(665)	(12 638)	–	–	(13 303)	363 255
Leased Assets	–	867 281	857 137	–	1 724 418	–	(135 496)	(5 492)	–	(140 988)	1 583 430
Office Equipment	–	238 434	–	–	238 434	–	(41 707)	–	–	(41 707)	196 727
Motor Vehicles	–	628 847	857 137	–	1 485 984	–	(93 789)	(5 492)	–	(99 281)	1 386 703
	292 911	**1 355 196**	**1 413 675**	**(10 376)**	**3 051 406**	**(16 056)**	**(244 904)**	**(5 492)**	**716**	**(265 736)**	**2 785 670**

There are no fully depreciated assets which is still in use or any assets held for disposal or any temporary idle assets as at reporting date. Leased Assets were pledged as security as per note 3.

	Opening Balance R	Additions R	Transfers R	Disposals R	Closing Balance R	Opening Balance R	Depreciation Charge R	Transfers R	Disposals R	Closing Balance R	Carrying Value R
31 March 2013											
Other Assets											
Computer Equipment	–	271 430		–	271 430	–	(15 188)	–	–	(15 188)	256 242
Office Equipment	–	3 373		–	3 373	–	(203)	–	–	(203)	3 170
Furniture and Fittings	–	18 108		–	18 108	–	(665)	–	–	(665)	17 443
	–	**292 911**		**–**	**292 911**	**–**	**(16 056)**	**–**	**–**	**(16 056)**	**276 855**

9. INTANGIBLE ASSETS

	2014 R	2013 R
Net Carrying amount at 1 July	–	–
Cost	–	–
Accumulated Amortisation	–	–
Additions	657 983	–
Amortisation	(16 731)	–
Net Carrying amount at 30 June	**641 252**	**–**
Cost	657 983	–
Accumulated Amortisation	(16 731)	–

The following material intangible assets are included in the carrying value above:

Description	Remaining Amortisation Period	Carrying Value	
LMATS – phase 1	10 years	258 704	–
LMATS – phase 2	10 years	99 546	–
FMATS	10 years	283 002	–
		641 252	–

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

	2014 R	2013 R

10. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Accrued Interest on Investment Accounts	66 838	41 918
Department of Economic Development and Tourism	–	4 746
Total Receivables from Exchange Transactions	**66 838**	**46 664**

Ageing of Receivables from Exchange Transactions

Accrued Interest on Investment Accounts		
Current (0 – 30 days)	66 838	41 918
Total	**66 838**	**41 918**

Department of Economic Development and Tourism		
Current (0 – 30 days)	–	4 746
Total	**–**	**4 746**

11. CASH AND CASH EQUIVALENTS

Call Investment Deposits	12 390 016	9 217 910
Primary Bank Accounts	140 169	426 542
Total Cash and Cash Equivalents	**12 530 185**	**9 644 452**

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

The Authority has the following bank account:

Primary Bank Accounts		
Nedbank – account no 1452069883 (income account)	87 448	373 285
Nedbank – account no 1452069905 (expense account)	52 721	53 258
	140 169	**426 543**
Nedbank – account no 1452069883 (income account)		
Cash book balance at beginning of year	373 285	–
Cash book balance at end of year	87 448	373 285
Bank statement balance at beginning of year	373 285	–
Bank statement balance at end of year	87 448	373 285

	2014 R	2013 R

11. CASH AND CASH EQUIVALENTS continued

Nedbank – account no 1452069905 (expense account)		
Cash book balance at beginning of year	53 258	–
Cash book balance at end of year	52 721	53 258
Bank statement balance at beginning of year	56 908	–
Bank statement balance at end of year	52 721	56 908
Call Investment Deposits		
Call investment deposits consist out of the following account:		
Nedbank – acc no 037881100168 – Call 1	6 904 934	67 537
Nedbank – acc no 037881100168 – Call 3	5 482 224	150 373
Nedbank – acc no 037881100168 – Call 6	–	9 000 000
Nedbank – acc no 037881100168 – Call 7 (Social and Education Fund)	3 453	–
	12 390 016	**9 217 910**

12. GOVERNMENT GRANTS AND SUBSIDIES

Western Cape Department of Economic Development and Tourism	28 553 414	18 249 482
As previously reported	–	24 761 500
Change in Accounting Policy – note 26	–	(6 512 018)
Total Government Grants and Subsidies	**28 553 414**	**18 249 482**

12.1 Western Cape Department of Economic Development and Tourism

Opening balance	6 512 018	–
Grants	30 936 000	24 761 500
Grants recognised as income	(28 553 414)	(18 249 482)
Closing balance	**8 894 604**	**6 512 018**

This grant enables the Authority to carry out its mandate to regulate the liquor industry in the Western Cape.

13. PENALTIES AND FINES

Penalties on late payments of licence renewals	951 800	744 400
Fines imposed by the Liquor Licencing Tribunal	104 500	16 838
Fines imposed by Designated Liquor Officer	28 100	–
Unknown Receipts deemed to be Penalties and Fines	22 541	–
Total Penalties and Fines	**1 106 941**	**761 238**

	2014 R	2013 R

14. THIRD PARTY PAYMENTS

Property, Plant and Equipment	8 440	–
Total Third Party Payments	**8 440**	**–**

The third party payment relates to an insurance claim received for computer equipment which was stolen.

15. TRANSFER OF ASSETS

Department of Economic Development and Tourism	556 538	–
Total Transfer of Assets	**556 538**	**–**

Assets were transferred from the Department of Economic Development and Tourism to the Authority in August 2013. The assets consisted of Property, Plant and Equipment. The fair value of the assets received were determine using the current replacement cost and factorising it with a condition rating.

16. APPLICATION FEES

New licences	673 100	610 275
Change of premises on existing licences	17 500	23 625
Granting fees	34 050	7 650
Licensee for transfer of licence to new owner	87 875	86 163
Alterations of premises on existing licences	67 350	33 400
Amendment of conditions on existing licences	13 000	30 750
Interim or pending licence fee	71 750	58 750
Transfer of financial interest on existing licences	12 500	9 250
Other application fees	17 130	5 430
Unknown Receipts deemed to be Application Fees	20 667	–
Total Application Fees	**1 014 922**	**865 293**

17. OTHER INCOME

Copy of licences	41 750	32 675
Sundry Income	–	500
Unknown Receipts deemed to be Other Income	868	–
Total Other Income	**42 618**	**33 175**

18. EMPLOYEE RELATED COSTS

	2014 R	2013 R
Salaries and Wages	13 838 655	8 851 243
Contribution to Leave Provision	408 795	159 601
Contribution to Performance Bonuses Provision	252 470	–
UIF	76 806	10 605
Overtime	38 326	–
Total Employee Related Costs	**14 615 052**	**9 021 449**

REMUNERATION OF MANAGEMENT PERSONEL

Chief Executive Officer – Thys Giliomee (appointed 1 Aug 2012)

	2014 R	2013 R
Basic Salary	771 306	484 577
Cellphone Allowance	10 200	6 000
Contributions for UIF	1 785	1 166
Total	**783 291**	**491 743**

Deputy Director: Liquor Licencing Administration – Leatitia Petersen (appointed 1 Dec 2012)

	2014 R	2013 R
Basic Salary	495 603	156 330
Cellphone Allowance	6 000	1 800
Contributions for UIF	1 785	449
Total	**503 388**	**158 579**

Deputy Director: Compliance/Inspectorate – Shawn Willemse (appointed 23 Nov 2012)

	2014 R	2013 R
Basic Salary	495 603	167 498
Cellphone Allowance	6 000	1 800
Contributions for UIF	1 785	449
Total	**503 388**	**169 747**

	2014 R	2013 R

18. EMPLOYEE RELATED COSTS continued

Deputy Director: Advocacy and Stakeholder relations – Philip Prinsloo (appointed 1 Nov 2012)

	2014 R	2013 R
Basic Salary	495 603	196 114
Cellphone Allowance	6 000	2 250
Contributions for UIF	1 785	624
Total	**503 388**	**198 988**

Deputy Director: Business Support – Marvin Jackson (appointed 1 Dec 2012)

	2014 R	2013 R
Basic Salary	495 603	156 342
Cellphone Allowance	6 000	1 800
Contributions for UIF	1 785	449
Total	**503 388**	**158 591**

19. REMUNERATION OF GOVERNING BOARD MEMBERS

	2014 R	2013 R
Sitting Allowances	312 866	293 648
Total Remuneration of Governing Board Members	**312 866**	**293 648**

Detail of sitting allowances per Governing Board Member

	2014 R	2013 R
Mervyn Burton (Chairperson)	112 698	82 460
Mveleli Ncula	33 367	23 070
Siphiwo Mavumengwana (terminated)	20 634	51 747
John Klassen	52 599	27 165
Ina du Bruyn	47 963	48 730
Brian Beck	17 940	14 807
Derick Block	27 665	45 669
	312 866	**293 648**

20. DEPRECIATION AND AMORTISATION

	2014 R	2013 R
Property, Plant and Equipment – note 8	244 904	16 056
Intangible Assets – note 9	16 731	–
Total Depreciation and Amortisation	**261 635**	**16 056**

	2014 R	2013 R

21. FINANCE CHARGES

Long–term Liabilities	430 760	–
Total Finance Charges	**430 760**	**–**

The finance charges relate to finance leases as included under Long–term Liabilities.

22. GRANTS AND SUBSIDIES PAID

Government Motor Transport	1 185 000	–
Total Grants and Subsidies Paid	**1 185 000**	**–**

The subsidy paid to Government Motor Transport is in lieu of the purchase of 5 additional vehicles to be utilised by the Authority. Subsequently the vehicles will be treated as a finance lease. The accounting treatment is in line with a circular issued by Provincial Treasury.

23. GENERAL EXPENSES

Advertising Fees	2 781 420	6 912 693
Audit Fees – external	915 444	73 644
Audit Fees – internal	249 489	–
Bank Charges	18 206	12 441
Conferences and Seminars	58 838	174 294
Consulting and Professional Fees	1 959 234	623 794
Entertainment and Catering	158 200	19 908
Insurance	142 615	–
Legal Fees	1 578 741	70 445
Licence Fees	443 592	155 586
Operating Leases	361 070	88 072
Postage	124 406	31 366
Printing and Stationary	487 792	174 582
Social and Education Fund	1 236 547	–
Telephone	1 199 978	1 067 784
Training	320 820	5 500
Travel and Subsistence	1 356 083	702 422
Other	79 869	11 479
Total General Expenses	**13 472 343**	**10 124 010**

	2014 R	2013 R

At the Statement of Financial Position date, where the Authority acts as a lessee under operating leases, it will pay operating lease expenditure as follows:

Up to 1 Year	–	80 732
1 to 5 Years	–	–
More than 5 Years	–	–
Total Operating Lease Arrangements	**–**	**80 732**

The lease consist out of one agreement entered into with Konica Minolta South Africa. The Authority leases a printer/fax/copier. The agreement was entered into by the Western Cape Department of Economic Development and Tourism on 1 March 2011 and expires on 28 February 2014. Subsequently on 1 April 2012, the Authority took over the lease from the Department until the lease expires on 28 February 2014. The monthly premiums are R7 333.29 and there is no escalation.

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

The Authority did not pay any contingent rent during the year

24. LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

Proceeds from disposal	–	–
Book value of disposed items – note 8	(9 660)	–
Cost	(10 376)	–
Accumulated Depreciation	716	–
Total Loss on Disposal of Property Plant and Equipment	**9 660**	**–**

No proceeds were received as the disposal relates to an item which was stolen. An insurance claim as per note 14 was received as compensation for the item disposed.

25. LOSS ON TRANSFER OF PROPERTY, PLANT AND EQUIPMENT

Leased Assets – Motor Vehicles	15 080	–
Total Loss on Transfer of Property, Plant and Equipment	**15 080**	**–**

Motor vehicles subject to finance leases were transferred from Government Motor Trading on 1 April 2013. The above mentioned losses were incurred in cases where the finance lease liability were more than the fair value of the motor vehicle which was transferred.

	2014 R	2013 R

26. CHANGE IN ACCOUNTING POLICY IN TERMS OF GRAP 3

In the prior year all grant receipts were recognised as revenue. This accounting treatment was based on the roll–over approval received from Provincial Treasury. In the current year, new guidance was received from Provincial Treasury which stipulates that all accumulated cash surpluses must be surrendered to the Provincial Revenue Fund. Accordingly all accumulated cash surpluses should be recognised as a liability at year–end. The Authority adopted this policy retrospectively.

	2014 R	2013 R
Refer to Government Grants and Subsidies – note 12		6 512 018
Refer to Unspent Government Grants – note 7		(6 512 018)

27. RECONCILIATION BETWEEN NET SURPLUS FOR THE YEAR AND CASH GENERATED BY OPERATIONS

	2014 R	2013 R
Surplus for the year	1 565 702	736 855
Adjustments for:		
Transfer of Assets	(556 538)	–
Depreciation	261 635	16 056
Contribution to provisions	580 000	–
Contribution to employee benefits - current	661 265	159 601
Contribution from/to employee benefits - current expenditure incurred	(80 663)	(3 126)
Grants Received	30 936 000	24 761 500
Grant Expenditure	(28 553 414)	(18 249 482)
Loss on disposal of Property, Plant and Equipment	9 660	–
Loss on transfer of Property, Plant and Equipment	15 080	–
Operating Surplus before changes in working capital	4 838 727	7 421 404
Changes in working capital	(763 138)	2 515 959
Increase in Payables from Exchange Transactions	(742 964)	2 562 623
Increase in Receivables from Exchange Transactions	(20 174)	(46 664)
Cash generated by operations	**4 075 589**	**9 937 363**

28. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

	2014 R	2013 R
Call Investment Deposits - note 11	12 390 016	9 217 910
Primary Bank Accounts - note 11	140 169	426 542
Total Cash and Cash Equivalents	**12 530 185**	**9 644 452**

29. RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES

	2014 R	2013 R
Cash and Cash Equivalents - note 11	12 530 185	9 644 452
Less: Social and Education Fund Reserve	(3 453)	(460 000)
Less: Provincial Revenue Fund	(702 620)	(1 856 930)
Less: Unspent Government Grants	(8 894 604)	(6 512 018)
Net cash resources available for internal distribution	**2 929 508**	**815 504**

30. UTILISATION OF LONG–TERM LIABILITIES RECONCILIATION

	2014 R	2013 R
Long–term Liabilities – note 3	1 690 048	–
Used to finance property, plant and equipment – at cost	(1 690 048)	–
Unused Long–term Liabilities	**–**	**–**

31. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

31.1 Unauthorised expenditure

No unauthorised expenditure was incurred in the current reporting period.

31.2 Fruitless and wasteful expenditure

No fruitless and wasteful expenditure was incurred in the current reporting period.

31.3 Irregular expenditure

No irregular expenditure was incurred in the current reporting period.

32. DEVIATIONS – SUPPLY CHAIN MANAGEMENT

Deviations with the Supply Chain Management Regulations were identified and categorised as follows:

	2014 R	2013 R
Annual Performance Plan printing and binding	–	11 456
Pastel licence purchases	30 268	87 390
Hiring of computers for backlog project	27 360	32 023
Purchasing of PO Box	–	350
Extension of communications tender (TBWA)	728 132	–
Continuation of internal audit function	101 916	–
	887 676	**131 219**

All deviations were approved by the Board.

33. CAPITAL COMMITMENTS

	2014 R	2013 R
Capital commitments approved and contracted for:		
LMaTS Upgrade	898 417	–
Web Design	45 775	–
Total Capital Commitments	**944 192**	**–**

Capital commitments will be financed with grant funding.

	2014	2013
	R	R

34. FINANCIAL RISK MANAGEMENT

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

(a) Foreign Exchange Currency Risk

The Authority does not engage in foreign currency transactions.

(b) Price risk

The Authority is not exposed to price risk.

(c) Interest Rate Risk

Financial assets and liabilities that are sensitive to interest rate risk is cash and cash equivalents.

The Authority analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the Authority calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for cash and cash equivalents as the interest rate on loan payables are fixed.

The Authority did not hedge against any interest rate risks during the current year.

The potential impact on the Authority's surplus for the year due to changes in interest rates were as follow:

	2014 R	2013 R
0.5% Increase in interest rates (2013 - 0.5%)	62 651	48 222
0.5% Decrease in interest rates (2013 - 0.5%)	(62 651)	(48 222)

(d) 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.

	2014 R	2013 R

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

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 are as follows:

	2014 R	2013 R
Receivables from Exchange Transactions	66 838	46 664
Cash and Cash Equivalents	12 530 185	9 644 452
	12 597 023	**9 691 116**

(e) 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 business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The Authority's risk to liquidity is a result of the funds available to cover future commitments. The Authority manages liquidity risk through an ongoing review of future commitments and credit facilities.

The tables below analyse the Authority's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant

2014	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Long–term Liabilities	621 252	2 520 940	1 512 853	4 655 045
Provisions	580 000	–	–	580 000
Payables from Exchange Transactions	1 819 659	–	–	1 819 659
Unspent Government Grants	8 894 604	–	–	8 894 604
Total	**11 915 515**	**2 520 940**	**1 512 853**	**15 949 308**

2013	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Payables from Exchange Transactions	2 562 623	–	–	2 562 623
Unspent Government Grants	6 512 0188	–	–	6 512 018
Total	**9 074 641**	**–**	**–**	**9 074 641**

	2014 R	2013 R

35. FINANCIAL INSTRUMENTS

In accordance with GRAP 104 the financial instruments of the Authority are classified as follows:

35.1 Financial Assets

	2014 R	2013 R
Financial instruments at amortised cost		
Receivables from exchange transactions	66 838	46 664
Cash and Cash Equivalents	12 530 185	9 644 452
Total carrying amount of financial assets	**12 597 023**	**9 691 116**

35.2 Financial Liability

	2014 R	2013 R
Financial instruments at amortised cost		
Long–term Liabilities	1 619 290	–
Payables from Exchange Transactions	1 819 659	2 562 623
Unspent Government Grants	8 894 604	6 512 018
Current Portion of Long–term Liabilities	70 758	–
Total carrying amount of financial liabilities	**12 404 311**	**9 074 641**

36. EVENTS AFTER THE REPORTING DATE

The Authority has no events after reporting date that has a financial implication and requires disclosure.

37. IN-KIND DONATIONS AND ASSISTANCE

The building currently occupied by the Authority (6th Floor Waldorf Building, from where its operations are conducted) is leased in by the Department of Transport and Public Works. No rent is levied by this Department for the right of use granted to the Authority.

The Authority also utilised other assets (including computer equipment, furniture and fittings and office equipment) and vehicles belonging to the Department of Economic Development and Tourism. No rent or fees was levied by this Department for the right of use granted to the Authority. These assets were transferred to the Authority on 23 August 2013.

38. PRIVATE PUBLIC PARTNERSHIPS

The Authority has not entered into any private public partnerships during the financial year.

	2014	2013
	R	R

39. CONTINGENT LIABILITY

The Authority did not have any contingent liabilities at reporting date.

40. RELATED PARTIES

40.1 Related Party Transactions

The Western Cape Department of Economic Development and Tourism (DEDAT) is considered to be a related party, as DEDAT has significant influence over the Authority. Mr Alan Winde is the Western Cape Minister of Finance, Economic Development and Tourism. Both the Western Cape Trade and Investment Promotion Agency (WESGRO) and the Authority reports to Mr Alan Winde. WESGRO is therefor also considered to be a related party. Transactions during the year include the following:

The Western Department of Economic Development and Tourism (DEDAT)

Government Grants and Subsidies - refer to note 12

Transfer of Assets - refer to note 15

In-kind Donations and Assistance - refer to note 37

Western Cape Trade and Investment Promotion Agency (WESGRO)

No transactions were undertaken with this related party

40.2 Compensation of management personnel

The compensation of management personnel and governing board members' sitting allowances are set out in notes 18 and 19 to the financial statements.

40.3 Related party transactions with management personnel

No business transactions took place between the Authority and management personnel and their close family members (including close members of family members) during the year under review.

41. EXPLANATORY NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL

As the Authority was only established in the 2012/13 year, no historic data was available in order to compile an accurate original budget. The original budget was approved in February 2013. Only after the 2012/13 year-end, reasonable data was available in order to compile an accurate budget. The final budget was compiled which took into account historic trends.

Subsequent to the original budget, roll over funds amounting R6.124 million was approved by Provincial Treasury which was taken into account in the final budget.

	2014	2013
	R	R

41.1 Original Budget vs Final Budget

Statement of Financial Position

Adjustments included in Accumulated Surplus is the net effect of adjustments made to the budget as stated in the Statement of Financial Performance.

Property, Plant and Equipment was increased to take into account the roll–over projects from the prior year. The roll–over was only approved by Provincial Treasury after the original budget compiled and approved.

Statement of Financial Performance

The following revenue items were not budgeted for due to historic information not being available.

– Penalties and Fines
– Application Fees
– Interest Earned – External Investments

Employee Related Costs were increased due to some employees on the organogram not taken into account in the original budget. Additional interns and fixed term contract employees were also employed for special projects.

Remuneration of Governing Board Members were decreased as sittings only took place on a quarter basis rather than on a monthly basis as initially budgeted for.

General Expenses were increased to take into account the roll–over of funds and also correct expenditure based on actual data trends.

Cash Flow Statement

Cash flow from operating activities had a net increase due to items mentioned under Statement of Financial Performance.

Cash flow from investing activities increased due to roll–over only approved after the original budget.

41.2 Actual Amounts vs Final Budget

Statement of Financial Position

Accumulated Surplus was more than what was budgeted for as a result of items listed under Statement of Financial Performance.

Payables from Exchange Transactions relate to Unknown Receipts and monies owed to Provincial Revenue Fund. Unknown Receipts can not be budgeted for.

Unspent Government Grants were more than budgeted for due to all budgeted expenditure not incurred.

Property, Plant and Equipment was less than budgeted for due to the Authority not relocating to a new premises as planned. Majority of capital expenditure is directly linked to the relocation of premises.

Intangible assets capital expenditure was incorrectly budgeted for under operating expenditure.

Cash and Cash Equivalents is more than budgeted for due to planned capital expenditure not incurred, Under expenditure of operating expenditure as noted in the Statement of Financial Performance also resulted in a cash surplus.

	2014	2013
	R	R

Statement of Financial Performance

Penalties and Fines were more than budgeted for due to LLT issuing substantial fines for non–compliance of the Liquor Act. It was also the first year that offenders were prosecuted by the Authority.

Employee Related costs were more than what was budgeted for due to all interns and seconded staff not taken into account.

Grants and Subsidies paid relates to the purchase of vehicles which was budgeted for under General Expenses. Provincial Treasury released guidelines that payments of vehicles to GMT should be treated as Grants and Subsidies paid.

General Expenses were less than budgeted for due to the following:

- Savings amounting to R750 000 on advertising costs more than expected.
- Not all phases of LMAT implementation have been rolled out, resulting in R900 000 less expenditure incurred than what was budgeted for.
- Legal fees amounting to R580 000 relating to the judgement was budgeted for as it was assumed that it would have been invoices and paid prior to year end,
- LMATS and CMATS were incorrectly budgeted for under operating expenditure, where it should have been budgeted for under capital expenditure as it meets the definition of an Intangible Asset. Expenditure incurred were R300 000 and R400 000 respectively.
- Payments made to GMT amounting to R1 185 000 were budgeted under General Expenses, but should have been budgeted under Grants and Subsidies Paid.

Cash Flow Statement

Net cash from operating activities were more than budgeted for due in additional fines received and under expenditure of budgeted expenditure.

Net cash from investing activities were more than budgeted for due to the Authority not relocating to a new premises as planned. Majority of capital expenditure is directly linked to the relocation of premises.

41.3 RECONCILIATION BETWEEN CASH AND ACCRUAL BASIS

		Accrual Basis R	Adjustments R	Cash Basis R
Statement of Financial Position				
Net assets and Liabilities				
Social and Education Fund Reserve	(i)	(3 453)	3 453	–
Accumulated Surplus	(ii)	(2 299 104)	(1 278 836)	(3 577 940)
Long–term Liabilities	(iii)	(1 619 290)	1 619 290	–
Provisions	(i)	(580 000)	580 000	–
Current Employee Benefits	(i)	(737 077)	737 077	–
Payables from Exchange Transactions	(iv)	(1 819 659)	323 209	(1 496 450)
Unspent Government Grants		(8 894 604)	–	(8 894 604)
Current portion of Long–term Liabilities	(iii)	(70 758)	70 758	–
Assets				
Property, Plant and Equipment	(v)	2 785 670	(2 004 844)	780 826
Receivables from Exchange Transactions	(vi)	641 252	16 731	657 983
Intangible Assets	(i)	66 838	(66 838)	
Cash and Cash Equivalents		12 530 185	–	12 530 185
		–	**–**	**–**

(i) All these items are on the accrual basis of accounting and should therefore be reversed.

(ii)	Reconciled closing balance as per 31 March 2013	(7 622 983)
	Change in Accounting Policy - note 26	6 512 018
	Reconciled surplus as per Statement of Financial Performance	(2 466 975)
	Reconciled value	**(3 577 940)**

(iii)	Balance of Long-term Liabilities	(1 619 290)
	Balance of Current Portion of Long-term Liabilities	(70 758)
	Finance lease agreements entered into	1 734 006
	Capital redemption transferred to General Expenses	(43 958)
	Reconciled Value	**–**

(iv)	Provincial Revenue Fund	(702 620)
	Unknown Receipts	(793 830)
	Reconciled Value	**(1 496 450)**

			Accrual Basis R	Adjustments R	Cash Basis R
(v)	Reconciled closing balance as per 31 March 2013				292 911
	Current year additions				487 915
	Reconciled value				**780 826**
(vi)	Reconciled closing balance as per 31 March 2013				-
	Current year additions				657 983
	Reconciled value				**657 983**

Statement of Financial Performance

		Accrual Basis R	Adjustments R	Cash Basis R
Revenue				
Government Grants and Subsidies		28 553 414	-	28 553 414
Penalties and Fines		1 106 941	-	1 106 941
Third Party Payments		8 440	-	8 440
Transfer of Assets	(i)	556 538	(556 538)	-
Application Fees		1 014 922	-	1 014 922
Interest Earned – External Investments	(ii)	585 225	(24 920)	560 305
Other Income		42 618	-	42 618
Total Revenue		**31 868 098**	**(581 458)**	**31 286 640**
Expenditure				
Employee Related Costs	(iii)	(14 615 052)	445 671	(14 169 381)
Remuneration of Governing Board Members	(iv)	(312 866)	(19 430)	(332 296)
Depreciation and Amortisation	(i)	(261 635)	261 635	–
Finance Charges	(v)	(430 760)	430 760	–
Grants and Subsidies Paid		(1 185 000)	–	(1 185 000)
General Expenses	(vi)	(13 472 343)	339 355	(13 132 988)
Loss on disposal of Property, Plant and Equipment	(i)	(9 660)	9 660	–
Loss on transfer of Property, Plant and Equipment	(i)	(15 080)	15 080	–
Total Expenditure		**(30 302 396)**	**1 482 732**	**(28 819 664)**
Surplus for the year		**1 565 702**	**901 274**	**2 466 976**

(i)	Non cash flow items	
	Transfer of Assets	(556 538)
	Depreciation and Amortisation	261 635
	Loss on disposal of Property, Plant and Equipment	9 660
	Loss on transfer of Property, Plant and Equipment	15 080
	Total adjustments	**(270 163)**

		Accrual Basis R	Adjustments R	Cash Basis R
(ii)	Interest accrued in previous year			41 918
	Interest accrued in the current year			(66 838)
				(24 920)
(iii)	Employee Related Costs			
	Unpaid accruals at 31 March 2013 paid in current year			(134 931)
	Contribution for provision for leave			408 795
	Leave payouts			(80 663)
	Contribution to performance bonuses provision			252 470
	Total Adjustments			**445 671**
(iv)	Remuneration of Governing Board Members			
	Unpaid accruals at 31 March 2013 paid in current year			(54 409)
	Unpaid accruals at 31 March 2014			34 979
	Total Adjustments			**(19 430)**
(v)	Finance Charges			
	Accrued Interest			34 487
	Finance Charges on Finance leases transferred to General Expenses			396 273
	Total Adjustments			**430 760**
(vi)	General Expenses			
	Unpaid accruals at 31 March 2013 paid in current year			(54 157)
	Provision for Legal Fees			580 000
	Unpaid accruals at 31 March 2014			253 744
	Finance Charges on Finance leases transferred			(396 273)
	Capital redemption on Finance leases transferred			(43 958)
	Total Adjustments			**339 355**

SCHEDULE OF EXTERNAL LOANS AS AT 31 MARCH 2014

EXTERNAL LOANS	Rate	Contract	Redeemable	Maturity Date	"Balance at 1 April 2013" R	Received during the period R	Redee–med during the period R	"Balance at 31 March 2014" R
CAPITALISED LEASED LIABILITIES								
Office Equipment								
Minolco (Pty) Ltd – Model C554 (Serial K041000822)	13,7%	40134541	Monthly	30 Apr 2016	–	126 696	(33 397)	93 299
Minolco (Pty) Ltd – Model C554E (Serial A5AY041001148)	24,5%	40143248	Monthly	28 Feb 2017	–	111 738	(2 133)	109 605
					–	238 434	(35 530)	202 904
Motor Vehicles								
Toyota Etios – 1.5 XS	34,8%	GBR468G	Monthly	28 Jan 2020	–	124 202	–	124 202
Toyota Etios – 1.5 XS	34,8%	GBR474G	Monthly	28 Jan 2020	–	124 098	–	124 098
Hyundai H1.2.4 GLS Wagon	36,5%	GBY652G	Monthly	29 Mar 2020	–	253 302	(8 428)	244 874
Toyota Etios – 1.5 XS	35,1%	GBR461G	Monthly	28 Jan 2020	–	123 369	–	123 369
Toyota Etios – 1.5 XS	31,1%	GCD232G	Monthly	28 Jul 2020	–	117 341	–	117 341
Toyota Etios – 1.5 XS	34,1%	GBV317G	Monthly	28 Apr 2020	–	120 767	–	120 767
Toyota Hilux 2.7 4x2 D/CAB	33,7%	GCF477G	Monthly	27 Nov 2020	–	263 550	–	263 550
Volkswagen Polo 1.4 Trendline	35,2%	GBZ925G	Monthly	28 Aug 2020	–	123 978	–	123 978
Volkswagen Polo 1.4 Trendline	35,2%	GBZ926G	Monthly	28 Aug 2020	–	123 978	–	123 978
Toyota Etios – 1.5 XS	35,9%	GBS707G	Monthly	27 Feb 2020	–	120 987	–	120 987
					–	1 495 572	(8 428)	1 487 144
Total Capitalised Leased Liabilities					**–**	**1 734 006**	**(43 958)**	**1 690 048**

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